

AUSTRALIAN WOOL INDUSTRIES SECRETARIAT INC

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AWIS WOOL MARKET REVIEW

Week Ending 9 September 2016 (Week 10)

The AWEX EMI finished at 1305¢, 15¢ lower (-1.1%) in Australian currency and 10¢ higher (+1.0%) in US currency at sales in Sydney, Melbourne and Fremantle this week. The season average for the EMI is 1305¢.

40,070 bales were on offer nationally, compared with 40,553 bales last sale. 7.3% of the offering was passed in.

The New Zealand Merino Company offered 1,762 bales in Melbourne on Tuesday, of which 15.0% were passed in.

| Day-to-Day and Sale-to-Sale Changes in AWEX Regional Indicators (Week 10) | | | | | | | | | |
|---|-----------|-----------|------------------------------|-----------|----------|---------------------|-------------------|----------------------|--------|
| Centre | Last Sale | | Day-to-Day Changes (Week 10) | | | Sale-to-Sale Change | Closing Indicator | Sale-to-Sale Changes | |
| | Week | Indicator | Tuesday | Wednesday | Thursday | | | US ¢ | Euro ¢ |
| Eastern | 09 | 1320 | No Sale | -10 | -5 | -15 (-1.1%) | 1305 | +10 | +1 |
| Northern | 09 | 1344 | No Sale | -8 | -6 | -14 (-1.0%) | 1330 | +11 | +2 |
| Southern | 09 | 1304 | No Sale | -11 | -4 | -15 (-1.2%) | 1289 | +9 | +1 |
| Western | 09 | 1407 | No Sale | -17 | -11 | -28 (-2.0%) | 1379 | +1 | -8 |

It was another good market this week with widespread competition between buyers. Unfortunately, the rise in the US exchange rate meant that the rise in the EMI in US currency translated into a fall in Australian currency. The EMI in US currency was at its highest level since the beginning of June last year.

Prices eased across all wool types and micron ranges on both days, with wools at the fine end being the least affected and wools from 20 microns and up most affected. Crossbreds were most affected among the coarser micron ranges. The Merino average Merino Cardings Price Guide eased by 5¢ to close at 1043¢.

The US Exchange Rate finished 1.60¢ (2.1%) higher to close at 76.98¢ on Thursday. The rise in the US exchange rate was associated with two factors. Speculation in the financial world that the United States would raise interests rates disappeared when the US announced poorer than expected employment data on Friday and the Reserve Bank of Australia kept interest rates on hold on Tuesday.

Buyers for China were dominant, with support from buyers for Europe and India.

Looking ahead, offerings over the next three sales are again expected to be well ahead of the same weeks in last season.

| Differences in AWEX MPGs | 18.5 and 22.0 | 18.0 and 22.0 | 17.5 and 22.0 | 17.0 and 22.0 | 16.5 and 22.0 |
|--------------------------|---------------|---------------|---------------|---------------|---------------|
| North | 90¢ | 125¢ | 152¢ | 157¢ | 159¢ |
| South | 81¢ | 114¢ | 138¢ | 140¢ | 142¢ |

| Market Indicator | Four Sales Ago Week 06 | Changes From | | |
|--------------------------|---------------------------|------------------------|----------------------|--|
| | | Start of the Season | Week 10 Last Year | Season Average to Week 10 Last Year |
| Eastern Market Indicator | +8 (+0.6%) | -11 (-0.8%) | +47 (+3.7%) | +58 (+4.6%) |
| Western Market Indicator | -18 (-1.3%) | -40 (-2.8%) | +81 (+6.2%) | +151 (+12.1%) |

| Sale-to-Sale Changes in Average AWEX Merino Micron Price Guides (MPGs) | | | | | | | | | | | | |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------|
| Micron | 16.5 | 17.0 | 17.5 | 18.0 | 18.5 | 19.0 | 19.5 | 20.0 | 21.0 | 22.0 | 23.0 | 24.0 |
| Since Last Sale | | | | | | | | | | | | |
| Change ¢ | | -3 | -2 | -5 | -10 | -14 | -20 | -30 | -36 | -31 | -26 | |
| Change % | | -0.2% | -0.1% | -0.3% | -0.7% | -0.9% | -1.3% | -2.0% | -2.4% | -2.1% | -1.8% | |
| Since Start of the Season | | | | | | | | | | | | |
| Change ¢ | +2 | +11 | +14 | +5 | -12 | -17 | -28 | -39 | -45 | -33 | -30 | |
| Change % | +0.1% | +0.7% | +0.9% | +0.3% | -0.8% | -1.1% | -1.9% | -2.6% | -3.0% | -2.3% | -2.1% | |
| Since Same Week Last Year | | | | | | | | | | | | |
| Change ¢ | +97 | +105 | +118 | +99 | +87 | +97 | +104 | +106 | +108 | +112 | +114 | |
| Change % | +6.5% | +7.1% | +8.1% | +6.8% | +6.1% | +7.0% | +7.6% | +7.9% | +8.1% | +8.5% | +8.7% | |

| Sale-to-Sale Changes in Other Average AWEX Price Guides | | | | | | |
|---|-------|-------|--------|--------|------|-----------------|
| Micron | 25.0 | 26.0 | 28.0 | 30.0 | 32.0 | MC [#] |
| Since Last Sale | | | | | | |
| Change ¢ | +2 | 0 | -19 | -48 | | -5 |
| Change % | +0.2% | 0.0% | -2.4% | -7.2% | | -0.5% |
| Since Start of the Season | | | | | | |
| Change ¢ | +43 | +59 | +15 | -18 | | -43 |
| Change % | +3.6% | +5.4% | +2.0% | -2.8% | | -4.0% |
| Since Same Week Last Year | | | | | | |
| Change ¢ | +65 | +48 | -170 | -265 | | -38 |
| Change % | +5.5% | +4.3% | -18.1% | -29.8% | | -3.5% |

Average Merino Cardings Price Guide

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AWIS WOOL MARKET REVIEW Week Ending 9 September 2016 (Week 10)

The following tables show the details of this week's sale offering; the expected offerings over the next three sales; the changes in Exchange Rates since the previous sale; and highlights from the June ABS export data.

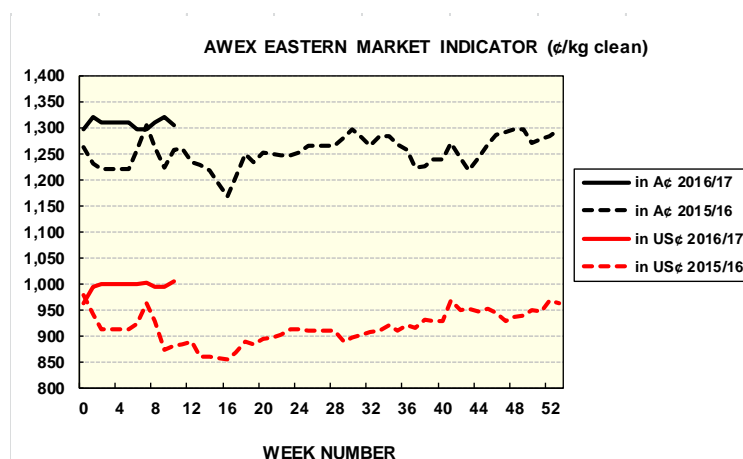
| Details of this Week's Offering and the Comparison with the Previous Sale's Offering | | | | | | |
|--|---------------|---------------|-------------|-----------------------|-------------|---------------|
| Centre | Last Sale | This Sale | | | | |
| | Offering | Offering | Passed-In | Withdrawn Before Sale | Re- Offered | Bales Sold |
| North | 12,872 | 11,622 | 6.0% | 1.1% | 3.6% | 10,925 |
| South | 16,061 | 20,101 | 6.3% | 13.9% | 3.3% | 18,840 |
| West | 11,620 | 8,347 | 11.4% | 0.4% | 3.4% | 7,395 |
| Australia | 40,553 | 40,070 | 7.3% | 7.8% | 3.4% | 37,160 |

| Actual and % Changes in the Progressive Offerings from Last Year | |
|--|--------------|
| +6,240 | +6.8% |
| +1,760 | +1.4% |
| +7,891 | +16.8% |
| +15,891 | +6.0% |

| Next Sale Offerings and Year-on-Year Differences | | | | |
|--|---------------|---------------|---------------|---------------|
| Centre | Week 11 | Week 12 | Week 13 | Differences |
| North | 10,183 | 10,950 | 9,990 | +1.6% |
| South | 20,339 | 24,515 | 20,543 | +25.9% |
| West | 7,709 | 8,215 | 8,200 | +12.3% |
| New Zealand | | 1,200 | | |
| Australia | 38,231 | 43,680 | 38,733 | +15.9% |
| Differences | +13.4% | +17.4% | +16.9% | |

| Exchange Rates (Reserve Bank) | Last Sale | Day-to-Day Changes | | | | | Sale-to-Sale Change | Closing Value | Season Min & Max | |
|-------------------------------|-----------|--------------------|-------|-------|-------|-------|---------------------|---------------|------------------|-------|
| | | Fri | Mon | Tues | Wed | Thur | | | Min | Max |
| United States | 75.38 | +0.21 | +0.42 | +0.28 | +0.49 | +0.20 | +1.60 (+2.1%) | 76.98 | 75.21 | 77.11 |
| Euro | 67.59 | -0.08 | +0.49 | +0.44 | -0.20 | +0.17 | +0.82 (+1.2%) | 68.41 | 67.35 | 68.98 |

| Country | % Share of Australia's Wool Exports by Weight of Wool Shipped | | | Year-on-Year % Change July to July | |
|-----------------------------|---|--------------------------|--------------------------|------------------------------------|--------------|
| | July 2016 | July to July This Season | July to July Last Season | By Weight | By Value |
| China | 73.9% | 73.9% | 74.8% | -6.2% | -10.2% |
| India | 8.5% | 8.5% | 10.5% | -22.9% | -19.2% |
| Italy | 5.3% | 5.3% | 5.2% | -1.8% | +17.2% |
| Czech Republic | 5.5% | 5.5% | 2.0% | +155.0% | +155.2% |
| Malaysia | 1.1% | 1.1% | 1.7% | -37.6% | -44.3% |
| Korea | 1.7% | 1.7% | 1.4% | +13.9% | +16.6% |
| Taiwan | 1.2% | 1.2% | 0.8% | +45.6% | +52.7% |
| Egypt | 1.2% | 1.2% | 1.9% | -41.3% | -41.8% |
| Change all Countries | | | | -5.0% | -7.4% |



| AVERAGE EMI | |
|-------------|------|
| This Year | 1309 |
| Last Year | 1254 |
| 2014/15 | 1102 |
| 2013/14 | 1070 |
| 2012/13 | 1035 |

| SEASON AVERAGES | | |
|-----------------|-----------|------|
| Region | This Year | Diff |
| North | 1332 | +52 |
| South | 1293 | +55 |
| West | 1402 | +94 |

| THIS YEAR'S EMI | |
|-----------------|------|
| This Week | 1305 |
| First Week | 1320 |
| Low (12/08) | 1297 |
| High (8/07) | 1320 |

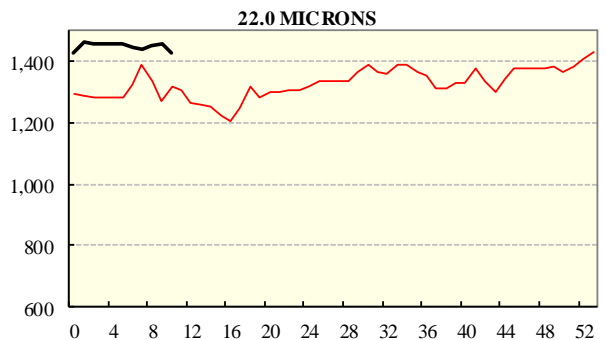
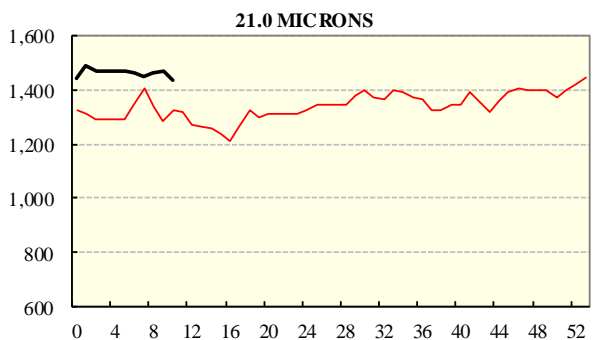
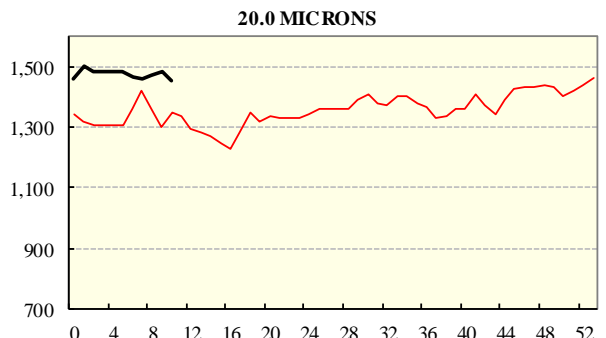
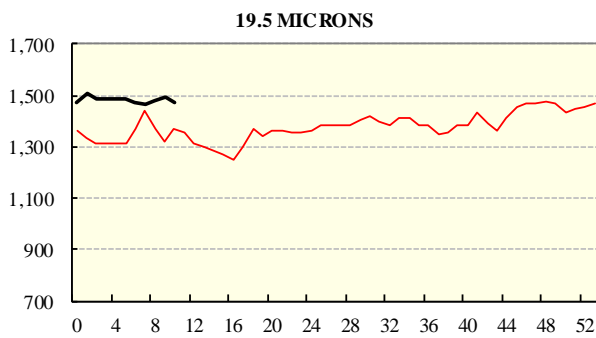
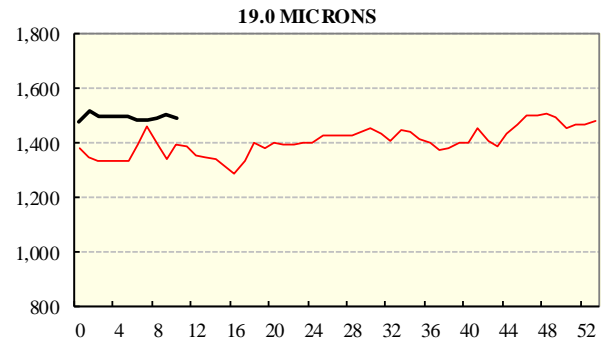
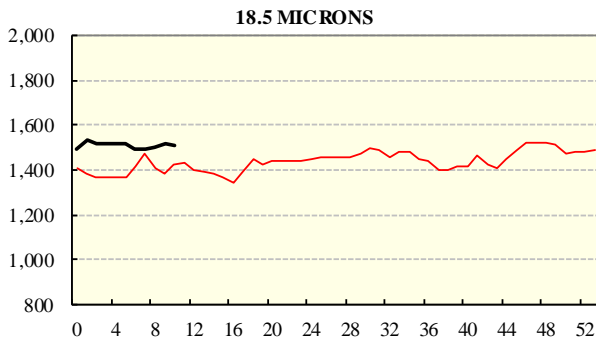
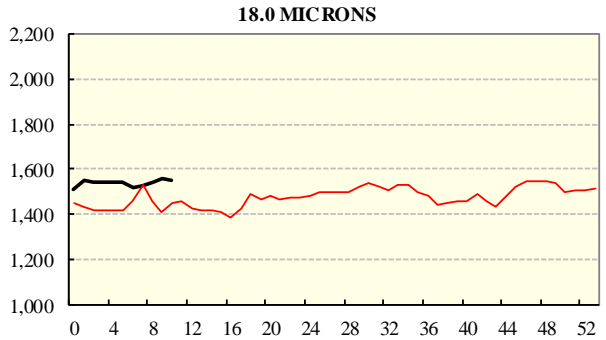
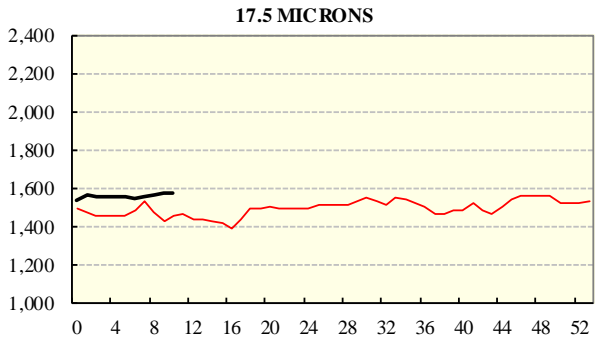
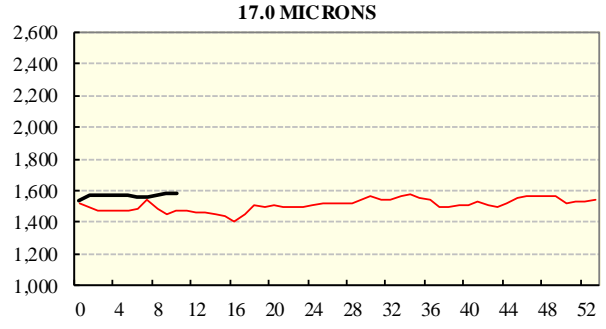
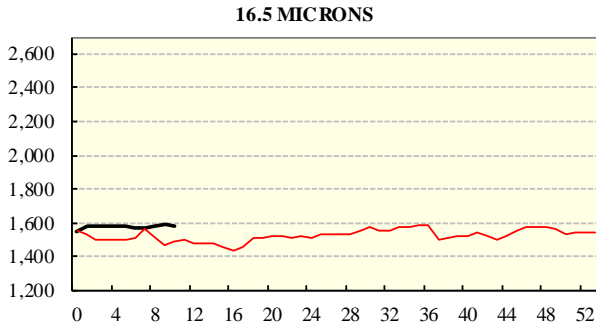
| COMPARED WITH WKS 1/2 | | |
|-----------------------|-----------|------|
| Region | This Week | Diff |
| North | 1330 | -7 |
| South | 1289 | -12 |
| West | 1379 | -40 |

| BALES OFFERED | |
|---------------------|---------|
| This Year | 279,830 |
| Last Year | 263,939 |
| Difference | 15,891 |
| % Diff | 6.0% |
| FIRST OFFERED BALES | |
| Difference | 6.5% |
| % of Offering | 95.6% |

| REGION BALES | | |
|---------------------|---------|-------|
| This Sale: | | Diff |
| North | 11,622 | |
| South | 20,101 | |
| West | 8,347 | |
| Progressive Totals: | | Diff |
| North | 98,151 | 6.8% |
| South | 126,851 | 1.4% |
| West | 54,828 | 16.8% |

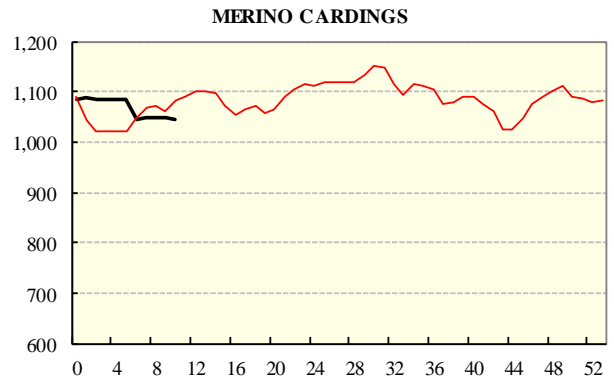
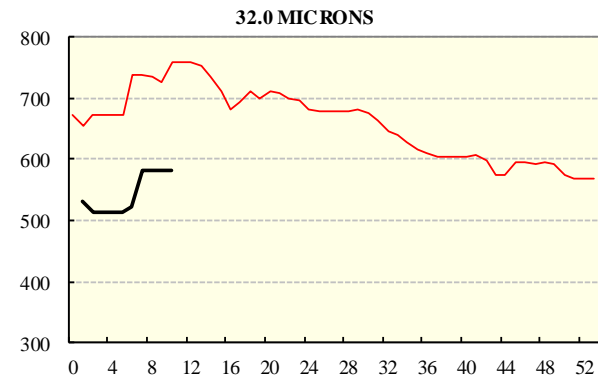
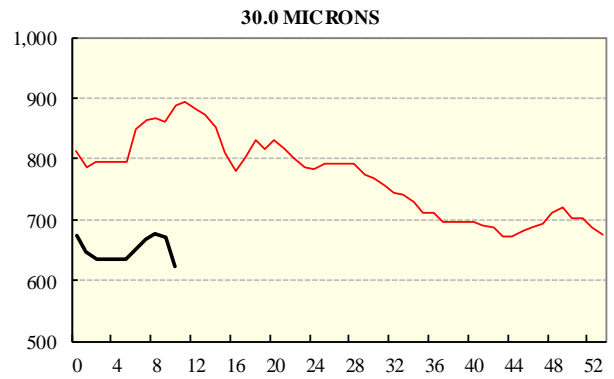
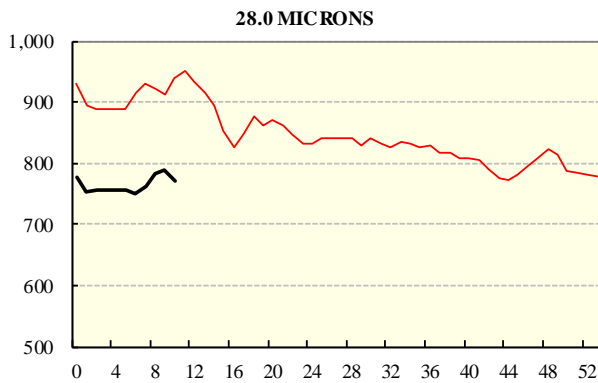
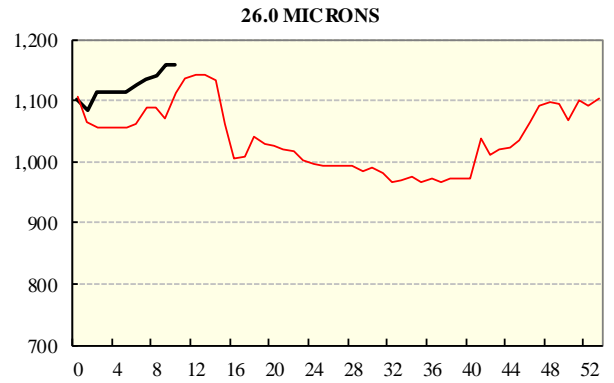
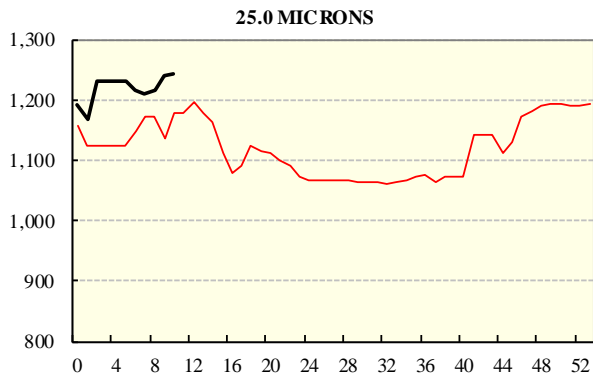
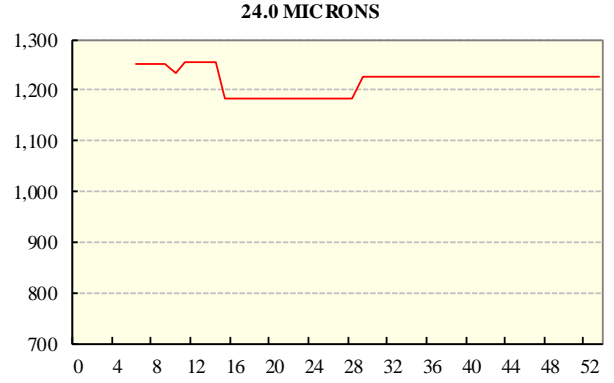
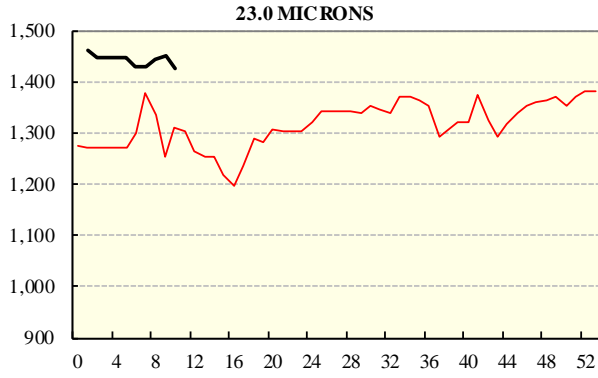
AVERAGE AWEX MICRON PRICE GUIDES

2016/17(black graph line) and 2015/16 (red graph line)

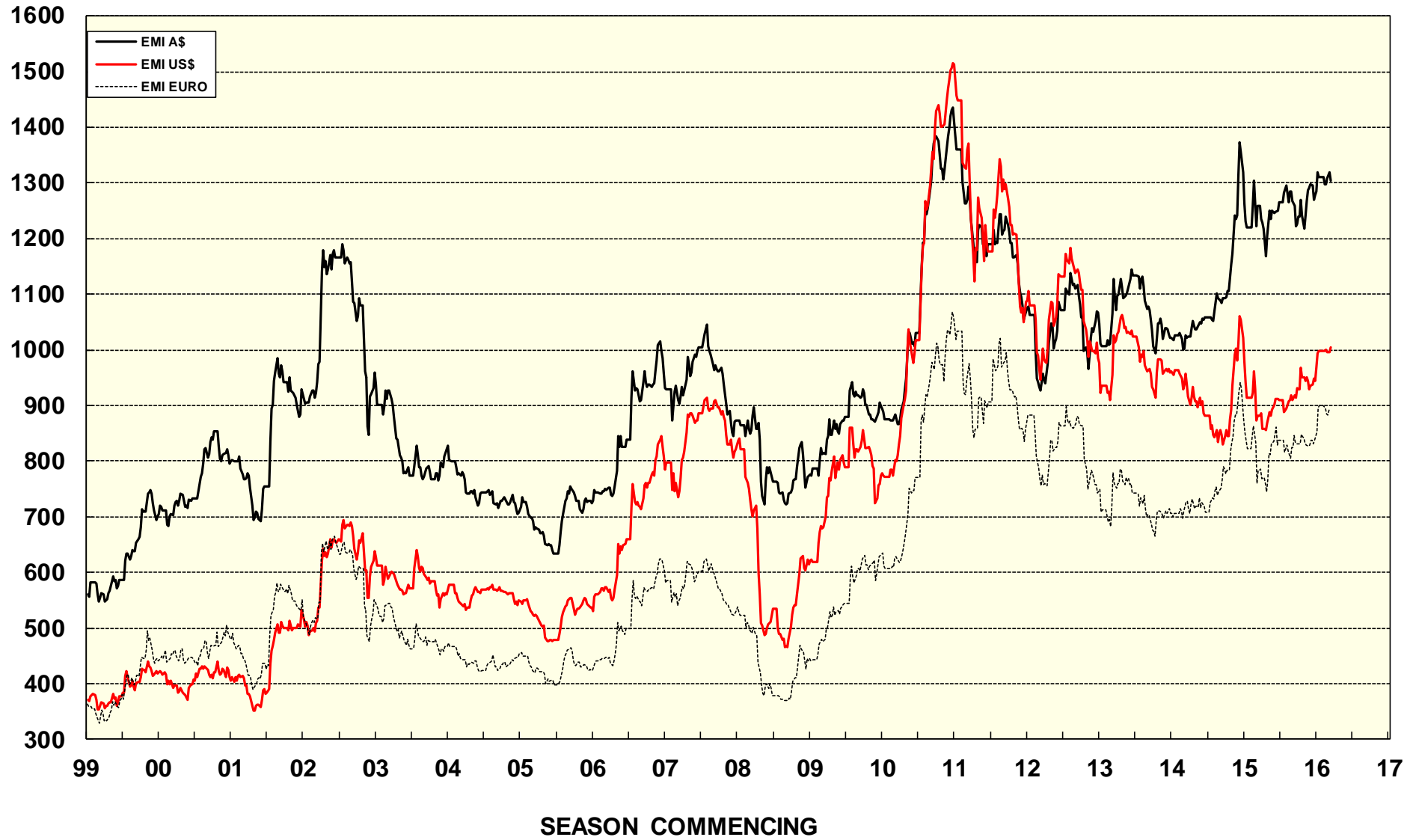


AVERAGE AWEX MICRON PRICE GUIDES

2016/17(black graph line) and 2015/16 (red graph line)



EASTERN MARKET INDICATOR (EMI) SINCE 1999/00 (¢/kg clean) (In Australian, United States and European Currencies)



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