

AUSTRALIAN WOOL INDUSTRIES SECRETARIAT INC

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AWIS WOOL MARKET REVIEW Week Ending 2 February 2018 (Week 31)

The market was more settled this week, when the AWEX EMI finished at 1738¢, 6¢ lower (-0.3%) in Australian currency and was unchanged in US currency at sales in Sydney, Melbourne and Fremantle this week. The season average is 1625¢. 39,585 bales were on offer nationally, compared with 42,525 bales last sale. 7.6% of the offering was passed in (down from 14.3% in the previous week).

AWEX reports that the value of the wool sold was \$65.9 million (\$1,801 per bale), taking the season total to \$2.0 billion.

| Centre | Last Sale | | Day-to-Day Changes (Week 31) | | | Sale-to-Sale Change | Closing Indicator | Sale-to-Sale Changes | |
|----------|-----------|-----------|------------------------------|-----------|----------|---------------------|-------------------|----------------------|--------|
| | Week | Indicator | Tuesday | Wednesday | Thursday | | | US ¢ | Euro ¢ |
| Eastern | 30 | 1744 | No Sale | -10 | +4 | -6 (-0.3%) | 1738 | 0 | -8 |
| Northern | 30 | 1845 | No Sale | -20 | +4 | -16 (-0.9%) | 1829 | -8 | -16 |
| Southern | 30 | 1677 | No Sale | 0 | +4 | +4 (+0.2%) | 1681 | +8 | -2 |
| Western | 30 | 1821 | No Sale | -11 | +9 | -2 (-0.1%) | 1819 | +3 | -7 |

Although more settled on an overall basis, not all wool types were in positive territory. Merino fleece did well on both days, while Merino skirtings were mixed on Wednesday, but finished strongly on Thursday. Oddments were down again, but more settled on Thursday. The average AWEX Merino Cardings Price Guide fell by 36¢ on Wednesday, but only by another 5¢ on Thursday. Crossbreds fell sharply on Wednesday, but steadied on Thursday.

The best gains were again at the fine end of the Merinos, and particularly in the North where the premium for 16.5 micron wool over 22 microns rose to 1108¢.

The US Exchange Rate finished 0.28¢ (0.3%) higher to close at 80.44¢ on Thursday.

The influence of currency cannot be overlooked at the moment. The closing US Exchange Rate has risen from 76.66¢ in the last sale before Christmas, during which period the EMI in US currency has risen by 49¢ from 1349¢ to 1398¢. The EMI moved down by 22¢ in Australian currency in the same period.

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

Looking ahead, the expected offerings are just over 40,000 bales for each of the next three sales.

| 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 | 475¢ | 610¢ | 810¢ | 985¢ | 1108¢ |
| South | 471¢ | 590¢ | 787¢ | 949¢ | 1082¢ |

| Market Indicator | Four Sales Ago Week 24 | Changes From | | | Season Average to Week 31 Last Year |
|--------------------------|---------------------------|------------------------|----------------------|----------------------|--|
| | | Start of the Season | Week 31 Last Year | Week 31 Last Year | |
| Eastern Market Indicator | -22 (-1.3%) | +215 (+14.1%) | +316 (+22.2%) | +290 (+21.7%) | |
| Western Market Indicator | +3 (+0.2%) | +253 (+16.2%) | +363 (+24.9%) | +276 (+19.6%) | |

| 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 ¢ | +28 | +17 | +17 | +14 | -5 | -7 | 0 | +11 | +16 | +13 | +36 | |
| Change % | +1.0% | +0.6% | +0.7% | +0.6% | -0.2% | -0.3% | 0.0% | +0.6% | +0.9% | +0.8% | +2.2% | |
| Since Start of the Season | | | | | | | | | | | | |
| Change ¢ | +623 | +506 | +371 | +228 | +192 | +247 | +289 | +296 | +265 | +255 | +251 | |
| Change % | +28.4% | +23.2% | +17.2% | +10.9% | +9.7% | +13.5% | +17.0% | +18.4% | +17.3% | +17.4% | +17.6% | |
| Since Same Week Last Year | | | | | | | | | | | | |
| Change ¢ | +768 | +665 | +529 | +394 | +327 | +337 | +352 | +365 | +365 | +351 | | |
| Change % | +37.4% | +32.8% | +26.5% | +20.4% | +17.8% | +19.4% | +21.5% | +23.7% | +25.5% | +25.6% | | |

| Micron | 25.0 | 26.0 | 28.0 | 30.0 | 32.0 | MC# |
|---------------------------|--------|--------|--------|-------|-------|-------|
| Since Last Sale | | | | | | |
| Change ¢ | +4 | -12 | -12 | -14 | +6 | -41 |
| Change % | +0.3% | -1.1% | -1.6% | -2.5% | +1.6% | -3.1% |
| Since Start of the Season | | | | | | |
| Change ¢ | +2 | -62 | -42 | -18 | -3 | +105 |
| Change % | +0.2% | -5.6% | -5.5% | -3.2% | -0.8% | +9.0% |
| Since Same Week Last Year | | | | | | |
| Change ¢ | +165 | +136 | +73 | +3 | -11 | +102 |
| Change % | +16.1% | +15.0% | +11.2% | +0.6% | -2.8% | +8.8% |

Average Merino Cardings Price Guide

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AWIS WOOL MARKET REVIEW Week Ending 2 February 2018 (Week 31)

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 November ABS export data.

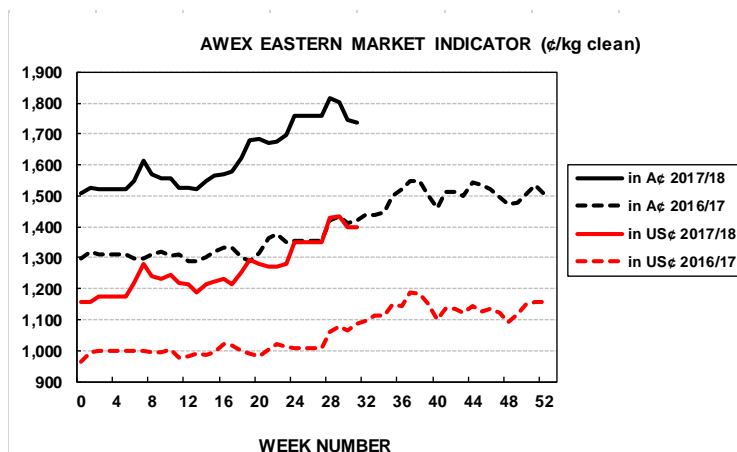
| Details of this Week's Offering and the Comparison with the Previous Sale's Offering | | | | | | |
|--|---------------|---------------|-------------|-----------------------|-------------|---------------|
| Centre | Last Sale | This Sale | | | | |
| | Offering | Offering | Passed-In | Withdrawn Before Sale | Re- Offered | Bales Sold |
| North | 10,470 | 11,823 | 5.8% | 1.1% | 2.8% | 11,140 |
| South | 24,533 | 19,669 | 6.9% | 6.0% | 2.2% | 18,316 |
| West | 7,522 | 8,093 | 11.8% | 4.6% | 7.4% | 7,138 |
| Australia | 42,525 | 39,585 | 7.6% | 4.3% | 3.5% | 36,594 |

| Actual and % Changes in the Progressive Offerings from Last Year | |
|--|--------------|
| +14,176 | +4.5% |
| +49,474 | +9.2% |
| -10,589 | -4.7% |
| +53,061 | +4.9% |

| Next Sale Offerings and Year-on-Year Differences | | | | |
|--|---------------|---------------|---------------|---------------|
| Centre | Week 32 | Week 33 | Week 34 | Differences |
| North | 12,497 | 10,580 | 10,360 | -6.5% |
| South | 20,803 | 22,356 | 21,600 | -4.6% |
| West | 7,386 | 8,050 | 8,150 | -23.7% |
| New Zealand | | | | |
| Australia | 40,686 | 40,986 | 40,110 | -9.5% |
| Differences | -8.5% | -8.8% | -11.2% | |

| 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 | 80.16 | Public | +0.80 | -0.26 | +0.03 | -0.29 | +0.28 (+0.3%) | 80.44 | 75.45 | 80.44 |
| Euro | 65.05 | Holiday | +0.17 | +0.02 | -0.24 | -0.24 | -0.29 (-0.4%) | 64.76 | 63.94 | 67.39 |

| Country | % Share of Australia's Wool Exports by Weight of Wool Shipped | | | Year-on-Year % Change July to November | |
|-----------------------------|---|--------------------------|--------------------------|--|---------------|
| | November 2017 | July to November 2017/18 | July to November 2016/17 | By Weight | By Value |
| China | 80.1% | 77.8% | 78.0% | +8.2% | +22.5% |
| India | 4.1% | 5.8% | 7.1% | -11.7% | +0.5% |
| Italy | 3.9% | 5.0% | 5.0% | +11.7% | +52.6% |
| Czech Republic | 5.2% | 5.9% | 5.0% | +19.9% | +20.2% |
| Malaysia | 2.1% | 1.6% | 1.0% | +72.4% | +116.9% |
| Korea | 1.3% | 1.4% | 1.7% | -4.9% | -8.0% |
| Taiwan | 0.2% | 0.6% | 0.7% | -2.6% | -13.7% |
| Egypt | 0.7% | 1.0% | 1.0% | +5.3% | +38.7% |
| Change all Countries | | | | +10.6% | +20.9% |



| AVERAGE EMI | |
|-------------|------|
| This Year | 1625 |
| Last Year | 1408 |
| 2015/16 | 1254 |
| 2014/15 | 1102 |
| 2013/14 | 1070 |

| SEASON AVERAGES | | |
|-----------------|-----------|------|
| Region | This Year | Diff |
| North | 1707 | +237 |
| South | 1573 | +203 |
| West | 1681 | +226 |

| THIS YEAR'S EMI | |
|-----------------|------|
| This Week | 1738 |
| First Week | 1524 |
| Low (0/01) | 1522 |
| High (0/01) | 1818 |

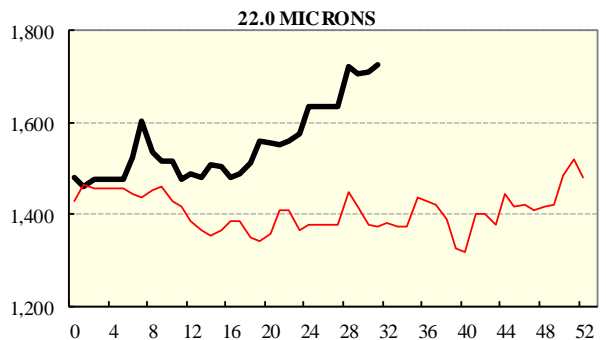
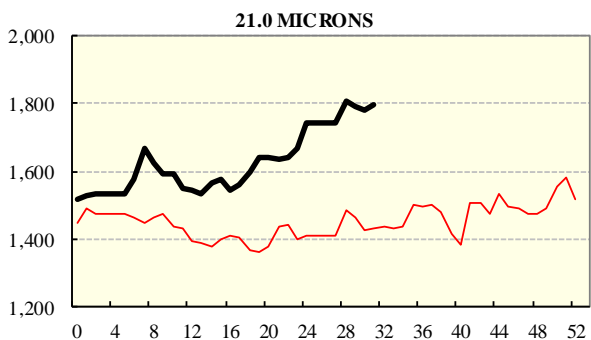
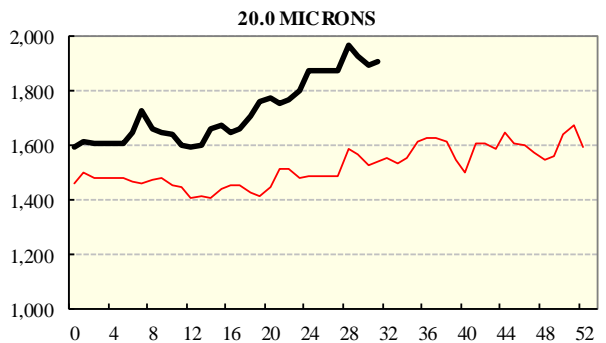
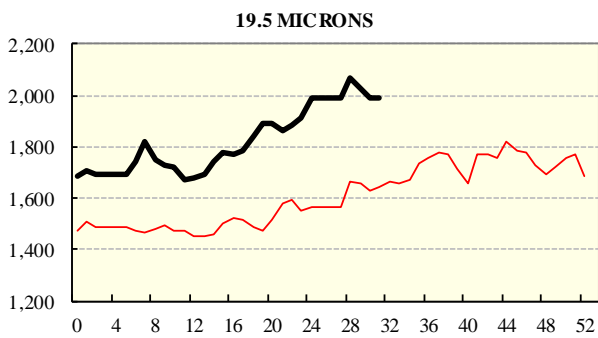
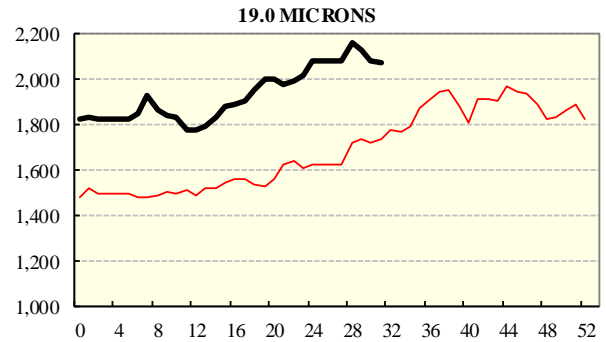
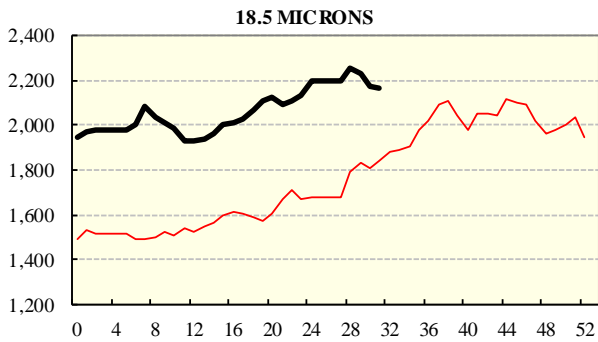
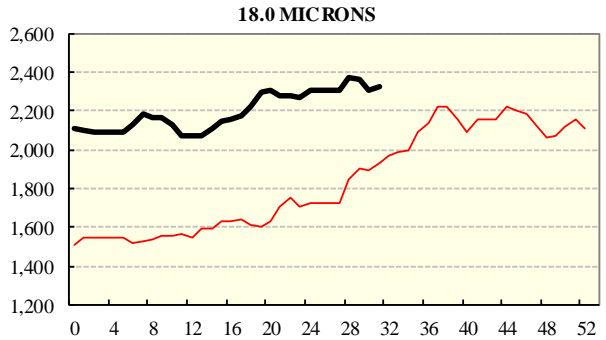
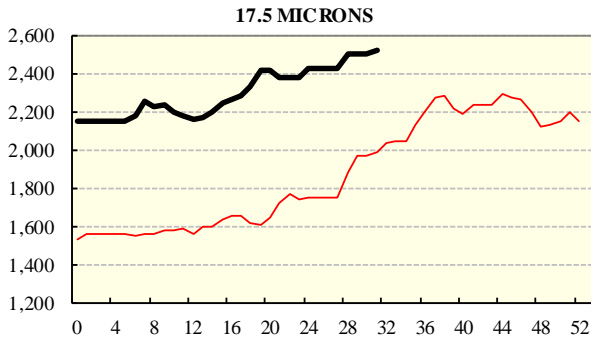
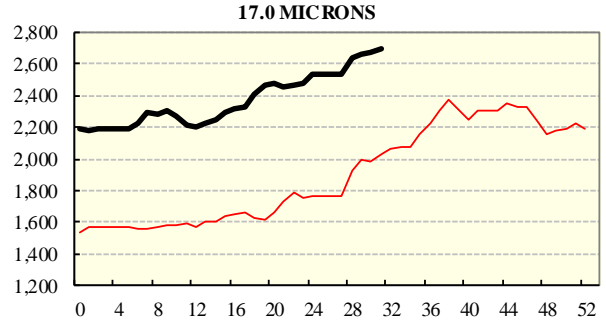
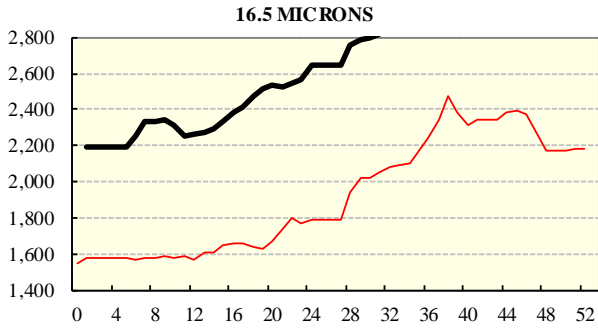
| COMPARED WITH WKS 1/2 | | |
|-----------------------|-----------|------|
| Region | This Week | Diff |
| North | 1829 | +238 |
| South | 1681 | +201 |
| West | 1819 | +253 |

| BALES OFFERED | |
|---------------------|-----------|
| This Year | 1,125,716 |
| Last Year | 1,072,655 |
| Difference | +53,061 |
| % Diff | +4.9% |
| FIRST OFFERED BALES | |
| Difference | +5.5% |
| % of Offering | 96% |

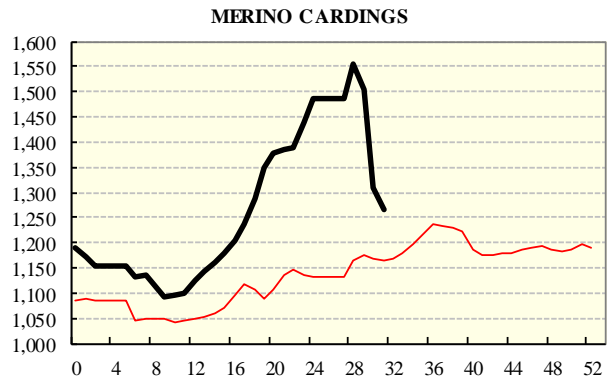
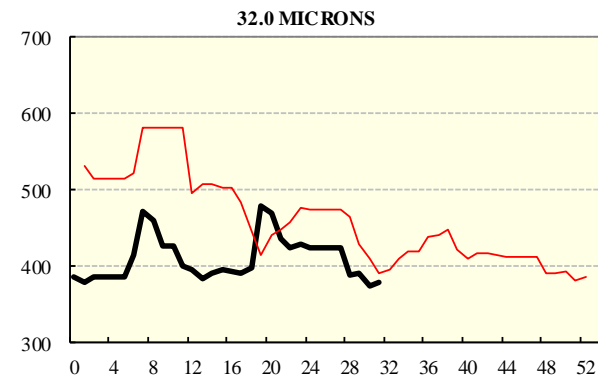
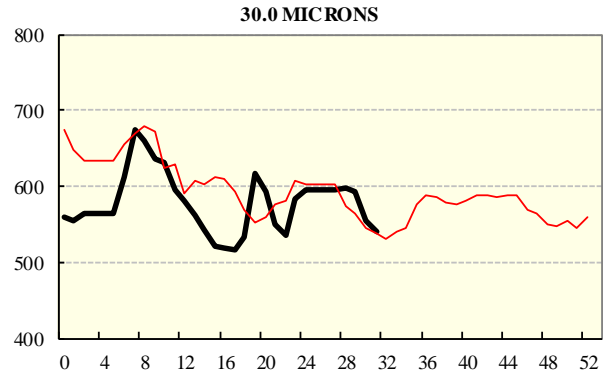
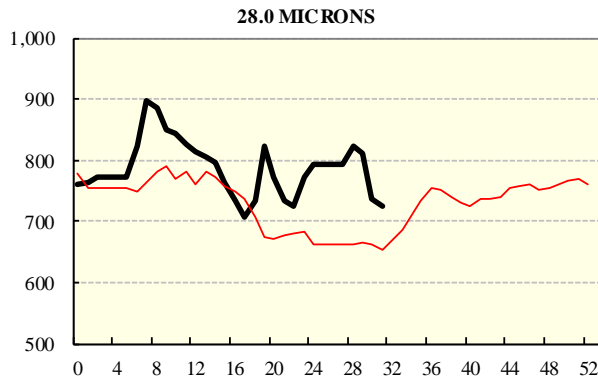
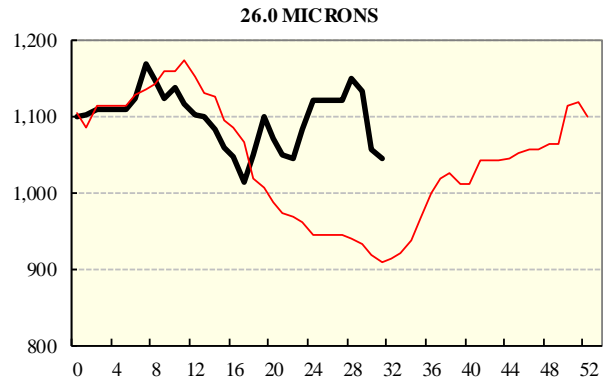
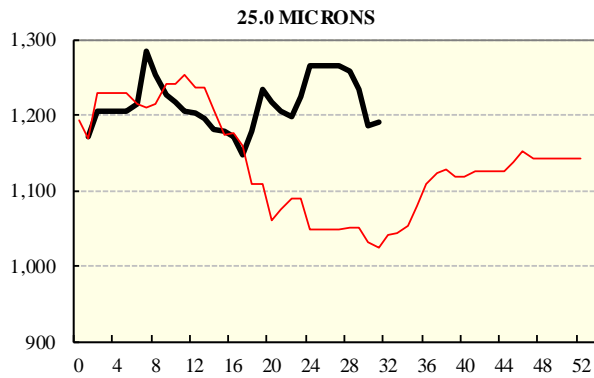
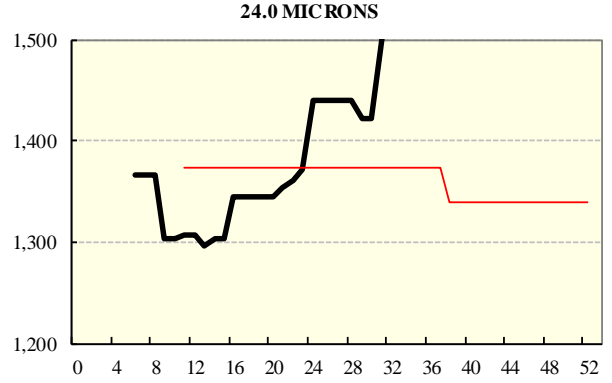
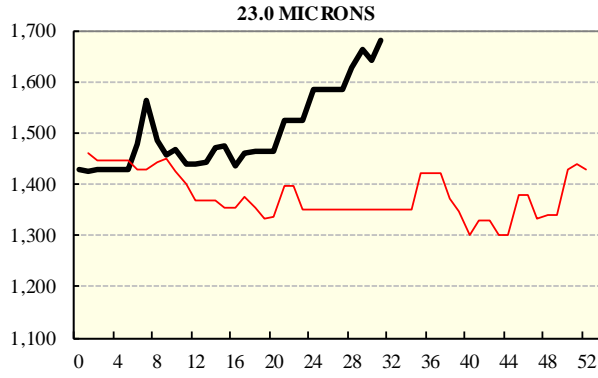
| REGION BALES | | |
|---------------------|---------|-------|
| This Sale: | | Diff |
| North | 11,823 | +4.5% |
| South | 19,669 | +9.2% |
| West | 8,093 | -4.7% |
| Progressive Totals: | | Diff |
| North | 327,288 | +4.5% |
| South | 585,425 | +9.2% |
| West | 213,003 | -4.7% |

AVERAGE AWEX MICRON PRICE GUIDES

2017/18(black graph line) and 2016/17 (red graph line)



AVERAGE AWEX MICRON PRICE GUIDES
 2017/18(black graph line) and 2016/17 (red graph line)



EASTERN MARKET INDICATOR (EMI) SINCE 1999/00 (¢/kg clean)

(In Australian, United States and European Currencies)

