

AUSTRALIAN WOOL INDUSTRIES SECRETARIAT INC

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AWIS WOOL MARKET REVIEW Week Ending 7 September 2018 (Week 10)

The AWEX EMI finished at 2088¢, 2¢ lower (-0.1%) in Australian currency and 2¢ lower (-0.1%) in US currency at sales in Sydney, Melbourne and Fremantle this week.

38,037 bales were on offer nationally, compared with 36,000 bales last sale. 4.0% of the offering was passed in.

AWEX reports that the value of the wool sold was \$94.1 million (\$2,577 per bale), taking the season total to \$596.8 million.

The New Zealand Merino Company also offered 479 bales in Melbourne on Wednesday in its first sale of the season. 14.4% of the offering was 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 | 2090 | No Sale | +11 | -13 | -2 (-0.1%) | 2088 | -2 | -1 |
| Northern | 09 | 2145 | No Sale | +17 | -9 | +8 (+0.4%) | 2153 | +5 | +5 |
| Southern | 09 | 2055 | No Sale | +8 | -16 | -8 (-0.4%) | 2047 | -6 | -5 |
| Western | 09 | 2255 | No Sale | +15 | -15 | 0 (0.0%) | 2255 | 0 | 0 |

The market got away to a good start on Wednesday, when the EMI finished 11¢ above the previous week's close. However, a 13¢ fall on Thursday reversed the previous day's gains. Much of Thursday's falls was associated with the presence of lesser types and lower yielding wools. There was no clear trend in the overall changes in the individual AWEX Merino Micron Price Guides.

Crossbred prices were mixed, but generally strengthened on Wednesday before easing on Thursday.

Oddments prices were also mixed. The average Merino Cardings Price Guide was down by 1¢ at the close of selling.

The US Exchange Rate has continued to fall. It was down by a further 0.89¢ (-1.2%) since last Friday, to close at 71.71¢ on Thursday. The US Exchange Rate has not been at this level since May 2016.

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

Looking ahead, offerings for the coming three sales are expected to range from 34,600 bales to 38,000 bales and to be 11.7% less than in the same period last year. This continues the trend seen in the season to date.

| 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 | No 22.0µ MPG | No 22.0µ MPG | No 22.0µ MPG | No 22.0µ MPG | No 22.0µ MPG |
| South | 259¢ | 357¢ | 484¢ | 644¢ | 758¢ |

| Market Indicator | Changes From | | | |
|--------------------------|---------------------------|------------------------|----------------------|--|
| | Four Sales Ago Week 06 | Start of the Season | Week 10 Last Year | Season Average to Week 10 Last Year |
| Eastern Market Indicator | +98 (+4.9%) | +100 (+5.0%) | +532 (+34.2%) | +490 (+31.5%) |
| Western Market Indicator | +97 (+4.5%) | +113 (+5.3%) | +655 (+40.9%) | +601 (+37.5%) |

| 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 ¢ | -53 | 0 | -20 | -2 | +3 | +5 | -3 | +2 | -45 | -20 | +23 | -42 |
| Change % | -1.7% | 0.0% | -0.7% | -0.1% | +0.1% | +0.2% | -0.1% | +0.1% | -1.9% | -0.9% | +1.0% | -2.0% |
| Since Start of the Season | | | | | | | | | | | | |
| Change ¢ | +48 | +148 | +159 | +202 | +205 | +144 | +94 | +51 | +28 | +22 | +18 | -84 |
| Change % | +1.6% | +5.3% | +6.1% | +8.3% | +8.8% | +6.3% | +4.2% | +2.3% | +1.2% | +1.0% | +0.8% | -4.0% |
| Since Same Week Last Year | | | | | | | | | | | | |
| Change ¢ | +742 | +678 | +568 | +512 | +546 | +598 | +632 | +665 | +680 | +737 | +801 | |
| Change % | +32.1% | +29.9% | +25.8% | +24.0% | +27.5% | +32.7% | +36.7% | +40.6% | +42.8% | +48.6% | +54.6% | |

| 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 ¢ | | -15 | -2 | +9 | 0 | -1 |
| Change % | | -1.0% | -0.2% | +1.2% | 0.0% | -0.1% |
| Since the Start of the Season | | | | | | |
| Change ¢ | +481 | +329 | +230 | +147 | +56 | +103 |
| Change % | +40.5% | +29.7% | +30.0% | +26.3% | +14.6% | +7.0% |
| Since Same Week Last Year | | | | | | |
| Change ¢ | +528 | +380 | +245 | +141 | | +275 |
| Change % | +46.3% | +36.0% | +32.6% | +25.0% | | +23.1% |

Average Merino Cardings Price Guide

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AWIS WOOL MARKET REVIEW Week Ending 7 September 2018 (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 July ABS export data.

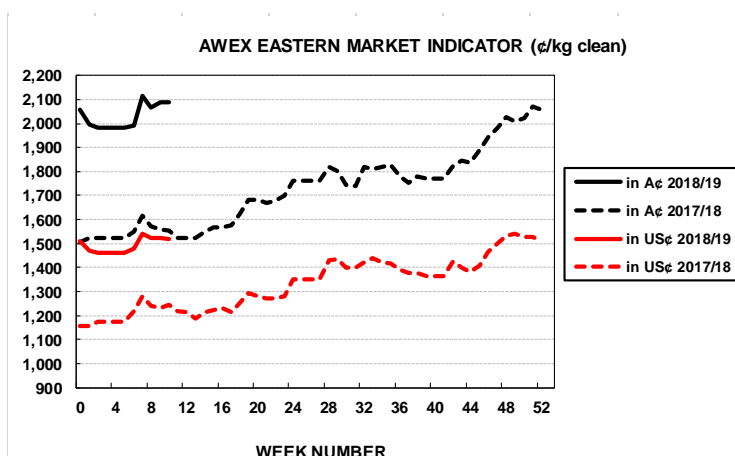
| Details of this Week's Offering and the Comparison with the Previous Sale's Offering | | | | | | |
|--|---------------|---------------|-------------|-----------------------|-------------|---------------|
| Centre | Last Sale | This Sale | | | | |
| | Offering | Offering | Passed-In | Withdrawn Before Sale | Re-Offered | Bales Sold |
| North | 10,603 | 10,898 | 2.8% | 1.3% | 4.3% | 10,597 |
| South | 14,970 | 20,141 | 3.9% | 0.9% | 5.9% | 19,349 |
| West | 10,427 | 6,998 | 6.1% | 0.6% | 2.7% | 6,571 |
| Australia | 36,000 | 38,037 | 4.0% | 0.9% | 4.9% | 36,517 |

| Actual and % Changes in the Progressive Offerings from Last Year | |
|--|---------------|
| -13,583 | -12.8% |
| -16,462 | -10.7% |
| -9,207 | -17.6% |
| -39,252 | -12.5% |

| Next Sale Offerings and Year-on-Year Differences | | | | |
|--|---------------|---------------|---------------|---------------|
| Centre | Week 11 | Week 12 | Week 13 | Differences |
| North | 10,370 | 9,855 | 10,760 | -15.7% |
| South | 18,546 | 21,350 | 17,880 | -9.7% |
| West | 5,666 | 6,780 | 7,150 | -10.6% |
| New Zealand | | | | |
| Australia | 34,582 | 37,985 | 35,790 | -11.7% |
| Differences | -19.1% | -6.7% | -8.7% | |

| 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 | 72.80 | -0.20 | -0.60 | +0.28 | -0.42 | -0.15 | 0.00 (0.0%) | 71.71 | 71.71 | 74.41 |
| Euro | 62.92 | -0.77 | -0.15 | +0.30 | -0.32 | -0.28 | 0.00 (0.0%) | 61.70 | 61.70 | 64.08 |

| Country | % Share of Australia's Wool Exports by Weight of Wool Shipped | | | Year-on-Year % Change July to July | |
|-----------------------------|---|----------------------|----------------------|------------------------------------|---------------|
| | July 2018 | July to July 2018/19 | July to July 2017/18 | By Weight | By Value |
| China | 73.6% | 73.6% | 70.3% | -18.7% | +14.4% |
| India | 8.4% | 8.4% | 9.4% | -30.7% | -12.3% |
| Italy | 7.1% | 7.1% | 6.7% | -17.1% | -1.1% |
| 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 | 2047 |
| Last Year | 1739 |
| 2016/17 | 1408 |
| 2015/16 | 1254 |
| 2014/15 | 1102 |

| SEASON AVERAGES | | |
|-----------------|-----------|------|
| Region | This Year | Diff |
| North | 2092 | +280 |
| South | 2018 | +325 |
| West | 2205 | +398 |

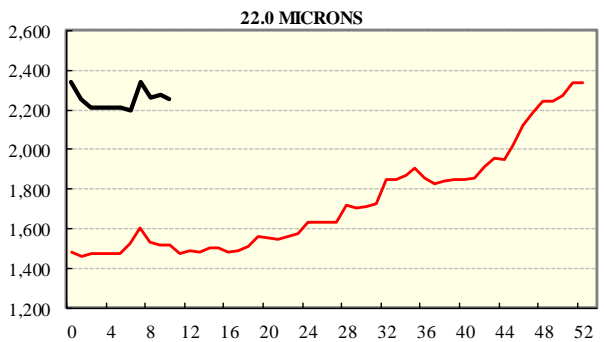
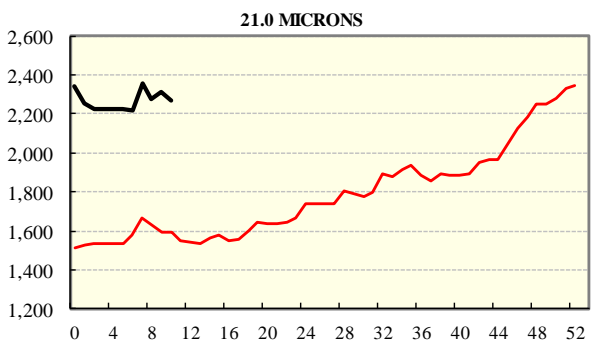
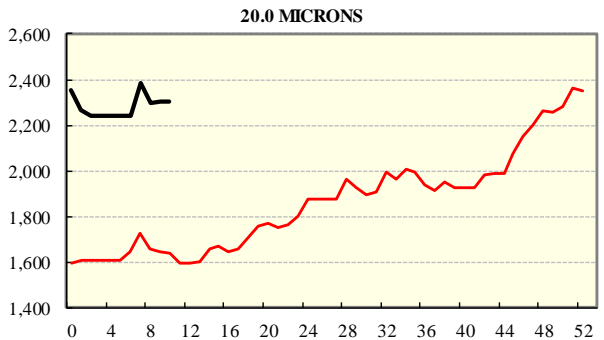
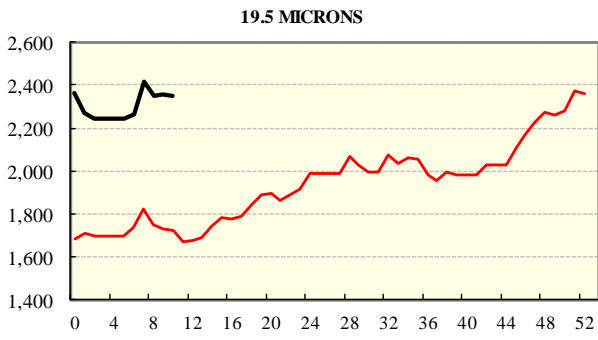
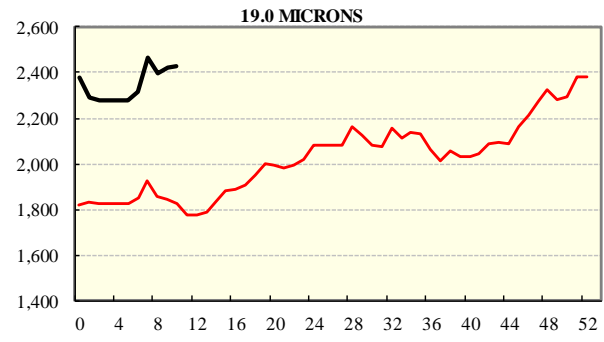
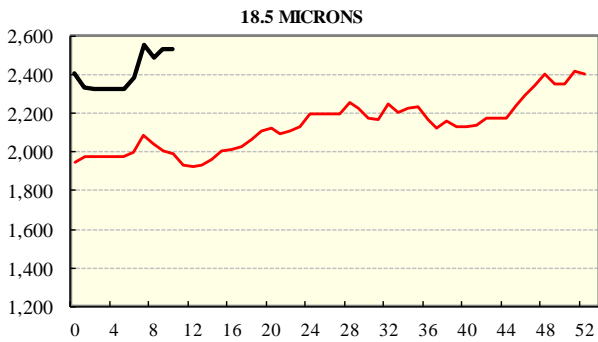
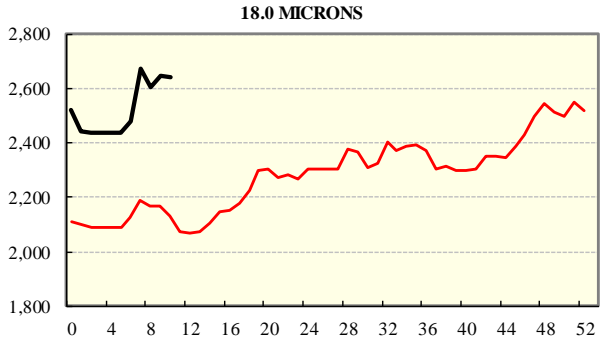
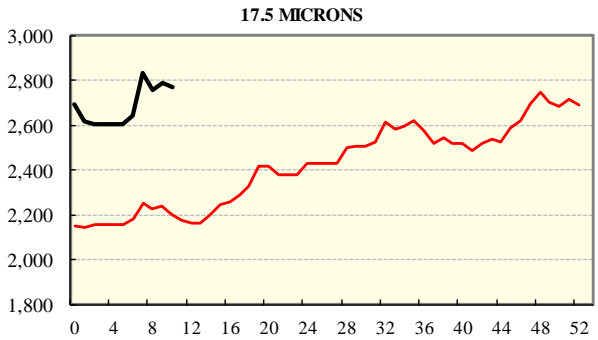
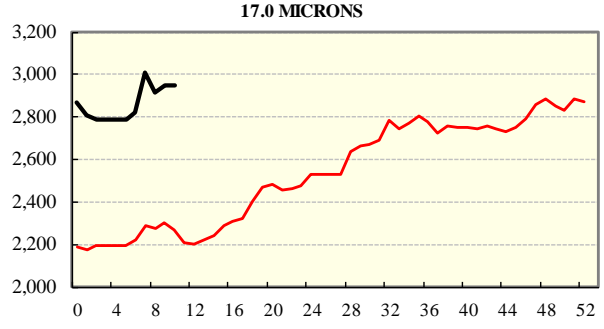
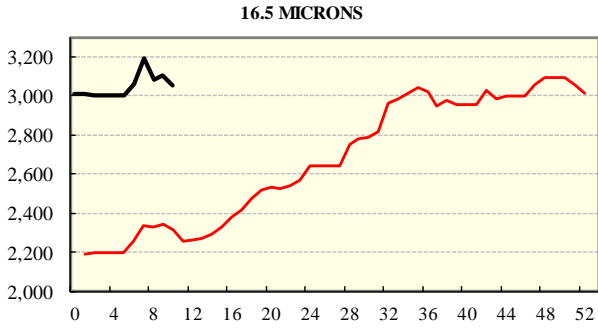
| THIS YEAR'S EMI | |
|-----------------|------|
| This Week | 2088 |
| First Week | 1994 |
| Low (0/01) | 1981 |
| High (0/01) | 2116 |

| COMPARED WITH WKS 1/2 | | |
|-----------------------|-----------|------|
| Region | This Week | Diff |
| North | 2153 | +133 |
| South | 2047 | +79 |
| West | 2255 | +113 |

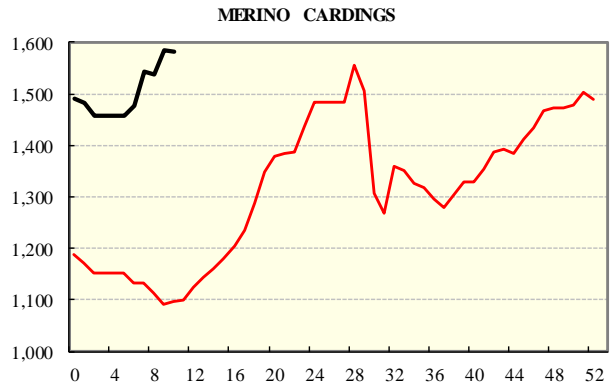
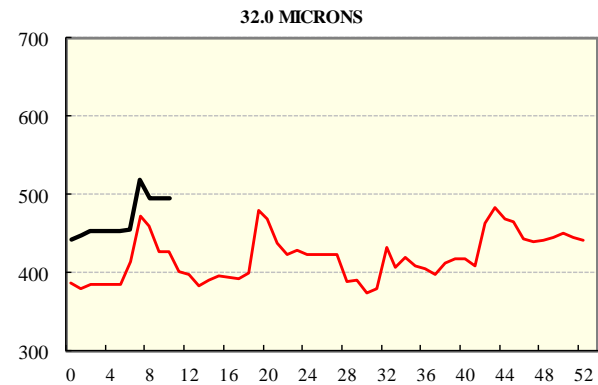
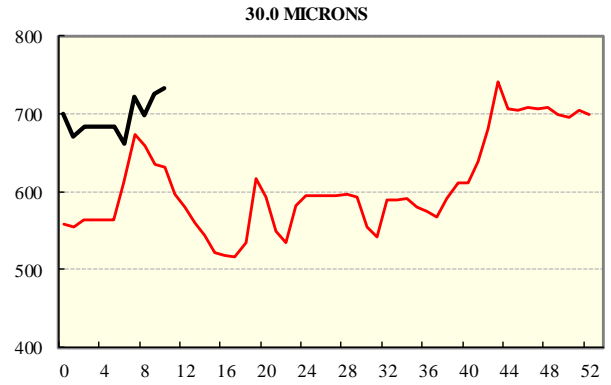
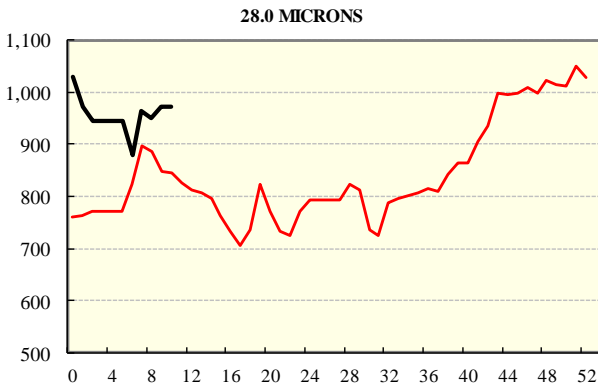
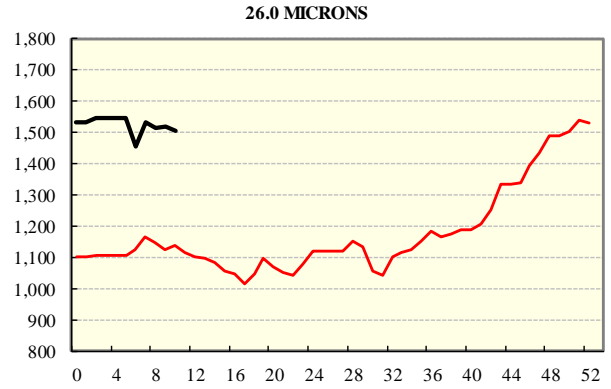
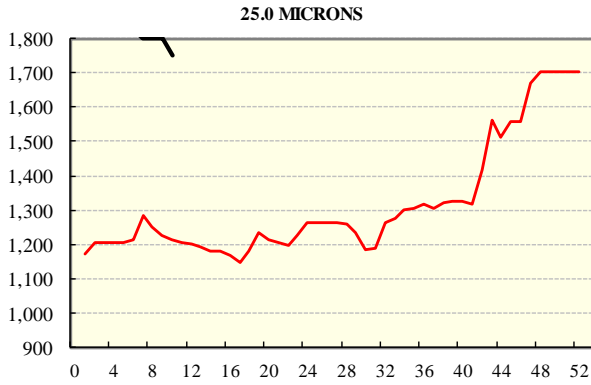
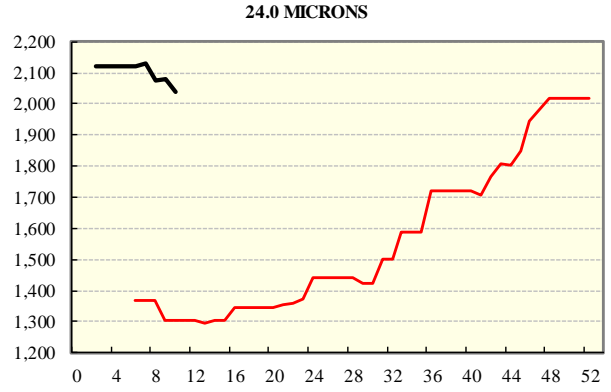
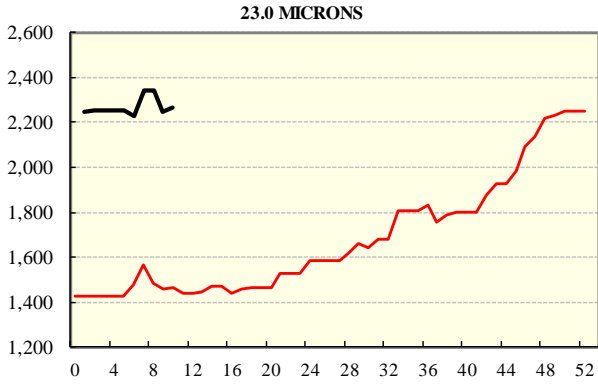
| BALES OFFERED | |
|---------------------|---------|
| This Year | 273,869 |
| Last Year | 313,121 |
| Difference | -39,252 |
| % Diff | -12.5% |
| FIRST OFFERED BALES | |
| Difference | -12.0% |
| % of Offering | 95.4% |

| REGION BALES | | |
|---------------------|---------|--------|
| This Sale: | | |
| North | 10,898 | |
| South | 20,141 | |
| West | 6,998 | |
| Progressive Totals: | | Diff |
| North | 92,782 | -12.8% |
| South | 137,917 | -10.7% |
| West | 43,170 | -17.6% |

AVERAGE AWEX MICRON PRICE GUIDES
2018/19](black graph line) and 2017/18 (red graph line)



AVERAGE AWEX MICRON PRICE GUIDES
2018/19](black graph line) and 2017/18 (red graph line)



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

(In Australian, United States and European Currencies)

