



WOOL MARKET WEEKLY REPORT

Sale Week 25: 18th Dec 2020



Offering—Aust. only		Currency movements			Eastern Market Indicator (EMI)			
Bales offered	44,835	AUD:USD	0.7564	+ 1.64 %	AUD	1157 ac/kg	- 41 ac/kg	- 3.42 %
Passed-In %	18.3 %	AUD:CNY	4.9482	+ 1.87 %	USD	875 usc/kg	- 17 usc/kg	- 1.84 %
Bales Sold	36,609	AUD:EUR	0.6218	+ 1.34 %	CNY	57.25 ¥/kg	- 0.94 ¥/kg	- 1.61 %
Season Sold	612,086	RBA close rates 16th Dec 2020			EUR	7.19 €/kg	- 0.16 €/kg	- 2.13 %

AWI Market commentary

Large volumes and an ever strengthening AUD against major currencies combined negatively to impact prices at Australian wool auctions this week. In addition the urgency of enquiry for new orders slackened in comparison to the past few weeks, although new business was still available subject at lower prices.

Apart from the cardings sector, price falls were registered on all other wool types and descriptions. Gradual declines occurred incrementally throughout the selling weeks rather than any dramatic falls being evidenced. The first half of the season had 9,060 bales (+1.5%) more sold at auction than at the same point of last season.

The Eastern Market Indicator (EMI) fell by 41ac to close the first half of the season at 1157ac clean/kg. At the start of the season the AUD EMI was at 1116ac so a 3.7% net gain in value has resulted, albeit within a wildly fluctuating auction price and trading environment.

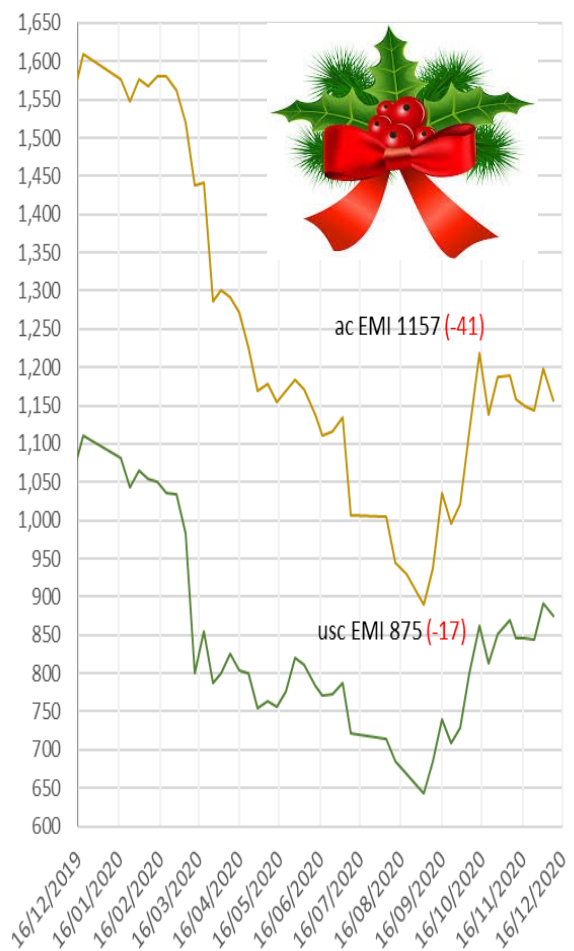
In USD the EMI devalued far less this week than the AUD equivalent due to the Forex rates holding USD wool values more in check. A loss of 17usc to a first half close of 875usc clean/kg was recorded. Similarly, on the back of largely a stronger Australian dollar, a 13.2% increase in USD values has transpired since the season opening price of 773usc.

The week featured an obvious step up in purchasing from top makers. As prices lowered under less buying pressure from traders, the largest first stage processor interests from both Europe and China stepped up their buying volumes. Traders were still in play, but were very cautious in taking too much inventory into the three week recess as local storage costs could potentially be a barrier to profitable trading of wool held for longer periods.

Merino fleece and skirting types finer than 17.5micron had the better of competition with USD prices holding but currency forcing local prices 15 to 30ac lower. The broader Merino wools sold up to 60ac cheaper. Crossbreds sold 35ac cheaper but cardings managed to buck the trend and sell 15ac higher.

Sales go into recess for three weeks. Sales commence 11th January 2021. Seasons greetings to all and have a happy, safe and healthy New Year.

12 months EMI weekly close 16th Dec 2020



Riemann wool forwards			
January 2021	19.0 micron	1420/1430ac	50,000 kgs
February 2021	19.0 micron	1385ac	4,000 kgs
May 2021	19.0 micron	1420/1430ac	7,000 kgs

Scheduled Australian Wool Auction Sales		
Sale week	2020/21 est.	2019/20 actual
Week 26	RECESS	RECESS
Week 27	RECESS	RECESS
Week 28	RECESS	RECESS

Australian Wool Innovation Limited and its employees, officers and contractors and any contributor to this material ("us" or "we") have used reasonable efforts to ensure that the information contained in this material is correct and current at the time of its publication, it is your responsibility to confirm its accuracy, reliability, suitability, currency and completeness for use for your purposes. To the extent permitted by law, we exclude all conditions, warranties, guarantees, terms and obligations expressed, implied or imposed by law or otherwise relating to the information contained in this material or your use of it and will have no liability to you, however arising and under any cause of action or theory of liability, in respect of any loss or damage (including indirect, special or consequential loss or damage, loss of profit or loss of business opportunity), arising out of or in connection with this material or your use of it. © Australian Wool Innovation Limited All rights reserved. This work is copyright. Except as permitted under Copyright Law no part of this publication may be reproduced by any process, electronic or otherwise, without the specific written permission of the copyright owner. Neither may information be stored electronically in any form whatsoever without such permission.