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Wool still slipping

The Land

THE wool market has continued its downward slide with the AWEX Eastern Market Indicator (EMI) slipping to 941 cents a kilogram at the close of auctions last Thursday.

The market fell 8c/kg on the previous week and is at its lowest point since October, 2010.

The EMI has fallen 129c/kg (-12 per cent) since the start of the season and is 323c/kg lower than the same week last year.

The Australian Wool Industries Secretariat (AWIS) report showed the market opened on a further downward note in Melbourne on Tuesday last week, when the Southern Indicator was down by 17c/kg, with the greatest fall in the fine end.

Furthermore it showed Wednesday's market was down slightly, but did show some more encouraging signs that were confirmed on Thursday when the EMI rose 9c/kg.

In the east coast auction rooms 34,693 bales were offered during the three days of sale – down 5711 bales on this same time last year.

The AWIS report showed the year to-date-offered continues to be down on last year, back 35,306 bales (-14.7 per cent) than at the end of the same week last year.

Forecast offerings for the next three sales indicate this figure could come back to about -8.5pc during this period.

The report cited the improving market conditions as the week progressed resulted in the pass-in rate dropping from 16.7pc on Tuesday to 9.6pc on Thursday.

Riverina Wool woolbroker, Mark Bazeley, Moama, said the wool market was down due to the tough financial situations in Europe and the US which had seen a drop in fine wool sales to those markets.

He said the Riverina type wool in the 20- to 23-micron range was still in demand as it was suited to the domestic markets in China and India.

Mr Bazeley said the lull in the wool market was also typical following the mid year auction break.

“For 25 of the past 30 years the market has dropped as buyers take a stand-off approach,” he said.

“There is so much global uncertainty at the moment, that we are being played into the hand of the Chinese as they are sitting back and watching the market; Europe is in no position to make a move.”

Mr Bazeley said he had told his clients since February to move as much wool as they could.

“Peaks are only reached once and you can't rely on a peak after peak,” he said.

He said most of his clients were in the Hay district growing what he called “bread and butter” type wools.

“While the clean price is back, there is low vegetable matter in the wool, the tensile strength is extremely good, and there are relatively low mid breaks in the wool, so the greasy price is still attractive for growers,” Mr Bazeley said.

He said the current market was still viable for growers.

If they could produce the kilograms they could still expect \$1100 to \$1300 a bale.



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Landmark wool and livestock risk manager Anthony Boatman, said it was hard to say if there would be a lift in the wool market.

“The market has come down pretty hard and fast and without any solid demand we can’t expect a lift in the market yet,” Mr Boatman said.

“I am hoping that it will at least stay steady for a while,” he said.

Mr Boatman said supply during recent weeks had ranged from 35,000 to 45,000 bales which was a fairly limited given it was creeping towards the peak of supply.



Tottenham woolgrower Brian Plummer, with his daughter Dannielle, during shearing