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Wool season closes low



THE wool selling season closed on a sombre note with the Eastern Market Indicator losing 19 cents a kilogram to close at 1047c/kg.

There were 37,984 bales offered last week with 13.1 per cent passed in - up 7.8 per cent on the previous week's pass in rate.

Australian Wool Exchange senior market analyst Lionel Plunkett said the closing figure was a fair reflection of the season, as the EMI had averaged 1037c/kg over 113 selling days.

He said the average was well short of the previous season - a 13.7pc drop when comparing season-on-season.

It was a lacklustre week across the east coast sales as well as at the Fremantle auction in the west.

At Sydney this indicator dropped 23c/kg to close at 1059c/kg.

The greatest loss at the Sydney was in the 19 micron indicator (MI) range, settling at 1156c/kg following a 38c/kg slide.

The 18MI, 19.5MI, 20MI and 21MI all lost upwards of 30c/kg.

The 16.5MI and the 22MI at Sydney survived a major price hit, losing only 5c/kg to finish at 1478c/kg and 2c/kg to close at 1167c/kg respectively.

The crossbred fleeces were a mixed bag results at Sydney with the 28MI losing only 4c/kg to finish at 662c/kg, while the 30MI lost 20c/kg to close at 603c/kg.

At Melbourne sale taking the biggest hit was the 18.5MI which lost 44c/kg to close at 1178c/kg.

The Merino carding indicator was the only positive, gaining 12c/kg to close at 829c/kg, while the 19MI, 20MI and 21MI all lost upwards of 30c/kg. However, the 16.5MI managed an 8c/kg gain to close at 1477c/kg.

Crossbred fleeces remained fairly steady with the 26MI and 30MI each only losing 2c/kg, while the 32MI lifted 10c/kg to close at 505c/kg.

The Merino carding indicator fell only 1c/kg to settle at the same rate as Sydney of 829c/kg.

In the west at Fremantle, the 21MI dropped 40c/kg to close at 1136c/kg. The 19.5MI, 20MI and 22MI all copped losses upwards of 30c/kg. Merino cardings gained 37c/kg to settle at 818c/kg.



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Buyer Techwool Trading was most active across the Merino fleeces securing 15pc of the offering, 17.1pc of the Merino skirtings and 13.1pc of the crossbred clip last week; while Michell took 29pc of the oddments offering.

Temora wool broker Marty Moses, managing director Moses and Son, said there were several factors he believed contributed to last week's EMI plunge, including a strong rumour out of China that a major top making company had gone into liquidation, hence a major buyer did not operate in last week's market.

Furthermore, Mr Moses said traditionally the market eased in June and July as there was not a high demand from China processors.

"The mills are still running in China at the moment, but they are really only meeting requirements they are not trading a high volume," he said.

Mr Moses suspects there will be more pain in store for the wool market come spring.

He predicts the EMI could fall 30c/kg to 50c/kg below its current rate in August based on the signs of the forward market.

Mr Moses said with the carding indicator at record heights, anything under 50mm in length (locks, crutchings, oddments) should be on the market now.

He said growers with finer wools in the 18 to 19 micron range should carefully consider their options.

"If they put the wool away, they certainly won't be starving the market of that type, however, they could be waiting six months for things to pick up," Mr Moses said.

He said the superfine had been hit particularly hard as there was an oversupply of that type.

"There is not a lack of demand for superfine wool, there is just currently an over supply of it," Mr Moses said.

This week was the first week of sales for the 2013/2014 season with close to 35,000 bales scheduled.

The three-week wool recess will commence July 15.

<http://www.theland.com.au/news/agriculture/livestock/sheep-wool/wool-season-closes-low/2662920.aspx?storypage=0>