WOOL MARKET
WEEKLY REPORT
Sale Week 06: 7th Aug 2020

Offering—Aust. only	
Bales offered	42,764
Passed-In %	30.1 %
Bales Sold	29,911
Season Sold	92,255

Currency movements		
AUD:USD	**0.7181**	+ 3.46 %
AUD:CNY	4.9975	+ 2.59 %
AUD:EUR	0.6065	- 1.48 %
RBA close rates 5th Aug 2020		

Eastern Market Indicator (EMI)			
AUD	**1006 ac/kg**	**- 128 ac/kg**	**- 11.29 %**
USD	722 usc/kg	- 65 usc/kg	- 8.22 %
CNY	50.27 ¥/kg	- 4.97 ¥/kg	- 8.99 %
EUR	6.10 €/kg	- 0.88 €/kg	- 12.60 %

AWI Market commentary

Wool auctions re-commenced this week following on from the three week recess. Prices were severely dented with Merino types and descriptions depreciating well over 100ac. Crossbreds dropped 50ac. The break in sales traditionally causes a backlog of growers needing to sell. This year was no exception. Offerings pushed over 42,000 bales, which combined with the negative buyer sentiment, exacerbated the extent of the falls.

Confidence was down amongst exporters, with minimal fresh business being reported. The whole textile chain is second and third guessing the right approach to inventory acquisition and a safe price at which to execute re-entry given the new dynamics at play at the retail buying and consumer levels.

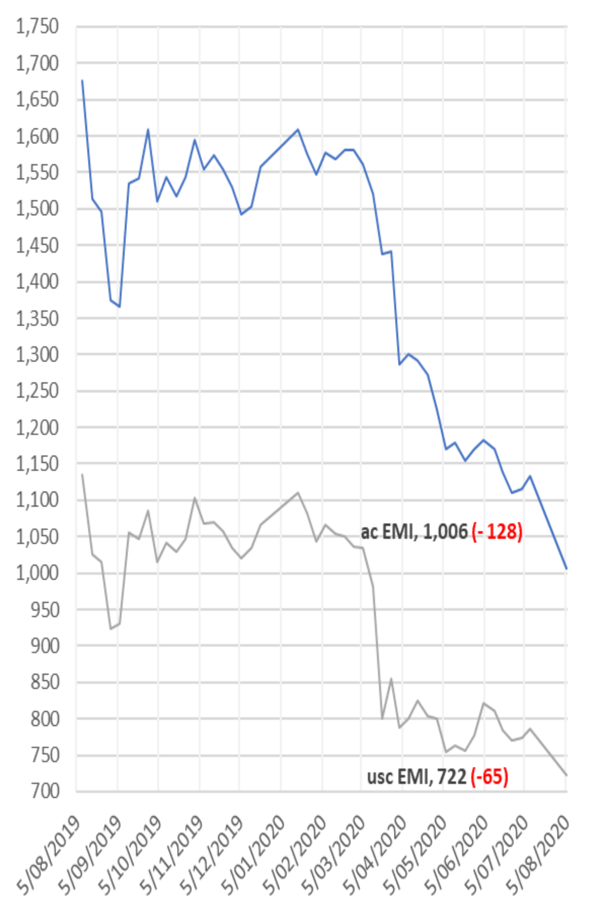
During such a poor week of auction results, there was a positive signal emerging. Whilst the pre recess auctions were largely the sole domain of Chinese interests, some competition this week appeared from other destinations, such as European, Indian and Japanese interests. Importantly, major European top maker Modiano participated strongly by buying 30% of the crossbreds.

The continued confidence and support of the Australian wool market being shown by first stage machinery owners also provides a fillip to future prospects. Leading activity in sale rooms came from mainly the top makers. Tianyu, one of the pre-eminent Chinese manufacturers was very keen on the Merino sector with able support coming from the global traders Techwool and Endeavour and Chinese indents from Seatech and others.

The greasy stocks and clog points along the chain may delay any sustained positive effect initially, but given the past few years has seen global supply reach the lowest points for many decades, an improved demand driven by low prices could quickly eliminate that stumbling block of supply.

However, the fundamentals remain weak across most commodities and more rigidity across the entire wool chain is needed to sustain any potential drive upward for wool prices.

12 months weekly EMI close as at 5th August 2020



AWTA Key Test Data end July 2020

- The monthly comparisons of total weight for July 2020 compared with the same period last season shows 14.4% less wool tested for the month.
- AWTA Ltd has tested 13.7 mkg (million kilograms) this season compared with 16.0 mkg for the equivalent period last season.

Scheduled Australian Wool Auction Sales

Sale week	2020/21 est	2019/20
Week 7	**33,413 bales**	35,423 bales
Week 8	**37,250 bales**	26,492 bales
Week 9	**23,980 bales**	25,295 bales