



Offering—Aust. only		Currency movements			Eastern Market Indicator (EMI)			
Bales offered	44,254	AUD:USD	0.7771	+ 0.26 %	AUD	1202 ac/kg	+ 30 ac/kg	+ 2.56 %
Passed-In %	7.6 %	AUD:CNY	5.0205	+ 0.10 %	USD	934 usc/kg	+ 26 usc/kg	+ 2.82 %
Bales Sold	40,883	AUD:EUR	0.6406	+ 0.42 %	CNY	60.35 ¥/kg	+ 1.57 ¥/kg	+ 2.66 %
Season Sold	699,547	RBA close rates 21st Jan 2021			EUR	7.70 €/kg	+ 0.22 €/kg	+ 2.99 %

AWI Market commentary

Australian auctions continued this week on a positive trajectory under strong buyer competition emanating almost solely again from China. The market was led upwards by mainly the superfine Merino types but by the close of selling in the standalone sale at Melbourne on Thursday, most wool categories were being quoted dearer for the week. Those results were significantly higher than the Wednesday closing levels of both Fremantle and Sydney.

The Eastern Market Indicator (EMI) closed at 1202ac clean/kg which is 2.6% or 30ac gain for the week. The USD EMI was similarly 2.8% or 26usc higher at 934usc clean/kg, which has seen that indicator climb back to within 1usd per clean kg of the pre pandemic market conditions.

The week's activity in sale rooms featured an obvious lift in demand from China. Chinese buyer representatives here and forward traders were all part of the intense competition for Merino wools. This is despite the high volumes of 19micron and broader wools available and forecast to sell over the next few weeks. A couple of the largest Chinese top makers were very much involved. Indent buying dominated the purchasing forcing forward sellers to assess harder both their buying or selling opportunities

Talk around show floors this week centred around the potential for large Chinese government orders for uniforms being placed once again, which was the catalyst for the last wool price spike in October 2020. In somewhat of a paradoxical situation at the moment, uniquely the Chinese government appears to be Australia's largest customer for wool garments. Enquiry for forward offers continue to flow from the sub-continent and Europe but the successful conversion rate to written orders is still way off normal support.

Significantly higher prices are becoming evident for superfine Merino wools of all descriptions finer than 18.5micron, particularly when one considers the current and future lower supply scenario. Better seasonal conditions across most of Central and Eastern Australia are primarily responsible for the changed offering to mainly broader fibre diameters and higher vegetable matter in sale lots, and this will escalate the further we go into the selling season. Prices for all superfine Merino 17 to 18.5 mic were 70 to 120ac dearer but all types finer than 17mic headed upwards of 160ac.

Under big volumes, the 19.5 to 21micron Merino wools struggled to maintain. Prices drifted down 5 to 20ac on the first two days, but a lift in Melbourne on the final day pushed to levels of 20ac dearer for the week. Cardings were upwards of 50ac higher and the past two weeks has seen an almost 10% gain in that sector. Crossbreds were basically firm to slightly dearer. Around 42,000 bales sells next week over two days, Wednesday and Thursday.

12 months EMI weekly close 21st Jan 2021



Riemann wool forwards

March 2021	19.0 mic	1390ac	5,000 kgs
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Scheduled Australian Wool Auction Sales

Sale week	2020/21 est.	2019/20 actual
Week 31	42,469 bales	33,700 bales
Week 32	38,366 bales	30,562 bales
Week 33	44,735 bales	40,176 bales

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