

WOOL MARKET WEEKLY REPORT

Sale 02 : Thurs 11th July 2024



WOOL GROWERS - can we please have your assistance in AWI research? - wool.com/getinvolved

2024/25 Aust. wool offering		Weekly currency movements			Eastern Market Indicator (EMI)			
Bales offered	31,147	AUD:USD	0.6744	+ 1.06 %	AUD	1107 ac/kg	- 18 ac/kg	- 1.60 %
Clearance rate %	86.4 %	AUD:CNY	4.9067	+ 1.10 %	USD	747 usc/kg	- 4 usc/kg	- 0.55 %
Bales Sold	26,921	AUD:EUR	0.6234	+ 0.32 %	CNY	54.32 ¥/kg	- 0.28 ¥/kg	- 0.52 %
Bales sold season	58,359	RBA close rates 10th July 2024			EUR	6.90 €/kg	- 0.09 €/kg	- 1.28 %

AWI Market Commentary

Price returns were largely depressed at this week's Australian wool auctions. The strengthening Australian dollar against the US dollar (USD) and Chinese yuan (CNY) was responsible for around two thirds of this week's price drop, but the necessary change to the languid demand scenario has not been forthcoming. Some fresh business is almost always about, but the "keen" price bids available have largely been a gamble for exporters for the past month or so, since the encouraging price gains of late May into early June.

Merino descriptions felt the brunt of the less than enthusiastic buyer participation, in particular, the superfine (less than 18.5 micron) types usually destined for luxury garment manufacturing. The global market is still adjusting to the lower discretionary spend on clothing as consumers cope with inflationary pressures, but the supply chain is also adapting to the growth in the Australian production of these exclusive wools, which now make up over 35% of the national clip.

Two of the top three Chinese top makers slowed their purchases down this week but stayed in touch. The largest Australian based trader was the most obvious omission from near the top of the Merino fleece buyers list, but the next in line trader showed some strong buying intention, filling that gap admirably. Perhaps the most notable positive from the week was the buying of two European based processors whom took a large percentage of the better 18 to 20micron wools of lower VM levels.

As far as logistics are concerned, almost all major container lines remain in total avoidance of the Suez route due to the danger and soaring insurance premiums. Freight rates and associated costs have soared by having to sail the extra week around Africa. This places extraordinary demand upon vessels and containers globally as both the ship and container are out on the water, and out of play, longer. Initially, unused capacity was scarce. Since then, the industry's ability or appetite to add further infrastructure has been limited at best.

All this has meant soaring rates for container shippers, of which greasy wool and wool tops, yarn, fabric and garments are all affected. The average world-wide cost of shipping a 40-foot container hit approx. A\$6,240 during June which is more than triple the cost a year prior and the highest rates since the covid impacted freight rates of September 2022.

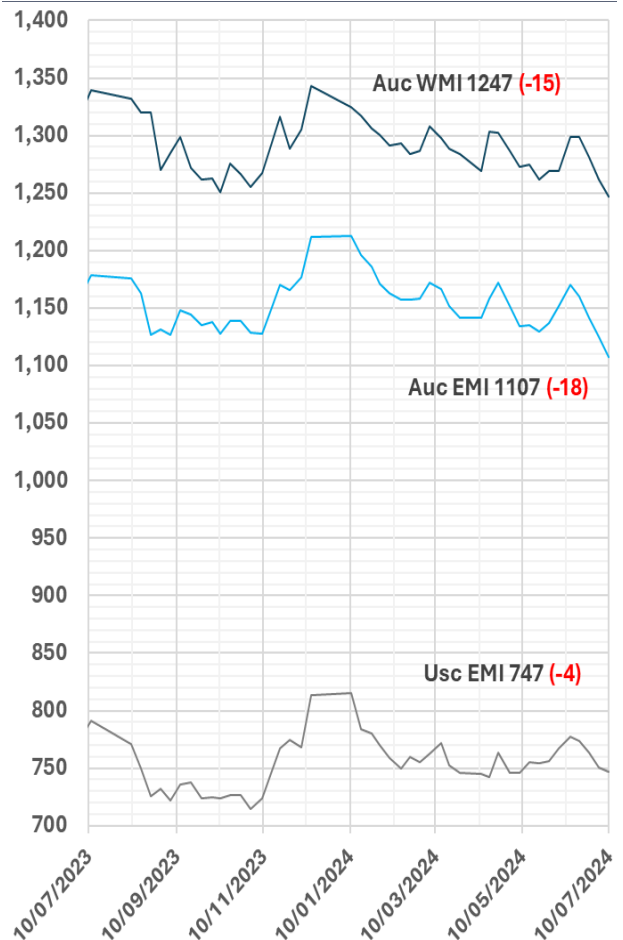
Next week sees around 30,000 bales rostered to sell in Syd and Melb only.

Scheduled Australian wool at auction offerings		
Sale week	2024/25 est.	2023/24 actual
Week 3	30,518 bales	RECESS
Week 4	34,574 bales	RECESS
Week 5	RECESS	RECESS

Western Market Indicator (WMI)

AUD	1247 ac/kg	- 15 ac/kg	- 1.19 %
USD	841 usc/kg	- 1 usc/kg	- 0.14 %

12 month Market Indicators 10th July 2024



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