

CAPE WOOLS SA
Final Wool Sales Report and Price Summary

Auction Date **1-Nov-2006**
Catalogue Number **MB10**



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Market Commentary

WOOL PRICES SOAR

PORT ELIZABETH: Wool prices soared at this week's sale With Cape Wools' overall indicator gaining 6,9% to R35,39/kg (clean) despite a stronger rand. Long Merino fleeces, however, posted gains of up to 8%. In US dollar terms, the indicator is currently at \$4,82, compared to \$4,77 in October 2002 when a weak rand (at R10,43) pushed it to a record level of R49,75/kg clean. The average rate at this week's sale was R7,34 to the dollar.

The price rise was in line with the Australian market, which was up 6,3% over Tuesday and Wednesday as buyers scrambled for sound medium and stronger Merino wools. These types are currently in short supply due to the drought and an increase in offerings of cross-bred wools.

All micron types were dearer. New England Wool bettered its previous record price for fine wool by 20c to R70,40/kg (greasy) for one bale of 16,6 microns offered by Mike Palmer of Grahamstown.

A total of 8 915 bales were offered of which 98% changed hands. Major buyers were Modiano (3 019 bales), SA Wool Exporters (1 668 bales), Segard Masurel (1 647 bales), Stucken (1 062 bales) and Beier Finances (836 bales).

Average price movements for AWEX type fleeces MF3, MF4 and MF5 of 70 and 80 mm were as follows: 19 microns were up 2,9% at R55,10/kg; 20 microns were 6,2% dearer at R52,57/kg; 21 microns gained 8,2% at R49,03/kg; 22 microns were up 8,2% at R47,82/kg; 23 microns rose 6,3% at R45,72/kg, but there were no quotes for 24 and 25 microns due to limited volumes.

Approximately 9 000 bales will be offered at next week's sale.

Auction Analysis

Composition of Fleece Offerings			Analysis of Offerings					
Description	% This Week	% Prev Week	Description	This Week			Previous Week	
				%	Bales	% Sold	Bales	% Sold
Long Wool	69.7	70.0	Merino Fleeces	50.5	4 501	98.2	5 064	98.5
Medium Wool	24.0	24.7	Merino Bellies	5.8	518	95.9	696	98.1
Short Wool and Locks	6.3	5.4	Merino Lambs	8.2	732	97.4	696	95.3
Fine Wool (<20µ)	24.5	17.3	Merino Locks	6.9	618	97.2	686	99.7
Medium Wool (20 - 22µ)	61.6	64.9	Other	28.6	2 546	97.8	2 725	97.0
Strong Wool (22 - 24µ)	13.4	16.4	Total	100.0	8 915	97.8	9 867	97.9
Overstrong (24 - 27µ)	0.5	1.3						

Other Indicators

Offerings per Port

Indicators	This Week	Prev Week	% Change	Ports	This Week (Bales)			Prev Week (Bales)	
					Offered	Sold	% Sold	Offered	Sold
SA Market Indicator	3 539	3 312	6.9	Cape Town	1 748	1 719	98.3	1 413	1 409
AWEX EMI	837	768	9.0	Durban	1 734	1 694	97.7	1 315	1 303
R/US Dollar	7.3437	7.6585	4.1	Port Elizabeth	5 433	5 308	97.7	7 139	6 946
R/A Dollar	5.6857	5.8249	2.4	Total	8 915	8 721	97.8	9 867	9 658
R/Euro	9.3660	9.6239	2.7						

Receipts 27/10/2006

Main Buyers

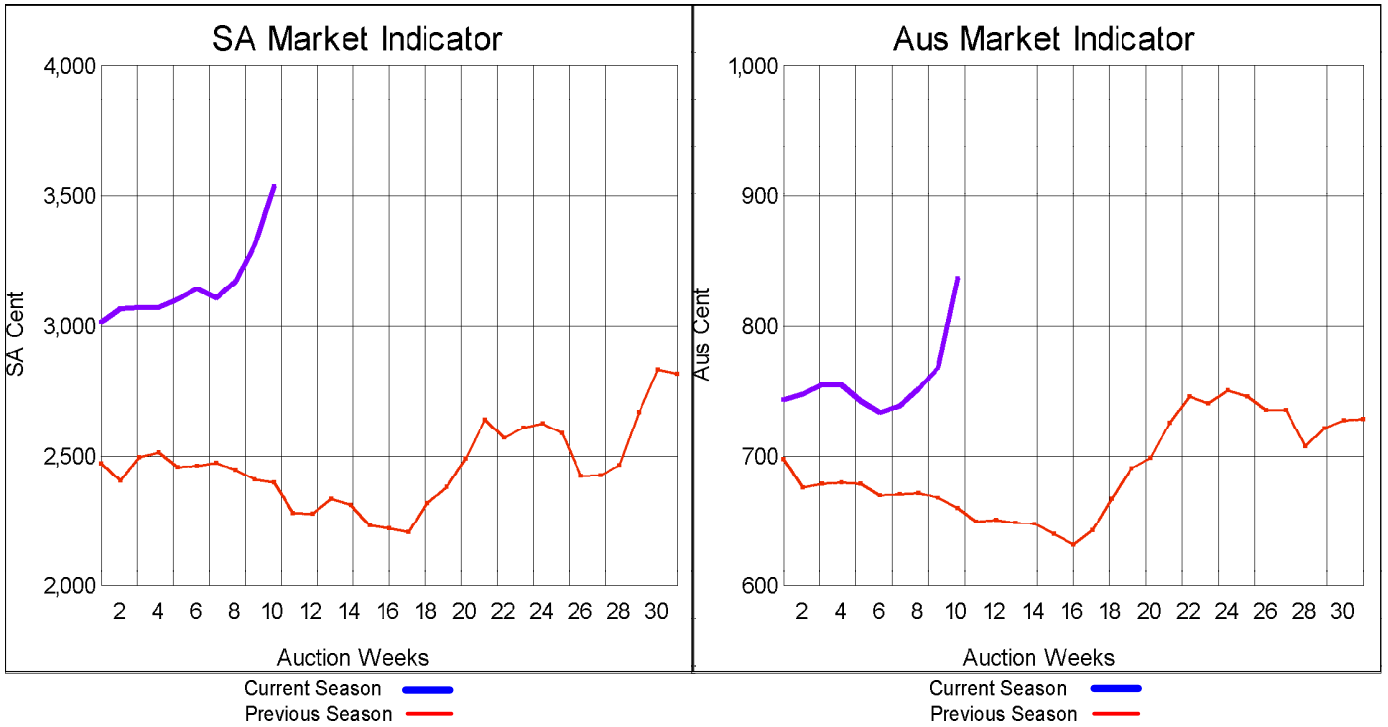
Buyers	This Week	% of Sale	To Date	Season to Date (Kg)		Last Season (Kg)		% Change
				15 721 851		17 455 248		
G Modiano	3 019	34.6	24 581	Next Auction				
S A Wool Exporters	1 668	19.1	10 711	Name	Date	Offerings (Bales)		
Segard Masurel	1 647	18.9	12 674	S A Wool Exchange	08/11/2006	± 9 000		
Stucken	1 062	12.2	12 057	Van Lill Wool Buyers	07/11/2006	± 600		
Beier Fin	836	9.6	6 092	Saunders et al.	07/11/2006	± 500		
Chargeurs Wool	358	4.1	12 487	Lanata	07/11/2006	± 500		
New England Wool	64	0.7	430	SA Market Indicator	-	MB10	3 539	
Lempriere (Aus) Ltd	44	0.5	603	Ave SA Market Indicator - Season to Date				3 161
ADF	23	0.3	1 855	Ave SA Market Indicator - Previous Season				2 461

Cape Wools SA

Fleece Wool Prices (Spinners and Good Topmaking Styles, AWEX Types MF3, MF4 and MF5)

Micron	Average Price (c/kg. clean) *										Percentage change from previous catalogue									
	100 mm	90 mm	80 mm	70 mm	60 mm	50 mm	40 mm	30 mm	20 mm	10 mm	100 mm	90 mm	80 mm	70 mm	60 mm	50 mm	40 mm	30 mm	20 mm	10 mm
18.0			6296	6083																8.8
18.5		6042	6057	5749																
19.0		5548	5487	5533	5314	4735							3.1	1.1	4.5	4.0	8.4			
19.5		5192	5458	5336	5131	4867	4373						-0.6	6.2	6.2	1.4	8.1	0.8		
20.0		5347	5279	5236	5024	4632	4238						7.2	5.7	6.0	9.3	2.9	0.7		
20.5		5100	5089	5029	4818	4554	4336						6.3	7.7	8.3	8.1	5.4	3.5		
21.0		4940	4947	4860	4541	4493	4315						9.3	7.5	7.7	3.4	4.4	3.6		
21.5		4801	4884	4882	4544	4437	4225						6.6	9.1	8.8	4.2	6.3	0.8		
22.0		4565	4801	4764		4417	4171						2.9	8.0	7.2		7.7			
22.5		4713	4705										7.5	8.7						
23.0			4620	4525		4097							7.4	4.4		1.2				
23.5			4531																	
24.0																				

* Based on a minimum of 3 lots sold per category



Cape Wools SA

Fleece Wool Prices (Average Topmaking Style, AWEX type MF6)

Micron	Average Price (c/kg. clean)*										Percentage change from previous catalogue									
	100 mm	90 mm	80 mm	70 mm	60 mm	50 mm	40 mm	30 mm	20 mm	10 mm	100 mm	90 mm	80 mm	70 mm	60 mm	50 mm	40 mm	30 mm	20 mm	10 mm
18.0																				
18.5																				
19.0																				
19.5			5332																	
20.0			5026																	
20.5			4530	4867								3.6	8.3							
21.0			4715	4598								8.0	4.3							
21.5			4634	4641		4378						9.1	9.3		3.2					
22.0		4532	4568	4526		4410						6.3	8.1	9.2						
22.5			4466	4450								8.0	9.5							
23.0				4349																
23.5																				
24.0																				

* Based on a minimum of 3 lots sold per category.

Other Selected Types/Qualities

Price per Kilogram

	Long			Medium		
	19μ	20μ	21μ	19μ	20μ	21μ
Good Quality						
Lambswool	5463	5069	5006	4553	4384	4066
Bellies	4892	4601	4304	4519	4443	4177
Locks			3120	3321	3332	2979
Average Quality						
Lambswool	5142	5020		4647	3935	4157
Bellies	4767	4396	4211	4363	4248	3962
Locks	2899		3547	3403	3189	3042
Inferior Quality						
Fleecewool	4551	4503	4300			
Lambswool	5081			4374	4268	
Bellies		3803	3486	4348	4077	3545
Locks	2966	2859	2838	2606	2369	2818

Industry News

Exports to China soar

China has become a major importer of South African wool. In the first nine months of 2006 (up to end September) it took up 5,6 mkg of grease and 4,6 mkg of processed wool, or 21,9% of the total value of wool exported, making it the second largest importer based on value.

Italy remained the biggest exporter with 2,5 mkg grease and 2,6 mkg processed wool (23,8% of total value), followed by Germany (12%), the Czech Republic (14,6%) and Bulgaria (5,7%).

Other major destinations were the UK (5%), Spain (3,7%) and India (3,2%).

Exports to France, previously among the top five destinations, have fallen to 2% of total value.