

NATIONAL WOOL MARKET REPORT

Season : 2007/08
 Sale Date: 12-Sep-2007
 Catalogue: MC03



CAPE WOOLS SA

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Market Commentary

The market put up a solid performance at this week's sale amid keen competition from all sectors of the trade and Cape Wools' indicator closed virtually unchanged at R53,87/kg (clean).

Prices for the various micron categories were mixed with the finer types selling at cheaper prices (2.5% to 3% lower than last week).

Buyers say the good quality of the wool offered thus far has resulted in increased interest from international buyers, supporting the market.

The rand was stronger at R7,14 against the US dollar (1,1%), but 0,5% down against the euro at R9,86.

A total of 8 460 bales were offered, of which 98% changed hands. Major buyers were Modiano (1 811 bales), Segard Masurel (1 734 bales), Stucken (1 348 bales), Standard Wool SA (1 260 bales), and Chargeurs Wool (1 075 bales).

Average price movements for AWEX-type fleeces MF3, MF4 and MF5 of 70 and 80 mm were as follows: 19 microns were 2,5% cheaper at R63,95/kg; 20 microns were down 3,2% at R57,04/kg; 21 microns were 0,9% softer at R54,67/kg; 22 microns were down 0,3% at R53,50/kg, 23 microns were a marginal 0,2% cheaper at R52,33/kg, 24 microns were unchanged at R50,14/kg, but there were no quotes for 25 microns.

Approximately 7 000 bales will be on offer at next week's sale.

Auction Analysis

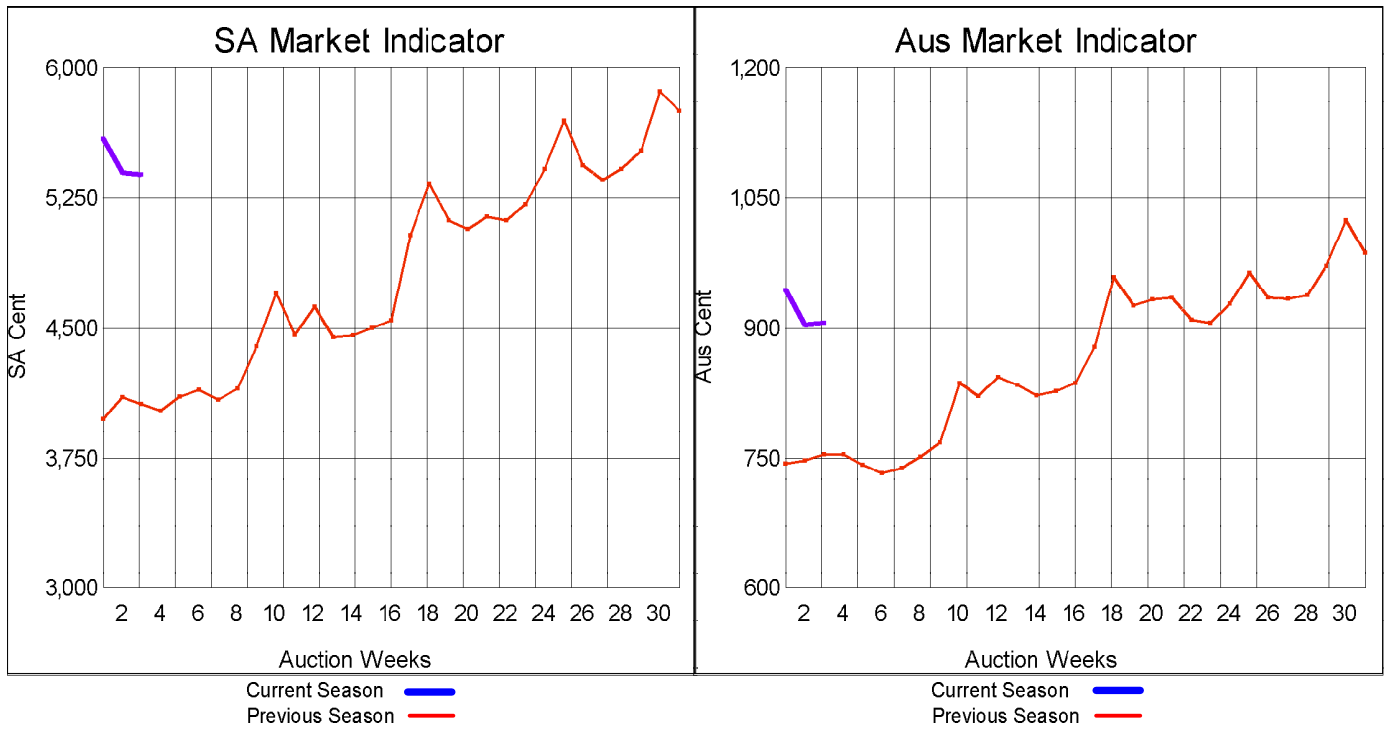
| Composition of Fleece Offerings | | | | Analysis of Offerings | | | | | |
|---------------------------------|--------------|--------------|----------------|---|-------------------|------------------|-------------------|-------------------|--------------|
| Description | % This Week | % Prev Sale | Description | This Week | | | Previous Sale | | |
| | | | | % | Bales | % Sold | Bales | % Sold | |
| Long Wool | 60.8 | 63.6 | Merino Fleeces | 55.4 | 4 691 | 98.5 | 5 484 | 99.0 | |
| Medium Wool | 31.8 | 32.0 | Merino Bellies | 8.2 | 696 | 97.7 | 698 | 95.3 | |
| Short Wool and Locks | 7.4 | 4.4 | Merino Lambs | 10.2 | 865 | 96.9 | 1 080 | 97.4 | |
| Fine Wool (<20µ) | 15.9 | 20.5 | Merino Locks | 8.0 | 679 | 99.9 | 645 | 97.5 | |
| Medium Wool (20 - 22µ) | 63.3 | 65.0 | Other | 18.1 | 1 529 | 97.0 | 1 830 | 94.2 | |
| Strong Wool (22 - 24µ) | 19.2 | 13.6 | Total | 100.0 | 8 460 | 98.1 | 9 737 | 97.6 | |
| Overstrong (24 - 27µ) | 1.6 | 0.9 | | | | | | | |
| Other Indicators | | | | Offerings per Port | | | | | |
| Indicators | This Week | Prev Sale | % Change | Ports | This Week (Bales) | | | Prev Sale (Bales) | |
| | | | | | Offered | sold | % Sold | Offered | Sold |
| SA Indicator | 5 387 | 5 399 | -0.2 | | | | | | |
| AWEX EMI | 906 | 904 | 0.2 | Durban | 630 | 614 | 97.5 | 1 325 | 1 250 |
| R/US Dollar | 7.1463 | 7.2260 | 1.1 | Port Elizabeth | 7 830 | 7 685 | 98.1 | 8 412 | 8 251 |
| R/A Dollar | 5.9703 | 5.9401 | -0.5 | Total | 8 460 | 8 299 | 98.1 | 9 737 | 9 501 |
| R/Euro | 9.8677 | 9.8162 | -0.5 | | | | | | |
| Main Buyers | | | | Receipts 07 September 2007 | | | | | |
| Buyers | This Week | % of Sale | To Date | Season to Date (Kg) | | Last Season (Kg) | | % Change | |
| | | | | 6 907 909 | 6 004 018 | 15.1 | | | |
| G Modiano | 1 811 | 21.8 | 8 076 | Next Auction | | | | | |
| Segard Masurel | 1 734 | 20.9 | 6 066 | Name | | Date | Offerings (Bales) | | |
| Stucken | 1 348 | 16.2 | 4 841 | S A Wool Exchange | | 19/09/2007 | ± 7 000 | | |
| Standard Wool SA | 1 260 | 15.2 | 4 570 | Van Lill Wool Buyers | | - | - | | |
| Chargeurs Wool | 1 075 | 13.0 | 4 219 | Saunders et al. | | - | - | | |
| ADF | 492 | 5.9 | 2 033 | Lanata | | - | - | | |
| Beier Fin | 455 | 5.5 | 1 859 | SA Indicator | | - | MC03 | 5 387 | |
| Lempriere (Aus) Ltd | 91 | 1.1 | 379 | Ave SA Indicator - Season to Date | | | | 5 461 | |
| New England Wool | 33 | 0.4 | 232 | Ave SA Indicator - Previous Season | | | | 4 818 | |

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 | | | | | | | | | | | | | | | | | | | | |
| 18.5 | | | | 6837 | | 5674 | 5291 | | | | | | | -6.8 | | -1.5 | | | | |
| 19.0 | | | | 6395 | 6096 | 5815 | | | | | | | | -2.6 | -4.7 | 0.6 | | | | |
| 19.5 | | 6262 | 6122 | 6165 | 5978 | 5663 | 5083 | | | | | 0.9 | -0.9 | 0.6 | -1.5 | 5.4 | 3.0 | | | |
| 20.0 | | 5932 | 5868 | 5539 | 5697 | 5324 | 5073 | | | | | 0.7 | -0.7 | -6.3 | -0.7 | 1.9 | 3.5 | | | |
| 20.5 | 5624 | 5640 | 5634 | 5590 | 5469 | 5252 | 4858 | | | | | -1.6 | -0.6 | -0.7 | 0.3 | 1.4 | 4.7 | | | |
| 21.0 | | 5476 | 5484 | 5450 | 5366 | 5122 | 4743 | | | | | -0.8 | -0.8 | -1.1 | | 2.7 | | | | |
| 21.5 | | 5392 | 5404 | 5356 | 5336 | 4900 | 4751 | | | | | -2.2 | -1.8 | -1.0 | 0.4 | -1.8 | 1.3 | | | |
| 22.0 | | 5332 | 5361 | 5338 | 5266 | 5017 | 4459 | | | | | -1.3 | -0.3 | -0.4 | 1.4 | 1.2 | -6.0 | | | |
| 22.5 | | 5288 | 5283 | 5289 | 5166 | 4800 | 4529 | | | | | -1.9 | -1.1 | 0.3 | -0.5 | | | | | |
| 23.0 | | 5173 | 5263 | 5203 | | 4876 | | | | | | -2.6 | -0.4 | 0.1 | | | | | | |
| 23.5 | | 5159 | 5074 | 4970 | | 4695 | | | | | | -1.6 | -2.8 | -6.3 | | -4.5 | | | | |
| 24.0 | | 5019 | 5083 | 4944 | 4836 | | | | | | | | 0.1 | -0.4 | 0.8 | | | | | |

* 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 | | | | | | 5748 | | | | | | | | | | | | | | |
| 20.0 | | | | 5751 | | 5510 | | | | | | | | | | | | | | |
| 20.5 | | | | | 5290 | 5245 | | | | | | | | -2.8 | 2.6 | | | | | |
| 21.0 | | | | | 5262 | 5041 | 4677 | | | | | | | 0.4 | 3.3 | | | | | |
| 21.5 | | | | 5306 | | | | | | | | | | -1.0 | | | | | | |
| 22.0 | | | 5302 | 5278 | | | | | | | | | | 1.6 | | | | | | |
| 22.5 | | | | | | | | | | | | | | | | | | | | |
| 23.0 | | | | | | | | | | | | | | | | | | | | |
| 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 | 6400 | 5899 | 5478 | 5505 | 4864 | 4957 |
| Bellies | | 5428 | 5224 | 5868 | 4980 | 5288 |
| Locks | | 3666 | | 3930 | 3763 | 3520 |
| Average Quality | | | | | | |
| Lambswool | 6301 | 5474 | 5403 | 5434 | 4970 | 5049 |
| Bellies | 5666 | 5601 | 5012 | 5430 | 5254 | 4953 |
| Locks | 3521 | | | 3833 | 3664 | 3503 |
| Inferior Quality | | | | | | |
| Fleecewool | 5776 | 5331 | 4920 | | 5118 | |
| Lambswool | 6199 | 5309 | | 5760 | | |
| Bellies | | 5139 | 4031 | 5117 | 4777 | 4522 |
| Locks | 3274 | 3259 | 3289 | 3664 | 3317 | 3291 |

Industry News

Receipts are up while quality is the best in years

Receipts into brokers' stores at end August were substantially higher compared with the corresponding period last season. Figures show a 20,2% increase to 6 mkg compared with 5 mkg in 2006/07.

Offerings at auction for the same period are up 10,9% to 2,1 mkg from 1,9 mkg last season.

Brokers report that wool received thus far has been of a very high quality, soundly grown and high yielding. They ascribe the higher receipts to good shearing conditions, which prompted many producers to shear earlier. In 2006/07, unusually cold weather, rain and even snow in late July and during August delayed shearing in many areas.