

NATIONAL WOOL MARKET REPORT

Season : **2008/09**
 Sale Date: **20-Aug-2008**
 Catalogue: **ME01**



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AWEX-ID under licence from Australian Wool Exchange

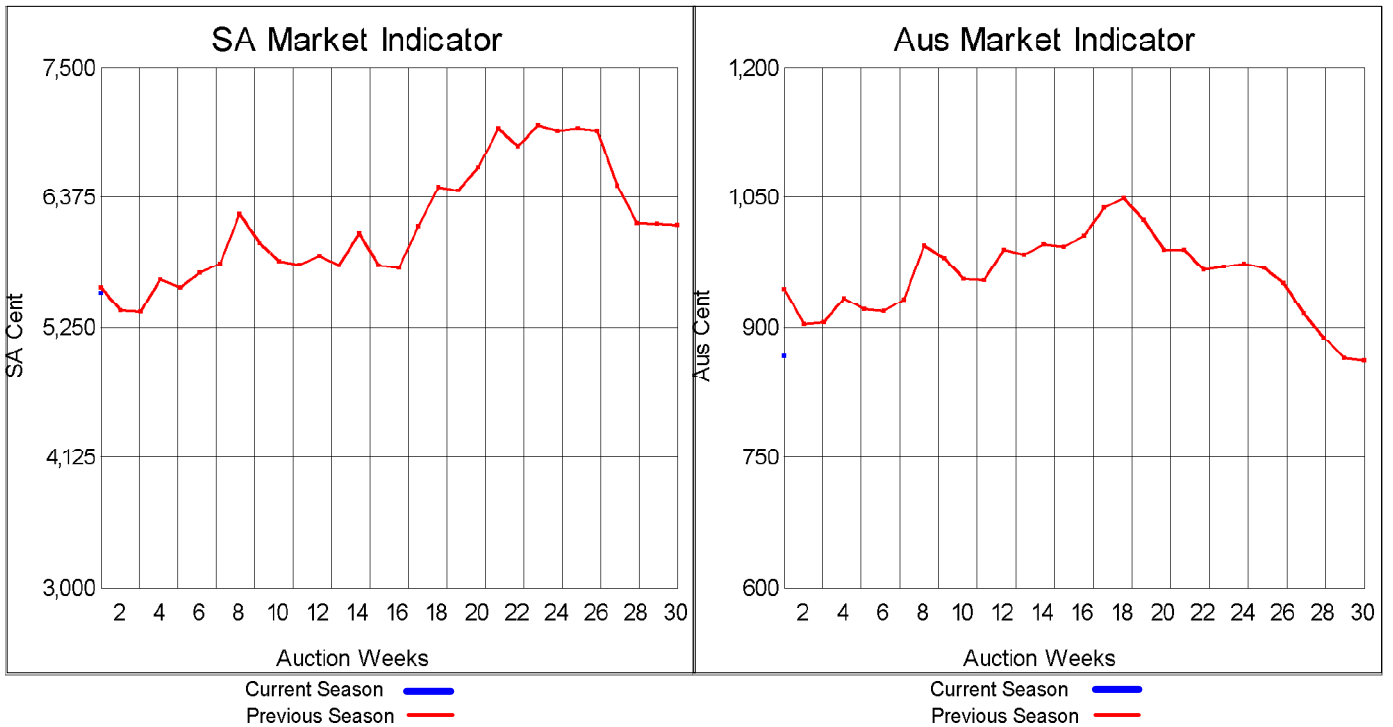
Market Commentary									
MARKET OPENS SHARPLY DOWN									
<p>PORT ELIZABETH: In the wake of the slow-down in the global economy, escalating costs and a stronger currency, wool prices dropped sharply at the opening sale of the 2008/09 season, and Cape Wools' Merino indicator closed down 9,6% on the closing sale of the previous season at R55,51/kg (clean).</p> <p>The market also tracked the Australian market, which opened at a much lower level two weeks ago but which has since recouped some of its losses.</p> <p>The stronger rand, which at R7,72 was 2,5% stronger against the US dollar compared to the closing sale, exerted strong downward pressure on the market. It had also gained 7% against the euro, trading at R11,39.</p> <p>Prices were down across all micron categories. Quality long fine wools, however, fetched higher than average prices. Two bales of 17,3 microns offered by Mr. J.F. Joubert of Aliwal North were sold for R81,50 (greasy) each, while a further two bales measuring 16,8 microns went for R75,50 (greasy). The buyer was New England Wool.</p> <p>A total of 12 600 bales was offered of which 80% was sold. Major buyers were Modiano (2 760 bales); Stucken (2 289 bales); Segard Masurel (1 934 bales); Standard Wool SA (1 126 bales), and Chargeurs Wool (996 bales).</p> <p>Average price movements for AWEX-type fleeces, MF4 and MF5 of 70 and 80 mm were as follows: 19 microns weakened 8,4% at R70,35/kg, 20 microns were down 10,6% at R60,75/kg; 21 microns dropped 11,1% at R56,44/kg; 22 microns shed 9,4% at R55,08/kg, 23 microns were down 8,3 % at R54,71/kg, 24 microns were 6,1% cheaper at R51,76/kg, but there were no quotes for 25 microns due to insufficient quantities in this categories.</p> <p>No sale has been scheduled for next week. Sales will resume on 3 September when approximately 10 000 bales will be on offer.</p>									
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	54.1	39.8	Merino Fleeces	57.2	7 207	76.3	5 344	98.3	
Medium Wool	38.8	47.0	Merino Bellies	7.0	880	82.5	1 353	96.9	
Short Wool and Locks	7.2	13.2	Merino Lambs	9.5	1 192	81.2	1 571	97.1	
Fine Wool (<20µ)	17.6	18.7	Merino Locks	5.9	740	98.4	981	98.5	
Medium Wool (20 - 22µ)	66.0	59.7	Other	20.5	2 582	83.5	4 344	96.7	
Strong Wool (22 - 24µ)	15.4	19.8	Total	100.0	12 601	80.0	13 593	97.5	
Overstrong (24 - 27µ)	1.0	1.8							
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	5 551	6 142	-9.6						
AWEX EMI	867	862	0.6	Durban	543	262	48.3	1 705	1 614
R/US Dollar	7.7193	7.9208	2.5	Port Elizabeth	12 058	9 817	81.4	11 888	11 641
R/A Dollar	6.7252	7.5039	10.4	Total	12 601	10 079	80.0	13 593	13 255
R/Euro	11.3856	12.2701	7.2						
Receipts 15 August 2008									
Main Buyers				Season to Date (Kg)		Last Season (Kg)		% Change	
Buyers	This Week	% of Sale	To Date	2 214 709		4 083 920		-45.8	
G Modiano	2 760	27.4	2 760	Next Auction					
Stucken	2 289	22.7	2 289	Name	Date	Offerings (Bales)			
United Wool	1 934	19.2	1 934	S A Wool Exchange		03/09/2008	± 10 000		
STD Wool	1 126	11.2	1 126	Van Lill Wool Buyers		-	-		
Chargeurs Wool	996	9.9	996	Saunders et al.		-	-		
Fibres Int	608	6.0	608	Lanata		-	-		
ADF	293	2.9	293	SA Indicator		-	ME01		5 551
New England Wool	73	0.7	73	Ave SA Indicator - Season to Date					5 551
Beier Fin	0	0.0	0	Ave SA Indicator - Previous Season					6 151

Cape Wools SA

Fleece Wool Prices (Spinners and Good Topmaking Styles, AWEX Types 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					7960			5508												
18.5				8136	7732	6518								-11.5	-6.1	1.6				
19.0			6778	7292	6546	6277								-12.4	-6.1	-9.1	-8.7			
19.5			6480	6626	6303	5801	5022							-12.3	-8.9	-4.9	-11.3	-13.3		
20.0	5958	6152	5997	5844	5554	4782	4118	3955						-10.9	-12.8	-10.9	-9.9	-19.6		
20.5	6023	5881	5800	5601	5232	4469								-10.5	-12.1	-10.7	-12.0	-22.9		
21.0	5752	5672	5616	5511	4996	4553								-11.8	-13.4	-11.5	-10.0	-15.0	-6.0	
21.5			5564	5527	5366	4923	4428							-11.5	-12.0	-9.6	-14.8	-6.8		
22.0	5623	5537	5478	5297	4966	4298								-8.7	-10.5	-10.3	-9.3	-7.0	-22.1	
22.5			5428	5423	5202	4538	4330							-9.5	-9.8	-8.3	-15.7	-6.9		
23.0	5359	5451	5490	5293										-10.7	-7.3	-5.2				
23.5				5270		4360								-7.3		-14.9				
24.0				5176	4884									-5.7						

* 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						5769														
20.0					6044	5507	4431									-7.5	-2.3			
20.5			5336			5083	4290									-6.7	-8.9			
21.0				5415		5011	4142							-10.1		-3.8	-15.5			
21.5				5338										-13.7						
22.0					5097										-12.9					
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	7082	6207	5769	5579	5247	4750
Bellies			4871	5433	4901	3741
Locks		2681		3427	2984	2662
Average Quality						
Lambswool	6800	5985	5504	5741	4912	4873
Bellies	5336	5240	4970	5631	4939	4281
Locks				2685	2778	2715
Inferior Quality						
Fleecewool	6256	4898	4656		4968	4935
Lambswool		5439		4397	3951	3444
Bellies	5602	4841	3777	4951	4443	4213
Locks		2589	2552	2371	2608	2576

Industry News

Processor closes its doors

Radius Trading, a processor and merchant of broken tops, scoured and carbonised wools based in Durban, has discontinued business with immediate effect. This includes Beier Finance, its wool-buying division.

The company stated in a press release that it was forced to close down as a result of the negative turn in South Africa's economy and the resultant increases in operational and capital costs, which impacted negatively on its profitability. It intends selling its equipment either locally or overseas.

Beier Finance last season bought 2,8 million kg wool to the value of R57,8 million. The closure of the firm will decrease competition on the auction floor.