

# NATIONAL WOOL MARKET REPORT

Season : **2007/08**  
 Sale Date: **17-Oct-2007**  
 Catalogue: **MC08**



CAPE WOOLS SA

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**Market Commentary**

This week's sale not only saw prices surging in spite of a strong currency but also witnessed the highest price ever paid in for wool at public auction in South Africa. Cape Wools' indicator jumped 7,4% to close at R62,35/kg (clean wool), up 11% on the opening sale and 50% higher than at the same sale last season.

New England wool set an all-time record when it paid a greasy price of R150/kg (or R213,36/kg clean) for a bale of 15,1 microns belonging to Mike Palmer from Grahamstown. The total clean value for the bale came to R29 978,49.

The surge in prices is attributed to concern about future supply of quality wools in the wake of the continued drought in Australia, and increased demand following the reissuing of unused quota allocations to Chinese buyers. The Australian market rose 5%, ignoring the strong Australian dollar, which was trading close to the US90c-level. A high sales percentage was achieved when 99% of the 6 180 bales offer was sold.

All long Merino fleece wool categories were 6% to 8% dearer.

Major buyers were Modiano (1 586 bales), Standard Wool SA (1 382 bales), Chargeurs Wool (1 109 bales), and Stucken (704 bales).

Average price movements for AWEX-type fleeces MF3, MF4 and MF5 of 70 and 80 mm were as follows: 19 microns rose 8% to R75,67/kg; 20 microns were up 6,8% at R67,45/kg; 21 microns were 6,7% dearer at R62,92/kg; 22 microns rose 8,7% to R61,40/kg; and 23 microns gained 6% to close at R58,50/kg. There were no quotes for 24 and 25 microns.

Next week will see a bigger offering of approximately 9 000 bales.

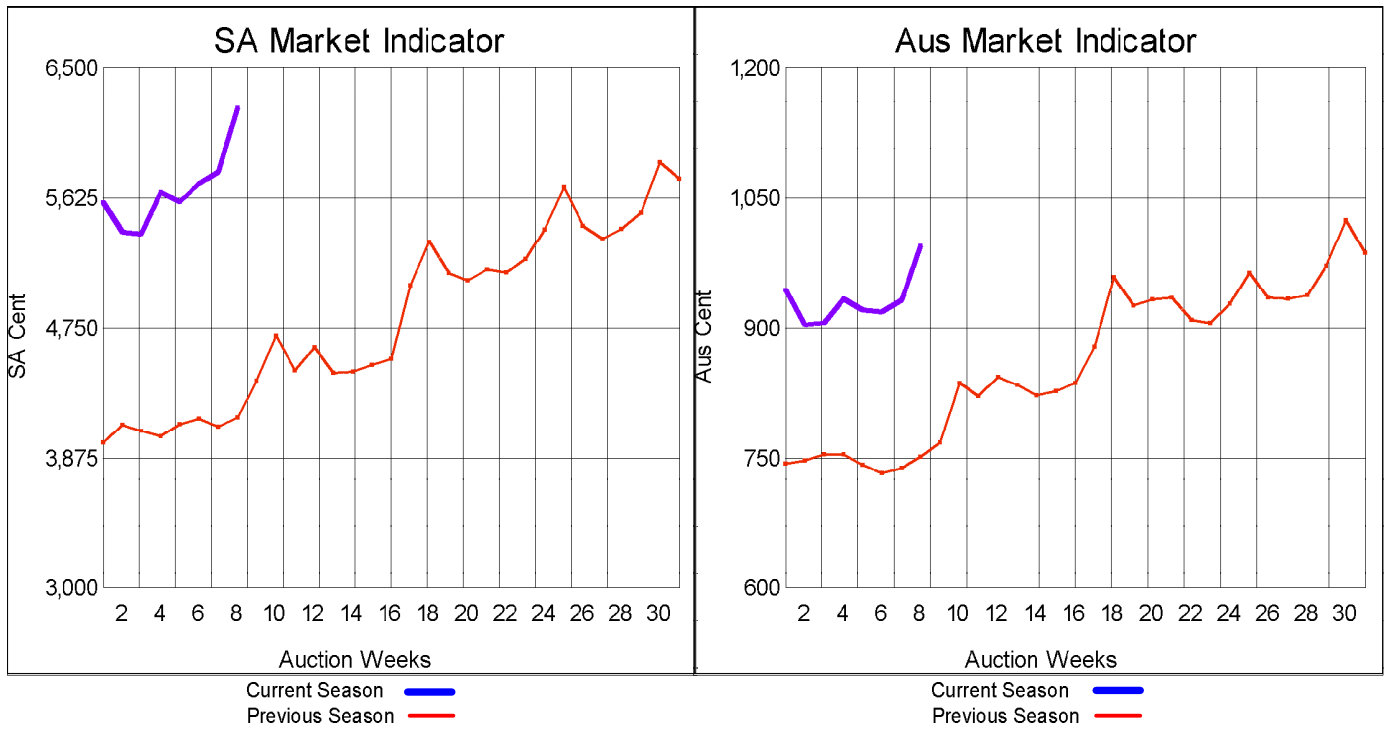
Auction Analysis									
Composition of Fleece Offerings				Analysis of Offerings					
Description	% This Week	% Prev Sale	Description	This Week			Previous Sale		
				%	Bales	% Sold	Bales	% Sold	
Long Wool	73.5	71.1	Merino Fleeces	46.6	2 882	99.6	3 526	99.7	
Medium Wool	18.9	23.6	Merino Bellies	6.9	425	100.0	545	99.4	
Short Wool and Locks	7.6	5.3	Merino Lambs	8.6	531	98.1	800	97.3	
Fine Wool (<20µ)	21.4	25.3	Merino Locks	6.7	411	100.0	506	99.2	
Medium Wool (20 - 22µ)	68.0	56.3	Other	31.2	1 931	96.7	2 363	99.0	
Strong Wool (22 - 24µ)	10.0	17.8	<b>Total</b>	<b>100.0</b>	<b>6 180</b>	<b>98.6</b>	<b>7 740</b>	<b>99.2</b>	
Overstrong (24 - 27µ)	0.6	0.6							
Other Indicators				Offerings per Port					
Indicators	This Week	Prev Sale	% Change	Ports	This Week (Bales)			Prev Sale (Bales)	
					Offered	Sold	% Sold	Offered	Sold
<b>SA Indicator</b>	<b>6 235</b>	<b>5 804</b>	<b>7.4</b>						
AWEX EMI	995	932	6.8	Durban	946	901	95.2	1 111	1 101
R/US Dollar	6.8038	6.8087	0.1	Port Elizabeth	5 234	5 195	99.3	6 629	6 576
R/A Dollar	6.0359	6.1204	1.4	<b>Total</b>	<b>6 180</b>	<b>6 096</b>	<b>98.6</b>	<b>7 740</b>	<b>7 677</b>
R/Euro	9.6443	9.6200	-0.3						
Main Buyers				Receipts 12 October 2007					
Buyers	This Week	% of Sale	To Date	Season to Date (Kg)		Last Season (Kg)		% Change	
				13 355 670	12 451 910	7.3			
G Modiano	1 586	26.0	17 915	<b>Next Auction</b>					
Standard Wool SA	1 382	22.7	9 975	Name	Date	Offerings (Bales)			
Chargeurs Wool	1 109	18.2	9 062	S A Wool Exchange	24/10/2007	± 8 000			
Stucken	704	11.5	9 269	Van Lill Wool Buyers	23/10/2007	± 340			
Segard Masurel	691	11.3	11 207	Saunders et al.	23/10/2007	± 550			
Beier Fin	368	6.0	3 904	Lanata	23/10/2007	± 350			
Lempriere (Aus) Ltd	107	1.8	979	<b>SA Indicator</b>	-	<b>MC08</b>	<b>6 235</b>		
New England Wool	87	1.4	727	<b>Ave SA Indicator - Season to Date</b>			<b>5 677</b>		
ADF	62	1.0	3 301	<b>Ave SA Indicator - Previous Season</b>			<b>4 818</b>		

# 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			8890																	13.0
18.5		8752	7962	8020																7.8
19.0		7620	7618	7517	7363								5.7	7.5	7.4	8.1				
19.5		7260	7207	7156	6899								6.6	7.3	7.1	4.4				
20.0		6770	6744	6745	6494	6393	5856						6.4	6.2	6.5	6.6	5.4			
20.5		6453	6456	6408	6331	6072	5648						6.8	7.4	6.4	9.2	6.2	1.6		
21.0		6332	6325	6259		6043							7.3	6.5	6.0		7.4			
21.5		6227	6225	6168	6091								8.1	7.5	6.8	7.3				
22.0		6158	6154	6126	6015	5673							8.3	8.4	7.8	8.3	3.5			
22.5	6039	6037	5992	5993									7.1	7.0	7.4					
23.0			5850																	6.4
23.5																				
24.0				5553																

\* 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				7441																
19.5				6891																
20.0																				
20.5				6390	6292								8.1	7.0						
21.0				6276	6050								6.5	4.0						
21.5			6125	6114			5285						6.3	7.2						
22.0				5912		5624							5.9		7.0					
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
<b>Good Quality</b>						
Lambswool	7408	6627		5988	6074	6161
Bellies	6895			6147	5922	5375
Locks	5248	4355		4444	4264	4265
<b>Average Quality</b>						
Lambswool	7391	6511	6150	6374	5637	4690
Bellies	6788	6206	5520	6444	5874	5103
Locks				4023	4238	4103
<b>Inferior Quality</b>						
Fleecewool		6366	5879		5143	5952
Lambswool		5857	5857	4279	4279	5904
Bellies		6015	5200	5178	5299	4922
Locks			4156	4609	4234	3893

#### Industry News

##### Recent rains could affect wool inflow

The good rains that have recently fallen over large parts of the country, including in most wool producing regions, may delay shearing in some areas and affect delivery of wool to brokers' stores.

This may result in smaller offerings at auction in the coming weeks. Buyers have already expressed concern over the reduced volumes of available wool. Offerings over the past three weeks have been below 8 000 bales.

Although receipts up to 12 October are up 7% compared with the corresponding period last season, a large percentage has already been sold. The number of bales offered to date came to 58 692 compared with 55 427 last season - an increase of almost 6%.