

NATIONAL WOOL MARKET REPORT

Season : **2008/09**
 Sale Date: **3-Sep-2008**
 Catalogue: **ME02**



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AWEX-ID under licence from Australian Wool Exchange

Market Commentary

MARKET CLOSES SOFTER

Prices were softer at this week's sale amid tough business conditions globally and Cape Wools' Merino indicator closed down 3,5% on the previous sale a fortnight ago at R53,58/kg (clean).

Exporters report a current slowing of orders from downstream clients and say the trade is waiting for some direction. The weaker rand, which at R7,82 was its lowest level against the US dollar in two weeks, could not prop up the market. The currency was slightly stronger against the euro, trading at R11,29, which was up 0,8% compared with the previous sale.

Prices were down 1% to 5% across all micron categories. The price falls were less for the finer long wools.

A total of 10 062 bales was offered of which 87% was sold. Major buyers were Modiano (2 647 bales); Standard Wool SA (1 998 bales); Stucken (1 204 bales), and Segard Masurel (1 175 bales).

Average price movements for AWEX-type fleeces MF4 and MF5 of 70 and 80 mm were as follows: 19 microns weakened 0,9% at R69,72/kg, 20 microns were down 5,1% at R57,68/kg; 21 microns dropped 3% at R54,75/kg; 22 microns shed 4,4% at R52,66/kg, 23 microns were down 5,4% at R51,73/kg, 24 microns were 3,2% cheaper at R50,12/kg, but there were no quotes for 25 microns due to insufficient quantities in this categories.

Approximately 9 000 bales will come under the hammer at next week's sale.

Auction Analysis

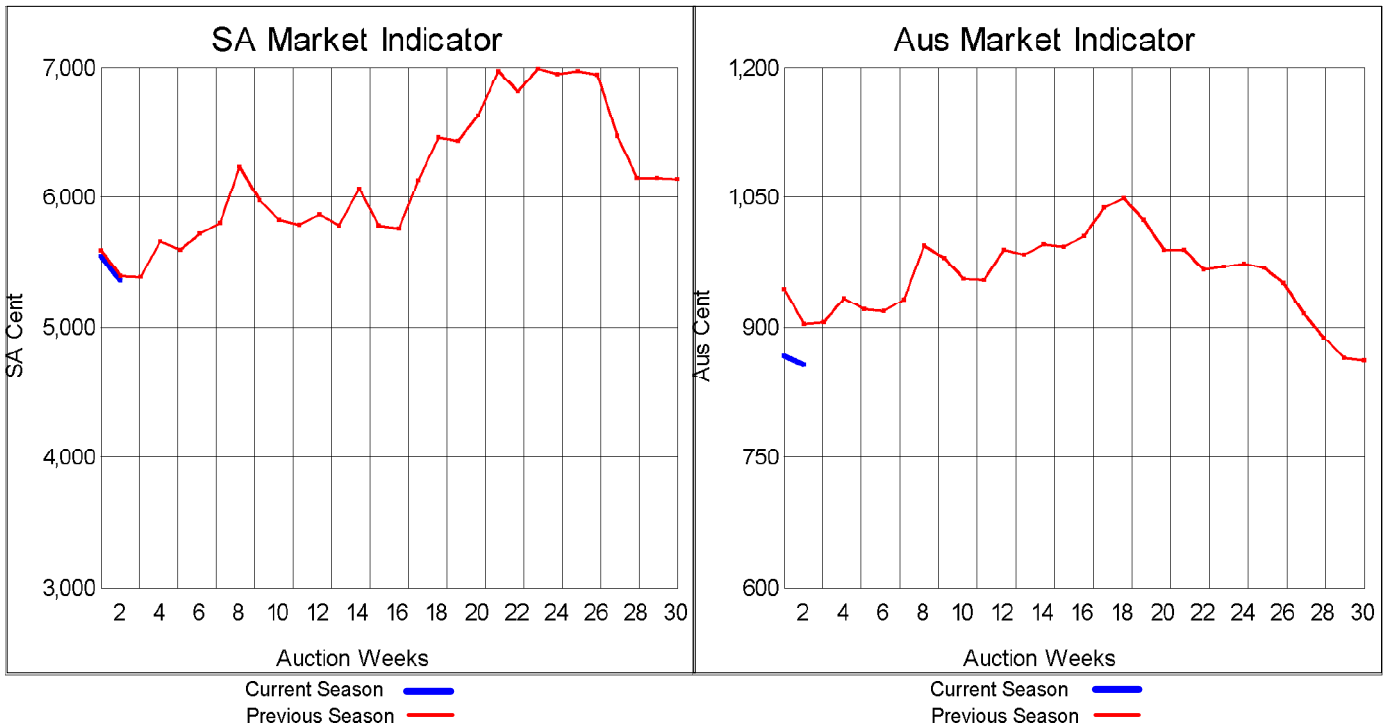
<i>Composition of Fleece Offerings</i>				<i>Analysis of Offerings</i>					
Description	% This Week	% Prev Sale	Description	This Week			Previous Sale		
				%	Bales	% Sold	Bales	% Sold	
Long Wool	61.5	54.1	Merino Fleeces	56.2	5 655	89.1	7 207	76.3	
Medium Wool	30.9	38.8	Merino Bellies	7.3	730	95.1	880	82.5	
Short Wool and Locks	7.6	7.2	Merino Lambs	9.9	992	89.0	1 192	81.2	
Fine Wool (<20µ)	19.2	17.6	Merino Locks	7.6	761	87.3	740	98.4	
Medium Wool (20 - 22µ)	61.0	66.0	Other	19.1	1 924	77.4	2 582	83.5	
Strong Wool (22 - 24µ)	18.0	15.4	Total	100.0	10 062	87.1	12 601	80.0	
Overstrong (24 - 27µ)	1.7	1.0							
<i>Other Indicators</i>				<i>Offerings per Port</i>					
Indicators	This Week	Prev Sale	% Change	Ports	This Week (Bales)			Prev Sale (Bales)	
					Offered	Sold	% Sold	Offered	Sold
SA Indicator	5 358	5 551	-3.5						
AWEX EMI	857	867	-1.2	Durban	886	467	52.7	543	262
R/US Dollar	7.8298	7.7193	-1.4	Port Elizabeth	9 176	8 301	90.5	12 058	9 817
R/A Dollar	6.4825	6.7252	3.6	Total	10 062	8 768	87.1	12 601	10 079
R/Euro	11.2967	11.3856	0.8						
<i>Main Buyers</i>				<i>Receipts 29 August 2008</i>					
Buyers	This Week	% of Sale	To Date	Season to Date (Kg)		Last Season (Kg)		% Change	
				5 672 755	6 078 327	-6.7			
G Modiano	2 647	30.2	5 575	<i>Next Auction</i>					
Standard Wool SA	1 998	22.8	3 176	Name	Date	Offerings (Bales)			
Stucken	1 204	13.7	3 487	S A Wool Exchange		10/09/2008	± 7 000		
Segard Masurel	1 175	13.4	3 108	Van Lill Wool Buyers		09/09/2008	± 600		
Chargeurs Wool	783	8.9	1 862	Saunders et al.		09/09/2008	± 750		
Lempriere (Aus) Ltd	694	7.9	1 302	Lanata		09/09/2008	± 700		
ADF	237	2.7	530	SA Indicator		-	ME02	5 358	
New England Wool	30	0.3	103	Ave SA Indicator - Season to Date		5 455			
				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																				
18.5			7896	7806		6565									-4.2		0.7			
19.0		7052		6972	6651	5742	5200								-4.9	1.6	-9.3			
19.5			6253	6198	6064	5562									-3.6	-6.8	-3.8	-3.8		
20.0		5911	5774	5762	5698	5302	4515								-0.8	-6.6	-4.1	-2.6	-4.8	-5.9
20.5		5623	5625	5545	5419	5075	4609								-7.1	-4.6	-4.6	-3.4	-2.1	3.7
21.0		5511	5491	5458	5262	4916	4735								-4.4	-3.3	-2.9	-4.7	-1.5	3.9
21.5		5341	5392	5268	5151	5014									-3.2	-4.9	-4.2	1.8		
22.0		5317	5317	5213	5123	4940									-5.8	-4.1	-5.1	-3.4	0.0	
22.5		5276	5246	5193	5092	5053	4197								-3.5	-4.4	-0.8	9.2	-3.2	
23.0			5209	5136	5067										-4.7	-6.9	-4.5			
23.5		4955	5020	5103	4953	4653									-3.3		7.0			
24.0		4985		5012											-3.3					

* 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																				
20.0																				
20.5					5258															
21.0			5413	5353																-1.2
21.5					5169	4966														-3.3
22.0							4601													
22.5				5182																
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
<u>Good Quality</u>						
Lambswool	6928	5801	5456	5637	5573	4306
Bellies		5426	4823		5397	4842
Locks				3419	2994	2581
<u>Average Quality</u>						
Lambswool	6304	5858	5254	5415	4990	5250
Bellies	5758	5202	4816	4774	4514	4533
Locks		2922		2422	2466	1905
<u>Inferior Quality</u>						
Fleecewool	6847	5401	5016		3850	4623
Lambswool				6173		
Bellies	4710	5203	4834	4712	4151	3861
Locks		1879	1841	2282	2078	2035

Industry News

Increase in exports to China, India

Export statistics for the 2007/08 wool season show substantial increases in wool exports to China and India compared with the corresponding period the previous season.

China, which remains the largest importer of South African wool, increased its greasy wool imports by 27% during this period to 14 mkg. The total value of its imports came to R489 million.

Grease wool exports to India, currently the fifth largest importer, jumped 126% to 3,7 mkg from 1,6 mkg last season.

Italy, the second major destination for South African wool, reduced its imports of grease wool (-27%) and scoureds (-24%) while wool top imports increased marginally.