

NATIONAL WOOL MARKET REPORT

Season : **2008/09**
 Sale Date: **15-Oct-2008**
 Catalogue: **ME08**



CAPE WOOLS SA

Tel: 27-41-4844301
 Fax: 27-41-4846792
 E-mail: stats@capewools.co.za
 Website: www.capewools.co.za

AWEX-ID under licence from Australian Wool Exchange

Market Commentary	
GLOBAL FINANCIAL WOES AFFECT MARKET	
<p>PORT ELIZABETH: Prices declined for a second week in a row on the back of the uncertainty caused by the turmoil in global financial markets, and Cape Wools' Merino indicator finished the day 5,1% softer at R49,18/kg (clean). This was the first time since December 2006 for the indicator to fall to below the key R50/kg level. Although the average indicator for the season to date is 14% down year-on-year, it still is 10% higher than the average indicator for the 2006/07 season. Buyers report a sharp decline in orders since clients are reluctant to buy in the current economic climate and unstable currencies. In Australia, the market indicator fell 2,2%. Unlike last Wednesday, the rand was fairly stable during the morning, trading at R9,15 to the US dollar at mid-morning. At R12,47, it was largely unchanged against the euro compared with last Wednesday's exchange rate. Prices were lower across the board. In the long Merino wool category, the broader end of the market, particularly 22 microns and 23 microns, was the most affected, declining by over 6%. The offering comprised 6 171 bales of which 86% was sold. Major buyers were Modiano (1 216 bales); Standard Wool SA (1 016 bales); Stucken (973 bales), and Chargeurs Wool (784 bales). Average price movements for AWEX-type fleeces MF4 and MF5 of 70 and 80 mm were as follows: 19 microns were down 1,9% to R65,49/kg, 20 microns fell 4,9% to R53,80/kg; 21 microns were 4,5% softer at R50,14/kg; 22 microns declined by 6,3% to R48,03/kg, and 23 microns were 6,6% cheaper at R46,24/kg. There were no quotes for 24 and 25 microns. Approximately 10 500 bales have been rostered for next week's sale.</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	71.2	66.6	Merino Fleeces	49.8	3 074	83.2	3 991	89.1	
Medium Wool	22.5	27.9	Merino Bellies	9.4	583	85.2	555	91.9	
Short Wool and Locks	6.2	5.5	Merino Lambs	8.5	524	92.2	632	87.0	
Fine Wool (<20µ)	26.3	26.0	Merino Locks	5.6	347	99.1	441	99.5	
Medium Wool (20 - 22µ)	56.2	61.1	Other	26.6	1 643	86.1	2 212	89.9	
Strong Wool (22 - 24µ)	16.4	11.2	Total	100.0	6 171	85.8	7 831	90.0	
Overstrong (24 - 27µ)	1.2	1.6							
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	4 918	5 184	-5.1						
AWEX EMI	841	867	-3.0	Durban	1 004	674	67.1	943	849
R/US Dollar	9.1530	9.1403	-0.1	Port Elizabeth	5 167	4 622	89.5	6 888	6 195
R/A Dollar	6.4061	6.2080	-3.2	Total	6 171	5 296	85.8	7 831	7 044
R/Euro	12.4657	12.4550	-0.1						
Main Buyers				Receipts 10 October 2008					
Buyers	This Week	% of Sale	To Date	Season to Date (Kg)		Last Season (Kg)		% Change	
				12 411 649	13 355 670	-	-7.1		
G Modiano	1 216	23.0	15 180	Next Auction					
Standard Wool SA	1 016	19.2	12 605	Name	Date	Offerings (Bales)			
Stucken	973	18.4	9 658	S A Wool Exchange	22/10/2008	± 9 000			
Chargeurs Wool	784	14.8	5 461	Van Lill Wool Buyers	21/10/2008	± 600			
Lempriere (Aus) Ltd	630	11.9	4 308	Saunders et al.	21/10/2008	± 650			
Segard Masurel	531	10.0	9 517	Lanata	21/10/2008	± 530			
ADF	77	1.5	978	SA Indicator	-	ME08	4 918		
New England Wool	69	1.3	476	Ave SA Indicator - Season to Date			5 302		
				Ave SA Indicator - Previous Season			6 151		

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			5311																	
20.5			4895		4815															
21.0			4926	4762				3656						-6.0						
21.5			4812	4542	4602	4431								-6.6	-10.5	6.3	-3.3			
22.0			4750																	
22.5				4545																
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	6425	5845		5960	4864	4594
Bellies	5467	5030				4256
Locks		2043		2871	2574	2648
<u>Average Quality</u>						
Lambswool	6402	4955	4930	5456	5234	4675
Bellies	5371	4971	4232	4530	4653	3857
Locks	2581		2542	2707	1878	2156
<u>Inferior Quality</u>						
Fleecewool		4567	4687			4379
Lambswool	6089				3760	
Bellies	5926	3472	2520	4432	3527	3246
Locks			1822	2060	2055	2098

Industry News

Wool receipts remain at lower levels

Wool receipts into brokers' stores remain at much lower levels compared with last season and currently is down 7,1%.

This can in part be attributed to late rains in some areas, which delayed shearing, while some producers may also be holding wool back in the hope of an improvement in prices later in the season.

Receipts of Merino wool have declined by 8,1% year-on-year. The number of bales of other white wool received to date is down 11,3%.

Following last week's drop in prices, the average clean wool price for the season up to the sale of 8 October is at R48,80/kg - down 6,5% on 2007/08.