

NATIONAL WOOL MARKET REPORT

Season : **2008/09**
 Sale Date: **22-Oct-2008**
 Catalogue: **ME09**



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Market Commentary

GLOBAL TURMOIL, RECESSION FEARS AFFECT MARKET

PORT ELIZABETH: The global financial crisis and recession fears are continuing to influence the wool market negatively and Cape Wools' Merino indicator this week declined with 4,2% to R47,13/kg (clean).

Orders from overseas clients are tapering off in the wake of reports of an expected major slow-down in economic growth in the Euro-zone in 2009, and lower sales figures at retail level as many shoppers are cutting back on clothing purchases for now. Restocking of the pipeline in current circumstances, is therefore slowing down.

Not even the weaker rand, which was down 19% against the US dollar compared with last Wednesday's exchange rates, was able to give much support to the market in terms of local prices. It had also weakened by 12,6% against the euro compared with last week. In Australia, the indicator yesterday fell just over 7% and today weakened by another 0,8%.

Prices for most long wool categories were softer, but the stronger wools, particularly 21 microns, posted the biggest drops.

It was a fairly big offering, 10 041 bales in total, of which 88% was sold. Major buyers were Standard Wool SA (1 956 bales); Modiano (1 682 bales); Stucken (1 672 bales; Chargeurs Wool (1 139 bales), and Lempriere (Aus) (1 111 bales).

Average price movements for AWEX-type fleeces MF4 and MF5 of 70 and 80 mm were as follows: 19 microns were unchanged at R65,58/kg, 20 microns fell 1,2% to R53,17/kg; 21 microns were 6,1% softer at R47,08/kg; 22 microns declined by 4,8% to R45,72/kg, and 23 microns were 3,7% cheaper at R44,52/kg. There were no quotes for 24 and 25 microns.

Approximately 8 000 bales will be offered at next week's sale.

Auction Analysis

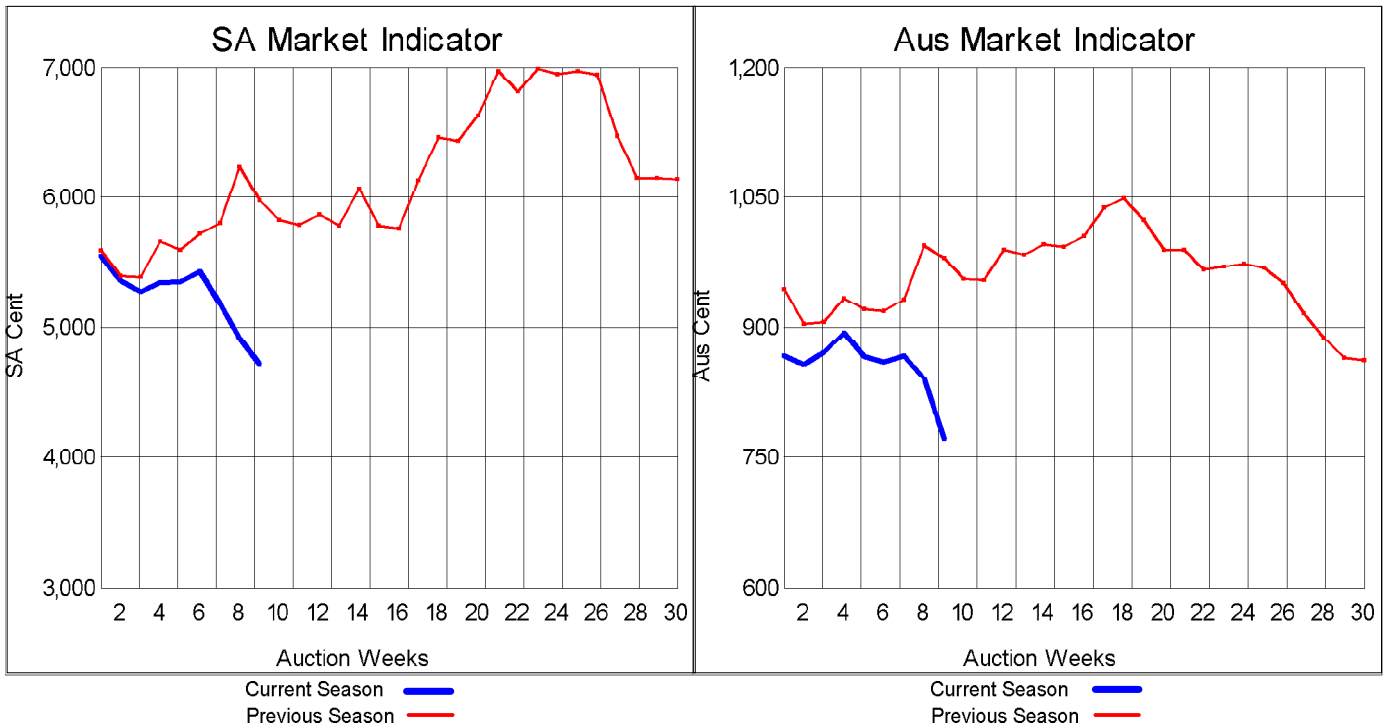
<i>Composition of Fleece Offerings</i>				<i>Analysis of Offerings</i>					
Description	% This Week	% Prev Sale	Description	This Week			Previous Sale		
				%	Bales	% Sold	Bales	% Sold	
Long Wool	66.4	71.2	Merino Fleeces	49.9	5 006	81.6	3 074	83.2	
Medium Wool	27.4	22.5	Merino Bellies	5.9	590	92.0	583	85.2	
Short Wool and Locks	6.2	6.2	Merino Lambs	5.8	585	92.1	524	92.2	
Fine Wool (<20µ)	27.0	26.3	Merino Locks	6.1	610	99.5	347	99.1	
Medium Wool (20 - 22µ)	58.8	56.2	Other	32.4	3 250	92.7	1 643	86.1	
Strong Wool (22 - 24µ)	12.7	16.4	Total	100.0	10 041	87.5	6 171	85.8	
Overstrong (24 - 27µ)	1.5	1.2							
<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	4 713	4 918	-4.2						
AWEX EMI	771	841	-8.3	Durban	1 309	997	76.2	1 004	674
R/US Dollar	10.9090	9.1530	-19.2	Port Elizabeth	8 732	7 792	89.2	5 167	4 622
R/A Dollar	7.2970	6.4061	-13.9	Total	10 041	8 789	87.5	6 171	5 296
R/Euro	14.0317	12.4657	-12.6						
<i>Main Buyers</i>				<i>Receipts 17 October 2008</i>					
Buyers	This Week	% of Sale	To Date	Season to Date (Kg)		Last Season (Kg)		% Change	
				13 810 661	14 631 959	-5.6			
Standard Wool SA	1 956	22.3	14 661						
G Modiano	1 682	19.1	16 926						
Stucken	1 672	19.0	11 401						
Chargeurs Wool	1 139	13.0	6 618						
Lempriere (Aus) Ltd	1 111	12.6	5 496						
Segard Masurel	804	9.1	10 321						
ADF	340	3.9	1 318						
New England Wool	85	1.0	561						
<i>Next Auction</i>				<i>Next Auction</i>					
				Name		Date		Offerings (Bales)	
				S A Wool Exchange		29/10/2008		± 8 000	
				Van Lill Wool Buyers		-		-	
				Saunders et al.		-		-	
				Lanata		-		-	
				SA Indicator		ME09		4 713	
				Ave SA Indicator - Season to Date		5 236		5 236	
				Ave SA Indicator - Previous Season		6 151		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			7741	8032	7484	6667								0.3	4.8					
18.5			6847	7391	6574									-9.3	0.1					
19.0		6248		6558	6194	5989								0.5		-0.6				
19.5		6045	5992	5995	5616	5563							5.1	0.7	1.6					
20.0		5156	5313	5320	5089	4858	4710							-2.2	-0.1	-0.7	0.2	-4.9		
20.5		4898	4800	4785	4534	4418	4547							-3.1	-4.3	-4.3	-8.5			
21.0		4761	4743	4673	4594	4029	4152							-3.2	-7.8	-6.0	-4.0	-9.4		
21.5		4651	4562	4561	4457	4210	4001							-6.2	-8.6	-5.7	-7.0	-5.9		
22.0		4621	4565	4578	4524	4652								-5.0	-4.8	-5.0	-3.0	5.9		
22.5		4526	4622	4531	4444									-4.0	-2.3	-4.4	-3.3			
23.0		4507	4459	4444		4230								-3.4	-3.4					
23.5			4513																	
24.0		4550																		

* 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					6230															
19.5				5794																
20.0			5254	5012	4817								-1.1	-4.7						
20.5			4777	4664									-2.5	-4.5						
21.0			4647	4572	4337		3585						-6.0	-4.2						
21.5			4586										-4.9							
22.0				4530																
22.5				4150										-9.5						
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	6284	5074	4617	5910	4729	
Bellies	5669	5072	4271	5753	4400	
Locks		2068		3071	2672	2334
Average Quality						
Lambswool	5868	5320	4407	5363	5085	4168
Bellies	5857	4586	4345	5355	4570	3663
Locks	2097	2125	2124	2566	2346	1502
Inferior Quality						
Fleecewool	5785	4719	4011	6078		
Lambswool	5859	4644		5011	4446	
Bellies	5191	3664	3081	4771	3527	3312
Locks		2006	1888	1881	1872	1799

Industry News

Rand falls victim to global turmoil

The rand has once again declined to its lowest levels in six years against the US dollar and other major currencies, touching the R11-level against the dollar by mid-morning.

It also reached a low of R18 to the pound, and by noon was trading at R14,25 to the euro. The sharp fall in the value of the currency is ascribed to a host of factors, such as the lack of liquidity in the market, the weakening of the pound and the euro against the US dollar, and a decline in the price of gold.