

**CAPE WOOLS SA**  
**Final Wool Sales Report and Price Summary**

Auction Date **23-Aug-2006**  
Catalogue Number **MB01**



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**Market Commentary**

**WOOL SEASON OPENS ON A STRONG NOTE**

**PORT ELIZABETH:** The new wool season got off to a good start with prices of virtually all types considerably dearer. Cape Wools market indicator closed at R30,16/kg (clean), 7,1% up on the closing sale in June.

Good competition from all sectors of the trade and a weaker currency were the main driving forces. The rand unexpectedly weakened earlier in the week and was trading at R7,06 against the US dollar, compared with R6,82 at the previous sale, and at R9,05 against the euro compared with R8,56 in June.

Good quality long Merino fleeces sold for 3% to 9% dearer, with the medium to stronger wools posting the biggest gains.

A total of 12 821 bales was offered, of which 97% was cleared to the trade. Major buyers were Modiano (2 870 bales), SA Wool Exporters (2 472 bales), Stucken (2 376 bales), United Wool (1 624 bales), and Chargeurs Wool (1 201 bales).

Average clean prices for good quality long (75 - 95mm) Merino fleeces (spinners' and good topmakers' styles) were as follows: 20 microns rose 3,4% to R43,76 /kg; 21 microns gained 6,8% at R40,41/kg; 22 microns were 5,7% dearer at R39,11/kg; 23 microns were up 7,4% to close at R38,64/kg, 24 microns were 8,9% dearer at R37,80/kg and 25 microns gained 7,5% to close at R36,26/kg.

The next sale is scheduled for 6 September when approximately 8 000 bales will come under the hammer.

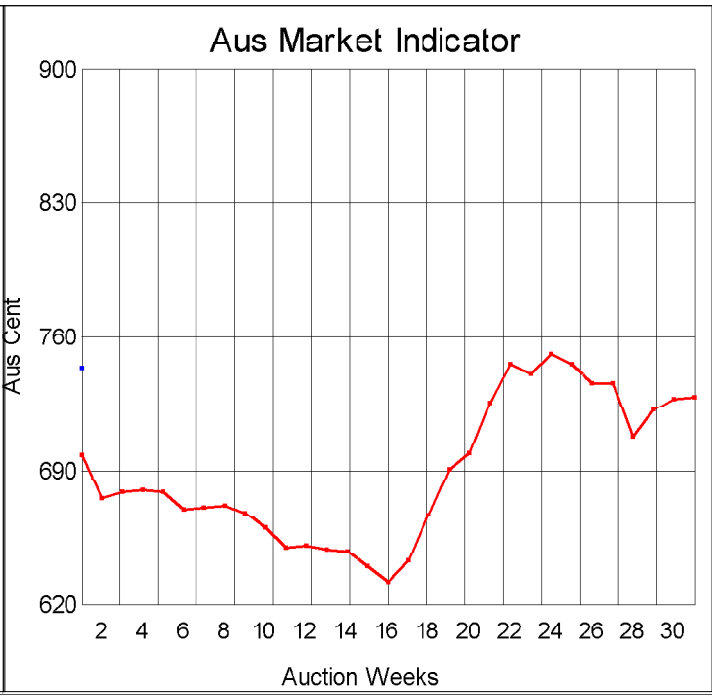
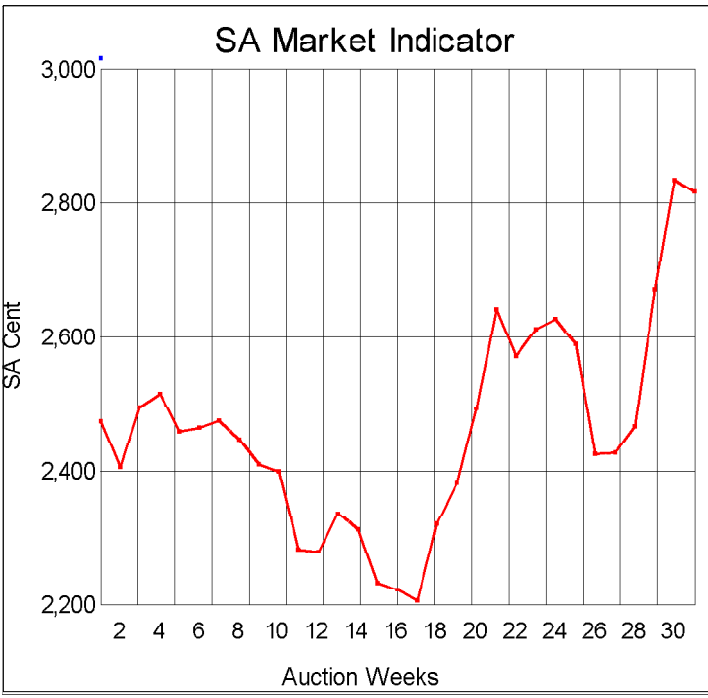
**Auction Analysis**

<b>Composition of Fleece Offerings</b>				<b>Analysis of Offerings</b>					
Description	% This Week	% Prev Auction	Description	This Week			Previous Auction		
				%	Bales	% Sold	Bales	% Sold	
Long Wool	53.8	38.3	Merino Fleeces	49.4	6 334	97.1	6 062	95.8	
Medium Wool	37.0	51.6	Merino Bellies	6.8	866	97.2	1 272	92.2	
Short Wool and Locks	9.2	10.1	Merino Lambs	8.9	1 141	99.5	1 674	88.0	
Fine Wool (<20µ)	22.4	16.7	Merino Locks	6.2	801	100.0	1 176	90.8	
Medium Wool (20 - 22µ)	62.5	59.9	Other	28.7	3 679	96.4	5 740	89.7	
Strong Wool (22 - 24µ)	13.2	21.2	<b>Total</b>	<b>100.0</b>	<b>12 821</b>	<b>97.3</b>	<b>15 924</b>	<b>92.1</b>	
Overstrong (24 - 27µ)	1.9	2.3							
<b>Other Indicators</b>				<b>Offerings per Port</b>					
Indicators	This Week	Prev Auction	% Change	Ports	This Week (Bales)			Prev Auction (Bales)	
					Offered	Sold	% Sold	Offered	Sold
SA Market Indicator	<b>3 016</b>	<b>2 817</b>	<b>7.1</b>	Cape Town	2 364	2 303	97.4	1 775	1 581
AWEX EMI	744	729	<b>2.1</b>	Durban	725	718	99.0	1 849	1 671
R/US Dollar	7.0669	6.8248	<b>-3.5</b>	Port Elizabeth	9 732	9 451	97.1	12 300	11 415
R/A Dollar	5.4078	5.0393	<b>-7.3</b>	<b>Total</b>	<b>12 821</b>	<b>12 472</b>	<b>97.3</b>	<b>15 924</b>	<b>14 667</b>
R/Euro	9.0559	8.5782	<b>-5.6</b>						
				<b>Receipts 18/08/2006</b>					
<b>Main Buyers</b>				Season to Date (Kg)		Last Season (Kg)		% Change	
Buyers	This Week	% of Sale	To Date	<b>3 286 106</b>		<b>3 647 074</b>		<b>-9.9</b>	
G Modiano	2 875	23.1	<b>2 875</b>	<b>Next Auction</b>					
SA Wool Exporters	2 472	19.8	<b>2 472</b>	Name	Date	Offerings (Bales)			
Stucken	2 376	19.1	<b>2 376</b>	S A Wool Exchange	06/09/2006	± 8 000			
Segard Masurel	1 624	13.0	<b>1 624</b>	Van Lill Wool Buyers	-	-			
Chargeurs Wool	1 201	9.6	<b>1 201</b>	Saunders et al.	-	-			
ADF	935	7.5	<b>935</b>	Lanata	-	-			
Beier Fin	922	7.4	<b>922</b>	<b>SA Market Indicator</b>	-	<b>MB01</b>	<b>3 016</b>		
Lempriere (Aus) Ltd	50	0.4	<b>50</b>	<b>Ave SA Market Indicator - Season to Date</b>				<b>3 016</b>	
New England Wool	17	0.1	<b>17</b>	<b>Ave SA Market Indicator - Previous Season</b>				<b>2 461</b>	

## Cape Wools SA

### Average Fleece Wool Prices (Spinners and Good Topmaking Styles)

Micron	Clean Price (c/kg.)									Quantities Sold						Percentage change from previous auction			
	75-95mm			60-70mm			40-55mm			75-95mm		60-70mm		40-55mm		75-95	60-70	40-55	
	Hi	Lo	Avg	Hi	Lo	Avg	Hi	Lo	Avg	Lots	bales	Lots	bales	Lots	bales	Lots	bales	Lots	bales
17,5																			
18,0	5660	5469	5578	5647	4927	5299	5254	4816	4970	3	4	6	13	6	14	3.3	-0.1	13.3	
18,5	5224	4840	5056	5516	4936	5108	4995	3707	4461	2	7	15	28	11	21	-2.8	0.7	3.5	
19,0	4979	4796	4852	4953	4686	4820	4875	3533	4422	8	23	13	32	21	77	-1.2	0.1	11.1	
19,5	4896	4165	4668	4904	4124	4514	4853	3515	4223	27	101	70	290	51	234	5.7	1.1	8.4	
20,0	4748	4117	4376	4597	3951	4280	4563	3323	3952	31	175	85	436	64	290	3.4	4.5	6.2	
20,5	4478	3936	4157	4456	3845	4105	4150	3150	3776	44	320	111	575	81	397	4.7	5.8	6.8	
21,0	4233	3815	4041	4204	3675	4006	4023	3150	3695	59	446	116	611	79	364	6.8	6.5	7.9	
21,5	4093	3704	3956	4055	3675	3908	3927	3103	3647	58	432	114	578	55	224	5.8	5.7	7.8	
22,0	4023	3704	3911	3987	3602	3856	3819	3103	3606	46	298	90	411	28	121	5.7	6.1	7.8	
22,5	3988	3705	3887	3951	3498	3828	3819	3099	3557	35	150	70	308	16	89	7.3	6.8	7.6	
23,0	3945	3748	3864	3951	3498	3805	3668	3099	3510	28	99	46	232	12	52	7.4	7.3	7.7	
23,5	3909	3743	3837	3916	3528	3798	3668	3164	3384	16	44	29	137	5	11	8.2	7.7	7.1	
24,0	3909	3647	3780	3910	3528	3784	3478	3259	3384	13	34	23	122	5	18	8.9	8.4	9.4	
24,5	3830	3528	3685	3799	3427	3696	3464	3180	3311	6	17	12	63	5	18	7.0	7.8	5.5	
25,0	3824	3499	3626	3771	3427	3613	3439	3180	3216	4	12	8	50	2	7	7.5	8.8	12.1	
25,5	3528	3499	3513	3616	3428	3471				2	6	3	12			7.2	8.4		



Current Season —  
Previous Season —

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## Cape Wools SA

### Average Fleece Wool Prices ( Averages Topmaking Styles)

Micron	Clean Price (c/kg.)									Quantities Sold						Percentage change from previous auction		
	75-95mm			60-70mm			40-55mm			75-95mm		60-70mm		40-55mm		75-95	60-70	40-55
	Hi	Lo	Avg	Hi	Lo	Avg	Hi	Lo	Avg	Lots	Bales	Lots	Bales	Lots	Bales			
17,5				5015	5015	5015						1	2					
18,0				5582	4886	5111	4826	4826	4826			3	8	1	2		-2.0	27.6
18,5	4935	4935	4934	4968	3940	4751	4987	4987	4987	1	2	3	7	1	2			19.4
19,0	4846	4846	4846	4809	4708	4763	4548	3199	3546	1	1	4	8	4	10	-1.2	5.1	-13.2
19,5	4846	4305	4514	4760	3874	4421	4363	3410	3900	11	31	12	47	13	47	5.8	4.1	2.3
20,0	4690	4048	4259	4642	3862	4245	4260	3410	3858	15	71	21	98	18	70	2.1	2.8	9.0
20,5	4383	3908	4069	4354	3604	4043	4167	3197	3770	22	114	33	134	18	70	4.5	3.9	8.9
21,0	4127	3820	3982	4083	3604	3918	4010	2978	3625	25	136	38	144	27	125	4.2	4.0	9.2
21,5	4042	3783	3887	3987	3634	3865	3818	2978	3598	21	121	36	173	30	126	6.3	8.0	12.9
22,0	3935	3783	3855	3926	3571	3829	3771	3213	3504	12	78	25	124	23	86	6.8	8.2	11.8
22,5	3928	3706	3824	3922	3262	3755	3757	3213	3444	6	13	15	48	11	49	7.6	7.8	8.2
23,0	3785	3706	3734	3890	3262	3720	3482	3254	3450	2	5	9	27	4	22	5.7	8.2	7.4
23,5	3798	3798	3798	3767	3639	3697	3381	3093	3229	1	1	5	15	4	8	7.5	8.6	3.3
24,0	3798	3740	3758	3733	3650	3672	3283	3093	3153	2	3	2	7	2	5	7.3	8.7	4.3
24,5	3740	3740	3739				3093	3093	3093	1	2			1	3	6.9		-1.4
25,0																		
25,5																		

#### Other Selected Types/Qualities

Clean Price per Kilogram

	Long			Medium		
	19μ	20μ	21μ	19μ	20μ	21μ
<b>Good Quality</b>						
Lambswool	4793	4372	4042	4355	3701	3492
Bellies		3940	3754	4059	3601	3635
Locks				2298	2353	
<b>Average Quality</b>						
Lambswool	4793	4391	3991	4009	3616	3466
Bellies	4248	3946	3682	4073	3616	3396
Locks				2171	2231	2190
<b>Inferior Quality</b>						
Fleecewool	4311	3927	3585	3690	3542	3470
Lambswool	4628	4001		4015	4192	
Bellies		3573	2800	3508	3281	3081
Locks				2048	2141	2173

#### Industry News

##### Volatile currency a headache

The volatility of the rand is of major concern to the local wool industry, complicating forward planning and putting margins under pressure.

The currency suddenly dropped to four-week lows against major currencies on Monday, shedding about 4%. And despite gains in the Euro, the currency of South Africa's largest trading partner, the local unit continues to hover around these lower levels.

Analysts contribute this sudden drop on a falling gold price as well foreign buying in late afternoon trade on Friday. Other contributing factors were the sales of equities by foreigners, offshore demand for dollars and risk aversion to emerging markets.