

CAPE WOOLS SA
Final Wool Sales Report and Price Summary

Auction Date **6-Dec-2006**

Catalogue Number **MB15**



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Market Commentary

WOOL PRICES IMPROVE

PORT ELIZABETH: Wool prices rose at this week's sale and Cape Wools' market indicator gained 1,2% to close at R33,94/kg. This is 12,5% higher than the opening sale and up 52% on the same sale last season.

The rand was virtually unchanged against the dollar at R7,09 but 0,8% weaker against the euro at R9,43 compared with last week.

Long Merino fine wools posted the biggest gains with 19 microns rising over 5%, while 20 microns gained nearly 3%.

The offering comprised 10 981 bales of which 97% was cleared to the trade. Major buyers were Modiano (2 607 bales), SA Wool Exporters (2 542 bales), Stucken (1 840 bales), Chargeurs Wools (1 159 bales) and Segard Masurel (1 129 bales).

Average price movements for AWEX type fleeces MF3, MF4 and MF5 of 70 and 80 mm were as follows: 19 microns were up 5,5% at R54,41/kg; 20 microns were 2,8% dearer at R49,54/kg; 21 microns gained 1,6% at R46,30/kg; 22 microns were up 1,6% at R44,79/kg; 23 microns were unchanged at R43,76/kg, but there were no quotes for 24 and 25 microns.

Approximately 13 000 bales will come under the hammer at next week's sale, which will be the last sale before the Christmas break.

Auction Analysis

Composition of Fleece Offerings			Analysis of Offerings					
Description	% This Week	% Prev Week	Description	This Week			Previous Week	
				%	Bales	% Sold	Bales	% Sold
Long Wool	68.4	67.3	Merino Fleeces	45.4	4 986	97.9	3 270	98.6
Medium Wool	26.1	27.6	Merino Bellies	5.8	632	97.2	620	98.2
Short Wool and Locks	5.5	5.2	Merino Lambs	7.9	868	95.3	581	97.4
Fine Wool (<20μ)	19.6	21.5	Merino Locks	5.6	611	100.0	523	95.6
Medium Wool (20 - 22μ)	63.3	60.7	Other	35.4	3 884	96.9	3 253	93.5
Strong Wool (22 - 24μ)	16.2	16.4	Total	100.0	10 981	97.4	8 247	96.3
Overstrong (24 - 27μ)	0.8	1.4						

Other Indicators

Offerings per Port

Indicators	This Week	Prev Week	% Change	Ports	This Week (Bales)			Prev Week (Bales)	
					Offered	Sold	% Sold	Offered	Sold
SA Market Indicator	3 394	3 355	1.2	Cape Town	1 194	1 134	95.0	855	829
AWEX EMI	828	823	0.6	Durban	2 443	2 380	97.4	2 269	2 155
R/US Dollar	7.0905	7.0953	0.1	Port Elizabeth	7 344	7 183	97.8	5 123	4 956
R/A Dollar	5.5744	5.5515	-0.4	Total	10 981	10 697	97.4	8 247	7 940
R/Euro	9.4252	9.3496	-0.8						

Receipts 01/12/2006

Main Buyers

Buyers	This Week	% of Sale	To Date	Season to Date (Kg)		Last Season (Kg)		% Change
				23 195 653	23 968 523	23 968 523	-3.2	
G Modiano	2 607	24.4	37 856	Next Auction				
S A Wool Exporters	2 542	23.8	21 558	Name	Date	Offerings (Bales)		
Stucken	1 840	17.2	18 825	S A Wool Exchange	13/12/2006	± 13 000		
Chargeurs Wool	1 159	10.8	17 721	Van Lill Wool Buyers	-	-		
Segard Masurel	1 129	10.6	20 646	Saunders et al.	-	-		
Beier Fin	844	7.9	10 118	Lanata	-	-		
ADF	433	4.0	2 910	SA Market Indicator	-	MB15	3 394	
Lempriere (Aus) Ltd	118	1.1	1 091	Ave SA Market Indicator - Season to Date				3 234
New England Wool	25	0.2	629	Ave SA Market Indicator - Previous Season				2 461

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			5106																	
19.0																				
19.5			5046	4673	5015									-1.6						
20.0		4977	4935	4711										2.9	2.7					
20.5			4563	4349	4457	3401								-1.2	-2.4	3.9	-19.4			
21.0		4618	4430	4214	3982									5.9	4.2	-7.4				
21.5		4537	4478	4383	4205	4117								1.6	3.4	-1.8				
22.0			4351	4209		4073								0.8	-2.5					
22.5			4140	4053	3998									-2.9	-1.6					
23.0			4213	4145	4126									4.5	0.9					
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	5099	4615	4411	4458	4270	4252
Bellies	4925	4445	4305	4291	3978	4015
Locks		3188	3113	3255	3119	2996
Average Quality						
Lambswool	4885	4645	4524	4325	4193	4071
Bellies	4526	4494	4256	4256	4004	3885
Locks	3431			2985	2929	2717
Inferior Quality						
Fleecewool	4723	4299	4187	4380	4132	3880
Lambswool		4586	4266		4197	
Bellies		3887	3750	4085	3667	3604
Locks		2668	2547	2528	2737	2632

Industry News

Medium wool prices the star performers

The recent sharp increase in medium wool prices was triggered by supply concerns for Australian medium Merino wool that exposed the positive underlying demand conditions which have been building for some time, says The Woolmark Company (TWC) its latest Monthly Market Briefing.

Not only has consumer sentiment and spending remained relatively healthy in 2006, but anecdotal reports backed up by the Woolmark Business Survey highlighted lower stock holding by early stage processors.

The recent wool price rise appears to be linked with the release of the latest official production forecast by the AWI Australian Wool Production Forecasting Committee in early October, which expects production of 20-23 micron to fall 11% for the 2006/07 season.