

CAPE WOOLS SA
Final Wool Sales Report and Price Summary

Auction Date **10-Jan-2007**

Catalogue Number **MB17**



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Market Commentary

HUGE PRICE HIKE AT FIRST SALE OF 2007

PORT ELIZABETH: The wool market surged to its highest level since 2003 when sales resumed here after the Christmas break and Cape Wools' indicator gained 9,2% to close at R37,84/kg (clean). This is up 25% since opening and 71% higher than the corresponding sale last year.

The huge hike can be attributed to the weaker currency and keen competition from the various sectors of the trade, particularly for quality wools, which are expected to come under pressure over the coming months. The market also followed the trend in Australia where the indicator rose 4,8%.

The rand was 5,5% weaker against the US dollar at R7,34 compared with R6,95 at previous sale in December and was trading at R9,53 against the euro (-3,3%).

Prices of all Merino long wools were up between 8% and 12%.

A total of 8 455 bales was offered of which 99% was sold. Major buyers were SA Wool Exporters (2 412 bales), Modiano (2 081 bales), Stucken (1 410 bales), Beier Finances (869 bales) and Chargeurs Wools (847 bales).

Average price movements for AWEX-type fleeces MF3, MF4 and MF5 of 70 and 80 mm were as follows: 19 microns were 8,5% dearer at R60,65/kg; 20 microns were up 11,8% at R55,59/kg; 21 microns gained 10,7% at R52,23/kg; 22 microns were up 12,2% at R50,55/kg; 23 microns were 11,1% dearer at R49,31/kg, but there were no quotes for 24 and 25 microns.

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

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	54.2	59.7	Merino Fleeces	28.1	2 372	99.8	4 750	98.0
Medium Wool	33.8	33.7	Merino Bellies	6.6	554	98.6	594	99.2
Short Wool and Locks	12.0	6.5	Merino Lambs	6.4	543	100.0	893	96.6
Fine Wool (<20µ)	14.8	16.5	Merino Locks	6.6	562	100.0	500	98.0
Medium Wool (20 - 22µ)	66.1	63.1	Other	52.3	4 424	98.6	3 941	97.5
Strong Wool (22 - 24µ)	18.5	18.2	Total	100.0	8 455	99.1	10 678	97.8
Overstrong (24 - 27µ)	0.6	2.1						

Other Indicators

Indicators	This Week	Prev Week	% Change	Ports	This Week (Bales)			Prev Week (Bales)	
					Offered	Sold	% Sold	Offered	Sold
SA Market Indicator	3 784	3 466	9.2	Cape Town	1 058	1 034	97.7	1 233	1 207
AWEX EMI	879	837	5.0	Durban	2 670	2 657	99.5	2 295	2 239
R/US Dollar	7.3373	6.9550	-5.5	Port Elizabeth	4 727	4 692	99.3	7 150	6 995
R/A Dollar	5.7218	5.4829	-4.4	Total	8 455	8 383	99.1	10 678	10 441
R/Euro	9.5311	9.2293	-3.3						

Receipts 05/01/2007

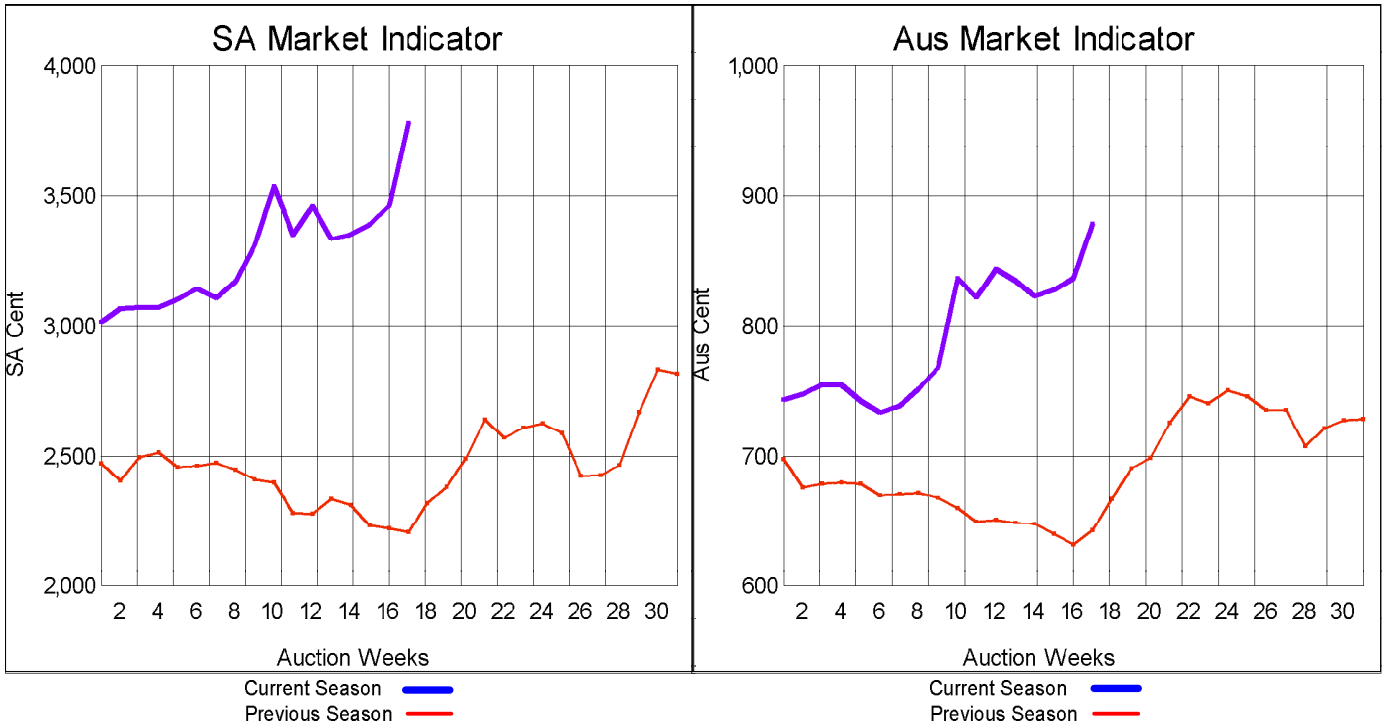
Main Buyers				Season to Date (Kg)	Last Season (Kg)	% Change
Buyers	This Week	% of Sale	To Date	27 979 343	28 175 725	-0.7
S A Wool Exporters	2 412	28.8	26 159	Next Auction		
G Modiano	2 081	24.8	43 737	Name	Date	Offerings (Bales)
Stucken	1 410	16.8	21 354	S A Wool Exchange	17/01/07	± 9 000
Beier Fin	869	10.4	11 591	Van Lill Wool Buyers	-	-
Chargeurs Wool	847	10.1	19 504	Saunders et al.	-	-
Segard Masurel	641	7.6	22 630	Lanata	-	-
ADF	82	1.0	3 575	SA Market Indicator	-	MB17
Lempriere (Aus) Ltd	34	0.4	1 281	Ave SA Market Indicator - Season to Date		3 280
New England Wool	7	0.1	665	Ave SA Market Indicator - Previous Season		2 461

Cape Wools SA

Fleece Wool Prices (Spinners and Good Topmaking Styles, AWEX Types MF3, 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																				
19.0			6147	5984		5222							8.2	7.6		9.4				
19.5		6146			5567	5140							13.1		8.5	7.4				
20.0		5744	5559		5318	5000	4565						11.8	10.1		11.6	10.0	5.1		
20.5			5394	5242	5108	4952	4495							9.3	10.0	9.0	11.0	4.0		
21.0		5270	5281	5165		4822	4601							9.3	10.1	9.4		9.8	9.6	
21.5		5186	5080	5026	4920	4786	4176							10.0	9.4	9.0	11.7	9.9	-0.7	
22.0			5067	5042	4840	4696								9.5	12.3	7.5	9.3			
22.5			5066	5033		4690	3889							10.2	10.3		7.7	5.0		
23.0		4991		4931										13.9		9.1				
23.5																				
24.0					4547															

* 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					5241										11.0					
20.5				5243	5015	4881									11.1	5.7				
21.0		4909	5112	4966	4319										10.9	10.9	13.7	0.4		
21.5			4966	4853	4692	4708									8.7	10.0	10.0	13.3		
22.0			4885	4751											10.1	9.6				
22.5				4603																
23.0							4328													
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	6080	5565	5024	5085	4743	4407
Bellies	5191	4828	4839	4582	4936	4504
Locks				3162	2891	3129
Average Quality						
Lambswool	5829	5626	5138	5166	4391	4356
Bellies	5264	4963	4754	4721	4295	4549
Locks				4300	3233	2939
Inferior Quality						
Fleecewool	5416	4971	4573			4084
Lambswool	5291	4567				
Bellies		4476	3935		3826	3336
Locks		2231	2702	2694	2801	2638

Industry News

Import quotas in Chinese clothing came into effect

The import quotas came on clothing from China came into effect on January 1, and consumers were warned to expect an increase in clothing prices this year.

The quotas apply to 31 categories of clothing and textile products, including school uniforms, until December 31, 2008. They were imposed to protect the local clothing industry, which has lost thousands of jobs over the past few years due to cheaper Chinese imports.

The National Clothing and Retail Federation said the retail sector was looking at a price increase of between 15 per cent and 20 percent in general on all items of clothing affected by the quotas.