

CAPE WOOLS SA
Final Wool Sales Report and Price Summary

Auction Date **31-Jan-2007**

Catalogue Number **MB20**



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Market Commentary

MARKET STILL ADJUSTING AFTER SHARP INCREASES

PORT ELIZABETH: Wool prices were softer at this week's sale despite a drop in the value of rand and Cape Wool's indicator closed 1,1% down at R37,93/kg (clean).

Buyers say the market is still adjusting after the sharp increases of the past few weeks and that some clients are resisting current price levels.

The rand was 2,2% weaker against the US dollar at R7,27 and down 1,8% against the euro at R9,41.

All long Merino fleece wools were down 1% to 1,5%. The worst performer was 23 microns which dropped 4,6%.

This week's offering was much smaller than previous weeks, which limited the selection, but a higher sales percentage was achieved. A total of 7 631 bales were offered of which 91% changed hands.

Major buyers were SA Wool Exporters (2 110 bales), Modiano (1 380 bales), Segard Masurel (1 019 bales) and Stucken (900 bales).

Average price movements for AWEX-type fleeces MF3, MF4 and MF5 of 70 and 80 mm were as follows: There were no quotes for 19 microns; 20 microns were down 1,2% at R54,14/kg; 21 microns shed 1,5% at R51,54/kg; 22 microns were 1,1% softer at R50,56/kg and 23 microns were down 4,6% at R47,63/kg. There were no quotes for 24 and 25 microns.

Approximately 10 000 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	68.3	66.2	Merino Fleeces	36.7	2 797	85.6	5 617	85.7
Medium Wool	24.6	28.7	Merino Bellies	7.9	606	96.9	623	85.9
Short Wool and Locks	7.1	5.1	Merino Lambs	7.2	552	91.1	1 003	77.0
Fine Wool (<20μ)	23.1	23.8	Merino Locks	5.1	388	100.0	632	85.1
Medium Wool (20 - 22μ)	62.8	62.1	Other	43.1	3 288	93.5	4 554	91.6
Strong Wool (22 - 24μ)	12.4	13.0	Total	100.0	7 631	91.0	12 429	87.1
Overstrong (24 - 27μ)	1.7	1.1						

Other Indicators

Indicators	This Week	Prev Week	% Change	Ports	Offerings per Port				
					This Week (Bales)			Prev Week (Bales)	
					Offered	Sold	% Sold	Offered	Sold
SA Market Indicator	3 793	3 835	-1.1	Cape Town	0	0	0.0	461	357
AWEX EMI	933	926	0.8	Durban	3 172	2 989	94.2	3 516	3 389
R/US Dollar	7.2700	7.1125	-2.2	Port Elizabeth	4 459	3 957	88.7	8 452	7 085
R/A Dollar	5.6065	5.5678	-0.7	Total	7 631	6 946	91.0	12 429	10 831
R/Euro	9.4100	9.2454	-1.8						

Receipts 26/01/2007

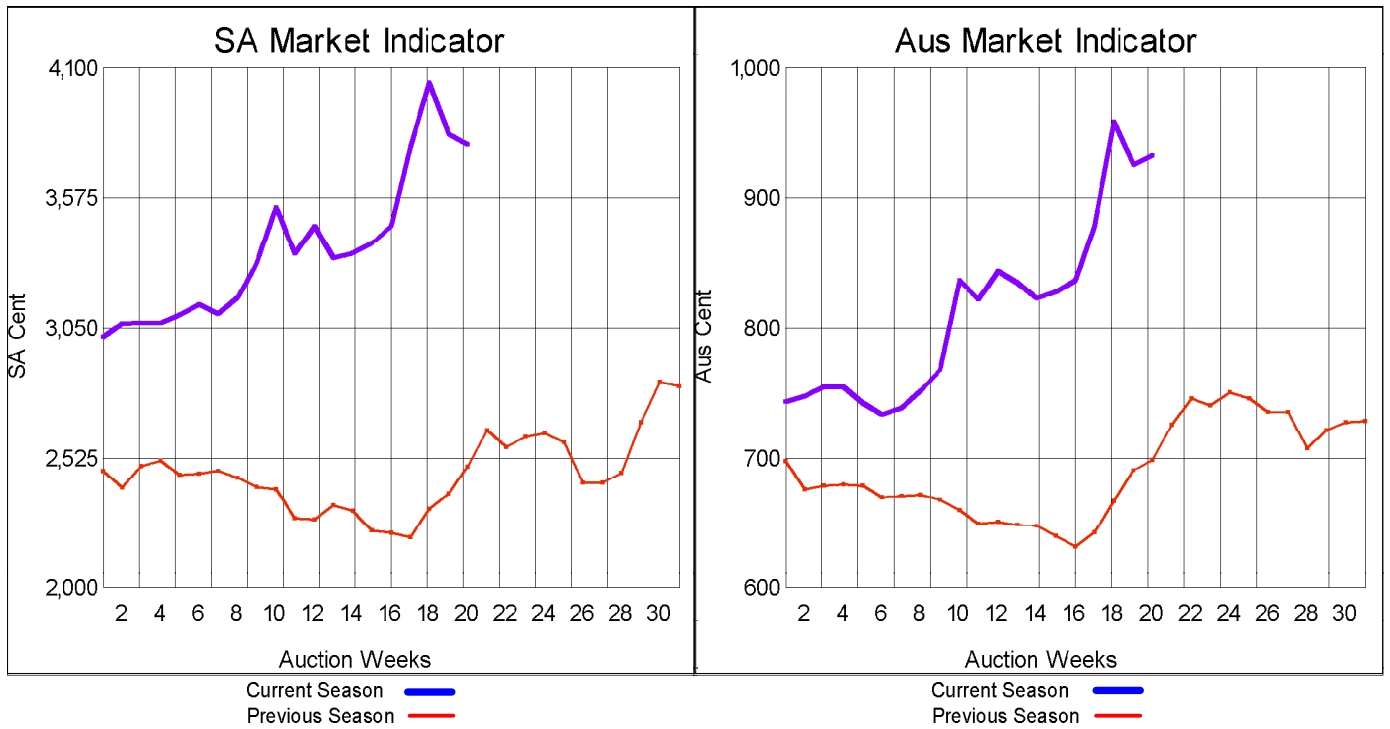
Main Buyers				Season to Date (Kg)		Last Season (Kg)		% Change
Buyers	This Week	% of Sale	To Date	30 956 443		30 549 649		1.3
S A Wool Exporters	2 110	30.4	33 661	Next Auction				
G Modiano	1 380	19.9	49 135	Name	Date	Offerings (Bales)		
Segard Masurel	1 019	14.7	26 157	S A Wool Exchange	07/02/2007	± 8 000		
Stucken	900	13.0	25 418	Van Lill Wool Buyers	06/02/2007	± 330		
ADF	646	9.3	6 175	Saunders et al.	06/02/2007	± 700		
Beier Fin	522	7.5	13 814	Lanata	06/02/2007	± 850		
Chargeurs Wool	296	4.3	22 184	SA Market Indicator	-	MB20	3 793	
Lempriere (Aus) Ltd	60	0.9	1 542	Ave SA Market Indicator - Season to Date				3 372
New England Wool	13	0.2	784	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																				
19.5		5905	5951	5782	5329							0.9	3.8	1.0	-0.7					
20.0		5586	5414	4631		4862						-0.2	-1.7	-19.0		-4.2				
20.5		5323	5309	5038								0.8	-1.4	-5.9						
21.0		5106	5152	5172	5086	4986						-3.2	-2.0	-0.5	-1.9	-1.2				
21.5		5174	5093	5206		4662						0.2	-1.6	1.4		-3.0				
22.0		5117	5143	5064	5002	4785						-0.1	-0.0	-0.2	-0.7	-2.2				
22.5		4925				4698						-4.3				3.7				
23.0		5008		4763	4755							-2.5		-6.4	-0.5					
23.5																				
24.0																				

* 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																				
20.5					5027									3.1						
21.0			5004	4952		4863								-7.7		-4.5				
21.5		5033	5075	4969		4656								2.2	1.7					
22.0				5087										10.2						
22.5			4807											-1.2						
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	5972	5511		5096	4753	4504
Bellies		5168	5088	5587	4713	4794
Locks		3266		2968	2848	2885
Average Quality						
Lambswool	5753	5259	4658	5087	4247	4396
Bellies	5377	4975	4811	5205	4519	4326
Locks		2635			2852	2876
Inferior Quality						
Fleecewool	4869	4867	4717	5390	4433	4761
Lambswool	5427	5427	5115	4578		
Bellies		3158	4639	3526	3807	3894
Locks	2469	2427	2409		2801	2477

Industry News

Grease wool exports on the increase

South Africa's export profile has changed over the past number of years from exporting mainly processed wool to a grease wool exporter with a much smaller percentage of wool being processed locally.

This is attributed to strong competition from countries like China and India where processing costs are much lower and which led to the closure of some local processing facilities.

In 2000/2001 season, grease wool comprised only 28,8% of total exports (based on value and volume). By 2005/06 the picture looked much different with grease wool exports representing 62% of total exports. Figures for the first half of 2006/07 points to a further 15% increase in grease wool exports compared with 2005/06.