

CAPE WOOLS SA
Final Wool Sales Report and Price Summary

Auction Date **7-Mar-2007**
Catalogue Number **MB24**



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Market Commentary

WEAKER RAND BOOSTS WOOL MARKET

PORT ELIZABETH: A further weakening in the value of the rand and an increase in Australian prices supported the local market and Cape Wools' indicator gained 3,6% to close at R39,98/kg clean.

The rand was trading at much weaker levels compared with last week. It was down 2% against the US dollar at R7,37 and 1,4% weaker against the euro at R9,67. Local prices also followed the trend in Australia where the indicator was up 2,4% compared with last Wednesday on the back of a slightly weaker currency and a smaller offering.

Most Merino long fleece wools (spinners and good topmaking styles) were 2% to 3% dearer, with 20 microns posting gains of over 5%.

Some 10 902 bales were on offer, of which 98% changed hands. Major buyers were Modiano (3 304 bales), SA Wool Exporters (1 442 bales), Segard Masurel (1 393 bales), Lempriere (1 292 bales), Chargeurs Wool (1 175 bales) and Stucken (1 175 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 up 5,2% at R59,19/kg; 21 microns gained 3,7% at R55,91/kg; 22 microns were 2,4% dearer at R53,95/kg; 23 microns rose 2,4% at R52,29/kg and 24 microns gained 2,6% at R48,78.

There were no quotes for 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 Sale | Description | This Week | | | Previous Sale | |
| | | | | % | Bales | % Sold | Bales | % Sold |
| Long Wool | 69.0 | 62.2 | Merino Fleeces | 42.3 | 4 610 | 98.8 | 2 079 | 98.7 |
| Medium Wool | 24.8 | 31.4 | Merino Bellies | 5.5 | 602 | 92.0 | 352 | 92.0 |
| Short Wool and Locks | 6.1 | 6.4 | Merino Lambs | 8.1 | 878 | 98.4 | 467 | 94.9 |
| Fine Wool (<20µ) | 21.5 | 16.1 | Merino Locks | 5.6 | 611 | 98.7 | 220 | 100.0 |
| Medium Wool (20 - 22µ) | 57.9 | 62.5 | Other | 38.5 | 4 201 | 95.4 | 3 339 | 97.8 |
| Strong Wool (22 - 24µ) | 18.5 | 15.0 | Total | 100.0 | 10 902 | 97.1 | 6 457 | 97.6 |
| Overstrong (24 - 27µ) | 2.1 | 6.3 | | | | | | |

Other Indicators

| Indicators | This Week | Prev Sale | % Change | Ports | Offerings per Port | | | | |
|----------------------------|--------------|--------------|------------|----------------|---------------------------|---------------|-------------|-------------------|--------------|
| | | | | | This Week (Bales) | | | Prev Sale (Bales) | |
| | | | | | Offered | Sold | % Sold | Offered | Sold |
| SA Market Indicator | 3 998 | 3 858 | 3.6 | Cape Town | 1 073 | 1 063 | 99.1 | 425 | 404 |
| AWEX EMI | 928 | 906 | 2.4 | Durban | 3 654 | 3 632 | 99.4 | 2 652 | 2 571 |
| R/US Dollar | 7.3702 | 7.2285 | -2.0 | Port Elizabeth | 6 175 | 5 891 | 95.4 | 3 380 | 3 328 |
| R/A Dollar | 5.7269 | 5.6889 | -0.7 | Total | 10 902 | 10 586 | 97.1 | 6 457 | 6 303 |
| R/Euro | 9.6730 | 9.5404 | -1.4 | | | | | | |

Receipts 02 March 2007

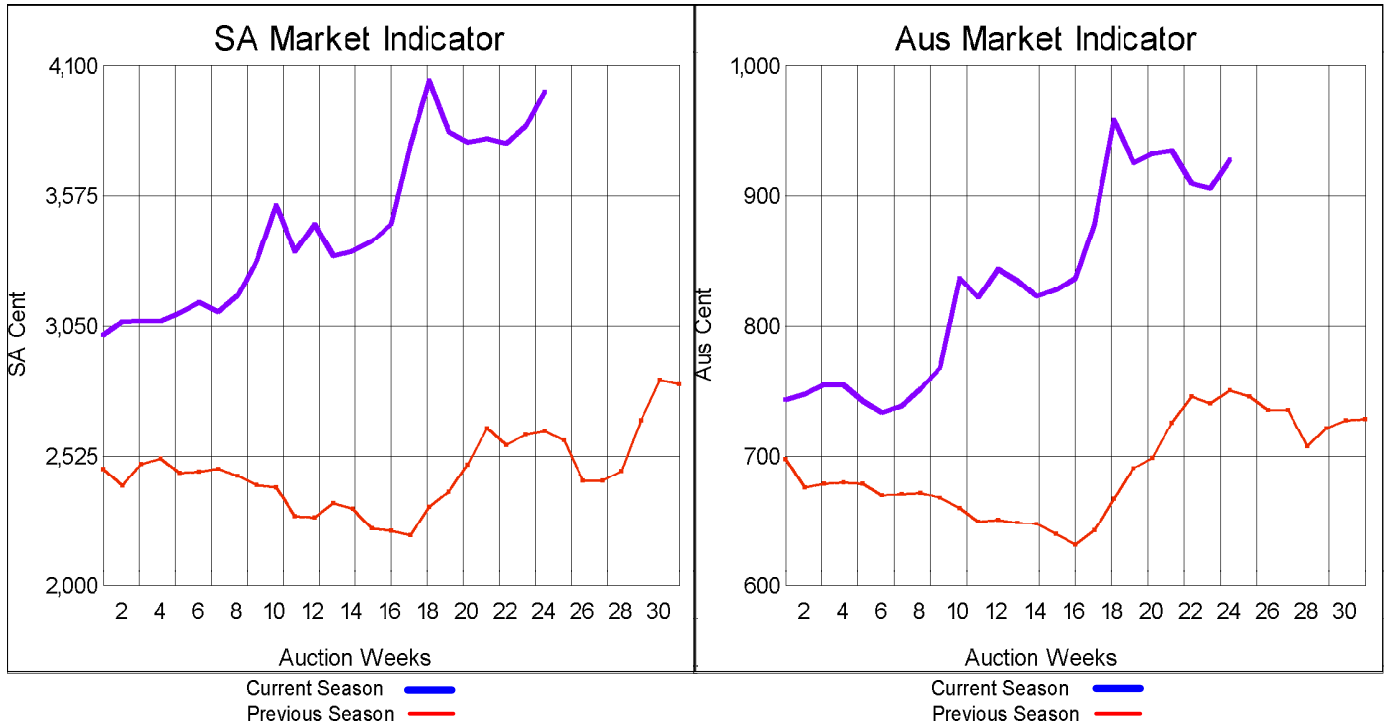
| Main Buyers | | | | Season to Date (Kg) | | Last Season (Kg) | | % Change |
|---------------------|-----------|-----------|---------|--|--|-------------------------|--|--------------------------|
| Buyers | This Week | % of Sale | To Date | 36 849 150 | | 35 696 928 | | |
| G Modiano | 3 304 | 31.2 | 57 268 | Next Auction | | | | |
| S A Wool Exporters | 1 442 | 13.6 | 39 169 | Name | | Date | | Offerings (Bales) |
| Segard Masurel | 1 393 | 13.2 | 32 299 | S A Wool Exchange | | 14/03/2007 | | ± 10 000 |
| Lempriere (Aus) Ltd | 1 292 | 12.2 | 4 175 | Van Lill Wool Buyers | | - | | - |
| Chargeurs Wool | 1 175 | 11.1 | 26 285 | Saunders et al. | | - | | - |
| Stucken | 1 175 | 11.1 | 30 668 | Lanata | | - | | - |
| Beier Fin | 799 | 7.5 | 16 660 | SA Market Indicator | | - MB24 | | 3 998 |
| New England Wool | 6 | 0.1 | 929 | Ave SA Market Indicator - Season to Date | | | | 3 454 |
| ADF | 0 | 0.0 | 9 271 | Ave SA Market Indicator - Previous Season | | | | 2 461 |

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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 | | | | | | 6304 | | | | | | | | | | | | | | |
| 18.5 | | | 6681 | 6591 | | | | | | | | | | | | | | | | |
| 19.0 | | 6528 | 6522 | 6323 | 5845 | | | | | | | | | | | | | | | |
| 19.5 | | 6310 | 6205 | 6251 | | 5685 | 5340 | | | | | | | | 0.8 | | | | | |
| 20.0 | | 5943 | 5962 | 5877 | 5677 | 5417 | | | | | | | 5.6 | | 6.1 | | | | | |
| 20.5 | | 5765 | 5735 | 5653 | 5497 | 5267 | 4772 | | | | | | 4.4 | 4.0 | 2.7 | 2.1 | 1.3 | | | |
| 21.0 | | 5592 | 5609 | 5573 | 5410 | 5256 | 4367 | | | | | | 4.4 | 3.5 | 3.6 | 2.0 | 5.4 | | | |
| 21.5 | | 5542 | 5422 | 5477 | 5436 | 5111 | 4701 | | | | | | | 1.8 | 3.6 | | 1.1 | 5.1 | | |
| 22.0 | | 5394 | 5393 | 5397 | 5387 | 5006 | 4602 | | | | | | | 1.8 | 2.9 | | -1.1 | | | |
| 22.5 | | 5377 | 5340 | 5318 | 5249 | 4843 | 4627 | | | | | | | | 6.8 | | | | | |
| 23.0 | | 5268 | 5229 | 4851 | 5105 | 4626 | | | | | | | | 2.5 | -5.5 | | 0.3 | | | |
| 23.5 | | 5158 | | 5029 | 4932 | 4353 | | | | | | | | | | | | | | |
| 24.0 | | | 4842 | 4915 | | | | | | | | | | | | | | | | 3.3 |

* Based on a minimum of 3 lots sold per category



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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 | | | | | | 5422 | | | | | | | | | | | | | | |
| 20.0 | | | | | 5442 | | | | | | | | | | | | | | | |
| 20.5 | | | | 5181 | | | 4726 | | | | | | | | | | | | | |
| 21.0 | | | | 5294 | 4603 | 5040 | | | | | | | 7.6 | | | | | | | |
| 21.5 | | 5480 | | | | 5007 | | | | | | | | | | | | | | |
| 22.0 | | | | | | | | | | | | | | | | | | | | |
| 22.5 | | | | 4947 | | 4643 | | | | | | | | | | | | | | |
| 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 |
| <u>Good Quality</u> | | | | | | |
| Lambswool | 6214 | 5824 | 5527 | 5518 | 5293 | 4895 |
| Bellies | 5504 | 5454 | 4925 | 5290 | 5030 | 5003 |
| Locks | | 4444 | | 3726 | 3379 | 2925 |
| <u>Average Quality</u> | | | | | | |
| Lambswool | 5959 | 5629 | 5357 | 5345 | 4900 | 4646 |
| Bellies | 5774 | 5172 | 4981 | 5152 | 4937 | 4536 |
| Locks | | 3827 | 2870 | 3295 | 3262 | 2949 |
| <u>Inferior Quality</u> | | | | | | |
| Fleecewool | 5806 | 4994 | 4426 | 5110 | 4720 | 4762 |
| Lambswool | | | 5514 | 5786 | 4866 | |
| Bellies | 5193 | 5090 | 4579 | 4935 | 4428 | 3757 |
| Locks | 3704 | 2721 | 2711 | | 2667 | 2684 |

Industry News

Optimistic outlook for wool

Wool prices should stay buoyant for some time to come, Chris Wilcox, chief economist, Woolmark Market Intelligence this week told the 2007 Australian Bureau of Agricultural and Economics Resource conference in Canberra.

He said wool supply would be low during the coming year, as a result of the drought, resulting in a demand-supply squeeze.

Other positives for wool include fashion trends that support natural fibres; the best orders for wool and business conditions in the global wool textile industry in 5 years; continued strong global economic growth; and high oil prices, which translate to high synthetic fibre prices.