

CAPE WOOLS SA
Final Wool Sales Report and Price Summary

Auction Date **28-Mar-2007**
Catalogue Number **MB26**



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Market Commentary

MARKET FEELS EFFECT OF STRONGER RAND

PORT ELIZABETH: Currency fluctuations continued to affect the market. At the previous sale two weeks ago, a weak currency helped to lift the market to its highest levels in four years. This week the market had to contend with a stronger rand and Cape Wools' overall indicator fell 3,9% to R40,28/kg (clean).

The rand was 2,6% firmer against the US dollar at R7,27 and up 1,5% against the euro at R9,71 compared with the previous sale. The Australian market was also down as a result of a stronger dollar, which in turn put further pressure on the local market.

The local indicator nevertheless managed to stay above the key R40/kg level and currently is up 33% on the opening sale.

A total of 11 998 bales was offered of which 93% changed hands. Major buyers were SA Wool Exporters (2 422 bales), Stucken (2 140 bales), Chargeurs Wool (1 593 bales), Segard Masurel (1 532 bales) and Modiano (1 421 bales).

Average price movements for AWEX-type fleeces MF3, MF4 and MF5 of 70 and 80 mm were as follows: 19 microns dropped 3,8% at R65,27/kg; 20 microns were down 3,8% at R59,11/kg; 21 microns shed 4,1% at R56,36/kg; 22 microns were 5,2% cheaper at R55,08/kg, 23 microns softened 4,6% at R53,29/kg, but there were no quotes for 24 and 25 microns.

There will be no sales over the next two weeks. Sales will resume on 18 April when approximately 11 000 bales will be offered.

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	59.4	63.4	Merino Fleeces	39.3	4 716	91.0	4 829	99.2
Medium Wool	29.1	27.0	Merino Bellies	5.9	710	89.3	565	95.8
Short Wool and Locks	11.5	9.6	Merino Lambs	8.2	984	93.1	833	0.0
Fine Wool (<20μ)	17.6	23.8	Merino Locks	6.5	783	99.4	798	99.1
Medium Wool (20 - 22μ)	61.8	60.3	Other	40.0	4 805	95.0	3 443	99.1
Strong Wool (22 - 24μ)	20.0	15.2	Total	100.0	11 998	93.2	10 468	98.9
Overstrong (24 - 27μ)	0.7	0.8						

Other Indicators

Indicators	This Week	Prev Sale	% Change	Ports	This Week (Bales)			Prev Sale (Bales)	
					Offered	Sold	% Sold	Offered	Sold
SA Market Indicator	4 028	4 190	-3.9	Cape Town	1 581	1 442	91.2	1 313	1 303
AWEX EMI	935	964	-3.0	Durban	3 373	3 115	92.4	4 378	4 347
R/US Dollar	7.2799	7.4754	2.6	Port Elizabeth	7 044	6 624	94.0	4 777	4 700
R/A Dollar	5.8624	5.8448	-0.3	Total	11 998	11 181	93.2	10 468	10 350
R/Euro	9.7131	9.8598	1.5						

Receipts 23 March 2007

Main Buyers				Season to Date (Kg)	Last Season (Kg)	% Change
Buyers	This Week	% of Sale	To Date	39 230 685	38 203 987	2.7
S A Wool Exporters	2 422	21.7	43 642	Next Auction		
Stucken	2 140	19.1	34 238	Name	Date	Offerings (Bales)
Chargeurs Wool	1 593	14.2	29 003	S A Wool Exchange	18/04/2007	± 9 500
Segard Masurel	1 532	13.7	35 350	Van Lill Wool Buyers	17/04/2007	± 450
G Modiano	1 421	12.7	61 747	Saunders et al.	17/04/2007	± 600
Beier Fin	967	8.6	18 479	Lanata	17/04/2007	± 400
ADF	628	5.6	9 950	SA Market Indicator	-	MB26
Lempriere (Aus) Ltd	476	4.3	5 188	Ave SA Market Indicator - Season to Date		3 504
New England Wool	2	0.0	932	Ave SA Market Indicator - Previous Season		2 461

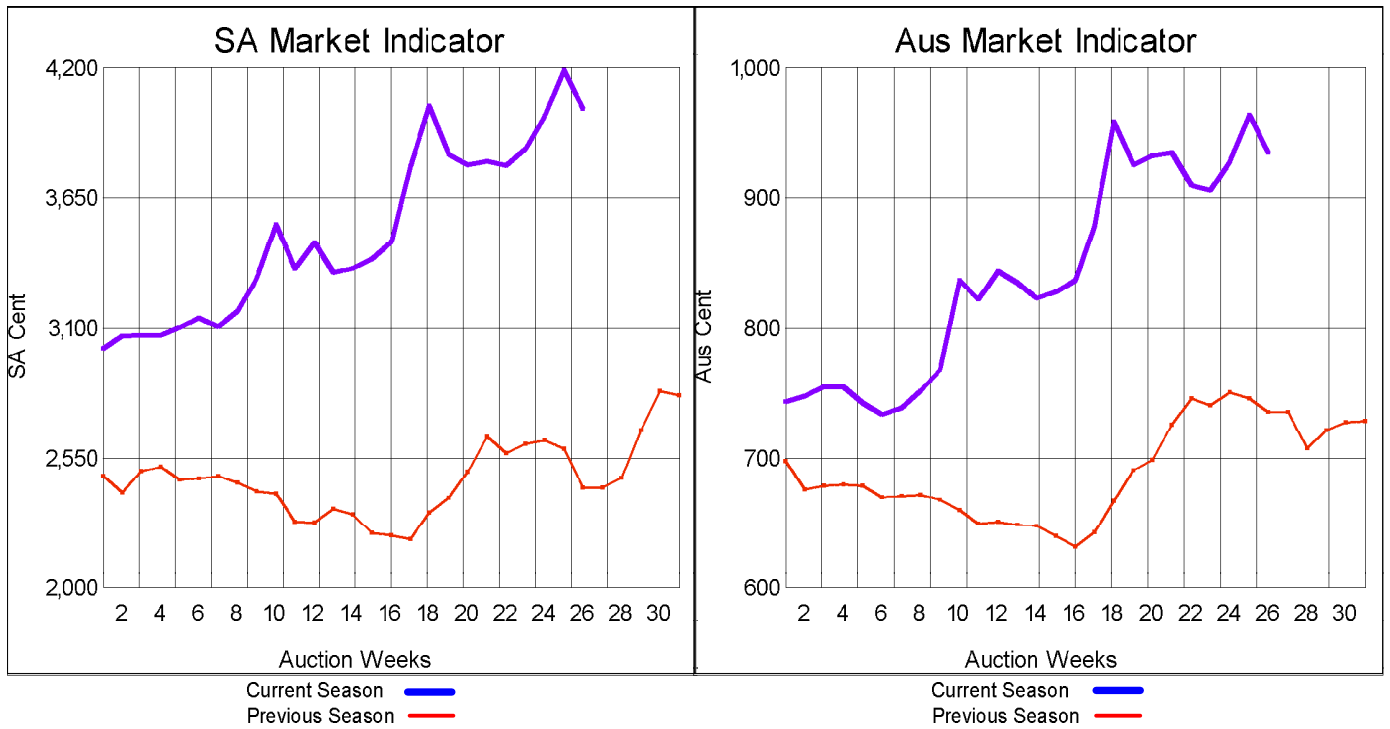
Cape Wools SA

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		6484	6515	6539		5833		5079												
19.5		6367	6226	6209	5898	5727	5097													
20.0		5982	5954	5868	5513	5215	4757													
20.5		5768	5809	5720	5395	5126	4601													
21.0		5649	5651	5621	5277	5088	4533													
21.5		5626	5616	5541	5276	5100	4573													
22.0		5501	5526	5490	5311	5071														
22.5		5391	5448	5401	5176	4855	4485													
23.0			5350	5308	5052	4815														
23.5				5227																
24.0			4873	4710	4617	4047														

* Based on a minimum of 3 lots sold per category

935.



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						5758														
20.0				5419	5551	5095														
20.5					5225															
21.0				5342	4807	5097							-5.0							
21.5					5333		4049							7.4						
22.0						4804	4487										6.7			
22.5																				
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	6335	5907	5530	5458	5230	4734
Bellies			5096	5380	5185	5035
Locks		3586	3128	3531	3208	3086
Average Quality						
Lambswool	6379	5409	5354	5333	4942	4654
Bellies	5780	5003	4606	4972	5009	4631
Locks		3045		3353	3211	2859
Inferior Quality						
Fleecewool	5860	5207	5158		5148	5192
Lambswool		5530		5308	4674	4896
Bellies		5375	5362	5011	4496	4651
Locks		3693	2853	3227	2968	2832

Industry News

Big fall in Aussie production forecasted

The full impact of the 2006 drought in Australia will become evident over the next six months when wool production is expected to drop sharply, according to the latest release by the Australian Wool Innovation Production Forecasting Committee.

The committee predicts that for the last four months of the 2006/07 season, shorn wool production and broker receipts will decline by 20% to 25% on average, with Australian shorn wool production falling to 425 million kilograms (greasy) for the full season.

Although supply (auction offerings) has been robust, this was largely as a result of shearings brought forward and the release of on-farm held grower stocks.

Source: Australian Wool Innovation and FarmOnline