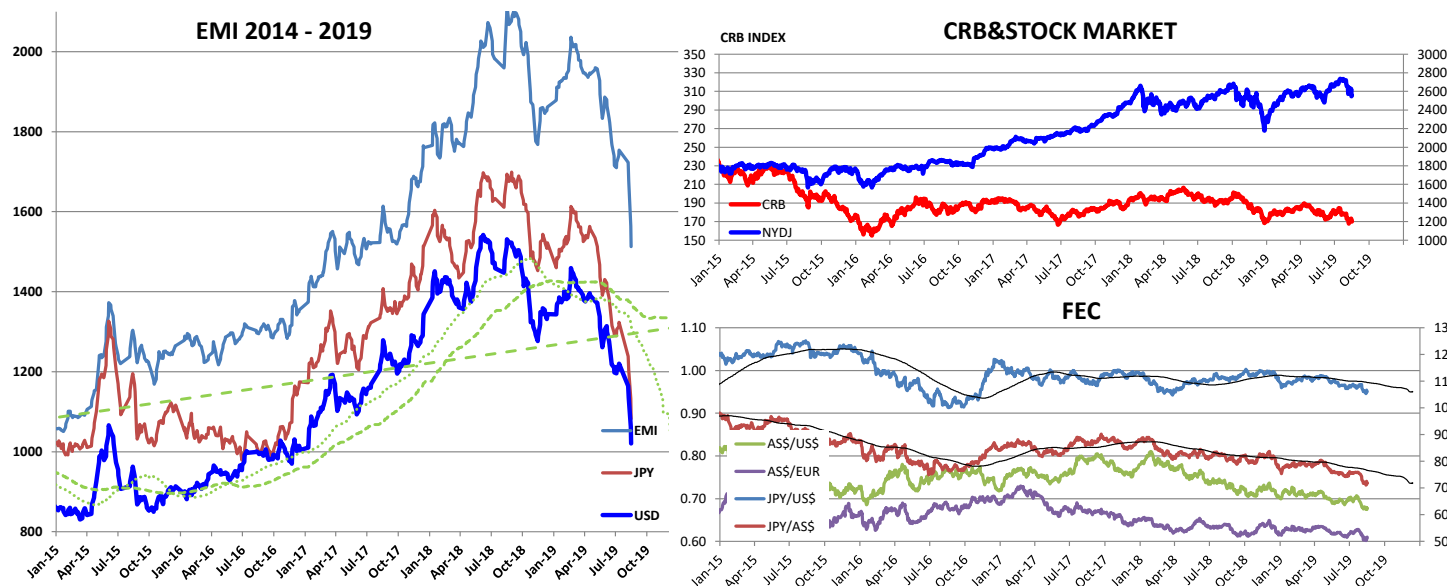


# Motohiro Weekly Market Report

16-Aug-19

SALE WEEK 07



## COMMENTS

Australian wool auction sales went into freefall this week with almost 10% of the value wiped off the wool offering, both in AUD and USD. A total lack of confidence, brought on by the slowing global economy, saw the majority of buyers desert the local auction markets. Volatility has reached new highs creating a difficult environment for all along the chain. No sector was left untouched as prices plummeted from the outset. Quite incredibly it was this same sale last year that the Australian wool market hit the record EMI of 2116ac. This week's market fall is the largest since the cessation of the floor price in 1991.

Once again the pre-sale sentiment was massively negative. Exporter buyers reported intent "to buy" from overseas was impossible, with even a low bid/offer lacking almost entirely. Just minimal carbonizing orders were still available but at reduced rates and the odd European types were needed, but overall demand for the standard China types was practically nil.

In comparison NM wool indicates that these wools were again much less affected and closed around 2.9% cheaper on average. A clear market distinction for Non-mulesed wool with medium merino types (18.5/20.5) up to 5/10% above the general market level depending on quality. Clearly those wool is selling in a different market and attracting a wider range of buyer interest who are influenced by longer term delivery and supply chain relationships.

The tone of sale rooms was dreadful, with just three or four companies participating within the type categories. The two largest top makers plus two traders were picking off the majority of the sold lots but significantly 35.8% was passed in and 16.7% was withdrawn prior to sale, representing over half of the original scheduled volume failing to meet the price expectations of the sellers.

The Sino-US trade imbalance dispute and to a lesser degree Brexit have been the dampeners on the mood of the global economy, but this week saw the emergence of recession in the US talk as the inverted bonds yield issue came to the fore. Consumer and manufacturer confidence continues to take a hammering and most have taken flight to safety and are sitting on their hands (and money).

It is difficult to speculate on levels that could spark exporter and processor interest. Risk factors are high both within the wool landscape and the general global commodity environment. This would suggest that the levels will be conservative until some positive news filters through. Little has changed fundamentally. We remain very confident for wool as a textile fibre and supply will continue to fall in Australia with the impact of the drought continuing to drive production downwards.

Next week sees 33,696 bales in just Melb and Syd go to auction.

中国不在の羊毛相場は今週も急落。引き続き荒い値動きを要警戒。

## MICRON INDEX

~18.5mic	
19.5mic	続落。USDベース：▼5~7%
20.5mic	続落。USDベース：▼10~11%
22.0-23mic	続落。USDベース：▼10~11%
24.5mic	続落。USDベース：▼10~12%
XBD's	続落。USDベース：▼15~16%
CARDINGS	反落。USDベース：▼3~4%

## MAIN BUYERS/BALES

TYN-	3,770	AME-	3,044	PJM-	1,811
FOX-	1,735	TECH-	1,521	GSA-	1,336
EWE-	992	MOD-	807	KTEX-	516
LEMP-	358	STEC-	NIL		

## NEXT SALES

<b>Week 08</b>	(21-22/Aug)	
SYDNEY	11,194	BALES
MELBOURNE	22,502	BALES
FREMANTLE		BALES
<b>TOTAL</b>	<b>33,696</b>	<b>BALES TO BE OFFERED</b>

<Motohiro Sydney Office>

## MICRON INDEX 2014-2019

