

5 June 2006

AWEX RELEASES UPDATED WOOL MARKET INDICATORS

The Australian Wool Exchange (AWEX) has finalised the review and rebase of its Market Indicator suite [to be implemented on July 1, 2006](#). The outcome of this review was the result of widespread consultation and specific contribution from an industry working group convened for this purpose.

AWEX Indicators are based on the predominant wool types sold at auction which are usually revised on a three-yearly basis. The current revision was deferred 12 months due to the widespread drought conditions prevalent in Eastern Australia.

The major features/outcomes of this release include: -

- 1) Respective Regional Market Indicators will increase between 1.2% and 4.9% compared with the current series. This reflects an increase in the composition of fine wool types in each set of indicator components as well as a rebalancing of style, length, strength, and vm components;
- 2) On current levels the AWEX Eastern Market Indicator (EMI) is due to increase 2.9% on July 1. The EMI is a combined figure generated from the Northern and Southern Indicators. All the changes in the Regional Indicators will be reflected in the EMI.
- 3) New Micron Price Guides (MPGs) of 16.5 and 17.5 micron indicators. These new MPGs will deliver more specific information in this specialised area. The reporting of these finer MPG's is subject to available quantities and appropriate AWEX-ID types on any given sale day.
- 4) Revised 17.0 and 18.0 MPG's. The new structure will closely reflect the principal offering in these microns and be more sensitive to price movements in the market.
- 5) 25.0 and 26.0 MPG's now become Crossbred indicators after the removal of their respective Merino types. This is in line with a shift in production away from these microns.
- 6) Revised Merino Carding Indicator. Inclusion of Stain Crutching types for a more comprehensive guide to carding market trends.
- 7) Following industry consultation there is no change to the 18.5 to 24.0 micron MPG's. There is also no change to the ASX, CBA, NAB, or SFE derivative spot prices as issued by AWEX.
- 8) The new series will be based on the updated version of AWEX-ID (version 3.0s), which will also be effective from July 1.

Indicator revisions will take effect from the commencement of the 2006/07 wool selling season on July 1.

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“Indicative adjustments” in the table below are calculated movements for market levels at the end of May. The actual adjustment on July 1st may differ slightly due to shifting price relationships between the types in each of the indicators/MPG’s.

	Current adjust.	3 Yearly average (3Yr range)
E.M.I.	+2.9% (+21¢)	+1.9% -0.3% to +3.6%

Regional Indicator	North		South		West	
	Indicative adjust.	3 Yearly ave (3Yr range)	Indicative adjust.	3 Yearly ave (3Yr range)	Indicative adjust.	3 Yearly ave (3Yr range)
16.5	+4.9% +36¢	+3.1% unch. to +5.15%	+1.2% +9¢	+1.01% -0.5% to +2.4%	+3.8% +26¢	+3.69% +2.2% to +4.8%
17	+3.3% +41¢	+7.1% +2.0% to +14.0%	+3.0% +36¢	+3.2% +0.2% to +6.4%	New Series	
17.5	New Series		New Series		New Series	
18	+2.2% +24¢	+3.3% +0.2% to +5.5%	+2.2% +23¢	+1.0% unch. to +3.5%	New Series	
18.5 to 24	No component changes to these MPG’s		No component changes to these MPG’s		No component changes to these MPG’s	
25	-3.4% -22¢	-1.9% -5.2% to unch.	-2.9% -19¢	-2.2% -4.3% to unch.	New Series	
26	-2.5% -15¢	-1.8% -5.7% to unch.	-2.8% -16¢	-1.2% -3.3% to unch.	New Series	
MC	-3.1% -13¢	-1.5% -4.0% to +2.8%	-1.6% -7¢	-1.4% -4.2% to +1.3%	-0.4% -2¢	-0.15% -4.8% to +3.8%

AWEX Eastern Market Indicator (EMI)



A back series of Indicators is also available by contacting the Australian Wool Exchange by phone (02) 9428 6136 or email lionel_plunkett@awex.com.au

Technical Notes

AWEX Eastern Market Indicator (E.M.I.)

All the changes made to the North and South Indicators is reflected in the EMI. However, the number of *types* in the Northern Indicator has reduced from 66 to 62, while the Southern components remain unchanged at 74. This has the effect of increasing the weighting of Southern Region within the EMI (from 52.9% to 54.4%). This mirrors the offering of wool at auction where larger volumes of wool are offered in Southern Region.

Northern Indicator

Average micron for the Northern indicator has decreased from 20.75 to 20.42 (-0.33) with the Merino Fleece component decreasing almost 1 micron, from 20.67 to 19.77 (-0.90). This shift in the average micron reflects the trend towards finer wool in Northern Region offerings and is largely responsible for the 3% increase in the Northern Indicator. Other changes include a reduced emphasis on Best style's, while strength and vm remain at similar levels.

Southern Indicator

Average micron for the full indicator is now slightly broader at 21.28, up from 21.24 (+0.04). While the Merino Fleece component is in line with Northern region movements at just under 1 micron, from 21.39 to 20.56 (-0.83), the decrease in Merino types was offset by the inclusion of extra Crossbred types, resulting in the slight increase in micron for the Indicator.

Western Indicator

Average micron has decreased from 21.01 to 20.47 (-0.54), while Fleece wool has dropped from 21.32 to 20.68 (-0.64).

16.5 MPG

Addition of 16.5 MPG which closely resembles the composition of the revised 17-MPG and the new 17.5 MPG. 16.5 to 18-microns are now composed of three 40nkt types and three 35nkt types. This will give consistency when comparing relative levels in the finer microns.

17.0 MPG

Previously this price-guide contained a high weighting of ASF types which have tended to be few in numbers. Most have been replaced with MF4 types and one MF5. Balancing out the removal of the ASF styles is the inclusion of three 40nkt types which has put the new price guide around 3% higher than the existing MPG. Volume of wool included in the price guide is expected to increase sharply due to the modifications.

17.5 MPG

New MPG to maintain the half-micron MPG consistency at the finer edge. Similar to neighbouring 17 and 18-MPG's with length being the main variation.

18.0 MPG

Revised to better reflect the offering. Main changes mirror the 17-MPG revision with the replacement of the ASF4 types with mainly MF4 types. Other modifications include revised strength (increased number of 40nkt types), length (longer) and vm profiles (removal of 2% types). The alterations should improve consistency as a greater number of lots will be included on each selling day. At a price level, the inclusion of the extra 40nkt types should see this price guide open around 2% higher on July 1.

18.5 to 24 MPG's and derivative spot prices

Following industry consultation there is no change to the 18.5 to 24.0 micron MPGS's.

There is also no change to the following derivative spot prices as issued by AWEX: SFE 19, SFE 21, SFE 23, CBA 18, CBA 28, CBA 19.5p, NAB 18, NAB 28, ASX 19.5, ASX 21, or ASX 22.6. AWEX expects that there will be very few external contracts affected by the changes to the Indicators and MPG's.

25 MPG

Current version contains four Merino types which have generally disappeared over recent years. The four Merino's have been replaced by two Crossbred types, making the composition of this price guide exclusively Crossbred. Reducing the indicator to four types is in line with the other Crossbred MPG's (28/30/32 microns).

26 MPG

Currently contains three Merino types which have very little coverage. These are replaced by two Crossbred types making this price guide also exclusively Crossbred's. While the changes to both the 25 and 26-MPG's will improve coverage, it is still expected that there will be many days of thin coverage due to limited quantities of good-length Crossbred wool in this area.

Merino Carding Indicator

Feedback suggested a wider scope of types be included in the Carding Indicator to more accurately reflect the carding market. The main change is the removal of two good-colour Crutching types at 2%vm, which were replaced with two carding stain types (MC7) at 5%vm. While carding stains are a lower-priced type, the switch from a *Washing* (17% scoured) to a *Carbonising* basis has cancelled out the bulk of the movement.

Four lock types (MZ5) remain, however the 21-micron types have been replaced with 19-micron types, reflecting the movement in the overall clip to finer wools. Similar prices for 19 to 21-micron Locks have resulted in little price movement with the change in types.

The net change in price for the Merino Carding Indicator has been negligible due to the above factors and drops of between 2 to 13 cents are expected.

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2006 Indicator composition



Northern Region total: 62		Southern Region total: 74		Western Region total: 54	
Merino Fleece: 39 (63%)	XBD Fleece: 6 (10%)	Merino Fleece: 45 (61%)	XBD Fleece: 9 (12%)	Merino Fleece: 39 (72%)	XBD Fleece: 0 (0%)
17.0 MF4 70 40 1	27.0 XF5 100 35 1	17.0 MF4 80 35 1	27.0 XF5 100 35 1	18.0 MF5 80 28 1	
17.5 MF4 70 40 1	XF5 110 35 1	17.5 MF4 80 35 1	XF5 110 35 1	18.5 MF5 80 35 1	
MF5 80 35 1	28.0 XF5 100 35 1	MF4 80 40 1	28.0 XF5 100 35 1	MF5 90 28 1	
18.0 MF4 80 40 1	XF5 110 35 1	18.0 MF4 80 35 1	XF5 110 35 1	19.0 MF5 80 35 1	
MF5 80 35 1	30.0 XF5 100 35 1	MF4 80 40 1	XF5 120 35 1	MF5 90 28 1	
MF5 80 40 1	XF5 110 35 1	18.5 MF4 80 35 1	30.0 XF4 120 35 1	MF5 90 35 1	
18.5 MF4 80 40 1		MF4 80 40 1	XF5 110 35 1	19.5 MF5 80 35 1	
MF4 90 40 1		MF4 90 35 1	XF5 120 35 1	MF5 90 28 1	
MF5 80 35 1		19.0 MF4 80 35 1	32.0 XF5 120 35 1	MF5 90 28 2	
MF5 80 40 1		MF4 90 28 1		MF5 90 35 1	
19.0 MF4 80 40 1		MF4 90 35 1		20.0 MF5 80 28 1	
MF4 90 40 1	Pieces: 10 (16%)	MF4 90 40 1	Pieces: 10 (13%)	MF5 80 35 1	Pieces: 6 (11%)
MF5 80 35 2	17.0 MP5 70 35 5	19.5 MF4 80 35 1	18.0 MP4 70 35 2	MF5 90 28 1	19.0 MP5 70 28 5
MF5 80 40 2	18.0 MP4 70 35 5	MF4 90 28 1	MP4 80 35 2	MF5 90 35 1	MP5 80 28 2
19.5 MF4 80 40 1	MP5 70 35 2	MF4 90 35 1	19.0 MP4 80 35 2	MF5 90 35 2	MP5 80 28 5
MF4 90 40 1	MP5 70 35 5	MF4 90 40 1	MP5 70 35 5	20.5 MF4 90 35 1	20.0 MP5 70 28 5
MF5 90 35 1	19.0 MP4 70 35 5	20.0 MF4 90 28 1	MP5 80 28 5	MF5 80 28 1	MP5 80 28 5
MF5 90 35 2	MP5 70 35 5	MF4 90 35 1	MP5 80 35 2	MF5 80 35 1	21.0 MP5 80 28 2
MF5 90 40 2	MP5 80 35 5	MF4 90 40 1	20.0 MP5 80 28 5	MF5 90 28 1	
20.0 MF4 80 40 1	20.0 MP5 70 35 5	MF5 90 35 1	MP5 80 35 5	MF5 90 35 1	
MF4 90 40 1	MP5 80 35 5	20.5 MF4 90 35 1	21.0 MP5 80 28 5	21.0 MF4 90 35 1	
MF5 80 40 2	21.0 MP5 80 35 5	MF4 90 40 1	MP5 80 35 5	MF5 100 28 1	
MF5 90 281	Bellies: 2 (3%)	MF5 90 281	Bellies: 1 (1%)	MF5 90 28 1	Bellies: 2 (4%)
MF5 90 35 2	19.0 MB5 H17035 5	MF5 90 35 1	20.0 MB5 70 28 5	MF5 90 35 1	20.0 MB5 70 21 5
20.5 MF4 90 28 1	20.0 MB5 H17035 5	21.0 MF4 90 35 1		MF5 90 35 2	21.0 MB5 70 21 5
MF5 90 35 1		MF4 90 40 1		21.5 MF4 90 35 1	
MF5 90 35 2		MF5 90 35 1		MF5 90 28 1	
MF5 90 40 1		MF5 90 35 2		MF5 90 35 1	
MF5 90 40 2	Locks: 2 (3%)	21.5 MF4 90 40 1	Locks: 4 (5%)	MF5 90 35 2	Locks: 2 (4%)
21.0 MF5 90 35 1	19.0 MZ5 5	MF5 100 35 1	18.0 MZ5 5	MF5 90 40 1	20.0 MZ5 5
MF5 90 35 2	20.0 MZ5 5	MF5 90 35 1	19.0 MZ5 2	22.0 MF5 100 35 1	21.0 MZ5 2
MF5 90 40 1		MF5 90 35 2	20.0 MZ5 5	MF5 90 40 1	
MF5 90 40 2		22.0 MF4 100 40 1	21.0 MZ5 2	MF5 90 28 1	
21.5 MF5 90 35 2	Crutchings: 2 (3%)	MF5 100 35 1	Crutchings: 2 (3%)	MF5 90 35 1	Crutchings: 1 (2%)
MF5 90 40 1	19.0 MC5 35 5	MF5 90 35 1	20.0 MC5 35 5	22.5 MF5 100 35 1	21.0 MC5 35 5
MF5 90 40 2	20.0 MC5 35 5	MF5 90 40 2	21.0 MC5 35 2	MF5 90 35 1	
22.0 MF5 90 40 1	Lambs: 1 (2%)	22.5 MF5 100 35 1	Lambs: 3 (4%)	MF5 90 40 1	Lambs: 4 (7%)
MF5 90 40 2	19.0 MLF5 40 35 2	MF5 100 40 1	18.0 MLF4 40 35 0.3	23.0 MF5 90 35 1	19.0 MLF5 30 35 0.3
22.5 MF5 90 40 2		MF5 90 40 2	19.0 MLF4 40 35 0.3	MF5 90 40 1	MLF5 40 35 1
		23.0 MF5 100 35 1	20.0 MLF4 40 35 0.3		20.0 MLF5 40 35 0.3
		MF5 100 40 1			MLF5 40 35 1
		MF5 90 40 2			
		23.5 MF5 100 35 1			
		MF5 100 40 1			
		24.0 MF5 100 40 1			

AWEX EMI is derived from Northern & Southern Indicators.

Key: Micron, Type, Length, Strength, VM (e.g. 21.0 MF5 90 35 1 = 21.0 mic, MF5, 90mm, 35nkt, 1%vm)

2006 MPG composition



16.5			MPG - NEW	
ASF4	70 40	1.00	✓	
MF4	80 40	1.00	✓	
MF4	70 40	1.00	✓	
MF4	80 35	1.00	✓	
MF4	70 35	1.00	✓	
MF5	80 35	1.00	✓	
17.0			MPG - NEW	MPG
ASF3	80 35	1.00		•
ASF4	70 35	1.00		•
ASF4	80 28	1.00		•
ASF4	80 35	1.00		•
ASF4	80 35	2.00		•
ASF4	80 40	1.00	✓	
MF4	80 40	1.00	✓	
MF4	70 40	1.00	✓	
MF4	80 35	1.00	✓	•
MF4	70 35	1.00	✓	
MF5	80 35	1.00	✓	
17.5			MPG - NEW	
ASF4	80 40	1.00	✓	
MF4	90 40	1.00	✓	
MF4	80 40	1.00	✓	
MF4	90 35	1.00	✓	
MF4	80 35	1.00	✓	
MF5	80 35	1.00	✓	
18.0			MPG - NEW	MPG
ASF4	70 35	1.00		•
ASF4	70 35	2.00		•
ASF4	80 28	1.00		•
ASF4	80 35	1.00		•
ASF4	80 35	2.00		•
ASF4	80 40	1.00	✓	•
MF4	90 40	1.00	✓	
MF4	80 40	1.00	✓	•
MF4	90 35	1.00	✓	
MF4	80 35	1.00	✓	•
MF5	80 35	1.00	✓	
18.5			MPG - NEW	MPG
ASF4	80 40	1.00	✓	•
MF4	90 40	1.00	✓	•
MF4	80 40	1.00	✓	•
MF4	70 40	1.00	✓	•
MF4	90 35	1.00	✓	•
MF4	80 35	1.00	✓	•
MF4	80 28	1.00	✓	•
MF5	80 35	1.00	✓	•
19.0			MPG - NEW	MPG
MF4	90 40	1.00	✓	•
MF4	80 40	1.00	✓	•
MF4	90 35	1.00	✓	•
MF4	80 35	1.00	✓	•
MF5	90 40	1.00	✓	•
MF5	90 35	1.00	✓	•
MF5	80 35	1.00	✓	•
MF5	80 28	1.00	✓	•

19.5			MPG - NEW	MPG
MF4	90 40	1.00	✓	•
MF4	80 40	1.00	✓	•
MF4	90 35	1.00	✓	•
MF4	80 35	1.00	✓	•
MF5	80 35	1.00	✓	•
MF5	80 35	2.00	✓	•
MF5	90 28	1.00	✓	•
MF5	90 35	1.00	✓	•
20.0			MPG - NEW	MPG
MF4	90 40	1.00	✓	•
MF4	80 40	1.00	✓	•
MF4	90 35	1.00	✓	•
MF4	80 35	1.00	✓	•
MF5	90 40	1.00	✓	•
MF5	90 35	1.00	✓	•
MF5	80 35	1.00	✓	•
MF5	90 28	1.00	✓	•
21.0			MPG - NEW	MPG
MF4	90 40	1.00	✓	•
MF4	90 35	1.00	✓	•
MF4	80 35	1.00	✓	•
MF5	100 35	1.00	✓	•
MF5	80 35	1.00	✓	•
MF5	90 28	1.00	✓	•
MF5	90 35	1.00	✓	•
MF5	90 40	1.00	✓	•
22.0			MPG - NEW	MPG
MF4	100 35	1.00	✓	•
MF4	80 35	1.00	✓	•
MF4	90 35	1.00	✓	•
MF5	100 35	1.00	✓	•
MF5	80 35	1.00	✓	•
MF5	90 40	1.00	✓	•
MF5	90 35	1.00	✓	•
MF5	90 28	1.00	✓	•
23.0			MPG - NEW	MPG
MF4	100 35	1.00	✓	•
MF4	90 35	1.00	✓	•
MF5	100 35	1.00	✓	•
MF5	100 40	1.00	✓	•
MF5	80 35	1.00	✓	•
MF5	90 28	1.00	✓	•
MF5	90 35	1.00	✓	•
MF5	90 40	1.00	✓	•
24.0			MPG - NEW	MPG
MF4	100 35	1.00	✓	•
MF4	90 35	1.00	✓	•
MF5	100 35	1.00	✓	•
MF5	100 40	1.00	✓	•
MF5	90 35	1.00	✓	•
MF5	90 35	2.00	✓	•

Key: Type, Length, Strength, VM (e.g. MF5 90 35 1 = MF5, 90mm, 35nkt, 1%vm)

25.0				MPG - NEW	MPG
MF5	110	35	1.00		•
MF5	100	40	1.00		•
MF5	100	35	1.00		•
MF5	110	35	2.00		•
XF4	100	35	1.00	✓	
XF5	100	35	1.00	✓	•
XF5	110	35	1.00	✓	•
XF5	90	35	1.00	✓	
26.0				MPG - NEW	MPG
MF5	100	35	1.00		•
MF5	100	40	1.00		•
MF5	110	35	1.00		•
XF4	110	35	1.00	✓	
XF5	100	35	1.00	✓	•
XF5	110	35	1.00	✓	•
XF5 H1	100	35			•
XF5	90	35	1.00	✓	
28.0				MPG - NEW	MPG
XF5	100	35	1.00	✓	•
XF5	110	35	1.00	✓	•
XF5	120	35	1.00	✓	•
XF5 H1	110	35		✓	•
30.0				MPG - NEW	MPG
XF5	100	35	1.00	✓	•
XF5	110	35	1.00	✓	•
XF5	120	35	1.00	✓	•
XF5 H1	110	35		✓	•
32.0				MPG - NEW	MPG
XF5	110	35	1.00	✓	•
XF5	120	35	1.00	✓	•
XF5	130	35	1.00	✓	•
XF5 H1	120	35		✓	•
MC				MPG - NEW	MPG
19.0	MZ5	0 0	2.00	✓	
	MZ5	0 0	5.00	✓	
20.0	MZ5	0 0	2.00	✓	•
	MZ5	0 0	5.00	✓	•
	MC5	0 35	2.00		•
	MC5	0 35	5.00	✓	•
	MC7	S2	0 35	✓	
21.0	MC5	0 35			•
	MC5	0 35	5.00	✓	•
	MZ5	0 0	2.00		•
	MZ5	0 0	5.00		•
	MC7	S2	0 35	✓	

AWEX - ID

ASF4 Australian Superfine, Best style, Good colour

MF4 Merino Fleece, Best style, Good colour

MF5 Merino Fleece, Good style, Good colour

XF4 Crossbred Fleece, Best style, Good colour

XF5 Crossbred Fleece, Good style, Good colour

XF5 H1 Crossbred Fleece, Good style,
Light unscourable colour

MC5 Merino Crutchings, Good Bulk

MZ5 Merino Locks, Good Bulk

Reporting Tolerances

Micron	16.5 = 16.3 to 16.7
	17.0 = 16.8 to 17.2
	17.5 = 17.3 to 17.7
	18.0 = 17.8 to 18.2
	18.5 = 18.3 to 18.7
	19.0 = 18.8 to 19.2
	19.5 = 19.3 to 19.7
	20.0 = 19.8 to 20.2
	21.0 = 20.8 to 21.2
	22.0 = 21.8 to 22.2
	23.0 = 22.8 to 23.5
	24.0 = 23.6 to 24.5
	25.0 = 24.6 to 25.5
26.0 = 25.6 to 26.5	
28.0 = 27.6 to 28.5	
30.0 = 29.6 to 30.5	
32.0 = 31.6 to 32.5	

Length (mm)	70 = 66 to 75
	80 = 76 to 85
	90 = 86 to 95
	100 = 96 to 105
	110 = 106 to 115

Strength (nkt)	28 = 25 to 31
	35 = 32 to 38
	40 = 39 to 46

VMB (%)	1% = 0.0 to 1.0
	2% = 1.1 to 2.5
	5% = 2.6 to 5.0

Colour	H1 = Light scourable colour (visually appraised)
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Notes

- Identical structure in Northern, Southern and Western regions (directly comparable).
- Comprised of fleece types only, except for Merino Carding (MC) Indicator.
- Quoted as numeric mean of the 4 to 8 component quotes.
- Fleece MPG's quoted in Aust. Cents/kg clean:
 - Fleece MPG's use Schlumberger Dry yield basis.
 - 2%vm Carding types use 17% Scoured yield.
 - 5%vm Carding types use Aust. Carbonising yield.