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June Report

June has ended up being a very tough month to sell wool. The EMI has now fallen for all four sales held in this month, losing a total of 172 cents over this period, making this the second highest monthly fall in the EMI ever; the largest was in March 1991 when the Reserve Price Scheme was abolished. Unfortunately, the market has fallen for four weeks in a row and does not appear to be over. We know that there is a build up of stocks of yarn, fabric and tops around the world. Wool processors and manufacturers in every part of the supply chain are finding it hard to pass on the increase in the price of wool that occurred over the previous season to their customers. Confidence right along the supply chain is being negatively impacted by the trade war between the US and China. Topmakers have been buying wool and losing money for the last six to twelve months. Most topmakers have stocks of tops that are expensive and impossible to move. Greasy stocks of wool in China are at an all-time low as topmakers and scourers know that every kilogram they buy will cost them money, so they are only buying what is necessary to keep machinery operating. The only way for greasy wool traders to write new business and make a sale is to undersell the market and hope that it falls enough to make the trade profitable. And so, the downturn will continue until a processor or trader takes a position in the market. The limited volume on offer means that when this happens, we can get a sharp upturn in the market as others follow.

Season's end figures show the overall reduction in auction offerings compared to the 2017/18 season was 225,182 bales; a fall of 11.9%

	Southern Indicator		Movement C/kg cln	Percentage Movement	
	31/05/2019	28/06/2019			
	1874	1705	-169	-9.0%	
Micron	AWEX Micron Price Guides		Movement	Percentage	Percentile
	31/05/2019	28/06/2019	C/kg cln	Movement	Rank
16.5	2318	NQ	0	0.0%	0.0%
17.0	2286	NQ	0	0.0%	0.0%
17.5	2285	2083	-202	-8.8%	72.2%
18.0	2282	2068	-214	-9.4%	87.5%
18.5	2250	2026	-224	-10.0%	88.8%
19.0	2228	2016	-212	-9.5%	93.7%
19.5	2216	2011	-205	-9.3%	92.0%
20.0	2215	2008	-207	-9.3%	95.1%
21.0	2214	NQ	0	0.0%	0.0%
22.0	2181	NQ	0	0.0%	0.0%
23.0	2035	NQ	0	0.0%	0.0%
24.0	NQ	NQ	0	0.0%	0.0%
25.0	NQ	NQ	0	0.0%	0.0%
26.0	NQ	NQ	0	0.0%	0.0%
28.0	1123	1060	-63	-5.6%	98.3%
30.0	935	835	-100	-10.7%	97.1%
32.0	618	NQ	0	0.0%	0.0%
MC	1046	921	-125	-12.0%	81.3%
\$Aud:US	0.6913	0.6913	0.7003	101.3%	
\$Aud:EUR	0.6209	0.6209	0.6160	99.2%	
<i>Percentiles calculated using weekly data since 1996 except the 16.5-17.5 percentiles which have been calculated using weekly data since May 2009 from AG Concepts</i>					

This following statement below is from a recent WISS directors meeting in response to the Ruralco/Nutrien merger talks.

“The WISS board wish to continue its operation in the current format and believe they have a unique business model worth preserving”.