

## Overview for August / September 2013

**TRADERS commented the market has performed well despite difficult trading conditions, and indicated that the Merino indicator should remain at around the R110/kg level for the season.**

This translates into a much improved price for the producer as this is higher than last season's levels for the same period.

At the first sale of the new wool-selling season the Cape Wools Merino indicator shed 7,6% compared to the closing sale of the previous season to close at R101,96/kg (clean).

The last sale of September saw an increase of 10.2% in the Cape Wools Merino indicator from the first sale of the season to close at R112,41/kg (clean) (see Cape Wools Merino indicator below).

Good demand from Europe and China pushed the prices up, and it is expected that the market will maintain this momentum over both the medium and longer term.

Traders commented that the weakened rand propped up increased rand returns. The inter-

national trading conditions as also experienced in the Australian market was reflected domestically.

Traders are positive that the demand for South African Merino wool from China will increase throughout the season.

According to local traders, this optimism can be attributed to the improved trading conditions in both the Chinese and European markets. They indicated a shortage of tops, although the stock of greasy wool in certain Chinese provinces are still adequate.

Currently South African wool receipts for the comparative period is 12,53% higher than the previous season, totalling 9,752,925.5 kg. Conservative seasonal projections indicate a year-on-year increase in production of 5% totalling 50 million kgs for the year.

Export figures for the 2012/'13 season show that China was still the largest importer of South African wool with about 58% of the clip.

The Czech Republic retained the second spot, with 4 174 600 kg,

a 4% increase from the previous season.

India was the third largest importer with 2 463 087kg.

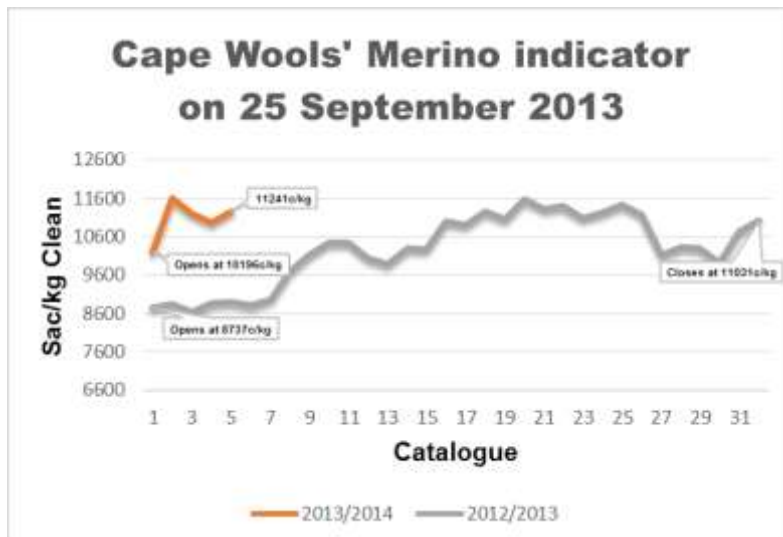
More than 313 000 bales were sold in the previous season with a total value of over R2,7 billion.

The average price of all wool for the 2012/'13 season was R55,65/kg (all wool sold \*).

The previous season was agreed to be one of the best and several record prices were obtained.

According to the Australian EMI, Australia closed its fifth sale of the new season at an average of 1089c/kg.

(\* All Wool includes Merino, Other Wool, and Course & Coloured Wool)



SA Merino indicator for 2013/14	
First sale in Aug '13	10196c/kg
Last sale in Sep '13	11241c/kg
Movement	10.2%
Rand/US\$ at last sale	R9,86

SA Merino indicator for 2012/13	
First sale in Aug '12	8737c/kg
Last sale in Sep '12	8809c/kg
Movement	0.82%
Rand/US\$ at last sale	R8,18

Australian Market Indicator for 2013/14	
First sale in Aug '13	1001c/kg
Last sale in Sep '13	1089c/kg
Movement	8%

SA Indicator for season to end Sept	
Opening	11031c/kg
Movement since opening	0.5%
Seasonal low	10963c/kg
Seasonal high	11603c/kg
Ave to date in 2013/14	11040c/kg
Average to date in 2012/13	8792c/kg