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**Southern Aurora Wool Forward Market Report – 18th April 2019**

**By Mike Avery**

The spot auction market closed for the Easter break still uncertain of direction. Having looked to find a base Tuesday with most qualities lifting, the majority eased into Wednesday on the vagaries of selection and a stronger AUD.

Forward trading was again sparse. There was very little interest from sellers in the medium term leading into the season close. Growers and exporters are both uncertain of the impact of diminishing supply and equally muted demand. Buyers were looking to cover and 21.0 micron traded at cash early in the week (2250 for June). Most interest from the selling side was focused on longer term hedging. With Crossbred prices at record levels growers were able to get cover at the 90th percentile and above for 28.0 out 12 months. December traded at

1010 and March 2020 at 995.

On the merino qualities exporters and processors continue to bid the near term steadily even with the current down trend holding. Selection risk is still evident maintaining interest levels near cash out to June. Spring and Summer levels are discounted 100 to 150 cents equating where new long term export business can be written. 19.0 traded June 2020 at 2150. From an historical point of view this is in the top 10% of prices for the last decade. Taking a more recent view it is in the top 25% of prices for the last four years of price data.

We expect interest to remain steady on the forwards next week in the absence of spot auctions. Volume will be determined by the off shore demand over the recess.

Trade Summary

19.0 June2020 2150 5t

21.0 June2019 2250 5t

28.0 Dec2019 1010 10t

28.0 March2020 995 16t

Total 36 t

**Projected forward trading levels for next week:**

|  |  |  |  |
| --- | --- | --- | --- |
| **Month** | **19.0 micron** | **21.0 micron** | **28.0 micron** |
| **May** | **2265** | **2150** | **1100** |
| **June** | **2265** | **2140** | **1100** |
| **July/Aug/Sept** | **2170** | **2050** | **1100** |
| **Oct/Nov/Dec** | **2160** | **2020** | **1040** |
| **Jan/Mar 2020** | **2150** | **2000** | **990** |
| **Apr/Jun 2020** | **2140** | **2000** | **930** |
| **Jul/Dec 2020** | **2140** | **1970** | **900** |

For more information, please contact Mike Avery on 0409 743 733, [mike.avery@samarkets.com.au](mailto:mike.avery@samarkets.com.au) or visit [www.samarkets.com.au](http://www.samarkets.com.au/).