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**Southern Aurora Wool Forward Market Report – 28th March 2019**

**By Mike Avery**

The forward markets remain constricted with both buyer and seller looking for direction. The establish pattern of the last three to four years of medium to long prices rallies followed short sharp falls seems to be broken. The spot market edged down throughout March as the balance between supply and demand shifted slightly with off shore clients needing some relief. Export numbers for February were down 12% and the year on year down 16%. This is roughly in line with the estimated reduction in production. With quality and quantity likely to vary from week to week we could see a bit more volatility but a continued easing trend.

Exporters are still finding it difficult to get forward commitments from processors at levels approaching spot prices. The lack of grower offering into the spring is hampering price discovery signals. Strong Spring hedging levels achieved during the market rally in February indicated a strong base level going forward. 19.0 (2225 to 2260) and 21.0 (2100 to 2150).

The spot market has lost around 100 cents since those peaks but grower offering levels remain unchanged to higher and attracting little interest.

We anticipate trade interest to remain solid through to June at modest discounts to cash. Spring interest to return at slightly reduced levels. 19 micron indicative interest 2150 to 2200 and for 21.0 micron 2050 to 2100.

Trade Summary

21.0 April 2285 5t

28.0 May 1090 5t

Total 10 t

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

|  |  |  |
| --- | --- | --- |
| **Month** | **19.0 Micron c/kg** | **21.0 Micron c/kg** |
| April | 2270 | 2220 |
| May | 2240 | 2200 |
| June/July | 2220 | 2200 |
| Aug / sept | 2170 | 2090 |
| Oct/Nov | 2140 | 2080 |
| Dec/Jan | 2110 | 2030 |

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