



JEMALONG WOOL BULLETIN
(week ending 14/02/02)

Table 1: Northern Market Prices

Micron Price Guides	Current MPG Price	Weekly Change	10-yr Average	Current Price to Average
Indicator	1003	26	691	145%
19	1251	6	1029	122%
20	1049	40	764	137%
21	1038	37	649	160%
22	1035	40	596	174%
23	1033	40	548	188%
24	1026	50	532	193%
25	968	66	510	190%
26	906	67	491	185%
28	773	68	476	162%
30	651	37	443	147%
32	614	57	431	143%
MC	608	-24	360	169%

MARKET REPORT AND OUTLOOK:

The northern auction market opened again strongly on Tuesday with prices increasing 25-50c/kg clean across the fleece wools. Wednesday began well but eased towards the end of the day, average quotes reported generally unchanged but down again for the cardings. Thursday prices were quoted down for the fleece wools 18-24 micron while skirtings remained fully firm. Cardings were quoted unchanged for the day, down 24c/kg clean for the week. Most affected were the washing locks and lambs. Buyers preparing for large jumps in the markets covered their positions by purchasing on Wooltrade before auction began Monday and Tuesday. Many of these prices paid on Wooltrade were in excess of the levels reached at auction on Tuesday, and with the easing of the market on Wednesday and Thursday, these Wooltrade sales remain as top prices for 10 year period. Despite the Tassie sale, fine wool demand was solid on Wooltrade, with prices for part-tender 17 micron wools far exceeding those offered elsewhere.

The easing market on Thursday is not surprising with Chinese interest down and other buyers consolidating after the past two weeks of price rises. The market could retrace further throughout the next three weeks with auction offerings up to around 80,000 bales. Volumes are predicted to decline mid-March, limited supply could again be a key price factor.

FORWARD COVER

Growers should be looking at covering at least part of their next clip. Whether this be by forward physical sales or by hedging using futures. The charts on the third page of this report show future prices at a discount to the spot for all micron categories but **STILL AT HISTORICALLY HIGH LEVELS**. Although it is difficult to know where the market will head in six months time, by locking in at least part of the clip now would ensure that a high price is achieved on at least some of the wool. If the market goes up further then the rest of the clip will be at an advantage. If the market declines, then at least part of the clip is covered. Physical forward prices will be at a discount to the spot and could be up to 100c/kg discount for 12 months out. Nevertheless for 20-24mic, a 100c/kg discount still equates to \$9/kg clean (~ \$6/kg grsy on a 67%yield) **AND \$3/kg clean OVER THE SPOT PRICE OF 6 WEEKS AGO!!!!**

WOOL IN-STORE

Growers who have wool in-store 20-25 micron should be selling. Prices are very high especially for 22-25 micron. By selling at least some wool now, a grower would be less upset if they sold at current price levels and the market went up, than compared to not selling and the market taking a tumble.

Don't need the money now? Consider these views.....

1. Sell and invest is an option.
2. Remember a tax problem means you are making money.
3. Holding wool for years can be like holding onto a car that is depreciating in value, and holding wool at these levels is pure risky speculation.

The Perspective

1. Current Prices for 22-26micron are 70-90% over their long-term prices. **THAT'S NEARLY DOUBLE.**
2. Forward Prices are between 50-80% of the long-term prices - these levels are still very high.

Comments: Evonne Luton

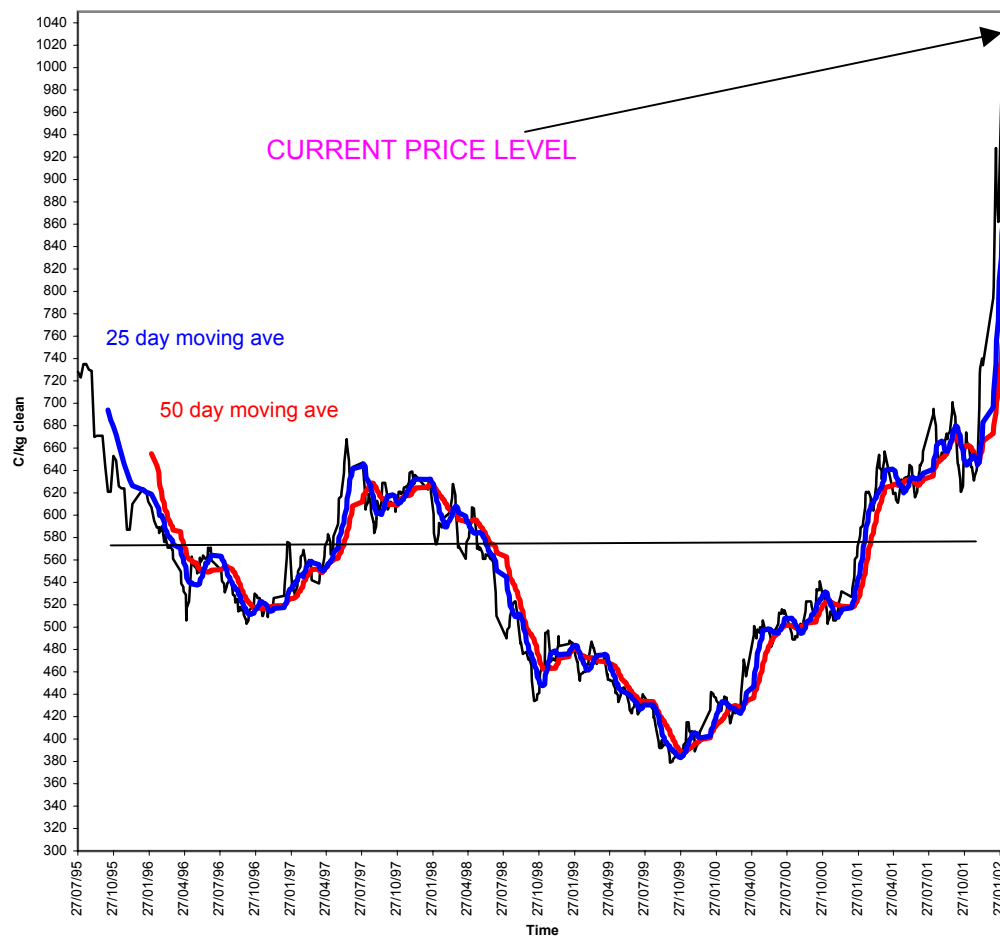


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Table 3: Northern Market Deciles

Micron Price Guide (1995-2002)										
	19	20	21	22	23	24	25	28	32	MC
Current	1251	1049	1038	1035	1033	1026	968	773	614	608
90%	779	642	515	464	427	422	413	386	332	253
80%	864	686	545	487	465	457	439	408	354	278
70%	918	713	584	523	496	478	458	437	384	293
60%	955	730	619	552	515	495	472	454	415	326
50%	981	750	645	601	536	514	486	470	441	352
40%	1051	767	665	633	568	546	523	495	457	375
30%	1108	798	685	655	600	579	550	510	474	414
20%	1247	846	716	675	621	603	571	538	490	435
10%	1319	921	821	716	645	634	619	552	505	464

23 Micron - North
1995-2001





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Macquarie Wool Futures

Delivery Month	19	Diff. to Spot	20	Diff. to Spot	21	Diff. to Spot	22	Diff. to Spot	23	Diff. to Spot	24	Diff. to Spot
Apr-02	1200	-51	920	-129	905	-133	900	-135	890	-143	870	-156
Jun-02	1200	-51	900	-149	885	-153	880	-155	870	-163	855	-171
Aug-02	1175	-76	875	-174	850	-188	840	-195	830	-203	820	-206
Oct-02	1170	-81	875	-174	840	-198	830	-205	820	-213	810	-216
Dec-02	1170	-81	875	-174	840	-198	830	-205	815	-218	805	-221
Feb-03	1150	-101	855	-194	840	-198	810	-225	790	-243	775	-251
Apr-03	1140	-111	855	-194	835	-203	805	-230	785	-248	770	-256
Jun-03	1140	-111	855	-194	835	-203	805	-230	785	-248	770	-256

