JEMALONG WOOL BULLETIN

(week ending 17/02/2005)

Table 1: Northern Market Prices

Micron Price Guides	Current Price	Weekly Change	10-yr Average	Price as % of Ave	This time last year	Year high	Year low
North Ind	738	-20	767	96%	774	945	734
18	1008	-22	1415	71%	957	1145	937
18.5	973	-23	1116	87%	932	1088	846
19	927	-28	1043	89%	920	1053	889
19.5	874	-24	1018	86%	906	1047	867
20	825	-17	836	99%	869	1036	805
21	751	-23	750	100%	829	1035	750
22	715	-28	707	101%	792	1034	715
23	695	-20	669	104%	774	1029	686
24	674	-22	648	104%	741	1015	410
25	580	-13	615	94%	675	938	579
26	537	-11	584	92%	649	880	537
28	465	-9	523	89%	494	647	465
30	426	-12	472	90%	420	550	418
32	395	-6	449	88%	378	510	373
MC	441	-17	416	106%	408	514	364

NORTHERN MARKET REPORT - **Australian dollar 78.48c US, as of 17/02/2005**

Sales were held in Melbourne, Sydney and Femantle this week. The national offering of approximately 79,000 bales was the largest for 7 months. This is in comparison to weekly offerings over this period that have been predominantly less than 60,000 bales.

The market opened significantly lower when sales opened in Melbourne on Tuesday after last week's specialty fine wool sale in Launceston. Prices were generally 15-20c/kg clean lower across all microns - representing a fall of around 2-3% in one day. The first New Zealand wool for the year was offered on Tuesday with a passed-in rate of 40%. Crossbreds, skirtings and oddments were all 10-20c/kg clean cheaper by the day's close.

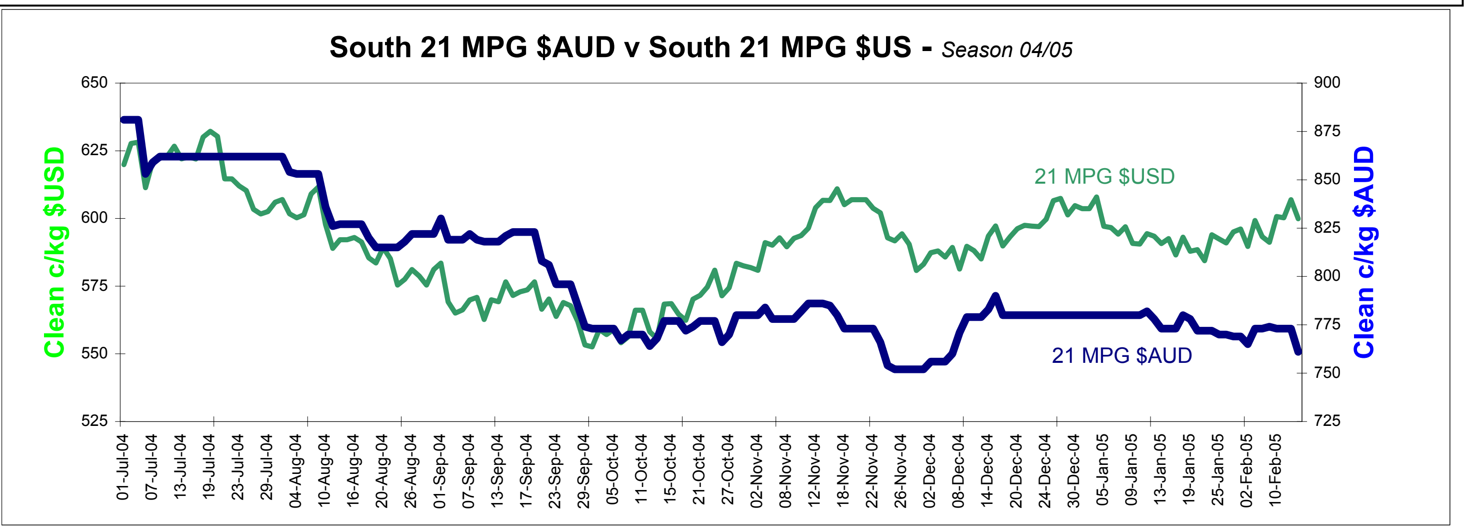
Prices fell in line with Melbourne when sales opened in Sydney on Wednesday. Prices were 15-25c/kg clean cheaper across all microns. Crossbreds were less affected, recording falls of 5-10c/kg clean. Merino skirtings and oddments were around 5-10c/kg clean cheaper.

The market was slightly lower again on Thursday due mainly to a less stylish offering. Prices were generally 5c/kg clean cheaper across all microns, with the better style lots the least affected. Skirtings were generally unchanged while oddments were 10-15c/kg clean cheaper. Passed-in rates for the week averaged around 18%, reflecting the falling market. Major buyers for the week were Itochu, AS Gedge, Chargeurs and Scheiders.

The two biggest contributing factors to this week's falling prices would have to be the large national offering and a stronger Australian dollar. The Australian dollar rose above 78c US early this week, trading at levels not seen since November last year. This week I thought it would be worth having a look at just what an impact the higher dollar is having on wool prices, (see the chart below). The green line is the Southern 21 MPG in Australian dollars and the blue line is the Southern 21 MPG in US dollars. On 1st July 2004 the Southern 21 MPG was trading at 881c/kg clean AUD and 620c/kg clean USD. On Thursday's closing quotes, the Southern 21 MPG was trading at 753 c/kg clean AUD and at 591 c/kg clean USD. This represents a fall of 14.5% in Australian dollar terms, but a fall of only 4.6% in US dollar terms. Over this period the dollar has risen from 70.4c US on 1st July last year to 78.48c US on Thursday. This represents a rise of 11.5%. What this illustrates is that even though Australian woolgrowers are receiving prices over 100c/kg clean less than they at the beginning of the season, overseas buyers are paying a price that is only 29c lower, and the reason is that the dollar has appreciated by 11.5% in this period. The potential good news is that if the dollar does depreciate (everything else being equal) prices woolgrowers receive should see an increase in prices, even if the price for overseas buyers remains unchanged in US dollars. However expected interest rate rises here in Australia and the continued poor performance of the US dollar, mainly due to concerns over the US deficit, mean the short-term outlook is more of the same.

Sales continue in Melbourne, and Fremanlte with a specialty fine wool sale in Newcastle next week. The nationally offering next week will be slightly smaller at approximately 67,000 bales.

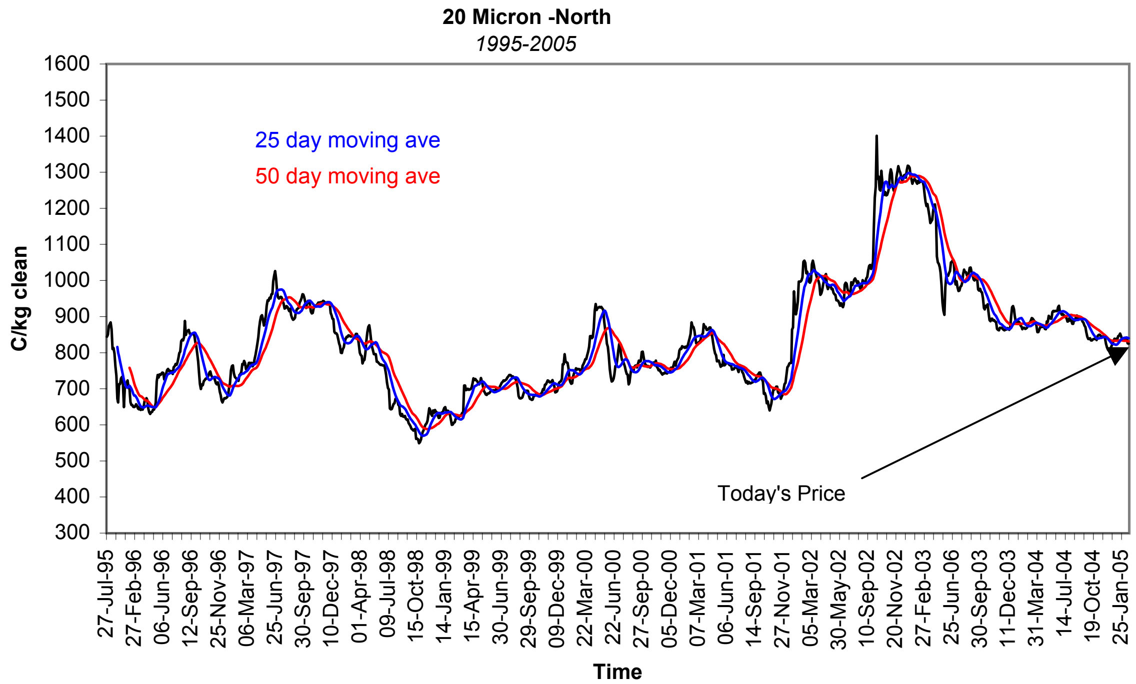
Comments: Phil Roberts (Wooltrade)



Source: AWEX, National Australia Bank

Table 2: Northern Market Deciles

Micron Price Guide (1995-2005)										
	19	**20**	**21**	**22**	**23**	**24**	**25**	**26**	**28**	**MC**
Current	**927**	**825**	**751**	**715**	**695**	**674**	**580**	**537**	**465**	**441**
90%	820	666	530	475	440	434	427	397	342	274
80%	906	712	582	520	495	476	456	436	380	305
70%	946	738	633	575	523	500	476	461	403	354
60%	973	765	662	631	564	539	520	484	429	392
50%	1002	815	696	661	610	586	560	507	448	427
40%	1053	853	769	709	640	628	589	530	464	440
30%	1109	894	826	760	718	684	651	547	485	461
20%	1232	941	889	856	836	823	745	595	505	486
10%	1325	1014	1008	1011	1003	993	954	719	563	570



Source: AWEX, National Australia Bank

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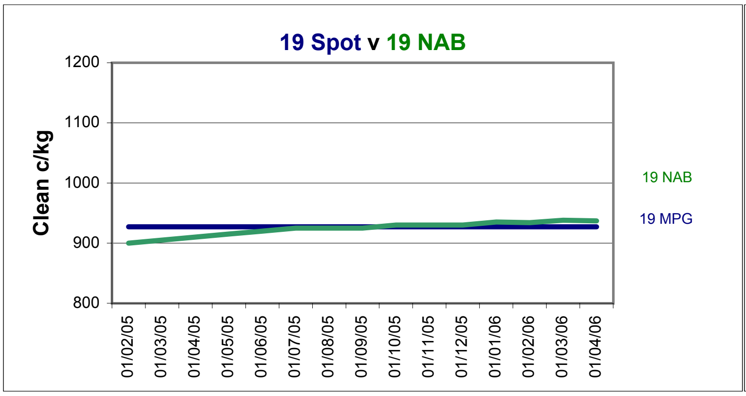
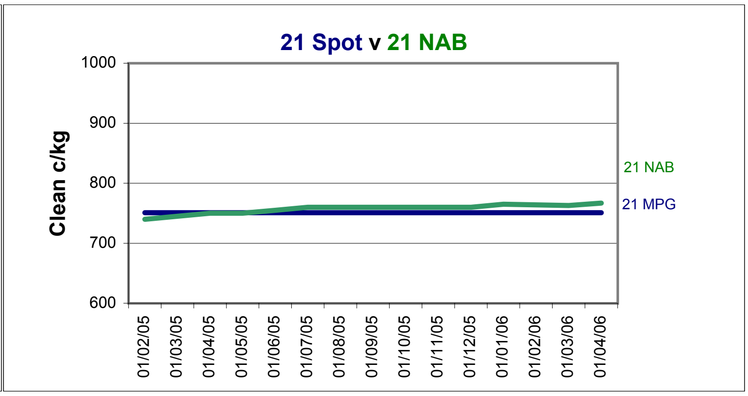
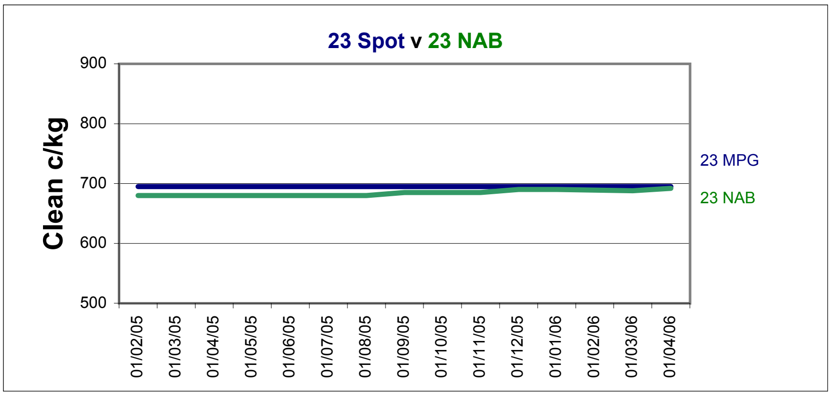
(week ending 17/02/2005)

Table 3: National Australia Bank - Wool Swaps

NAB Producer Bids 17-Feb-2005																
Delivery Month	18 MIC	Diff. To Spot	19 MIC	Diff. To Spot	20 MIC	Diff. To Spot	21 MIC	Diff. To Spot	22 MIC	Diff. To Spot	23 MIC	Diff. To Spot	24 MIC	Diff. To Spot	28 MIC	Diff. To Spot
Feb-05	980	-28	900	-27	795	-30	740	-11	700	-15	680	-15	650	-24	440	-25
Mar-05	985	-23	905	-22	795	-30	745	-6	705	-10	680	-15	650	-24	440	-25
Apr-05	990	-18	910	-17	800	-25	750	-1	710	-5	680	-15	650	-24	440	-25
May-05	995	-13	915	-12	805	-20	750	-1	715	0	680	-15	655	-19	445	-20
Jun-05	1000	-8	920	-7	810	-15	755	+4	715	0	680	-15	655	-19	445	-20
Jul-05	1000	-8	925	-2	815	-10	760	+9	720	+5	680	-15	655	-19	445	-20
Aug-05	1000	-8	925	-2	815	-10	760	+9	720	+5	680	-15	655	-19	445	-20
Sep-05	1000	-8	925	-2	815	-10	760	+9	720	+5	685	-10	660	-14	450	-15
Oct-05	1005	-3	930	+3	820	-5	760	+9	725	+10	685	-10	660	-14	450	-15
Nov-05	1005	-3	930	+3	820	-5	760	+9	725	+10	685	-10	660	-14	450	-15
Dec-05	1005	-3	930	+3	820	-5	760	+9	725	+10	690	-5	665	-9	455	-10
Jan-06	1010	+2	935	+8	825	0	765	+14	730	+15	690	-5	665	-9	455	-10
Feb-06	1014	+6	934	+7	824	-1	764	+13	729	+14	689	-6	664	-10	454	-11
Mar-06	1018	+10	938	+11	823	-2	763	+12	728	+13	688	-7	663	-11	453	-12
Apr-06	1027	+19	937	+10	822	-3	767	+16	732	+17	692	-3	662	-12	452	-13







Source: AWEX, National Australia Bank