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Key Watchpoints – October

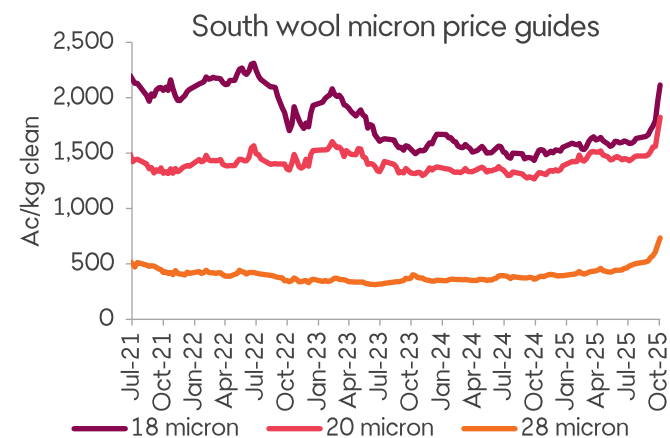
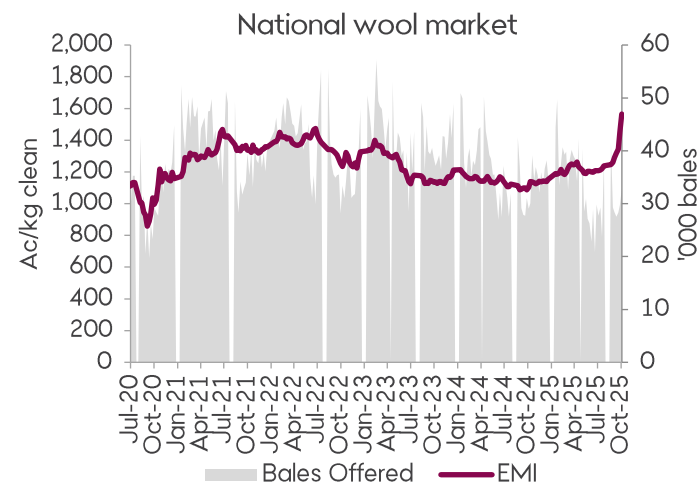
- The AWEX EMI has increased for 11 consecutive selling weeks since the start of season 2025/26.
- Low inventory in Chinese mills is helping to fuel demand as they aim to operate at full capacity.
- Fleeces that are non-mulesed and/or are certified under RWS, AWSS or AUTH schemes are attracting additional premiums.

Wool prices lift amid improving sentiment and demand

The Australian wool market continued its auspicious start to the season, increasing for 11 consecutive selling weeks, lifting the AWEX EMI to 1,565 c/kg. This is 348 cents higher than the start of the season and 461 cents higher than the same time last season. The increases have been shared across the microns; however, merino fleeces have been particularly well supported with increases of up to 221 c/kg seen week-on-week for some merino fleece types. The EMI in USc terms has also risen 248 USc over the same period to sit at 1,032 USc/kg. This increase has come despite the Australian Dollar strengthening at varying times over this period, speaking to an underlying level of support within the market.

As had been forecast, supply has decreased this season. As prices have improved, the current weekly offerings are sitting at similar levels to last season as producers take advantage and bring stored wool to market. This parity is providing a sense of optimism for sellers that the recent price increases are an example of a true increase in demand as opposed to purely being driven by lower supply.

There were reports from the recent Nanjing Wool Market conference held in China that indicated low levels of stock at mills currently, helping to build demand. However, it was also noted that as prices increase blends will find favour in keeping price points in check. Following the strong start to the season overall market sentiment has lifted to a belief that the lift in demand is genuine and sustainable.



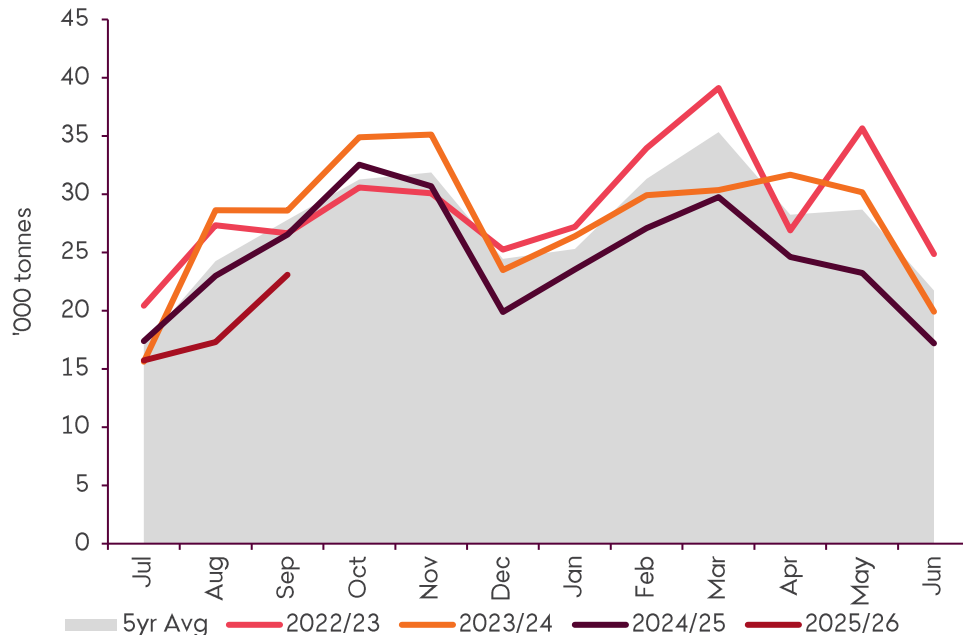
Price premiums for integrity scheme certified fleeces.... and a final thought on where prices will go next

Demand is only growing for wool that is certified as part of an integrity scheme such as Responsible Wool Standard (RWS), Australian Wool Sustainability Scheme (AWSS), or Authentico (AUTH). While the exact requirements vary amongst each certification, animal welfare, land management and social requirements are parts of the standards. Often relating to whether sheep have been mulesed, sustainable farming practices, and traceability.

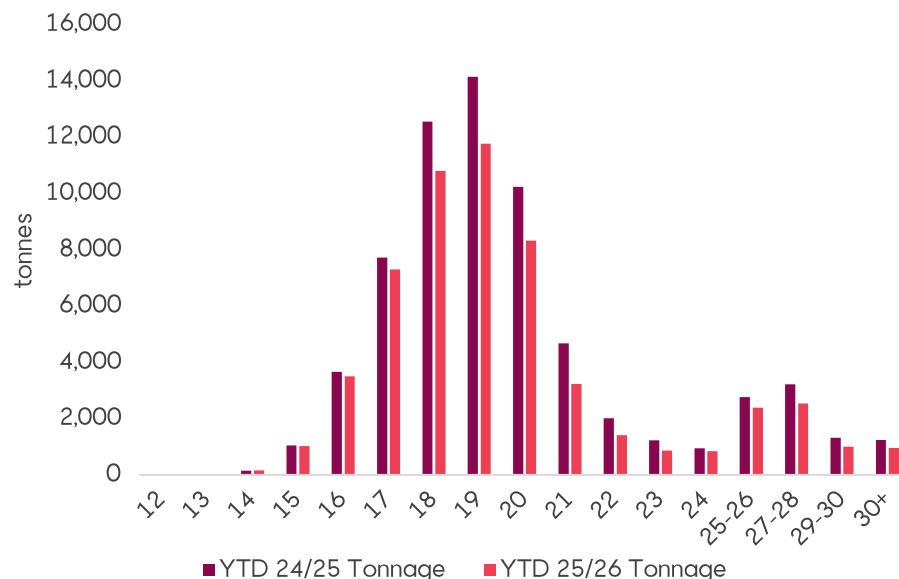
There are several large European buyers that are committing to purchasing certified wool such as LVMH, Hugo Boss and Marks and Spencer's. Target dates for these buyers to be 100 per cent committed to only buying certified wool range from 2026 to 2030, however, at this stage only six per cent of Australia's clip is RWS certified. While over 85% of Australian wool is exported to China where these requirements are not yet in place, demand is starting to be pushed down the supply chain helping to add premiums to sought after fleece types. Premiums of 100 c/kg and higher are currently available for certified fleeces.

So where to next for wool prices more broadly? With such prolific price rises recently it becomes a challenge to forecast where the price might go from here. While it is likely a price correction will come at some point, in a generally economic sense, the increase in demand has become a big driver of the price. With these recent high prices, we are starting to see sellers take advantage and bring fleece to market that has been in storage which will help boost supply. It appears there is still room to move before a price ceiling is hit, with the extra demand expected to drive prices a little higher yet.

Australian wool test volumes



Australian micron profile year-to-date



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