

19 August 2005

Wool Prices Hit Four-Year Low

ABC Australia reported today that the wool market hit a four-year low at sales this week.

The eastern market indicator fell below 700 cents a kilogram to 698 cents a kilo clean, the lowest since November 2001.

Falls were seen across all micron ranges for fleece wools.

Drops over the past few months have been attributed to the strength of the Australian dollar against the U.S. dollar.

High Oil Prices Fail to Boost Wool Market

The wool market remains in the doldrums, despite record-high oil prices, reported ABC Australia.

In the past, the high cost of oil has pushed up the price of synthetic fibers and eventually resulted in better returns for wool. But, as crude oil prices soared to new highs last week, the wool market took another slide.

This lack of correlation is being attributed to wools current low profile and a lack of consumer discretionary income.

Analyst Chris Wilcox told CNN he believes prices will stay low for the next six months. He is confident the market will pick up next year, although growers will have to weigh their cash-flow situation when deciding whether to sell.