

# The Wool Market

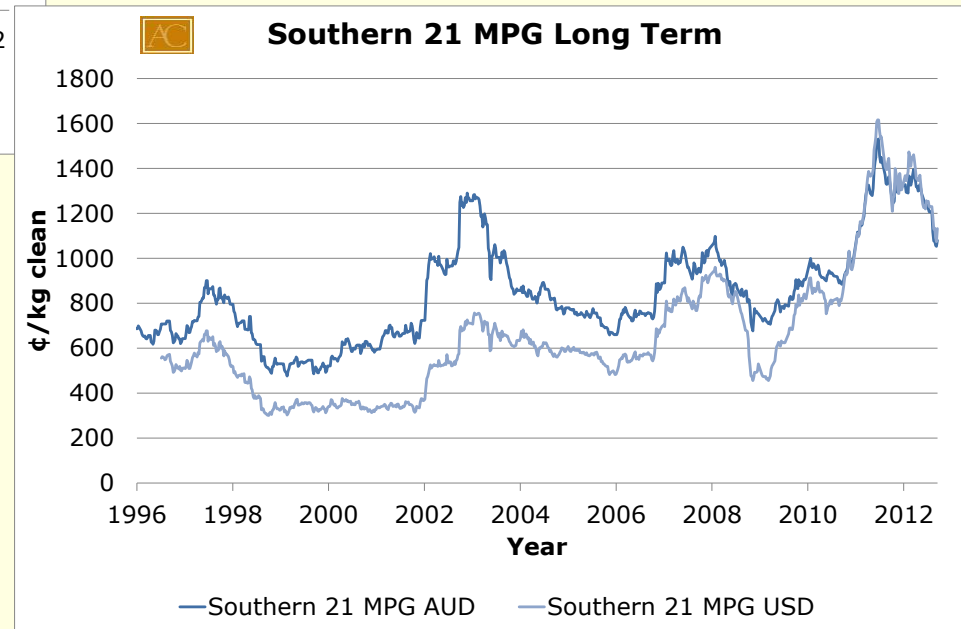
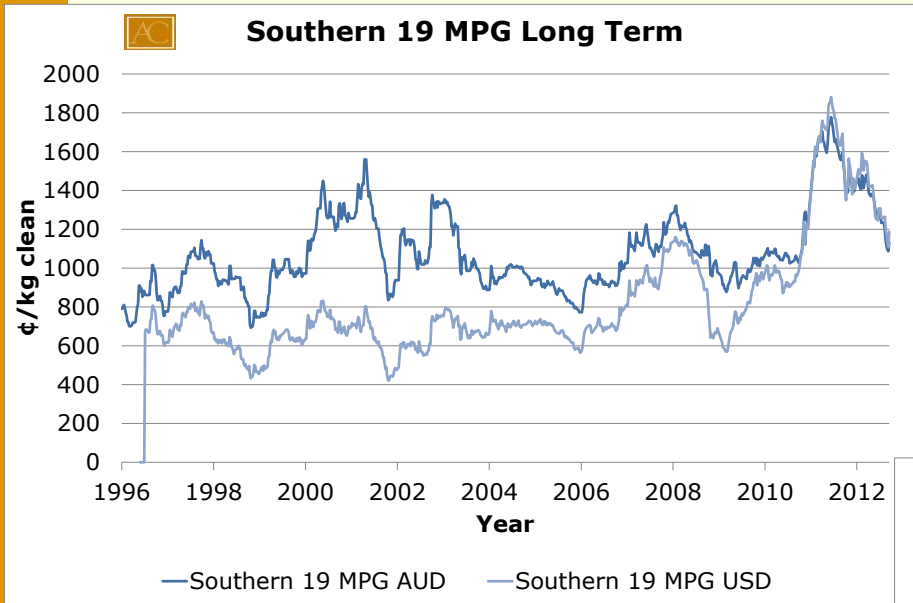
## Delegate

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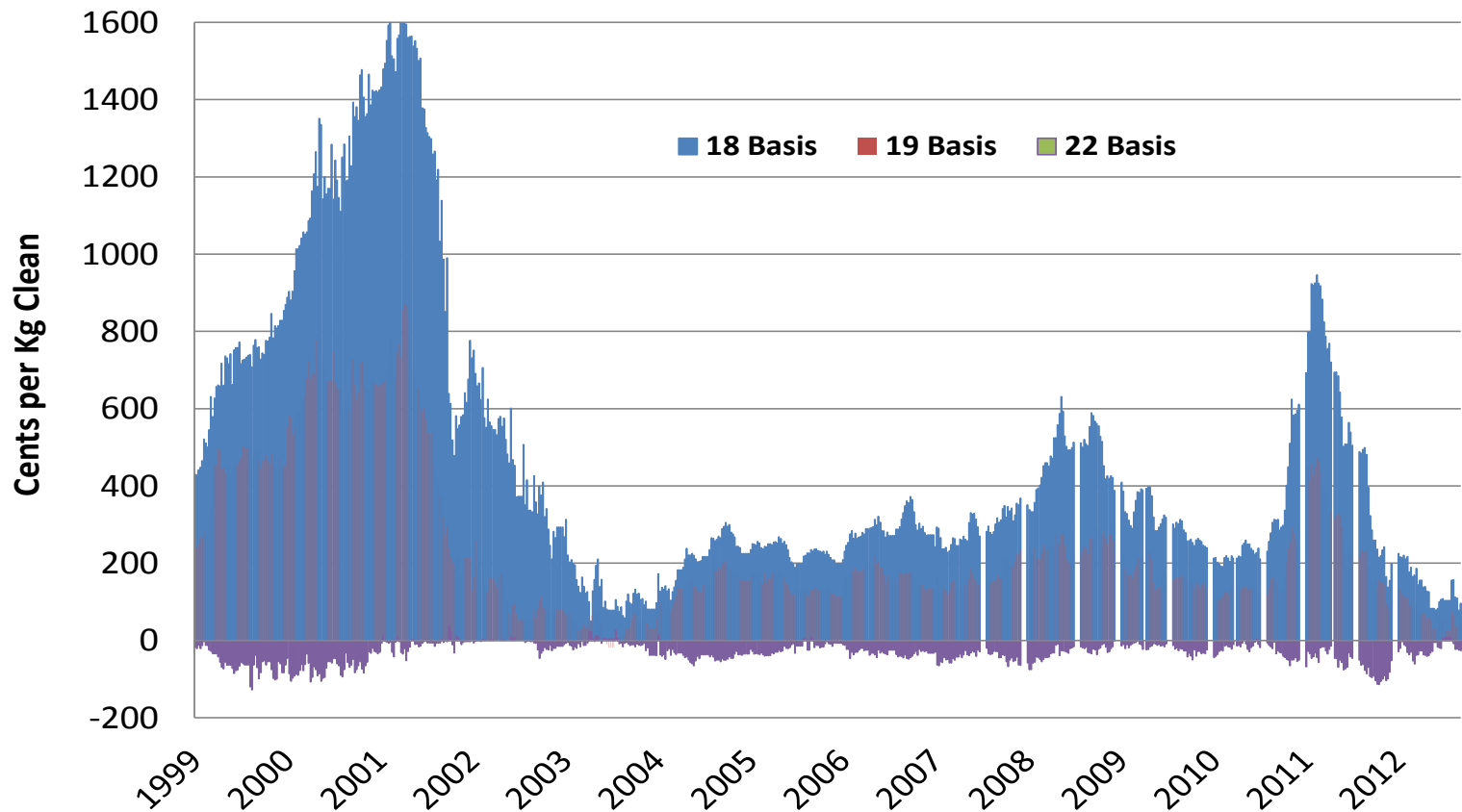
**AgConcepts Unlimited P/L can be contacted on 03) 5333 7764**

# Wool markets are volatile



# Fine wool premiums

- Historically low levels.



# Wool prices..... Deciles

- Provide historical perspective.
- Medium wool prices strong.

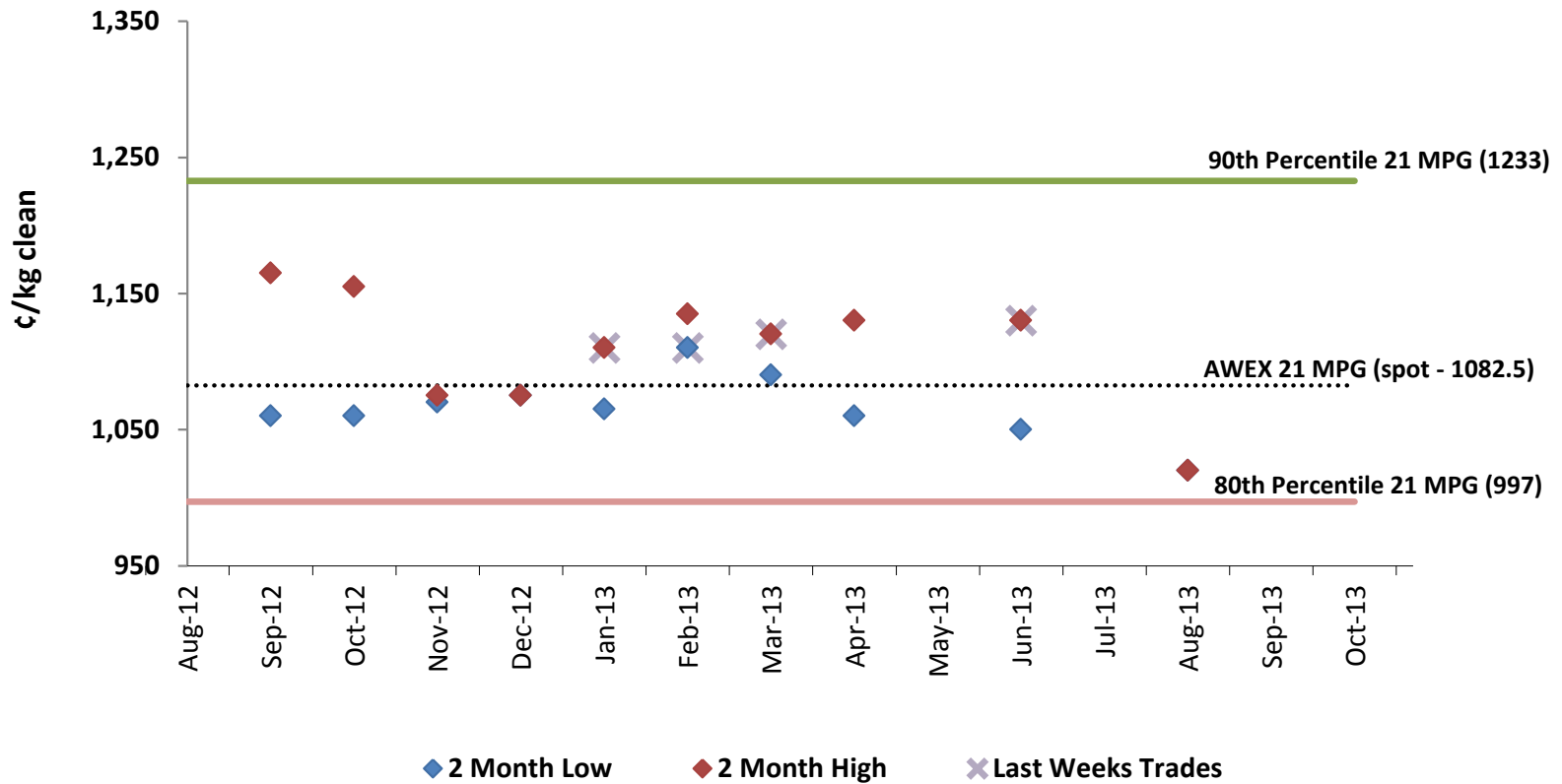
Southern MPG Spot Price Decile (1996-Current)															
	18u	18.5u	19u	19.5u	20u	21u	22u	23u	24u	25u	26u	28u	30u	32u	Cardings
<b>Min</b>	811	810	693	732	560	476	416	377	360	345	345	326	313	287	236
<b>10%</b>	996	959	868	847	697	561	520	486	474	459	443	423	360	329	312
<b>20%</b>	1055	985	921	877	746	654	620	548	528	516	490	441	390	350	393
<b>30%</b>	1110	1035	952	909	792	710	676	634	612	576	544	458	405	368	428
<b>40%</b>	1163	1082	991	956	829	753	719	695	662	608	565	470	423	390	445
<b>50%</b>	1243	1128	1031	987	870	810	750	727	694	646	585	482	436	403	467
<b>60%</b>	1318	1184	1077	1044	916	864	825	801	758	674	611	500	460	430	495
<b>70%</b>	1413	1265	1141	1128	963	938	917	888	821	704	638	537	488	461	546
<b>80%</b>	1537	1359	1251	1251	1028	997	975	960	907	845	756	596	525	488	598
<b>90%</b>	1856	1473	1363	1384	1245	1233	1212	1152	1040	964	883	673	596	554	673
<b>Max</b>	2308	1932	1778	1681	1590	1531	1462	1341	1236	1177	1113	869	696	656	851
<b>MPG's at 14/09/2012</b>															
<b>MPG's</b>	1176	1150	1133	1107	1090	1080	1054	1020	958	904	801	567	554	484	594
<b>Decile</b>	42.4%	55.6%	68.9%	68.9%	85.0%	86.6%	86.5%	86.2%	82.1%	83.6%	83.1%	77.7%	82.7%	77.8%	79.2%

# Riemann pricing

(w/e 14<sup>th</sup> Sept12)



Riemann Forward Market - 21 MPG



# Riemann Wool Forward Contract

- The **Riemann Wool Forward Contract** is a Forward Contract for physical wool; it is not a derivatives contract
- Contract is cash settled with physical wool delivered to the Brokers wool store and sold as per normal.
- Forward prices offered for up to two future clips
- Contracts between :
  - **Broker and buyer**
  - **Broker and grower**
- Broker will :
  1. Source prices based on the forward bids of Wool Buyers.
  2. or Offer on behalf of the grower on a “Good Till Cancelled” (GTC) basis.
- Buyers able to :
  - Enter bid directly on screen
  - or Accept grower offers

# Riemann Wool Forward Contract

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## Contracts Specifications

- Micron 18 to 30 MPG
- Clean Kgs 1,000 clean Kgs minimum
- Settlement date coincide with scheduled wool sale
- Price cents per kilogram clean
- Settlement cash settled

# Settlement Basis

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- Wool delivered to broker store and listed for auction on the date of the contract settlement.
- Contracts settled against the nominated MPG (Mid price of the North & South MPG's) on the contract settlement date.
- Contract settles higher than forward contract price
  - Grower sells wool in auction
  - Cash deducted from grower
  - Cash sent to contract buyer
- Contract settle below forward contract price
  - Grower sells wool in auction
  - Cash received from buyer
  - Cash sent to grower



# Benefits and Features

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- Seller determines MPG, contract size, maturity date
- Grower provided with a regular update of indicative offer prices
- Transparent system to wide range of buyers
  - I Phone / Blackberry / iPad access for prices (and soon for alerts)
  - “Live” desktop screen in brokers office
  - Daily Wool Recap Reports distributed via email
  - Weekly Wool Reports distributed via email, Facebook, Twitter and LinkedIn
- Grower may accept price, or place “good till cancelled” orders at his/her level
- A separate forward contract would be drawn each time a price was secured

# Benefits and Features

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- Grower has easy access to a legitimate risk management tool.
- Unlike using futures the grower would not be subject to margin calls or required to provide a bank guarantee.
- Wool can still be sold in the normal way.
- The entire transaction requires the grower to communicate only with his Wool Broker.