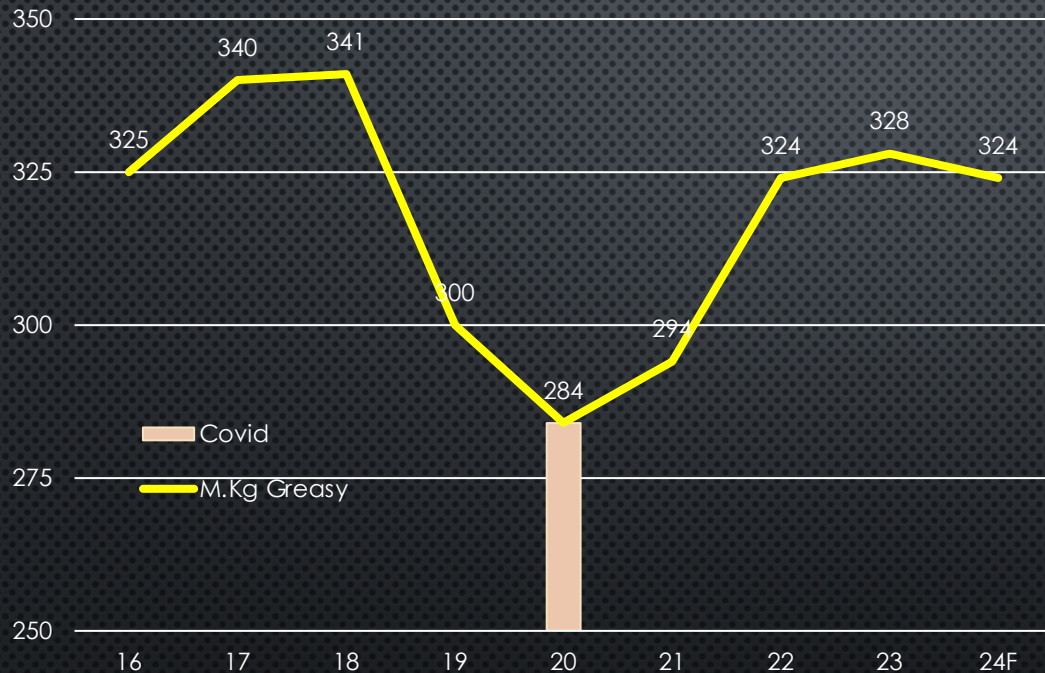


AAAC Outlook

Wool Market and Price Outlook

Supply



Forecast 24 [plus 2.6%]

324 m.kilos greasy

79% Merino

21% Crossbred

Plus a Stock Overhang from prior years which may be up to 20% of production.

Market Levels 2023

AWEX EASTERN MARKET INDICATOR 2023 YTD



Changes

EMI AU\$
minus 13.0%

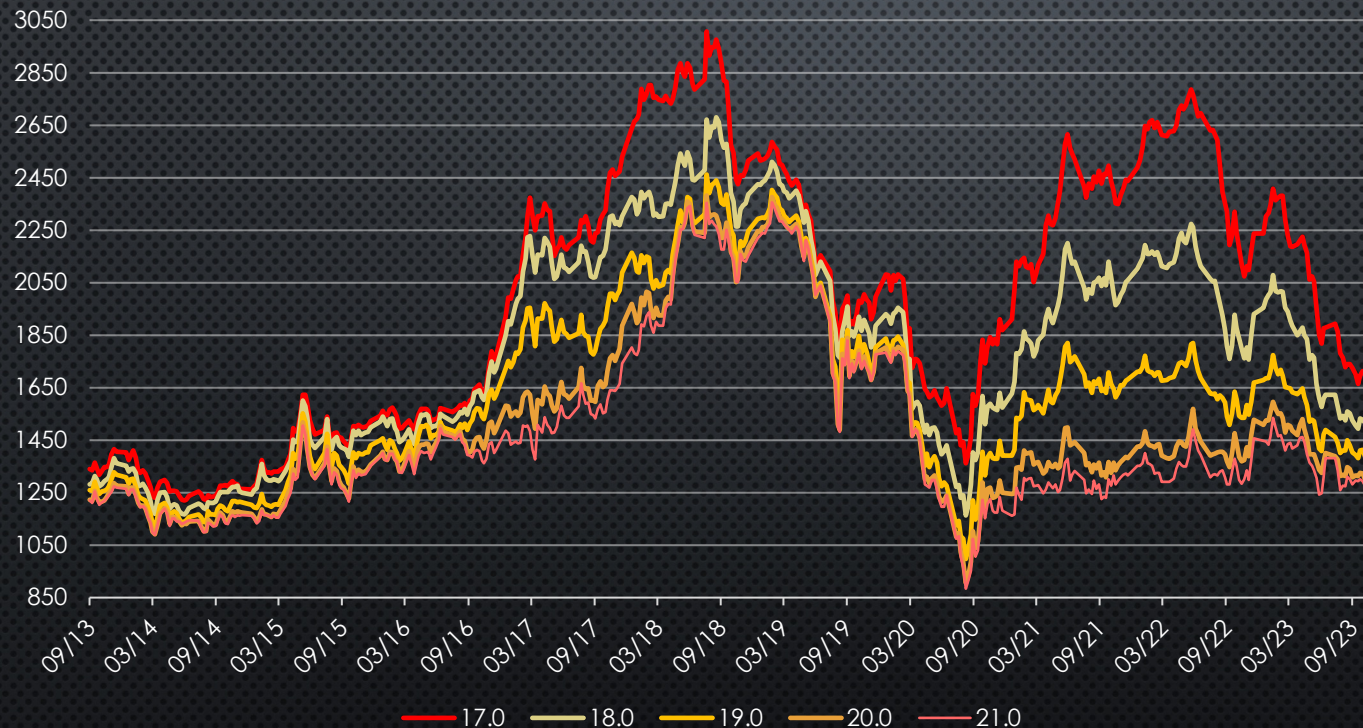
EMI US\$
minus 18.3%

Carding Index
minus 20.3%

Micron Premiums

AWEX Micron Price Guides 10 Years From September

2013 Week Closing Quotes : Ave Northern & Southern markets



Cyclical

Range
affected by both
supply and
demand.

Falls range from
16.0% at 17.0
To
1.7% at 21.0

Trade Environment.1

The impact of higher food inflation, energy costs and interest rates has caused consumers to reassess priorities and added a degree of anxiety to life in general.

Retail Sales in all our major Consumer markets, USA, Western Europe, China and Japan are soft

Countries that experienced longer lock-downs from Covid have taken significantly longer to reenter a normal spending and recreation scenario.

China's reentry into retail therapy has been much more cautious than expected. It is improving but very slowly. This may be a combination of lockdown and the affects of the property market. Household savings increased by USD 2.6tr in 2022.

Trade Environment.2

80.6% of Australian wool exports went to China in 22/23 followed by 6.3% to India and 4.0% to Italy.

China is the primary processor of wool to many different stages and exports
- wool tops, yarn and textiles as well as fully and partially finished apparel.

China consumes internally over 50 plus % of finished wool product at a Consumer level. It is a critical market

Costs have risen and initially China lost market share in exports, however it has now reduced unit costs and regained any lost share in export markets.

The reduction in producer prices has been a key factor in reducing factory gate prices. Wool has felt the full cost of this.

Apparel Imports

	Period	Volume	Value	
USA	Jan – Sep 23	-25.6%	-22.8%	USD
EURO 27	Jan – Aug 23	-14.64%	-10.88%	EURO

For both the US and Euro areas, figures are below same period of 2019.

Into 2024

The ability of the Apparel industry to work through difficult times is legendary and the focus right now is on reduced cost throughout the chain.

Wool Price is temporarily a victim of that cost cutting but that will change going forward as demand improves and our stocks reduce.

Price changes in USD on a long-term rolling median basis have significant upside potential and could react quickly when conditions change.

As they say, it is the journey not the destination that counts. In this case we would rather arrive sooner than later.