

CIRCULAR



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To: All Members

15/98

No:

Fine and Broad Wool Futures Contracts

Members are reminded that the Exchange will launch a Fine Wool Futures contract and a Broad Wool Futures contract on **Monday 19 January 1998**.

Cash Settlement

The Fine and Broad Wool futures contracts will be cash settled against prices provided by the Australian Wool Exchange (AWEX). The composition of the cash settlement figure for each contract will be based on eight wool types. The eight wool types for each of the contracts can be seen in Attachment A.

A comparison table, using historic data, which shows the SFE 19 micron and 23 micron clean wool indicator prices verses the AWEX Micron Price Guide (MPG) quotes will be available from the Exchange. If you are interested in receiving this data please contact the undersigned.

Final Trading Day

The final day of trading in a contract expiry month will be the first business day following a Sydney / Melbourne cash market sale day and thus will only include wool types sold in these centres. If the two sale centres do not sell on the same day during an expiry month two alternative centres will be used.

The **final trading day for the April 1998** Fine and Broad Wool Futures contract will be **Wednesday 22 April 1998**.

The **final trading day for the June 1998** Fine and Broad Wool Futures contract will be **Wednesday 24 June 1998**.

If you have questions regarding the Fine or Broad Wool Futures contracts please contact the undersigned on (02) 256 0493.

ATTACHMENT A

Micron	AWEX-ID	Length mm	Strength N/ktex	VMB %
19	MF4	80	35	1.0
19	MF4	80	40	1.0
19	MF4	90	35	1.0
19	MF4	90	40	1.0
19	MF5	80	35	1.0
19	MF5	80	40	1.0
19	MF5	90	35	1.0
19	MF5	90	40	1.0

Micron	AWEX-ID	Length mm	Strength N/ktex	VMB %
23	MF4	90	35	2.0
23	MF4	90	40	2.0
23	MF4	100	35	2.0
23	MF4	100	40	2.0
23	MF5	90	35	2.0
23	MF5	90	40	2.0
23	MF5	100	35	2.0
23	MF5	100	40	2.0

The micron, length, strength and vegetable matter ranges included in the above tables are as follows:

1. Micron 19 micron wool covers a full micron range from 18.6 to 19.5 microns.
23 micron wool covers a full micron range from 22.6 to 23.5 microns.
2. Strength 35 n/ktex wool includes all wool from 32-38 n/ktex.
40 n/ktex wool includes all wool that are 39 n/ktex and greater.
3. Length 80 mm wool includes lengths from 76 to 85 mm.
90 mm wool includes lengths from 86 to 95 mm.
100 mm wool includes lengths from 96 to 105 mm.
4. Vegetable Matter 1.0 VMB includes 0.1 to 1.5 vegetable matter.
2.0 VMB includes 0.1 to 2.5 vegetable matter.

The wool types that fall within the specified ranges will be adjusted four times by normalisation factors, firstly for micron, then length, strength, and finally vegetable matter. For example the price of 19.3 micron wool is adjusted by a normalisation factor to a 19.0 micron price. The normalisation factors are updated on a regular basis.

The average wool price will be calculated for each wool type. The price of the eight wool types will then be averaged to produce the final cash settlement price.

Margaret Willett
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