



MOSES & SON

WOOLBROKERS MERCHANDISE LIVESTOCK

Week 31: 01/02/2018

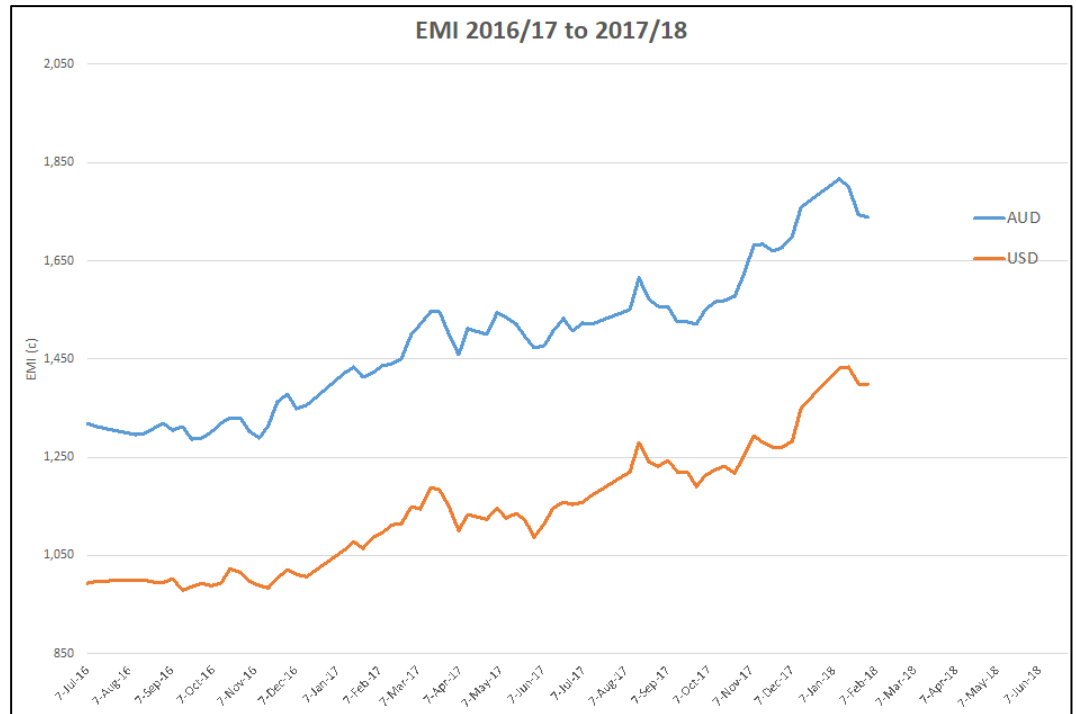
The AWEX EMI closed the week at 1738c - down 6c at auction sales held across Australia this week. The market opened with some price base after last week's freefall correction posting solid numbers across most of the Merino MPG's.

Merino Fleece: 16-17.5µ fleece types were keenly sought, as were the 20-23µ MPG's posting rises between 1-36c for the week. The MPG's between 18-19.5µ struggled a little, showing some losses in the north and

some small increases in the South and West as the centre MPG difference slowly moved back into alignment. Discounts for poor specifications and style marred the market early in the offering, however a few hours into the offering, the discounts began to shrink.

Merino Skirtings started the week under price pressure, dropping 20-40c, however a gradual recovery saw these lots close the week relatively close to where they opened.

Crossbreds were generally weaker with the exception of the fine comeback (24-25 MPG's) and the coarse 31-32µ MPG's which posted small rises.

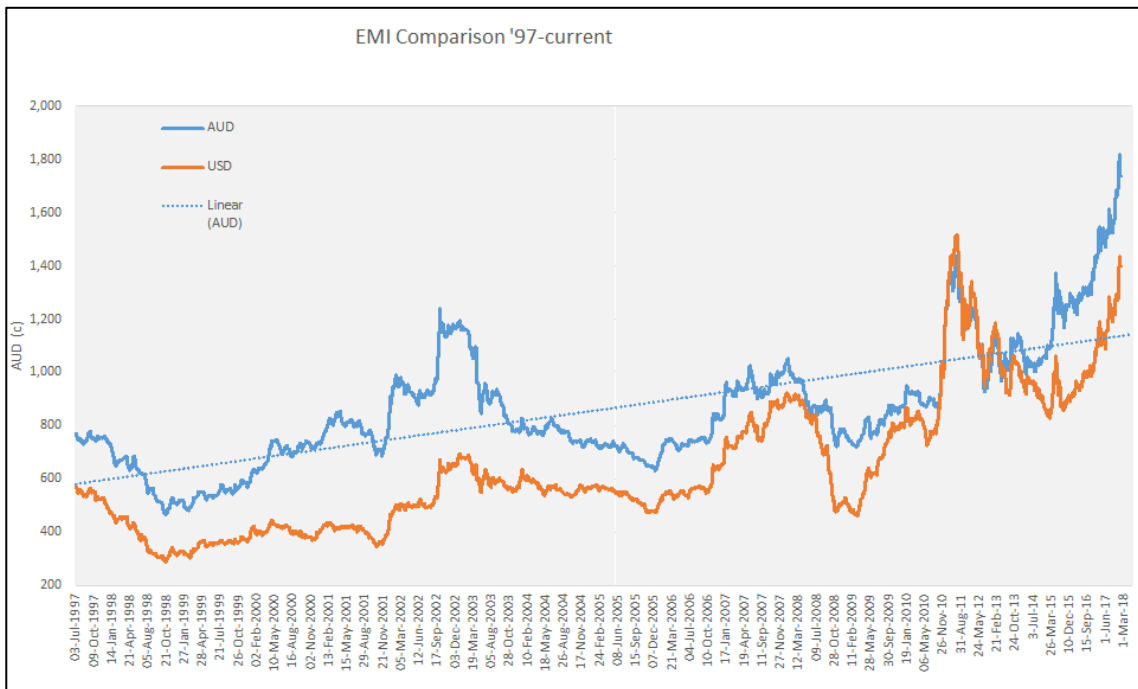


MPG North	Percentile	1/02/2018	24/01/2018	Variance	5 Year Average	5 year var	5 year % var
17	100.0%	2,705	2,684	21	1,706	999	58.6%
18	99.3%	2,330	2,345	-15	1,630	700	42.9%
19	99.3%	2,090	2,101	-11	1,504	586	38.9%
20	99.5%	1,901	1,900	1	1,402	499	35.6%
21	99.8%	1,789	1,785	4	1,362	427	31.4%
22	99.6%	1,720	1,723	-3	1,329	391	29.4%
30	32.2%	542	550	-8	659	-117	-17.7%
EMI	99.4%	1,738	1,744	-6	1,255	483	38.5%



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Merino Cardings continued to post solid falls after last week's all-time record weekly fall. The Northern MC lost 34c whilst the South and West lost 43 and 45c respectively. It is as if the market has "switched off" after a record breaking bull run in this category, and now we grapple with falls totalling 280c for the last three weeks.

The pass-in rate this week fell back to normal, totalling 7.6% of the 39,585 bale

offering. Next week sees a national offering of just over 40,000 bales. To date, wool sold at auction sales in Australia total \$1.98bn so next week the AUD value of the Australian wool will tip over the \$2bn mark.

The market is certainly suffering due to the imbalance of supply between well specified and stylish lots and the poor style and specified lots. In years gone by, the market would have wool shorn in the previous spring to offer in this period to balance this out. This pattern has been completely reversed by the escalating price through the pre-Christmas sales drawing out all (or most) of this wool. The other factor in play at the moment is the financing the purchase of the Australian wool clip. Higher prices in local currency and an escalating currency exchange combine to give the wool exporter and processor some additional headaches as they try and meet the requirements of their customer.

Mike Avery Forward Wool Market report: The placid demand early in the week stagnated the forwards as both buyers and sellers approached the week cautiously. The auction market weakened substantially early on Wednesday which bought out modest selling interest. Trading levels into the autumn, although of the peaks of a fortnight ago, still represented excellent hedge numbers with 19.0 executed at 2045 and 21.0 at 1730. The spot market recovered Thursday highlighting the volatile nature of the current price landscape. At current price point the market is very susceptible to minor changes to supply and demand dynamics. Funding and cash flow issues will affect weekly demand even in an expected tight supply environment. This coupled with normal demand decay that follows sustained strong prices will result in increased volatility. ~ Marty Moses

Region	Centre	1/02/2018	24/01/2018	Variance	Bales Offered	Bales Sold	Pass-in%	Next Sale Offering
Northern	Sydney	1,829	1,845	-16	11,823	11,140	5.8%	12,497
Southern	Melbourne	1,681	1,677	4	19,669	18,316	6.9%	20,803
Western	Fremantle	1,819	1,821	-2	8,093	7,138	11.8%	7,386
National	AWEX EMI	1,738	1,744	-6	39,585	36,594	7.6%	40,686