



# MOSES & SON

WOOLBROKERS MERCHANDISE LIVESTOCK

## Week 50: 14/06/2018

The AWEX EMI closed the week on 2021c posting a 10c rise at auction sales in Australia this week. 28029 bales went under the hammer this week as Fremantle returned to the auction rooms after a 1 week break. Once again the clearance exceeded 96%.

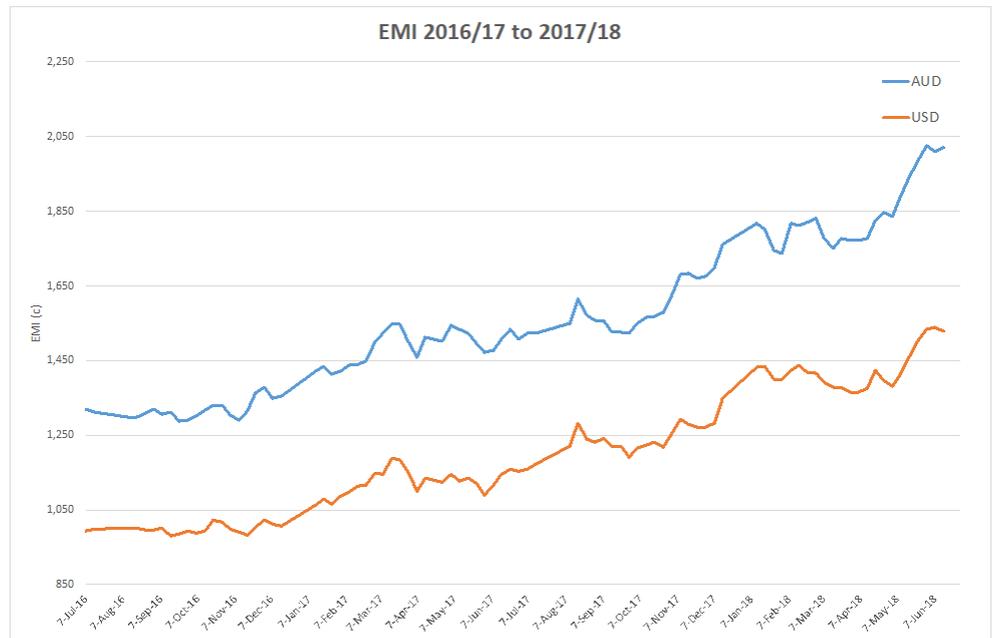
**Merino Fleece** sold well despite the growing percentage of average to poor style wools being presented to the market,

and the prices being paid for the national offering is nothing short of extraordinary. While the Superfine and fine fleece selection (16-18.5 $\mu$ ) were barely maintained it was the medium wool categories that attracted the attention of the buying fraternity posting price increases between 10 and 23c in the north markets and up to 41c in the southern and western markets. With the 20-22 MPG's pushing through their previous price records we now see the price basis for the 19.5-21.5 MPG's reduce to just 5c and in some isolated cases the coarser end made more than their finer counterparts. I am almost certain that this current phenomenon is directly related to the limited offerings to meet the prompt demand, and that we may see some adjustment when sales resume in the spring and weekly bale offering increases.

**Merino Skirtings** mimicked the fleece movements with the sub 19 $\mu$  skirts posting small losses whilst the lots containing medium and heavy VM finding less favour than their FNF counterparts and skirts coarser than 19.5 $\mu$  posted price increases between 10 and 20c.

Once again a limited selection of **Crossbred** types produced mixed results with sub 27 $\mu$  posting small rises and 28 $\mu$  and coarser maintaining within 5-7c of last week's levels.

**Merino Cardings** on a limiting offering, posted varied results across the selling centres however the price signals could only be described as "firm".



MPG North	Percentile	14/06/2018	7/06/2018	Variance	5 Year Average	5 year var	5 year % var
17	99.6%	2,848	2,863	-15	1,741	1,107	63.6%
18	99.6%	2,503	2,519	-16	1,646	857	52.0%
19	99.8%	2,281	2,271	10	1,522	759	49.9%
20	100.0%	2,266	2,256	10	1,429	837	58.5%
21	100.0%	2,265	2,254	11	1,394	871	62.5%
22	100.0%	2,254	2,231	23	396	1,858	468.9%
30	84.4%	695	700	-5	665	30	4.5%
<b>EMI</b>	99.9%	2,021	2,011	10	1,305	716	54.9%

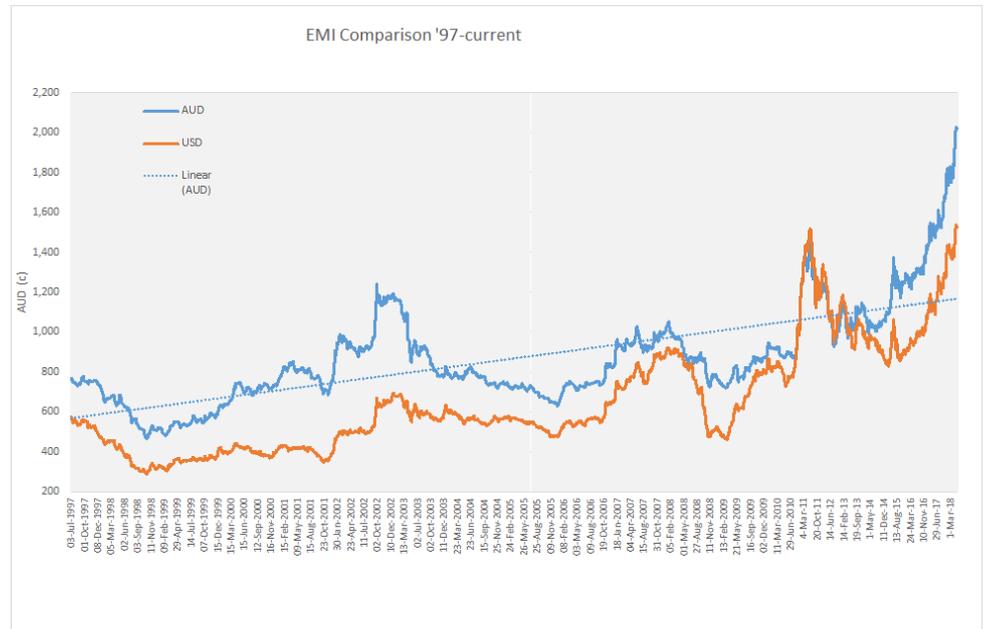


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## Mike Avery from Southern Aurora Wool Forward Price Report: -

The spot market continues to be driven by lack of supply in the medium wools. The Forward market reflected the strength of the medium sector with two thirds of the week's trades focused on 21.0 and 22.0 microns. The balance of the trades in the 18.0 to 19.0 micron delivered strong outright prices as exporters looked for value against spot. Exporters remain wary and bids for spring and beyond reflected the inferred risk of better supply and price fatigue that processors are experiencing.



Trades on 21.0 microns into the New Year delivered hedge levels of 1930c which were higher than the then record prices receive at auction. March 2018 auction average for the 21 MPG was 1892c and April 1925c.

Tight supply is expected to dominate market direction for the remainder of the current season and should deliver strong outright levels on forwards. The risk level of a correction is growing in the minds of both processors and exporters. Inventory costs (for exporters and processors) have risen 68% in 18 months. The timing and extent of the correction is difficult to predict making strategic hedge decisions a challenge for both buyer and seller. This is reflected in the pricing of options with few sellers wanting to take on the risk.

Hedging at the current forward levels would appear to be an easy decision. 2000c plus for 21.0 into the spring and 1930c into next autumn is delivering a guaranteed return of between \$2400 and \$2500 per bale. With the aid of hindsight hedging forward over the last 18 months has delivered negative results. In essence, this is no different than being disappointed in taking car insurance and not having an accident. Both buyer and seller need to find a fair value forward level to deliver a degree of certainty. The value of certainty is more important than the fear of lost opportunity.

Region	Centre	14/06/2018	7/06/2018	Variance	Bales Offered	Bales Sold	Pass-in%	Next Sale Offering
Northern	Sydney	2,059	2,057	2	10,965	10,738	2.1%	9,781
Southern	Melbourne	1,997	1,981	16	12,952	12,397	4.3%	11,545
Western	Fremantle	2,188	0	0	4,112	3,951	3.9%	0
National	AWEX EMI	2,021	2,011	10	28,029	27,086	3.4%	21,326



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**Commentary:** This week's offering grossed \$58.45M (\$2158/bale) and the season to date total is now \$3,322.32M (\$1915.70/bale).

Next week's offering slips back to 21,326 bales with Fremantle opting to refrain from offering. I cannot see that the market will stray away from the trend of the past few weeks. An amazing time to be in sheep and wool, despite the daily meals on wheels regime we are currently undertaking. ~**Marty Moses**

Moses & Son Top price report							
Desc	District	Micron	Yield	VM	SL	SS	Price
AAA M	Illabo	16.3	63.1	0.7	75	37	1930
AAA M	Illabo	16.5	63.3	1.0	75	31	1889
AAA M	Temora	16.9	65.5	0.5	73	23	1852
AAA M	Illabo	16.9	64.5	0.7	82	33	1828
AAA M WNR	Mangoplah	16.2	65.8	1.8	63	47	1805
AAA M LMS	Mangoplah	15.1	63.4	1.8	51	-	1741