



MOSES & SON

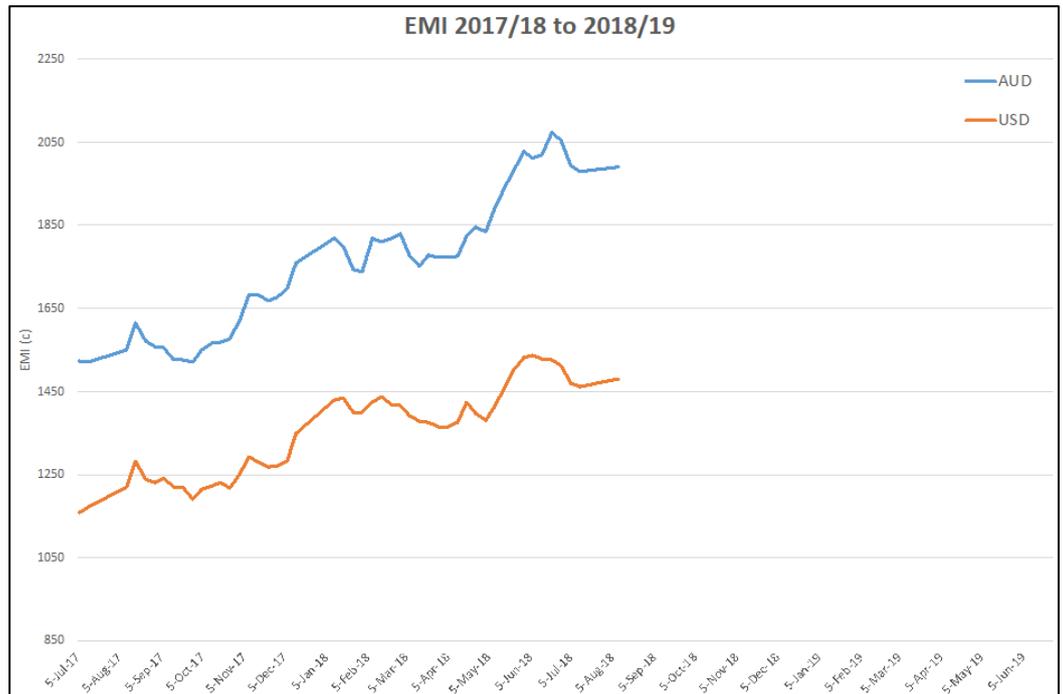
WOOLBROKERS MERCHANDISE LIVESTOCK

Week 06: 09/08/2018

The AWEX EMI closed on 1990c delivering a 9c increase for the week. The positive result produced a clearance rate of 95.3% of the 49,415 bale offering, as auction sales resumed after their three week recess.

The expectations going into the week were well below the final result. The exporters reported an absence of Chinese interest for trading over the recess, however after an opening day of selling (producing a 20-30c drop in most types) the market found a base

level mid-week. By Thursday a bullish tone was noticeable throughout the day resulting in some solid rises on the fine and superfine merino types.



Merino Fleece with the best specifications were keenly sought after, especially the low VM and high strength and yield. Weekly rises were posted up to 74c on the 18.5 MPG, however, generally the rises for 18 and finer measured between 25-55c. 19 and 19.5 were 5-10c higher and the MPG's coarser than 20µ lost between 10-15c.

Skirtings showed promise from the market opening and by close, 40-80c had been added - especially on lots presented with their VM below 3%.

The Merino Cardings indicator posted rises of 15-30c for the week.

Crossbreds were the real casualty of the three week recess. The losses posted on the finer edge of the category were mildly alarming with the 26 MPG posting a 90c drop whilst the 28 MPG fell 53c and the 30 MPG down 35c.

The emphasis on lots meeting the Code of Practice preparation standards was once again evident in this category and punishment severe for those who chose to neglect the basis of Australian Wool Preparation.

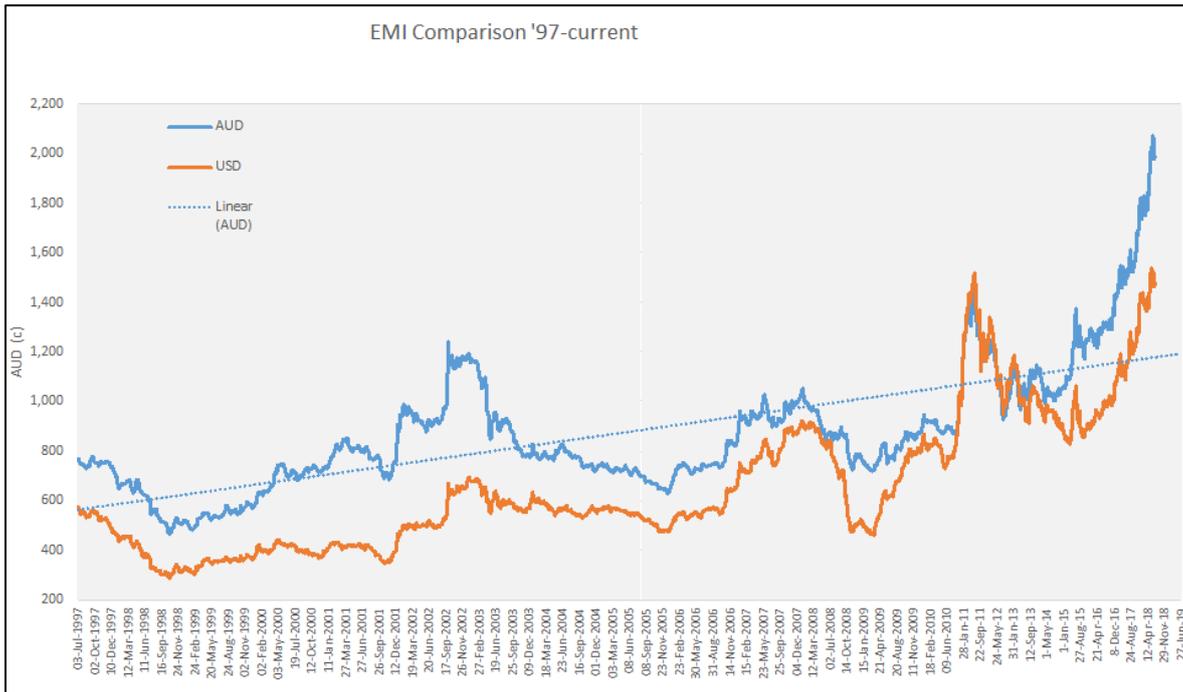
MPG North	Percentile	9/08/2018	12/07/2018	Variance	5 Year Average	5 year var	5 year % var
17	98.2%	2,816	2,793	23	2,039	777	38.1%
18	98.7%	2,478	2,435	43	1,886	592	31.4%
19	99.4%	2,292	2,282	10	1,739	553	31.8%
20	98.5%	2,232	2,242	-10	1,645	587	35.7%
21	98.5%	2,210	2,224	-14	1,608	602	37.4%
22	98.5%	2,184	2,199	-15	1,577	607	38.5%
30	75.7%	648	683	-35	673	-25	-3.7%
EMI	99.3%	1,990	1,981	9	1,319	671	50.9%

Forward Price Report from Michael Avery (Southern Aurora Wool): The forward markets traded thinly over the recess with the indication that the spot auction would open under pressure and this played out, with all qualities 20 to 30c opening cheaper on Tuesday but recovering by the markets' close. The forward market showed a similar pattern. Stabilization in the spot market saw interest along the forward curve increase with trading out to August



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2019. Solid prices were received for the New Year with 19.0 peaking at 2100 cents for February and 21.0 trading above 2000 cents out to May '19. Whilst forward prices are discounted to the spot market they still represent historically high hedging levels. This invert is

driven by the inability of the processors to pass the current raw wool costs down the line. There will be demand destruction at current price levels but supply concerns mask any impact to date. We expect this situation to play out in the short term but the risk of the market fatiguing increases as we move forward into the new season.

Moses & Son Top price report							
Desc	District	Micron	Yield	VM	SL	SS	Price
AAA M	Merriwa	16.4	70.8	1.9	72	38	2056
AAA M	Cumnock	15.1	63.7	2.8	71	38	1945
AAA M	Tarcutta	16.5	64.1	2.0	82	37	1867
AAA M	Cumnock	14.6	63.7	2.2	63	38	1850
AAA M	Wagga Wagga	16.7	65.2	1.5	87	29	1844

Commentary: What an opening, and testament that we really **don't know what we don't know** when it comes to the current wool market fundamentals. Our Market intelligence over the break was one that delivered little or no confidence in the opening being in touch with the closing levels however within a day of the market recommencing we see a glimmer of hope that this market has more appetite for Australian Wool than we gave it credit for. Next week's offering of 37,290 bales should be met with some vigour as the supply of wool becomes the topic once again. This current extended wave of elevated prices is unique in my life time in wool (~40years). The other item I wished to speak about is the drought conditionings worsening across our area of service. If anyone needs assistance in setting their management program and or feed budget to get through this tight situation, please don't hesitate to contact me ASAP. **Moses & Son have got your back!** ~ Marty Moses

Region	Centre	9/08/2018	12/07/2018	Variance	Bales Offered	Bales Sold	Pass-in%	Next Sale Offering
Northern	Sydney	2,027	2,013	14	17,855	16,975	4.9%	13,216
Southern	Melbourne	1,967	1,961	6	23,258	22,222	4.5%	19,826
Western	Fremantle	2,158	2,129	29	8,302	7,879	5.1%	4,248
National	AWEX EMI	1,990	1,981	9	49,415	47,076	4.7%	37,290