



MOSES & SON

WOOLBROKERS MERCHANDISE LIVESTOCK

Week 15: 11/10/2018

The AWEX EMI closed on 2023c - up 31c for the week at auction sales in Australia. The market opened after some apprehensive buying trends over the past three weeks but instantly there was noticeable purpose in the bidding which resulted in a progressive rise across most MPG's which kept the pass in rate at a reasonable 7.4%.

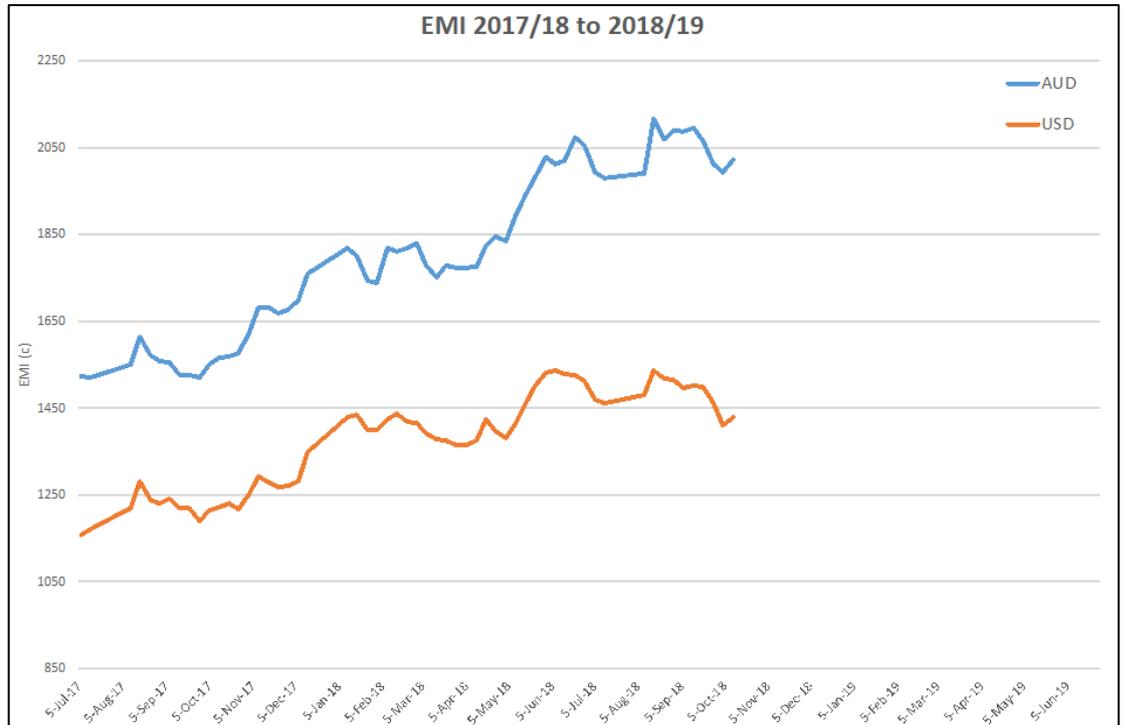
Merino fleece categories from 18-23 μ saw renewed interest push some MPG's up to 97c in the southern markets.

The buyer pressure was more focussed on the medium MPG's fleece types, with fine and superfine types with best specifications keenly sought. Another interesting observation was the rises in the southern markets, which (in some instances) were double that of the northern markets, and effectively catching up to the Northern MPG's from the previous weeks deficits.

Merino Skirtings saw the fine and superfine types just maintain under adequate supply, whilst the undersupply of medium and broad skirtings attracted competition pushing the selected lots up to 100c more as buyers jostled for the limited selection.

Crossbreds were well supported this week, firming up some areas that have been a concern over the past month. Price increases were measured in the 30 μ and coarser MPG's.

Merino Cardings, whilst varied across the sale centres, the tone overall, remained slightly negative, with Melbourne down 28c whilst Sydney managed to maintain last week's levels and Fremantle posted 11c.



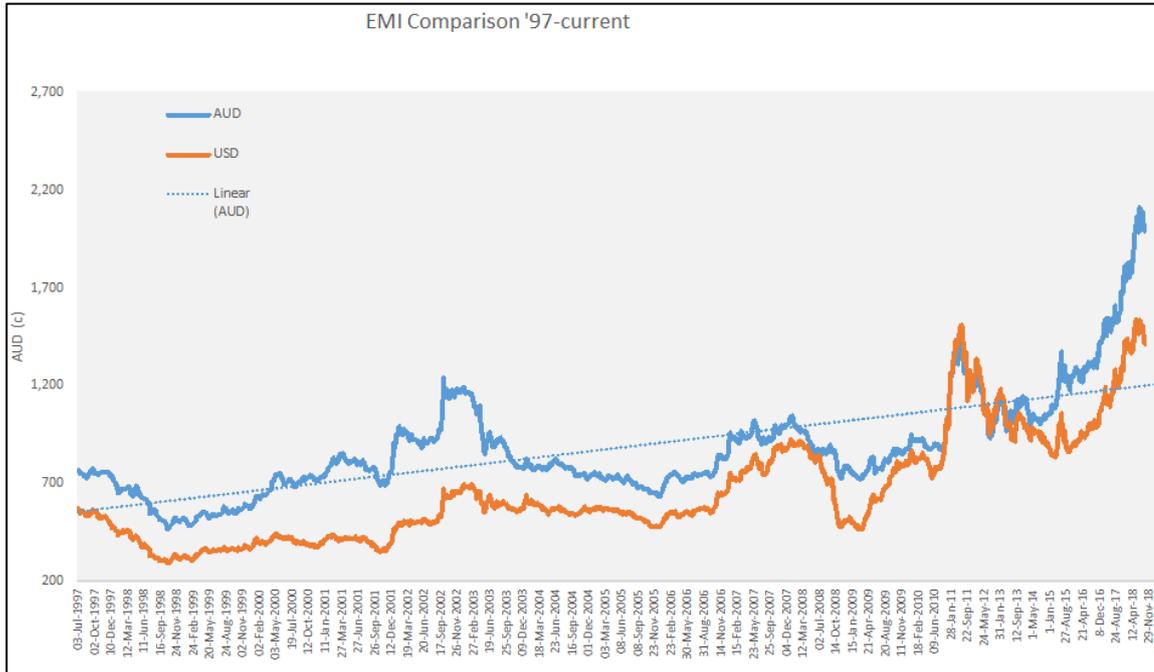
MPG North	Percentile	11/10/2018	4/10/2018	Variance	5 Year Average	5 year var	5 year % var
17	97.5%	2,857	2,869	-12	2,060	797	38.7%
18	98.5%	2,593	2,583	10	1,915	678	35.4%
19	98.7%	2,381	2,346	35	1,757	624	35.5%
20	98.3%	2,278	2,225	53	1,653	625	37.8%
21	97.8%	2,243	2,186	57	1,612	631	39.1%
22	99.6%	2,259	2,259	0	1,582	677	42.8%
30	86.5%	711	701	10	681	30	4.4%
EMI	98.7%	2,023	1,992	31	1,325	698	52.7%

Forward Price Report from Michael Avery (Southern Aurora Wool): Forward market pushed higher early in the week pre-empting the consolidation in the spot auction Wednesday. After three weeks of steady decline that saw the key 21.0 micron index lose 120c, the auction found a base to rebound from. The forward markets were bid around spot out to Christmas but failed to attract much grower interest. Trading focus predominantly in the new year with levels executed around last week's spot level. The highlight was June 2019 trading at 2165 which is over the 80th percentile for the last two years. Finer microns were well sort into the New Year trading at 2510 for 18.0 microns out to May 2019.



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This was a little surprising considering their fairly muted recovery in the spot auction. With some relief to the extended dry conditions throughout much of Eastern Australia this last week, and forecast again next week, grower enquiry lifted but has yet to translate into firm offering. Exporters and processors bidding has seen the invert

in the later months providing ample opportunity for growers to transfer some price risk down the pipeline. We anticipate the spot auction to consolidate the gains of this week in the short term particularly in the medium wools. Just how much demand destruction and substitution will factor into the supply / demand balance remains to be seen in the run to Christmas. Valuing certainty of return this season might prove more important than the fear of lost opportunity.

Region	Centre	11/10/2018	4/10/2018	Variance	Bales Offered	Bales Sold	Pass-in%	Next Sale Offering
Northern	Sydney	2,070	2,050	20	8,723	8,111	7.0%	8,741
Southern	Melbourne	1,994	1,956	38	15,869	14,958	5.7%	20,771
Western	Fremantle	2,170	2,132	38	7,480	6,640	11.2%	8,152
National	AWEX EMI	2,023	1,992	31	32,072	29,709	7.4%	37,664

Market Commentary: Next week's offering of 37,664 is well below the offerings of the same time last year, supporting the YTD auction sales which are down 13% in bales offered for the season. With the poor seasonal conditions under our feet at the moment, I expect that this deficit of bales on offer will continue to grow as we move into 2019. It is likely that the Wool Production Forecast Committee's next meeting will reveal some dire production predictions for the remaining season. There are many unknowns in our supply chain but one thing is for certain, the current sheep numbers and more so the merino ewe numbers are at a historic and critical low point. There are glaring opportunities emerging for breeders to address this expected shortfall of breeding stock, and in this current market environment we have for sheep and wool at the moment, I expect there will be many forward thinking enterprises meet this challenge. **Success is not all about managing the moment, it has to include planning for a bright future.** It's a great time to be in Sheep and Wool ☺ ~ Marty Moses

Moses & Son Top price report							
Desc	District	Micron	VM	Yield	SL	SS	Price
AAA M	Narrandera	17.6	0.6	66.3	90	35	1749
AAA M	Charlton	17.6	0.8	68.7	76	28	1735
AAA M	Condobolin	17.5	2.4	66.5	73	43	1731
AAA M	Crowther	18.9	0.4	72.9	71	37	1730
AAA M	Narrandera	17.4	0.8	68.2	109	38	1730