

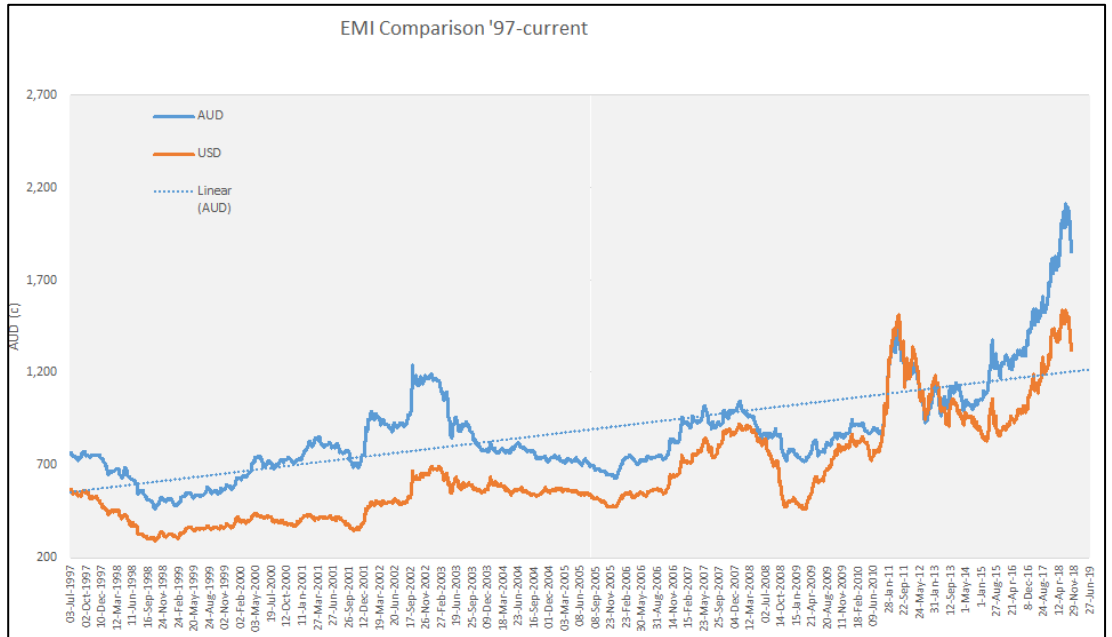


MOSES & SON

WOOLBROKERS MERCHANDISE LIVESTOCK

Week 18: 01/11/2018

The AWEX EMI closed the week on 1854c - down 20c at auction sales in Australia this week. The offering of 35,784 bales was met with thin support on the better style and measured lots, however as the week progressed, the unfavourable currency exchange movement coupled with a growing percentage of lots affected by the poor seasonal conditions was too much for the trade to handle. The pass in rate



of 16.7% coupled with the 8.6% withdrawn bales reflected the sellers sentiment as the decline in the EMI since achieving a new high in mid-August measures 262c or 12%.

Merino Fleece opened with hopeful aspirations, clinging onto last week's positive close, however by the end of the first days selling, some gaps were appearing in the market. The market on Thursday battled with a rising AUD against the USD which resulted in further falls. By closing, the falls in the Merino MPG's totalled 14-29c.

Skirtings bucked the negative fleece trend and posted solid gains in the low VM lots, which in some cases were costing more than their fleece equivalents.

Crossbreds in Sydney were a mixed bag with the coarser MPG's coming under pressure, and the poorly prepared, unskirted and unclassified lots taking the largest hit.

Cardings were still struggling to find a level falling between 40-100c across the three selling centres, whilst the crossbred cardings seem to have found some sort of level.

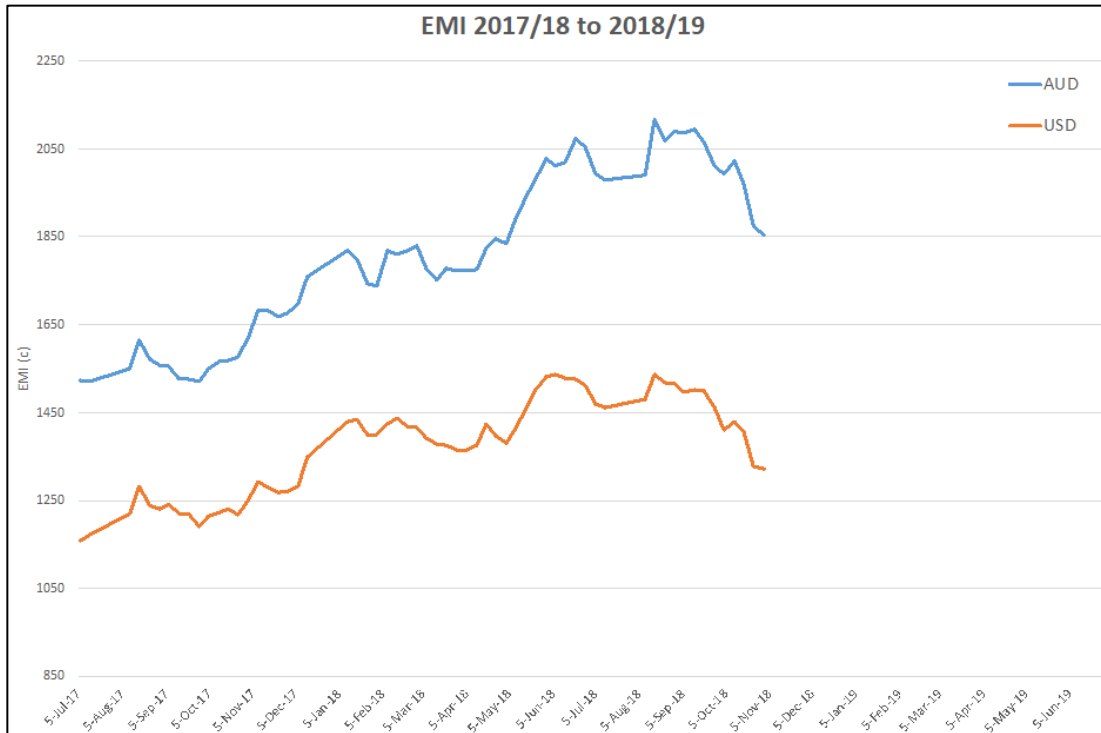
MPG North	Percentile	1/11/2018	25/10/2018	Variance	5 Year Average	5 year var	5 year % var
17	91.8%	2,555	2,582	-27	2,048	507	24.7%
18	94.1%	2,377	2,397	-20	1,909	468	24.5%
19	95.8%	2,238	2,258	-20	1,753	485	27.7%
20	95.8%	2,153	2,175	-22	1,649	504	30.5%
21	95.8%	2,139	2,153	-14	1,609	530	32.9%
22	95.6%	2,100	2,100	0	1,578	522	33.0%
30	77.0%	661	671	-10	680	-19	-2.8%
EMI	96.9%	1,854	1,874	-20	1,325	529	39.9%

Forward Price Report from Michael Avery (Southern Aurora Wool): The week began with futures bid steadily on the back of market sentiment that a rally off the lows created over the last three weeks would follow. Sellers failed to capitalise with only 10t traded into next autumn. The spot auction stabilised Wednesday but with little follow through from off shore continued its downward slide. Processors continued to hold back buying with reduced confidence that consumers will be willing to absorb these price levels into the future. Uncertainty is the key factor driving the market down overriding the tight supply. Passed in rates continued to rise with 20% of the fleece passed. Interestingly this time last year with prices 300 to 500 cents below current levels only 1.5% was passed. Trying to predict the market with so



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many unknowns is fraught with danger. A forward strategy should contain elements that delivery a degree of price certainty and enable a grower to be a price maker for a portion of their production and not always a price taker. Better pricing points along the forward curve with resultant improved liquidity will enable the risk to be better distributed along the wool pipeline. The end result would be lower volatility, better market signals and the potential of improved growth of

other risk tools such as guaranteed minimum price contracts (put options).

Trading levels are projected to be a bit lower next week but still above the 2000 cent level for 21.0 for the most part of next year.

Region	Centre	1/11/2018	25/10/2018	Variance	Bales Offered	Bales Sold	Pass-in%	Next Sale Offering
Northern	Sydney	1,891	1,914	-23	9,018	7,937	12.0%	8,942
Southern	Melbourne	1,830	1,849	-19	19,167	16,155	15.7%	19,686
Western	Fremantle	2,005	2,033	-28	6,939	5,298	23.6%	7,068
National	AWEX EMI	1,854	1,874	-20	35,784	29,814	16.7%	35,696

Commentary: The Australian Wool Testing monthly comparisons of total weight for October 2018 compared with the same period last season show that there was 5.9% less wool tested this October than last year. The progressive comparison of total weight for July 2018 to October 2018 compared with the same period last season revealed a 9.7% reduction in wool tested year on year. AWTA Ltd has tested 107.2 mkg this season compared with 118.8 mkg for the equivalent period last season. Sales through Auction are down 94,553 bales or 14.6% year on year and as the spring season shuts off across the eastern seaboard, I would suggest this will be closer to 20% in the New Year, which must be top of mind for our processors. ~ Marty Moses

Moses & Son Top price report							
Desc	District	Micron	VM	Yield	SL	SS	Price
AAA M	Wagga Wagga	17.3	1.1	70.6	77	37	1692
AAA M	Quandialla	16.2	1.5	68.4	85	35	1650
AAA M	Temora	17.7	1.7	70.6	85	31	1650
AAA M	Young	18.5	0.4	67.4	73	42	1629
AAAA M	Wallendbeen	18.6	0.6	71.3	92	41	1608