



MOSES & SON

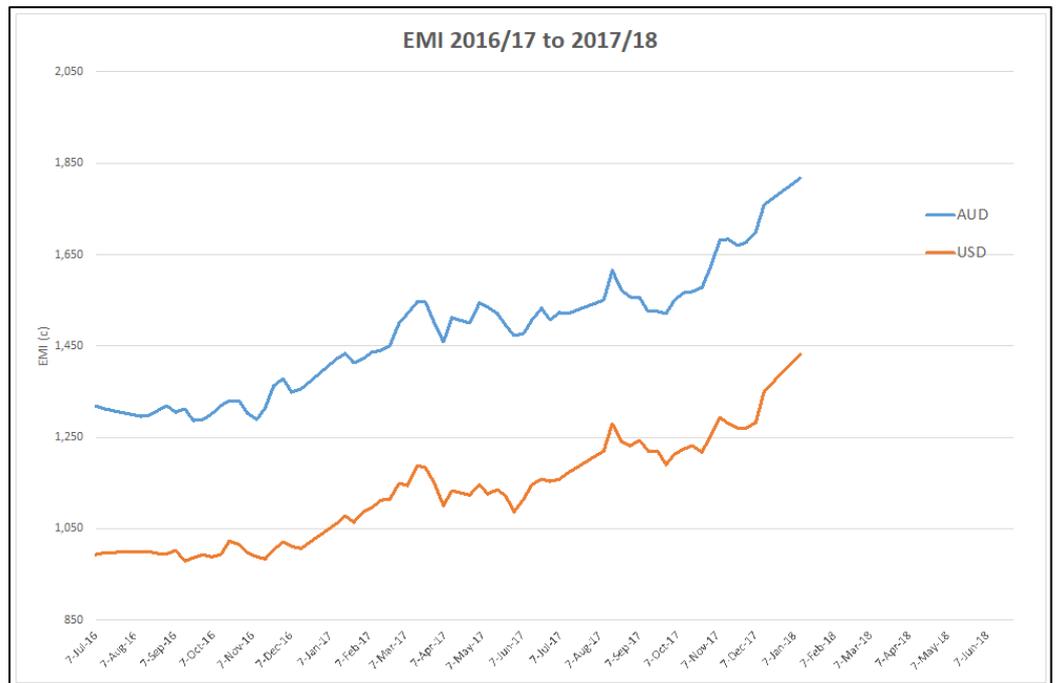
WOOLBROKERS MERCHANDISE LIVESTOCK

Week 28: 11/01/2018

It was a late Christmas present BUT one worth waiting for; the AWEX EMI opened the New Year with another stellar performance closing the week on 1818c, rising 58c for the week. There was some apprehension prior to the sale week at the end of the three-week Christmas Holiday recess.

Heading into the week, it was generally believed by the trade that we may see an opening level 25-30c cheaper as the AUD-USD exchange rate appreciate 3.5% had created some doubt. On the flip side, the underlying drivers of the insatiable demand for wool were believed to be still in-tact.

It has become expected of the wool market the opening defied all logic in Melbourne on Tuesday as buyers attached the offering with aggression. From there the market trend never faltered through to the last lot on Thursday (coincidentally when Moses & Son sold).



MPG North	Percentile	11/01/2018	14/12/2017	Variance	5 Year Average	5 year var	5 year % var
17	100.0%	2,635	2,538	97	1,698	937	55.2%
18	100.0%	2,389	2,300	89	1,627	762	46.9%
19	100.0%	2,164	2,086	78	1,500	664	44.3%
20	100.0%	1,976	1,883	93	1,397	579	41.4%
21	100.0%	1,808	1,745	63	1,358	450	33.2%
22	100.0%	1,721	1,642	79	1,324	397	29.9%
30	57.0%	598	590	8	659	-61	-9.3%
EMI	100.0%	1,818	1,760	58	1,248	570	45.7%

The MPG rises were generally 65-120c in the Merino sector with the entire merino range pushing to record levels. Skirtings, whilst 25-50c dearer, did not quite achieve the emotive state of the fleece, however, Cardings were the “even brighter star”, posting the largest percentage rise for the week with an average of a 70c increase across all centres. Crossbreds had to grapple with their largest offering of the season (32% of the national catalogue). Whilst this sector generally posted modest gains, there are still some voids in support in poorly prepared lots over 30.5 microns.

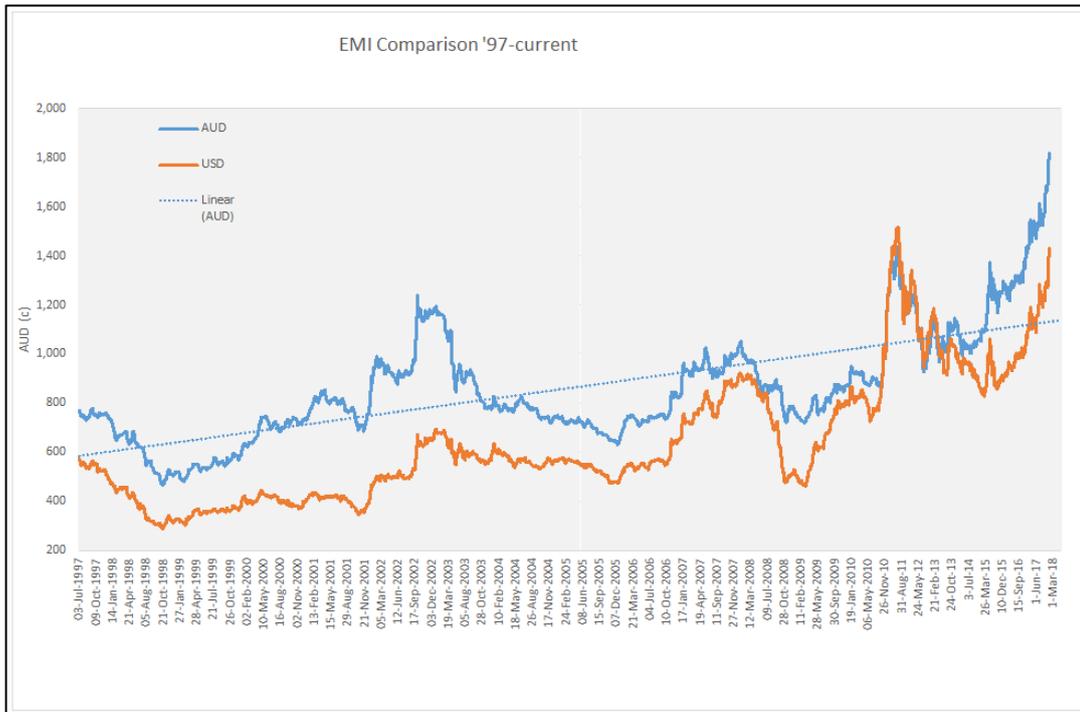
Forward market report from Michael Avery at Southern Aurora Wool:

“The auction market commenced after the recess unexpectedly strong. These gains translated into the forward markets. Front months gained 50 to 60 cents with 19.0 microns trading from 2070 to 2135 and 21.0 microns 1705 to 1755. Fine wools came in for support with May 18.0 trading to 2300 (a hedge level of almost 3,000 per bale).



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The surge in the auction triggered strong pricing out into the spring with 19.0 micron trading August 1935, September 1910 and October 1900. Forward pricing seemed to steady Thursday as both exporters and processors adjusted to the new pricing levels particularly in USD terms. We expect solid bidding to be maintained next week but risk levels are elevated for both the buyer and seller”.

Region	Centre	11/01/2018	14/12/2017	Variance	Bales Offered	Bales Sold	Pass-in %	Next Sale Offering
Northern	Sydney	1,908	1,841	67	12,777	12,339	3.4%	15,964
Southern	Melbourne	1,761	1,710	51	26,944	26,257	2.5%	29,659
Western	Fremantle	1,888	1,816	72	13,796	13,287	3.7%	8,627
National	AWEX EMI	1,818	1,760	58	53,517	51,883	3.1%	54,250

The current urgency for merino wool has surpassed most participants' expectations, however we enter into possibly the most interesting time in wool's long history. Supply of wool onto the market is believed to erode quickly over the next three months as many producers have already sold wool normally scheduled for the market in February – April. SO the question of “will the supply of wool meet the processors requirements” has to be the top of mind for our customer. We have been clearing 95-97% of the national offerings (possibly higher for the merino sector) for many months now, so it is expected that this weeks 53,517 bale and next week's (Week 29) 54,250 bale offering may possibly be the last offering of larger quantity for the year. Week 30 is estimated to have 41,000 bales and week 31 looks like 38,000 bales. As Michael has pointed out, there are some great opportunities in the forward markets to manage the price risk at historic levels, especially in out 1-3 and 4-6 months. I believe the biggest issue is that we have no time in history to look back on for guidance as we are making history on a number of fronts, and whilst we have no or low growth of sheep numbers and subsequent static wool production. I believe it's a clear case of don't get greedy and recognising that nobody knows when the price extravaganza for wool will peak. Speak to us about the hedging tools as **whilst we cannot influence markets, we can influence price.** ~ Marty Moses

Sheep WANTED:

- 400 to 450 2-4yo Merino Ewes for joining with terminals.
Please call Marty on **0417 691 308** or Adele on **0439 837 261**