



MOSES & SON

WOOLBROKERS MERCHANDISE LIVESTOCK

Week 30: 24/01/2018

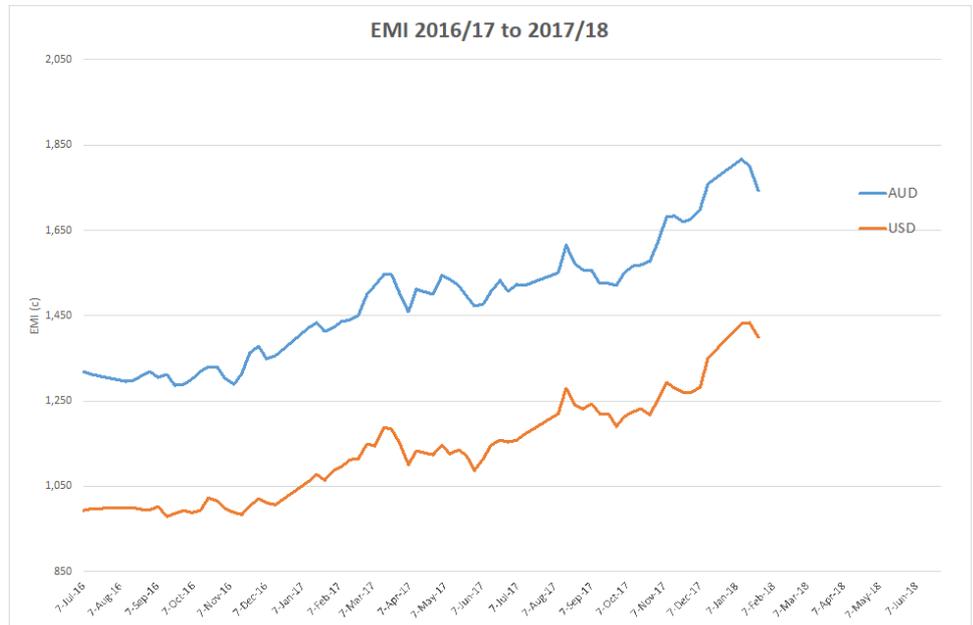
The AWEX EMI closed on 1744c at auction sales in Australia this week. The 42,525 bale offering attracted an unexpected 57c price fall from last week's levels, however it did not represent a fall across all MPG's.

Merino fleece continued the trend of uncertainty we experienced last week, that is:- **16-17.5μ** rising between 10-15c, whilst the **18-20μ MPG's** falling between 30-40c and the **21-22μ holding firm** to slightly dearer on nominal offerings. The fall in this week's EMI was the largest fall since June 2015, a record we could do without.

Merino Skirtings mimicked the fleece with the best superfine and fine qualities holding close to last week's levels whilst heavy VM and off style qualifiers attracted hefty discounts.

Crossbreds were a more sombre story, with heavy price falls recorded across the board. Falls of 45-80c clean, experienced between 25-30μ coarser than 30μ were only 10-20c cheaper and as we have been mentioning lots that are unclassified or poorly prepared were noticeably neglected.

The biggest disappointment was experienced in the **Merino Carding Indicator**, posting losses of 179c in the northern region, 230c in the southern region and 184c in Fremantle. This represents the single biggest weekly drop in this sector or of any MPG since 1997. It was like "all of sudden" buyers had no place to put some carding types two weeks after they could not throw enough money at the auctioneer to secure them.



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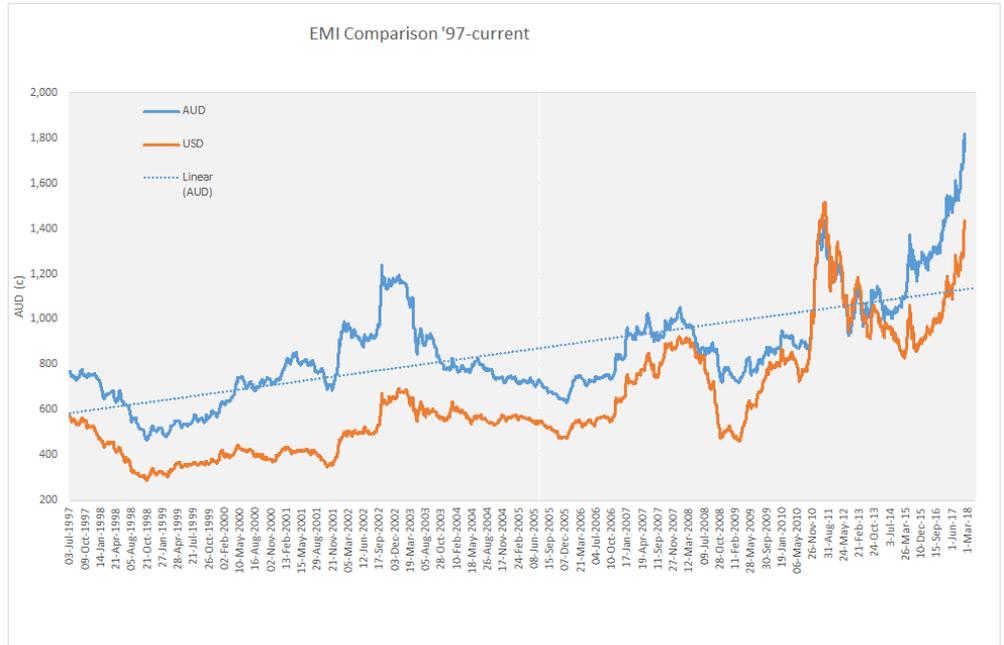
MPG North	Percentile	24/01/2018	18/01/2018	Variance	5 Year Average	5 year var	5 year % var
17	100.0%	2,684	2,672	12	1,703	981	57.6%
18	99.5%	2,345	2,374	-29	1,629	716	43.9%
19	99.5%	2,101	2,137	-36	1,503	598	39.8%
20	99.5%	1,900	1,942	-42	1,401	499	35.6%
21	99.6%	1,785	1,786	-1	1,361	424	31.2%
22	100.0%	1,723	1,709	14	1,327	396	29.8%
30	35.0%	550	594	-44	659	-109	-16.6%
EMI	99.6%	1,744	1,801	-57	1,253	491	39.2%



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This strange (and extremely disappointing) market phenomenon attracted pass in rates of up to 27% for the MC sector and an overall pass in rate of 14.3%. Despite the general poor market result sales totalled \$73.38m representing an average of \$2014.27/ bale and takes the YTD total to \$1911.10m or \$1862/bale average.



Mike Avery reports on challenging week for both the auction market and the forwards. Whilst the auction

market performed poorly, forward market was a little slower to react with some sellers being able to achieve strong levels out to May. 19.0 traded from March to May between 2090 and 2110. The cash indicator closed at 2093. Crossbred growers were hedged February and March at 800/810 well ahead of the 28.0 indicator that finished the week at 736.

This week falls, although significant, can't be looked at in isolation. Most qualities have just returned to their Christmas closing levels. The exceptions being 21.0 microns that are still 30 above their close and crossbreds (28.0 and 30) which have lost 50 cents. More importantly to remember is that this time last year prices were 350 to 400 cents lower for merino qualities.

Growers hedging into the late autumn and even into the spring will be looking at levels still in the 90th percentile for prices over the last two years. Consideration needs to be placed on the value of certainty against the fear of missed opportunity.

Some interest has been shown by growers on options. Current volatility and momentum has pushed the premiums up and the strikes down. Exporters have been unwilling to accept the current risk of capping their upside benefit and leaving the downside exposed at these historically high levels. ~Marty Moses

Region	Centre	24/01/2018	18/01/2018	Variance	Bales Offered	Bales Sold	Pass-in%	Next Sale Offering
Northern	Sydney	1,845	1,901	-56	10,470	9,049	13.6%	12,249
Southern	Melbourne	1,677	1,739	-62	24,533	21,154	13.8%	21,457
Western	Fremantle	1,821	1,860	-39	7,522	6,227	17.2%	8,538
National	AWEX EMI	1,744	1,801	-57	42,525	36,430	14.3%	42,244