



MOSES & SON

WOOLBROKERS MERCHANDISE LIVESTOCK

Week 32: 08/02/2018

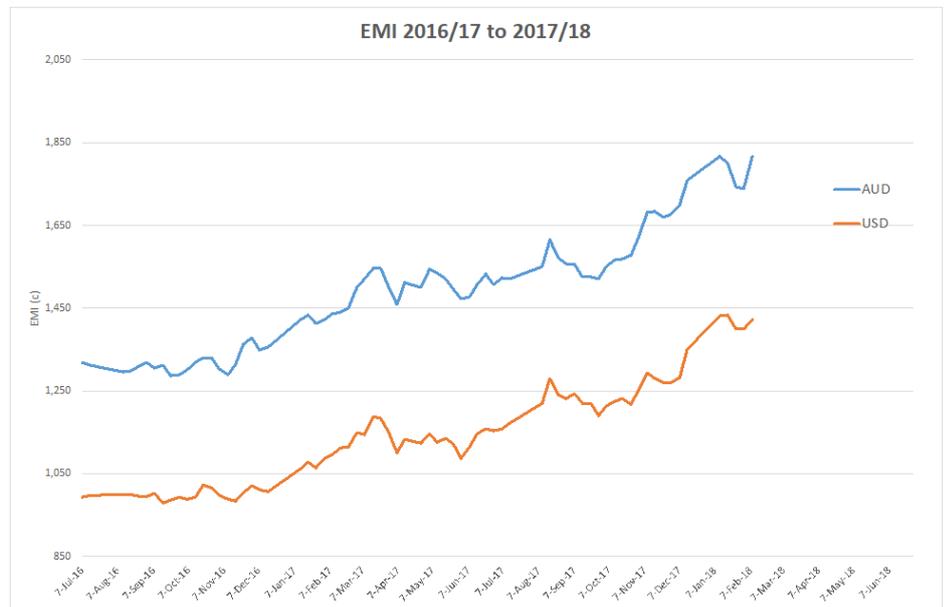
The wool market found its mojo once again at auction sales in Australia this week. The benchmark AWEX EMI added a massive 80c (the largest weekly rise since Jan 2011) and closed the week at 1818c at auction. In effect, this week has erased the past three weeks EMI decline (-80) from its historic level on January 11 in one week.

All of the **Merino Fleece** MPG's performed well however it was the keenly sought sub 17.5 μ types that posted the largest (and at time extreme) rises of +110-150c. The remaining merino MPG's posted solid gains of 60-104c pushing 17.5, 18 20 and 21 MPG's into price record territory.

Merino Skirtings posted gains between 50 and 100c with extreme competition on sub 17 μ lots with less than 2% VM.

Crossbreds also enjoyed the favourable market conditions with general price rises between 40 and 80c in a sector that has been under substantial price pressure.

Merino Cardings also cashed in on the strength of this week market with prices pushing upwards from 56c-120c across the three selling centres.



MPG North	Percentile	8/02/2018	1/02/2018	Variance	5 Year Average	5 year var	5 year % var
17	100.0%	2,815	2,705	110	1,709	1,106	64.7%
18	100.0%	2,428	2,330	98	1,632	796	48.8%
19	99.9%	2,165	2,090	75	1,506	659	43.7%
20	100.0%	1,999	1,901	98	1,404	595	42.3%
21	100.0%	1,893	1,789	104	1,364	529	38.8%
22	99.6%	N	1,720	N	N	N	N
30	59.0%	603	542	61	659	-56	-8.5%
EMI	99.9%	1,818	1,738	80	1,258	560	44.6%

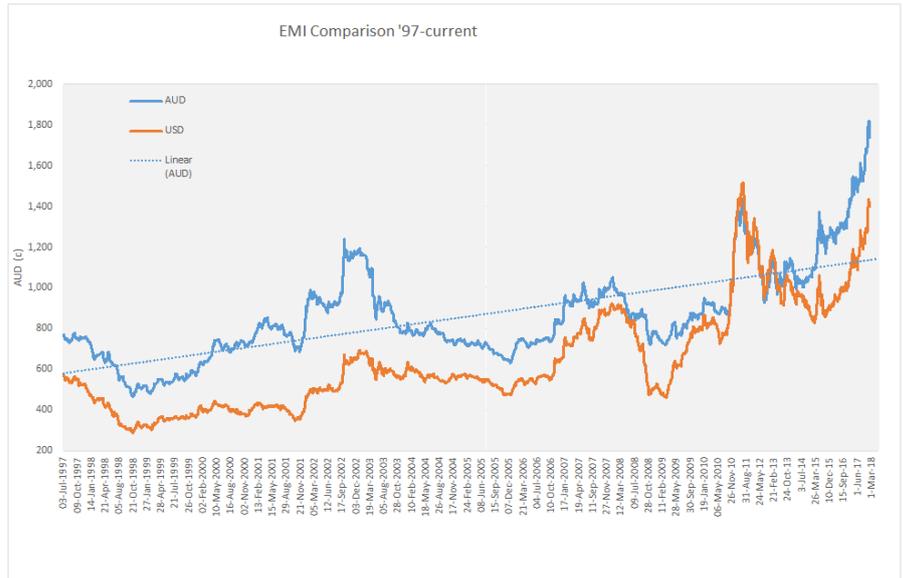


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Forward Market Report:

Michael Avery from Southern Aurora Wool reports- The anticipation of a strong spot auction, on the back of a weak Aussie Dollar, saw the forwards trade strongly to start the week. Autumn and next spring traded well in modest volumes. Highs were set on 18.0 in May (2245), 19.0 in March (2150), 20.0 in March (1970) and 21.0 in April at 1780. The Spring levels, albeit at discounts to the front months returned historical highs in such a volatile market. 18.0 (2120) 19.0 (1920) 21.0 (1620). Volumes fell off as the week progressed with buyers unable to justify the gains through off shore orders and growers looking to maximise the surge in the spot price.



As highlighted last week, the current spot market and to a lesser extent the forwards are being affected by cash flow issues, supply and the erratic AUD. The volatile nature of the stock market and concerns of rising interest rates has seen traders looking to de risk. The ebbs and flows of the global financial sector will continue to impact the wool market. We anticipate unstable conditions to continue with swings based on supply and cash constraints.

Region	Centre	8/02/2018	1/02/2018	Variance	Bales Offered	Bales Sold	Pass-in%	Next Sale Offering
Northern	Sydney	1,909	1,829	80	12,571	12,411	1.3%	9,056
Southern	Melbourne	1,760	1,681	79	19,886	19,387	2.5%	23,875
Western	Fremantle	1,921	1,819	102	7,125	6,957	2.4%	10,101
National	AWEX EMI	1,818	1,738	80	39,582	38,755	2.1%	43,032

Commentary: What an amazing week for wool! The market had a number of factors influencing its movements. Firstly we saw negative currency exchange (a domino type reaction) due to world financial markets reaction to the correction in the US financial markets instruments. This resulted in the AUD devalue by 2¼% for the week. In addition, we are on the eve of the Chinese New Year Holidays celebrations, which will last until the end of February. This sometimes can cause a change in buying strategy to ensure the wool shipments are completed before the Chinese holiday period.

The market value tipped just over **\$79m** for the week with an average of **\$2038/bale** for the week and in this market environment the pass in rate, as you would expect, was a low 2.1%. Next week's offering climbs slightly to 43,032, however these are still below last year's offerings of special note in this record market. At the end of December the YOY offerings were **6.5%** 57,017 bales above the previous season, and at the end of this week that number had reduced to **4.3%** or 48,083 bales above the previous season. This would indicate that there is little or no stock held in store or on farm, and that wool production increase are less than estimated. **~Marty Moses**