



MOSES & SON

WOOLBROKERS MERCHANDISE LIVESTOCK

Week 42: 19/04/2018

The AWEX EMI closed the week on 1825c - up 49c in a week that saw every micron category post gains. The positive market sentiment followed on from last Thursday's upward swing and both sale days shared the solid weekly rise. Predictably a low 3.4% of the 39,605 bale offering was passed in as the buyers snapped back into "Must Buy" mode on anything catalogued.

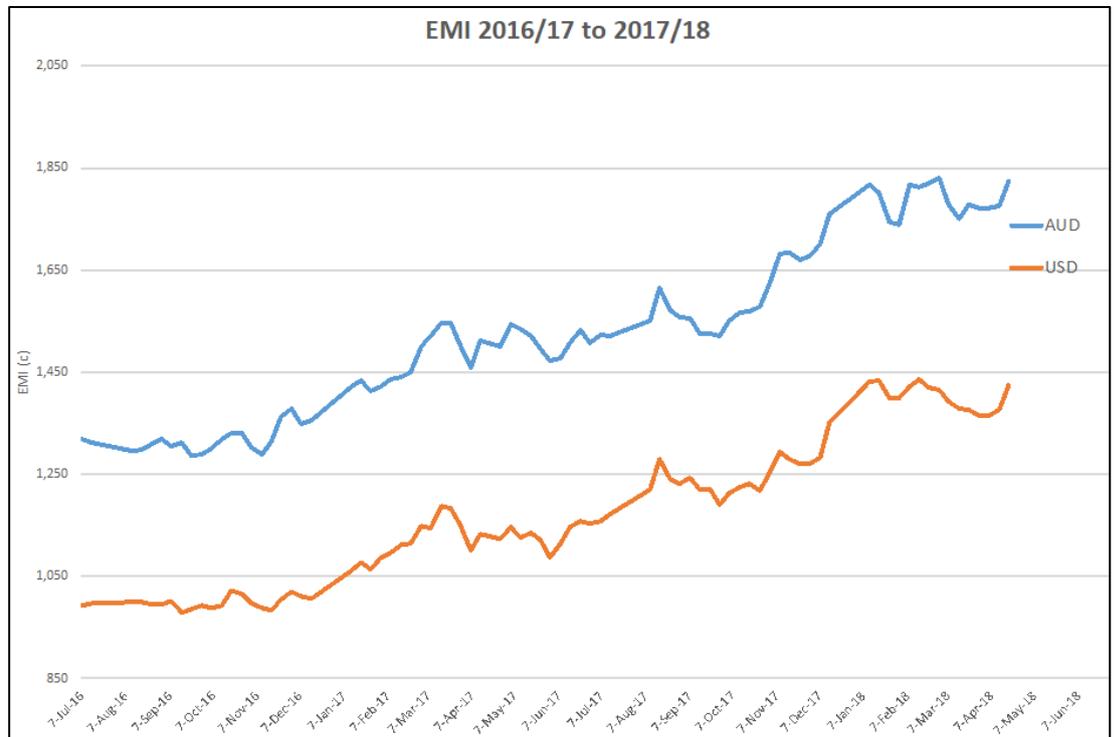
Merino Fleece

categories from 18-24 μ posted rises between 40-70c for the week

whilst the 16 and 17 MPG's were irregular. The 21 MPG hit a new all-time record whilst all other merino MPG's threatened their respective highpoints. The best style and measured lots at time were extreme and as the selection quality diminishes on a weekly basis, the premiums for the superior lots will become greater despite the support on all types.

Merino Skirtings mimicked the fleece with the best style, measurement and low VM lots, at times commanding prices close to or on fleece levels. The crossbred selection had one of its best weeks for some time, taking its winning price streak to 6 consecutive weeks and more amazingly, the 30 MPG has gone from being in the third lowest price at the end of January to currently being the second highest price at this time of year over the past 10 years.

The **Merino Carding** indicator continued to post rises this week, which now total over 100c in the past month.



MPG North	Percentile	19/04/2018	12/04/2018	Variance	5 Year Average	5 year var	5 year % var
17	98.7%	2,768	2,763	5	1,730	1,038	60.0%
18	98.4%	2,355	2,293	62	1,639	716	43.7%
19	98.2%	2,088	2,037	51	1,514	574	37.9%
20	99.3%	1,981	1,929	52	1,417	564	39.8%
21	100.0%	1,952	1,893	59	1,378	574	41.6%
22	99.1%	0	0	0	1,346	-1,346	-100.0%
30	83.6%	674	638	36	661	13	2.0%
EMI	99.9%	1,825	1,776	49	1,282	543	42.4%

The Forward Price report from Mike Avery: The week was highlighted by strong moves in the forwards early in the week on anticipation that the spot auction would continue to rebound from its Easter lows. April, May and June all traded at a premium to cash Monday and Tuesday. The spot auction delivered setting a new high in 21.0 microns and retracting much of the March losses in 18.0 and 19.0 microns. The strong tone continued into the close Thursday. Brisk buying by exporters in the forwards (19.0 peaking at 2070 for June and 1940 for 21.0) slowed a little Thursday. More importantly traders seized the opportunity to sell at these new highs as new demand was yet to be confirmed.

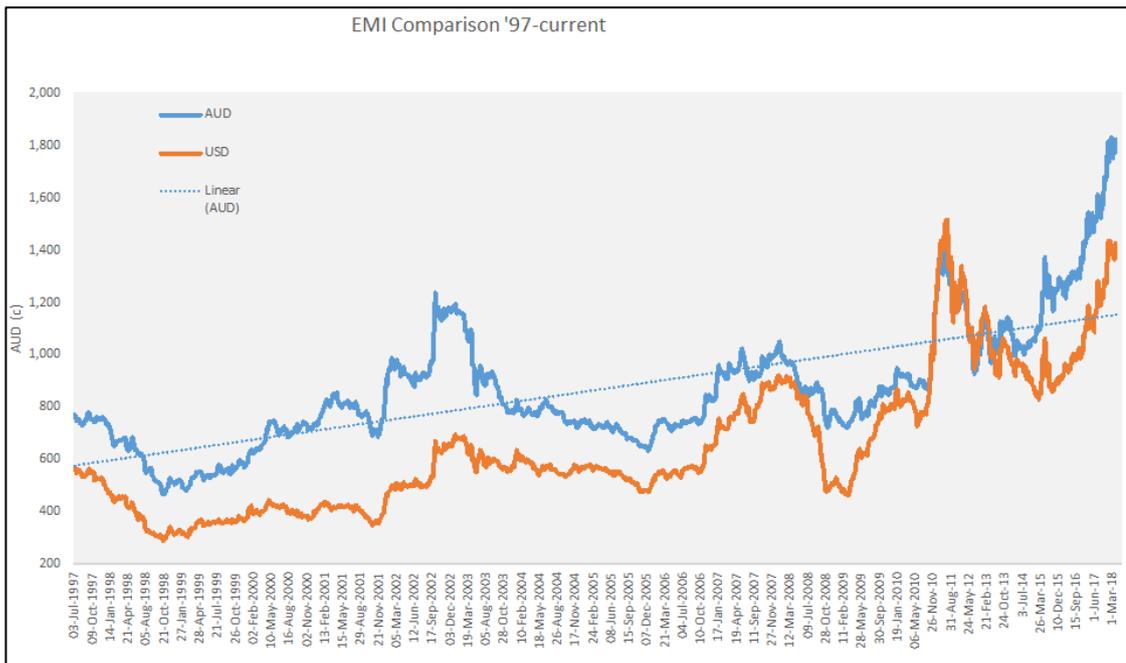


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The strength in the front months has translated to better interest in the spring and into the New Year. Exporters are hesitant to set long positions too far forward but are looking for opportunities to create trades into the spring if they can partly hedge their sales.

Selling depth into the spring and summer remains an issue for the forward markets. The decision for growers is not being made any easier with current volatility and prices. The value of guaranteeing returns at historical highs is clouded by the seemingly relentless (but welcomed) momentum in prices. The risk of demand destruction remains although somewhat balanced in the short term by supply. Other risks, whether it be currency, political or unknown, remain in place. Developing a strategy to mitigate these risks and manage margin should be paramount when the market is at these levels and maintaining momentum.



Commentary: Next week's sale is split by the ANZAC DAY holiday on Wednesday, where 43,648 bales will be offered in Australia. It is hard to see anything but a positive week ahead. Australia eagerly awaits the release of the Wool Production forecast committee's final estimates for 2017-18 and the forecast for 2018-19. Given the know Test and Sale data, it will

be interesting to see if the record prices have positively influenced wool production or conversely the degradation of the Australian Wool Clip continues. The weekly sales totalled \$75.06m (Ave \$1963.68/bale) which brings the YTD total sale to \$2,767.30m (\$1885.08/bale). Despite the dry times and the challenges we face in agriculture, **it's definitely a great time to be in Sheep and Wool.** ~ Marty Moses

Region	Centre	19/04/2018	12/04/2018	Variance	Bales Offered	Bales Sold	Pass-in%	Next Sale Offering
Northern	Sydney	1,881	1,846	35	10,155	9,977	1.8%	11,851
Southern	Melbourne	1,789	1,732	57	20,384	19,703	3.3%	23,533
Western	Fremantle	1,934	1,884	50	9,066	8,595	5.2%	8,264
National	AWEX EMI	1,825	1,776	49	39,605	38,275	3.4%	43,648