



# MOSES & SON

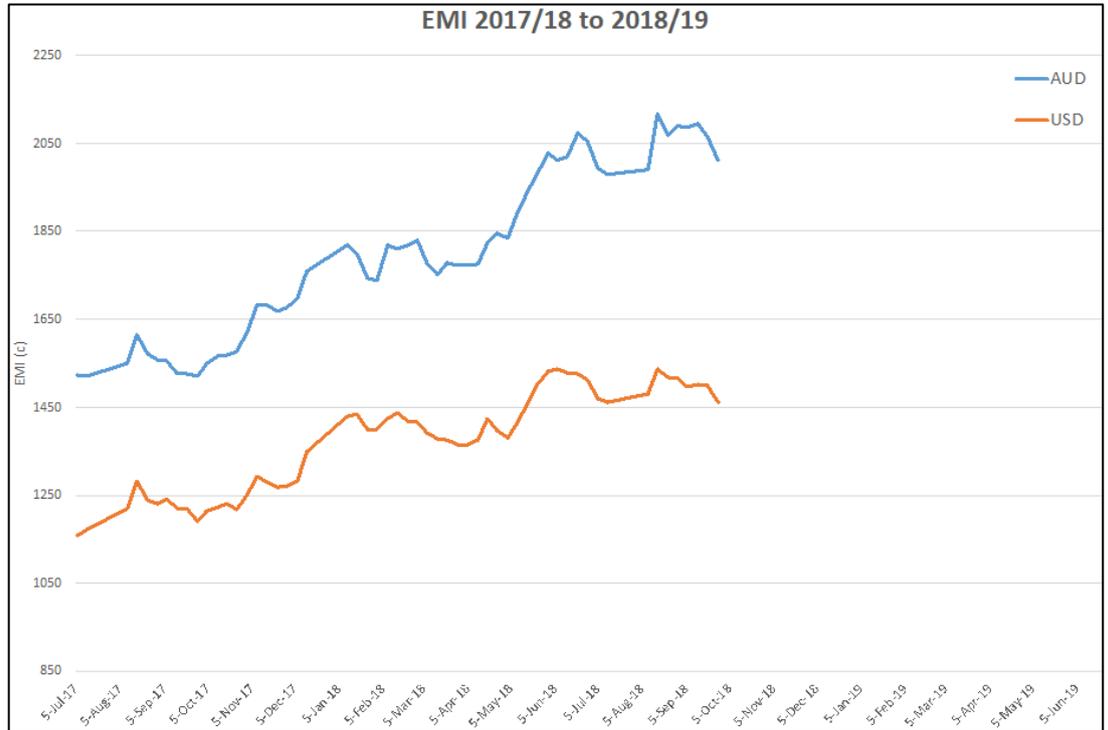
WOOLBROKERS MERCHANDISE LIVESTOCK

## Week 13: 27/09/2018

The AWEX EMI closed the week on 2013c, down 54c at auction sales in Australia this week. This week's fall was the largest fall in the market since July this year with only 32,985 bales on offer, however it's hard to feel negative with a 2013c EMI.

The week opened on Tuesday with Melbourne selling in isolation - apparently the southerners are preparing for their AFL

Grand Final Public Holiday on Friday. The history of the market's reaction to sales in isolation in Melbourne is very poor and unfortunately this week was no exception to the trend.



MPG North	Percentile	27/09/2018	20/09/2018	Variance	5 Year Average	5 year var	5 year % var
17	98.9%	2,948	2,988	-40	2,062	886	43.0%
18	98.8%	2,615	2,688	-73	1,916	699	36.5%
19	98.3%	2,358	2,429	-71	1,758	600	34.2%
20	97.0%	2,220	2,294	-74	1,654	566	34.2%
21	96.8%	2,178	2,243	-65	1,614	564	35.0%
22	99.6%	2,259	2,259	0	1,581	678	42.9%
30	88.6%	728	728	0	681	47	6.9%
EMI	98.6%	2,013	2,067	-54	1,325	688	51.9%

**Merino Fleece** opened in Melbourne in a tailspin, peeling off 30-50 immediately as Exporters cherry-picked lots with the best style and measurements. Sydney and Fremantle came on line on Wednesday with similar results, however Melbourne added to their losses. The price free fall was unable to stop in Sydney and Fremantle and by the close of business, the Merino Fleece MPG's were 50-90c lighter for the week.

**Merino Skirtings** followed the lead of the fleece, peeling of 60-80c, with lesser falls recorded on the lots with VM less than 3.5%.

**Crossbreds** trends were detached from the Merino carnage however were still generally 20-40c cheaper.

The real concern was in the **Merino Carding** sector, where buyer apathy was the feature. An average of 100c was measured across the three centres with the damage in Fremantle extending to whopping 143c.

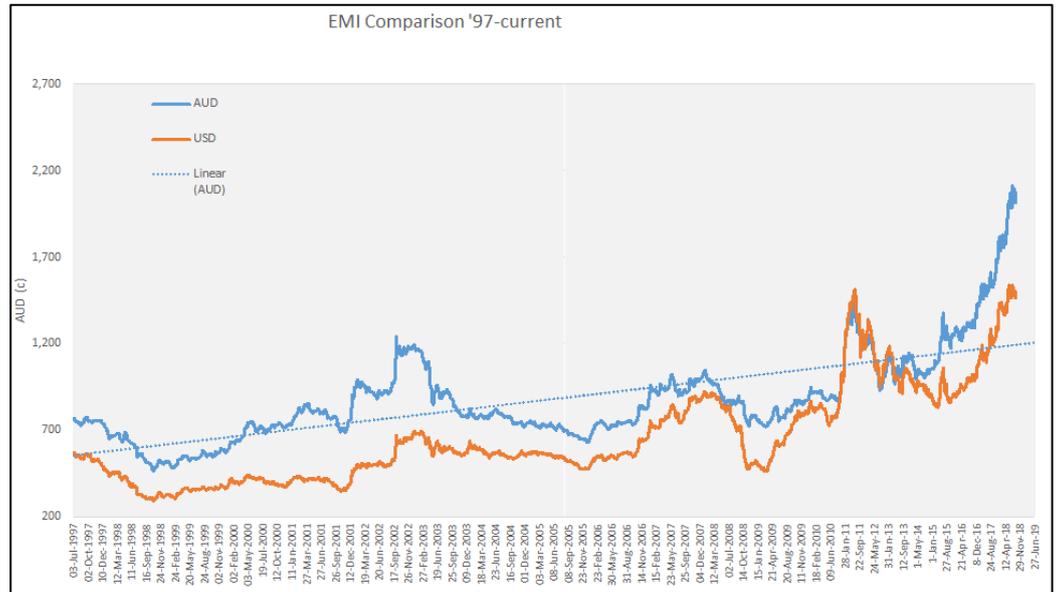
**Forward Price Report from Michael Avery (Southern Aurora Wool):** Light trading in the forward markets reflected the uncertainty that surrounds the wool landscape at all levels. The balance of supply and demand will ultimately decide the outcome. Demand creation and steady supply has seen the spot market rise to set



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new highs over the last two years. The ability of the pipeline to sustain these rises continues to be questioned and therefore at some point high prices will cause demand destruction shifting the balance in the market. The forward markets have wrongly indicated this for much of the last two years trading at a discount to spot anticipating a price driven correction. The current retraction in the spot



market of around 100 cents is in line with the previous seven pull backs over this two year period. The question is does the market need to come back further to meet the expectations of downstream processors and consumers or will tight supply due to the sustained drought conditions halt the downward trend. Forward market levels for October and November indicate exporters' willingness to cover some of their risk at close to spot. 21.0 is bid at 2150 about 1% under spot. 19.0 micron for the same period at 2260 about 4% under cash.

Region	Centre	27/09/2018	20/09/2018	Variance	Bales Offered	Bales Sold	Pass-in%	Next Sale Offering
Northern	Sydney	2,074	2,140	-66	10,263	9,127	11.1%	10,488
Southern	Melbourne	1,975	2,022	-47	16,685	15,164	9.1%	24,268
Western	Fremantle	2,141	2,222	-81	6,037	4,051	32.9%	7,790
National	AWEX EMI	2,013	2,067	-54	32,985	28,342	14.1%	42,546

**Market Commentary:** Next week's offering jumps back up to 42,546 bales, with all sale centres selling on the same day despite the NSW public holiday on Monday. In analysing the MPG's history, it is not uncommon to see the market slump at this time of year. If you study the graphs on our website, you will notice that there is a very strong pattern of market recovery as we get into November through to March. The \$64m is: - how much of your wool income can you afford to gamble with, if any? If you can answer that question, then the next question will be, should you be researching a forward price for a percentage of the next clip? Have a safe and enjoyable long weekend, which will no doubt involve feeding sheep amongst the AFL and NRL grand finals. I'm tipping Eagles and Storm (I don't follow either). I am also tipping another week of uncertainty for the wool market. ~ **Marty Moses**

Moses & Son Top price report							
Desc	District	Micron	VM	Yield	SL	SS	Price
AAA M	Bidgeemia	17.4	1.1	65.6	94	40	1750
AAA M	West Wyalong	17.5	1.3	66.4	115	38	1750
AAA M	Tallimba	17.7	0.8	65.4	69	38	1741
AAA M	Tullibigeal	18.6	1.4	73.4	56	54	1710
AAA M	Bidgeemia	18.5	0.6	69.7	92	25	1702