

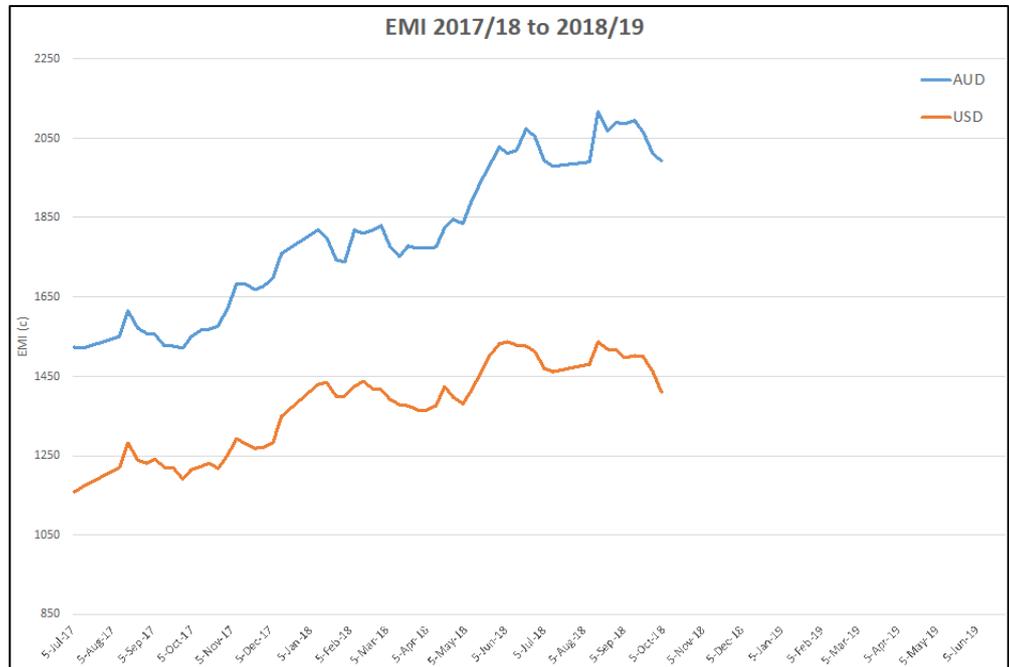


MOSES & SON

WOOLBROKERS MERCHANDISE LIVESTOCK

Week 14: 04/10/2018

The AWEX EMI closed the week on 1992c - down 21c at auction sales in Australia this week. 39,200 bales went under the hammer and despite a favourable currency exchange, the market opened under similar price pressure as it closed in the previous week. Wednesday's market saw similar buyer uncertainty and an emerging growing seller resistance on wools not making close to their valuations. Thursday opened with more noticeable buyer urgency to seek the best style and measured lots and at times the substantial price rises were experienced over the previous day.



MPG North	Percentile	4/10/2018	27/09/2018	Variance	5 Year Average	5 year var	5 year % var
17	98.0%	2,869	2,948	-79	2,061	808	39.2%
18	98.5%	2,583	2,615	-32	1,916	667	34.8%
19	98.1%	2,346	2,358	-12	1,757	589	33.5%
20	97.0%	2,225	2,220	5	1,653	572	34.6%
21	96.8%	2,186	2,178	8	1,612	574	35.6%
22	99.6%	2,259	2,259	0	1,582	677	42.8%
30	83.7%	701	728	-27	681	20	2.9%
EMI	98.1%	1,992	2,013	-21	1,325	667	50.3%

Merino Fleece from 16-19 μ MPG were, once again, the hardest hit this week. As the season progresses, a realisation emerges that courtesy of the eastern states drought, there could be a lack of well measured lots available as we approach the November and December periods. Losses of up to 100c were measured in the 16 MPG whilst the severity of the falls diminished for the 17 to 19 MPG's. The 19.5 through to the 22 MPG's posted reasonable gains on Thursday to take their weekly movement into positive territory.

Merino Skirtings posted variable results, heavily driven by VM content. As we have seen over most of the season, buyers actively pushed lots containing VM of 2% or less between 20-40c, lots containing 3-8% fell in line with the fleece whilst lots with VM greater than 8% were worst affected.

Crossbreds were not exempt from the negative price trends with falls between 30-50c measured, with the worst performers being the 25-7 MPG's.

Cardings lost another 35-50c, continuing its downward trajectory experienced over the past month.

The **MC** has fallen 178c from its record high set earlier in the season, however to put it into relevance, the MC is still 234c above the price for the same time last year.

Forward Price Report from Michael Avery (Southern Aurora Wool): The forward markets opened the week with bidding stable and held as the week progressed. Growers still remained reluctant to enter the market or set target levels. Little guidance was coming from off shore with our major consumer, China, in the middle of their "Golden Week" festival. Consumer activity in this holiday week provides a guide for the local Chinese processors of short term demand



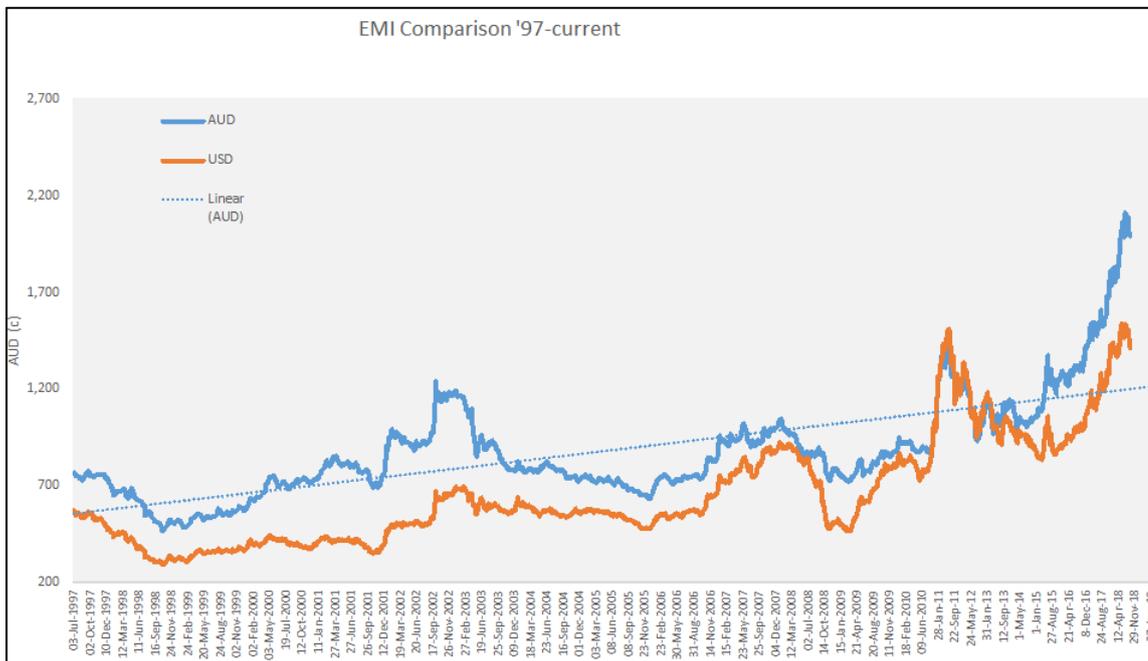
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and overall confidence. A weaker AUD Thursday saw buyers take a little cover above cash for November (19.0 micron at 2350 and 21.0 at 2200) and raise their bidding levels through to Christmas and beyond. Activity on the forward markets has fallen to below 1% of the underlining clip for the last two months at a time when record prices were being set in the auction and forward levels into 2019 were being offered at the 90th percentile of prices for the last year.

While the market appears to be looking to find a level, volatility will most likely be common for the foreseeable future. Tight supply will definitely be a factor going forward but fluctuating demand at these price points and generally uncertainty in the globally trade scene will have an impact.

We expect solid forward pricing, out to March 2019, in the early part of next week from the exporters. Hopefully this will provide good hedging levels for growers and allow exporters to engage more confidently with the downstream processors.



Market Commentary: Next week we see the offering fall to 34,667 bales - 60,000 bales less than the same time last year. Despite the concerted effort for overseas processors to drive the market down to their "ideal" price levels, the conversations in the halls of the sale rooms is usually about supply of bales to the market

and quality of the offering in the next 6 months. As the exporters balance out the pause in overseas interest against how buyers will meet the peak market demand of November to April, it seems logical to take stock of the best the market has to offer. This was extremely evident in the sale rooms over the past few weeks. I think the next three weeks will be extremely interesting for wool prices, and my humble opinion is we may have temporarily seen the installation of a new base in the merino fleece market. **It's a great time to be in sheep and wool.** ~ Marty Moses

Region	Centre	4/10/2018	27/09/2018	Variance	Bales Offered	Bales Sold	Pass-in%	Next Sale Offering
Northern	Sydney	2,050	2,074	-24	10,207	9,221	9.7%	8,905
Southern	Melbourne	1,956	1,975	-19	21,124	18,858	10.7%	17,235
Western	Fremantle	2,132	2,141	-9	6,986	6,163	11.8%	8,327
National	AWEX EMI	1,992	2,013	-21	39,261	34,999	10.9%	34,467

Moses & Son Top price report							
Desc	District	Micron	VM	Yield	SL	SS	Price
AAA M	Temora	17.3	0.6	68.6	76	55	1888
AAA M	Beckom	17.8	0.5	68.0	78	38	1788
AAA M	Caragabal	16.4	1.3	62.7	104	23	1771
AAA M	Caragabal	16.4	1.6	61.8	93	27	1740
AAAA M	Stockinbingal	17.7	1.1	67.0	96	35	1731