



# MOSES & SON

WOOLBROKERS MERCHANDISE LIVESTOCK

## Week 17: 25/10/2018

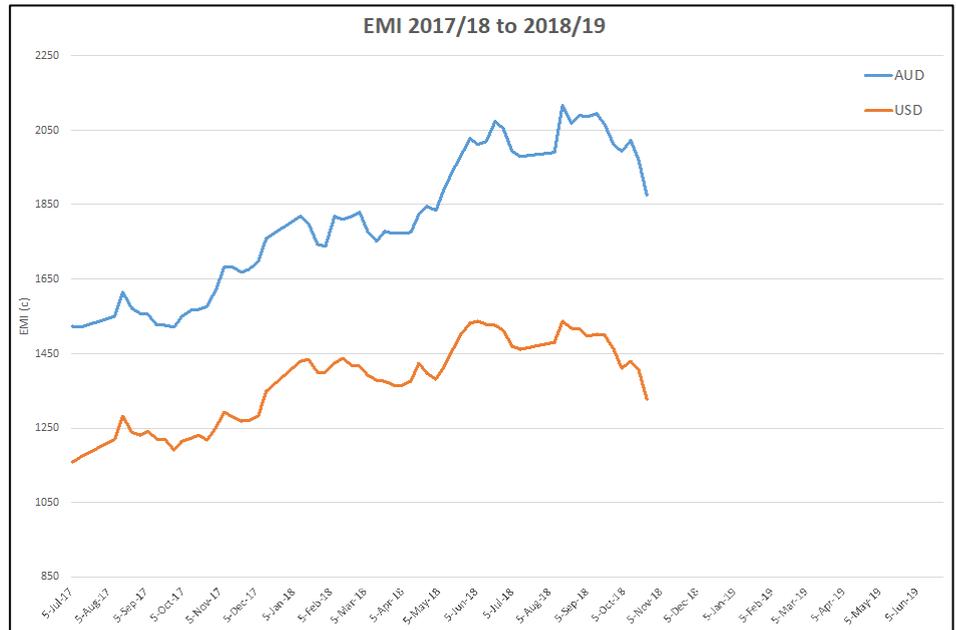
The AWEX EMI closed on 1874c - down 96c at auction sales and the lowest EMI for 5½ months. The EMI lost 72c on Wednesday - the largest single day fall in 15 years and, furthermore Thursday's 24c fall created the largest weekly price fall for 15 years. Exporters entered the week with small quantity orders sold well below last week's market close and predictably the result from the opening lot was a continuance of the market's negative direction from the previous 4 weeks.

**Merino Fleece** was the hardest hit and it was felt more severely in the superfine MPG s (16-18.5), posting losses between 110 and 165c as the volumes being offered in these categories rise week on week. The fine/medium MPGs fell between 70-77c and due to the effects of the ongoing drought, there were no quotes for 22 and coarser.

**Merino Skirtings** followed the trend of the fleece with the finer the micron the larger the fall, however some isolated skirtings were noticeably dearer than their fleece counterparts.

**Crossbreds** were irregular however ranged from -10 to -30c on a limited offering in Sydney and -10 to -70 in the southern markets.

The ailing **Merino Carding** Indicator showed no signs of slowing as falls of 150 were measured in the eastern market as locks, stains and crutchings felt the full force of the 150c falls.



MPG North	Percentile	25/10/2018	18/10/2018	Variance	5 Year Average	5 year var	5 year % var
17	92.0%	2,582	2,743	-161	2,053	529	25.8%
18	95.3%	2,397	2,530	-133	1,912	485	25.4%
19	96.0%	2,258	2,330	-72	1,755	503	28.7%
20	96.0%	2,175	2,262	-87	1,651	524	31.8%
21	96.0%	2,153	2,223	-70	1,611	542	33.7%
22	99.6%	2,259	2,259	0	1,583	676	42.7%
30	79.3%	671	701	-30	680	-9	-1.4%
EMI	97.0%	1,874	1,970	-96	1,325	549	41.4%

**Forward Price Report from Michael Avery (Southern Aurora Wool):** Forward contracts traded early in the week at 2185 for November to a low of 2120 before rallying to 2150. The depth of the current market retracement is difficult to predict and highlights the need for growers to have a strategy to manage this risk. The current wool market upward trend has now run almost 3 years. Since 1995, we have only had two other rallies of this length. These occurred between 1999 to 2002 and 2008 to 2011. We are now currently sitting right in between these two numbers. Opinions on where to from here are definitely divided. Will we see a further retracement similar to the price action we saw in June 2015, when the market gave back 24%, or nearly 300c, before embarking on the current bull run? Or has the market done enough to consolidate? Will we see a new rally sooner and possibly look to achieve a new peak?? Finally and possibly a more importantly - has this rally ended and has the longer deeper downward trend commenced? History will show that these long term rallies all have an end point. When this current rally will finish is impossible to predict, but the current drought and tight supply could extend the timeline. The lack of participation in the forward markets is



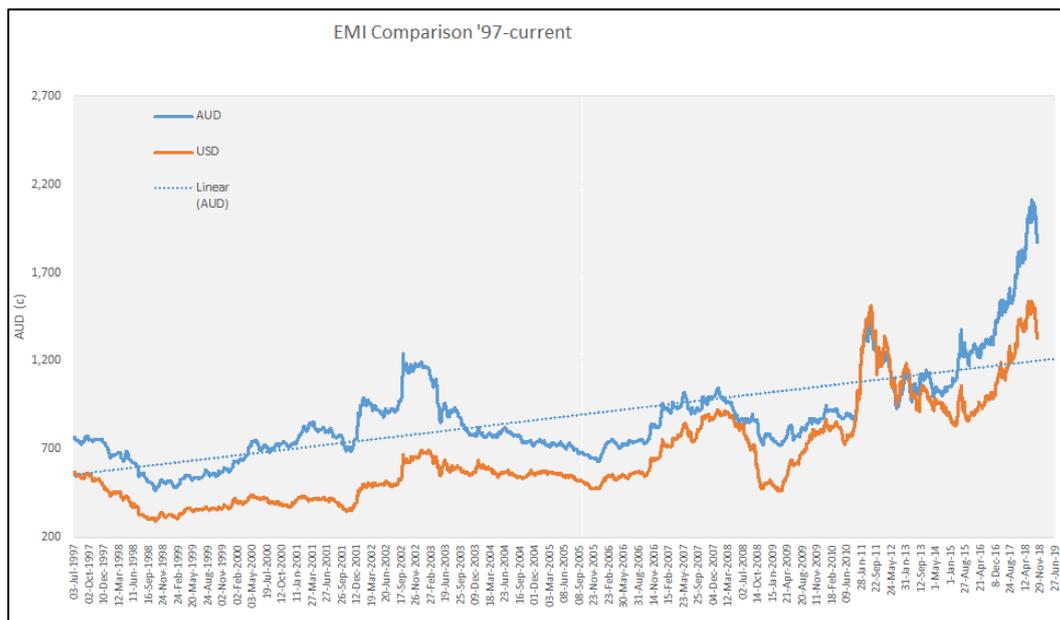
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also adding to the spot volatility. All sectors of the pipeline need to address this to delivery some degree of certainty and margin management

**Commentary:** The absence of keen interest of China and Italy in the market is real and biting in hard on the price gains made over the past 5 months. Historically, the October period can produce more grey hairs for wool producers and exporters than other months as it is a period of little processing

commitment, and more so relies on strategic purchases than immediate orders. There is a lot happening in our pipeline that would indicate the previous levels may not be sustainable, especially the cost and availability of finance and the pressure on retail to increase their shelf prices. Conversely, with reduced production being an almost certain outcome for the next few years, and the future offerings not only being smaller but expected to be of poorer quality with compromised measurement courtesy of the prolonged drought. My best guess after a stronger finish to all market centres especially Fremantle is that we will see next week's market consolidate around this week's closing levels and furthermore Michael Avery's long term stats really give us all the possible directions after that.



Region	Centre	25/10/2018	18/10/2018	Variance	Bales Offered	Bales Sold	Pass-in%	Next Sale Offering
Northern	Sydney	1,914	2,021	-107	8,338	6,463	22.5%	9,731
Southern	Melbourne	1,849	1,938	-89	18,716	14,773	21.1%	22,145
Western	Fremantle	2,033	2,094	-61	6,317	4,590	27.3%	8,475
National	AWEX EMI	1,874	1,970	-96	34,522	26,372	23.6%	40,351

**Farwell to John Wiencke.** After a creditable 28 years of service to his clients and Moses & Son, John worked his last day on Wednesday this week. As the Senior Wool Technical Officer at Moses & Son Temora, John serviced the Temora and district wool producers and in more recent years, looked after livestock trading for many clients through Bluechip Livestock. John has been mentor to many of the staff and in the immediate future, John's clients will be managed existing staff, Adele Smith, John Nixon, Jackie Thompson and Craig Leiper who have been working with John over the past month to meet and greet the valued clients. Management, Staff and clients will attend an official farewell for John tonight. On a personal note I extend John and Yvonne my best wishes in their future endeavours and thank John for his service to the company. ~ Marty Moses

Moses & Son Top price report							
Desc	District	Micron	VM	Yield	SL	SS	Price
AAA M	Young	18.5	1.5	73.0	79	40	1710
AAA M	Brookdale	18.6	0.4	71.3	84	50	1690
EX SUP AAA	Millthorpe	16.8	0.6	66.0	105	33	1658
SUP AAAA	Millthorpe	15.4	1.0	65.6	94	21	1628
AAA M	Murringo	18.9	0.7	71.5	97	27	1611