

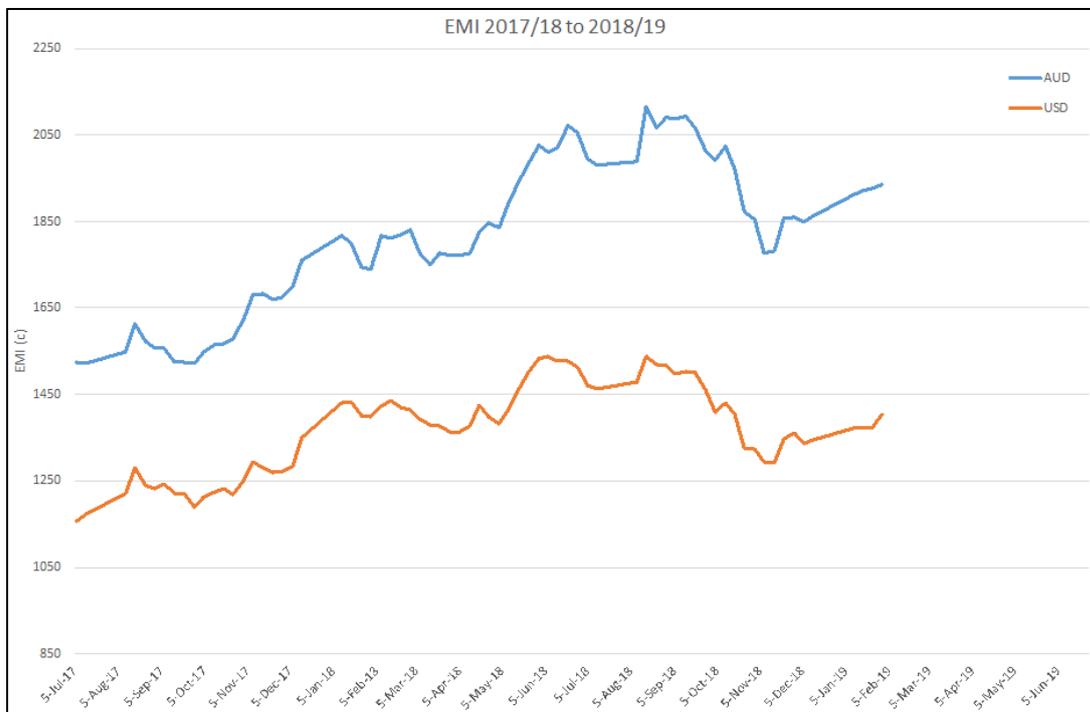


# MOSES & SON

WOOLBROKERS MERCHANDISE LIVESTOCK

## Week 31: 31/01/2019

The AWEX EMI closed the week on 1934c - up 7c at auction sales in Australia. This rise was the 5<sup>th</sup> consecutive weekly rise with a total price rise of 85 AUC (+44 USC). The 96.8% of the 38,830 bale offering cleared to the trade, as exporters seemed keen to get wool transactions completed before the commencement of Chinese New Year Holiday (4-19<sup>th</sup> February), where I anticipate there will be some second guessing of a new price level.



**Merino Fleece** types was a bit of a “rewind and replay” with the best style and measured lots attracting solid competition and added 5-10c to their last week’s prices

whilst the increasing number of lots containing poor style and strength, with high VM or mid-point breaks, attracted large discounts, falling between 20-40c. In general, the Northern MPG’s held a 1% premium over the other centres, which I believe would be based on the quality and measurement of the offering.

**Merino Skirtings** held their ground with premiums for the longest staple and lowest VM types noticeable, whilst the heavy VM and shorter types were up to 45c cheaper.

**Crossbreds** posted another incredible price rise across the range of MPG’s with the rises of over 100c posted for the 30MPG and an 85-90c increase for the 28 MPG. The 25 and 26 MPG’s increased 45c for the week. The best prepared crossbreds clips were significantly dearer than any poorly skirted or unclassified lots.

**Carding Wool (MC)** prices continued to soften in price between 21-28c in Sydney and Melbourne whilst Fremantle posted a solid 2c rise.

MPG North	Percentile	31/01/2019	24/01/2019	Variance	5 Year Average	5 year var	5 year % var
17	91.5%	2,538	2,538	0	2,021	517	25.6%
18	96.2%	2,437	2,432	5	1,894	543	28.7%
19	97.0%	2,304	2,313	-9	1,743	561	32.2%
20	98.0%	2,273	2,277	-4	1,642	631	38.4%
21	97.9%	2,249	2,245	4	1,603	646	40.3%
22	97.9%	2,225	2,225	0	1,568	657	41.9%
30	97.1%	839	739	100	680	159	23.3%
EMI	97.2%	1,934	1,927	7	1,325	609	46.0%

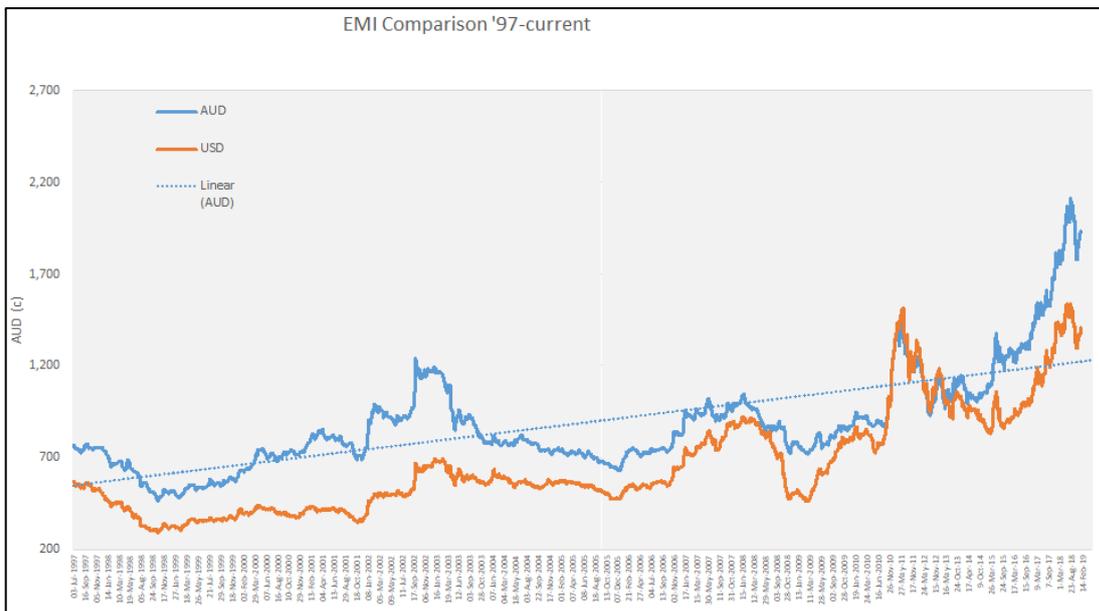
**Forward Price Report from Michael Avery (Southern Aurora Wool):** Better volumes went through the forward market this week. Buyers were looking to cover positions with ongoing concerns of supply still at the forefront. The auction started strongly with indent operators keen to fill orders prior to the Chinese New Year. Crossbreds were in demand and this followed through into the forwards with 40t traded in the May/June window at solid levels delivering excellent hedging opportunities. 21.0 microns traded at season high records of 2190 into Easter. The strong Australian dollar and



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continued modest demand saw interest in forwards taper off towards the end of the week with most merino qualities losing ground into the auction close. We see this trend continuing in weeks to come as processors balance the need to keep machinery with the inability to pass the current price levels onto their downstream customers. Risk levels remain high and volatility will be the constant. We anticipate that the market will be under pressure next week with Chinese New Year capping demand as our biggest customer takes a pause. Trading on forwards should remain steady as buyers look to cover risk and keep exposure to the volatility to a minimum.



Region	Centre	31/01/2019	24/01/2019	Variance	Bales Offered	Bales Sold	Pass-in%	Next Sale Offering
Northern	Sydney	1,978	1,970	8	8,789	8,320	5.3%	11,736
Southern	Melbourne	1,906	1,901	5	20,853	19,706	5.5%	19,922
Western	Fremantle	2,094	2,092	2	9,188	8,001	12.9%	8,768
National	AWEX EMI	1,934	1,927	7	38,830	36,027	7.2%	40,426

**Commentary:** Next week's offering of 40,426 was similar to the offering scheduled for this week however only 38,830 turned up with 2.5% of the offering being withdrawn before sale. The next two sales will struggle to hit 30,000 bales so as Mike Avery points out, the need for volume to keep machines running may start to create some volatility in the market place. It was pleasing to see some volume return into the forward markets as buyer and seller begin looking for certainty in supply and price. Chinese New Year may also create some doubt of what will happen after the Chinese return to work from their holiday. So many questions, and unfortunately so few answers. I would suggest waiting for the event before we act may be very dangerous and hence some forward cover has never been more prudent. AWTA logistics have reported that January bales sampled across Australia were down 12.5% (NSW -22.5%) whilst the YOY bales sampled now total 12% (NSW -16.5%) as the mother of all droughts continues to take its toll on sheep numbers and wool production.

~ Marty Moses

Moses & Son Top price report							
Desc	District	Micron	VM	Yield	SL	SS	Price
AAA M	West Wyalong	18.2	0.7	71.9	95	36	1735
AAA M	Carcoar	16.5	0.3	69.9	69	38	1720
AAA M	West Wyalong	18.5	0.9	72.1	96	36	1716
AAAA M	Temora	17.5	0.9	64.0	93	48	1659
AAA M	West Wyalong	17.3	1.3	68.1	96	32	1650