

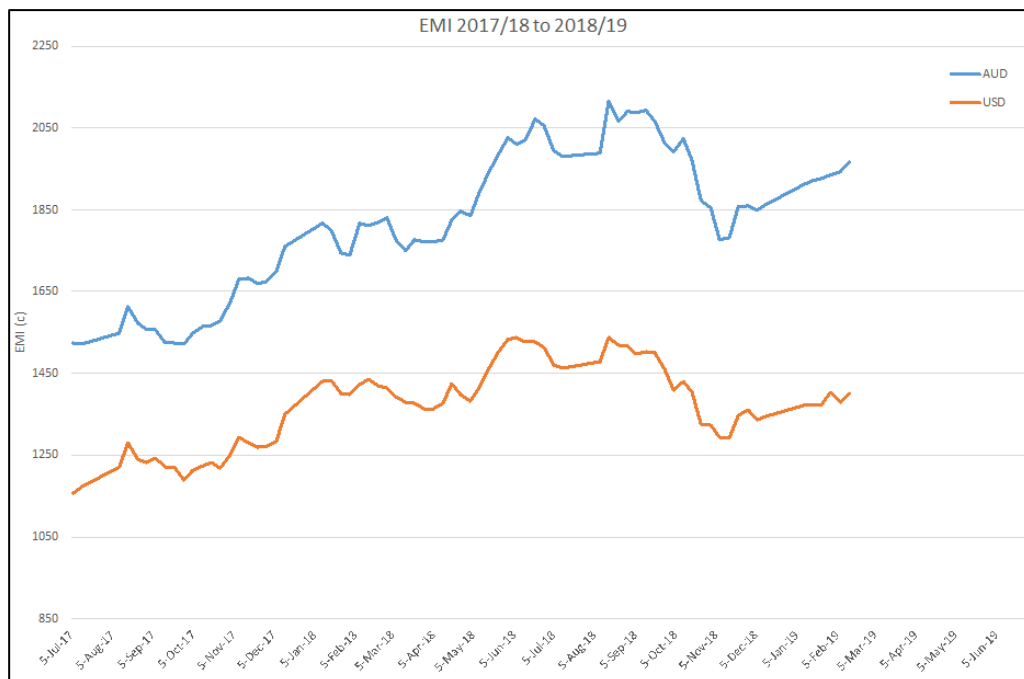


MOSES & SON

WOOLBROKERS MERCHANDISE LIVESTOCK

Week 33: 14/02/2019

The AWEX EMI closed on 1968c - up 24c at auction sales in Australia this week. The AWEX EMI has increased 119c in a 7 week run as YOY quantity offered reduces by about 15%. A slight increase in the weekly offering and a recovery in the AUD relationship with the USD, did not thwart the buyers' enthusiasm to secure wool as the Chinese New Year Holiday comes to an end and mills refocused on purchasing wool to keep their machines running.



Merino Fleece best performers were the 19-22 μ sectors which added 10-25c in the northern region, whilst the other centres were in catch up mode adding 20-40c and moving closer to the Northern MPG's. The 16-18.5 μ categories added 6-10c in the north whilst the other selling centres remain at 30-70c to the northern region price levels.

Merino Skirtings saw good support for most of the selection across the country. New interest in medium quality high VM types were noticeable.

Crossbreds continued their upward price trajectory, smashed new price records for the 30 μ MPG breaking through the 900c whilst the 2 and 28 MPG's added 15-50c.

Cardings also found some new support adding 22-30c across all centres.

| MPG North | Percentile | 14/02/2019 | 7/02/2019 | Variance | 5 Year Average | 5 year var | 5 year % var |
|-----------|------------|------------|-----------|----------|----------------|------------|--------------|
| 17 | 92.2% | 2,587 | 2,578 | 9 | 2,019 | 568 | 28.2% |
| 18 | 96.7% | 2,490 | 2,483 | 7 | 1,894 | 596 | 31.5% |
| 19 | 97.7% | 2,342 | 2,317 | 25 | 1,743 | 599 | 34.4% |
| 20 | 99.0% | 2,306 | 2,290 | 16 | 1,643 | 663 | 40.3% |
| 21 | 98.6% | 2,270 | 2,260 | 10 | 1,604 | 666 | 41.5% |
| 22 | 98.4% | 2,245 | 2,240 | 5 | 1,569 | 676 | 43.1% |
| 30 | 97.1% | 839 | 839 | 0 | 682 | 157 | 23.0% |
| EMI | 97.4% | 1,968 | 1,944 | 24 | 1,325 | 643 | 48.5% |

Forward Price Report from Michael Avery (Southern Aurora Wool): Another strong week for the auction market with low supply pushing merino qualities higher. Crossbreds reached record levels as processors looked to cheaper alternatives to feed their machinery. Forward levels traded higher as exporters looked to cover some risk even with their processor clients claiming that current levels are unsustainable. Volumes were again light this week with growers only committing modest volumes. The forward discounts that the market is requesting, due to the lack of demand, is continually offset by the tight supply. This conundrum has hampered the market through the extended rise in prices. That said, forward trade levels reached new highs with 19.0 executed at 2285 for March through to 2240 for May. Pleasingly interest lifted in the spring and summer. 19.0 traded at 2125 early in the week and bidding lifted to 2150 and processors looked to shore up some inventory. We expect to see interest at similar levels next week with continued demand in the pre-Easter as exporters look to cover short term risk.

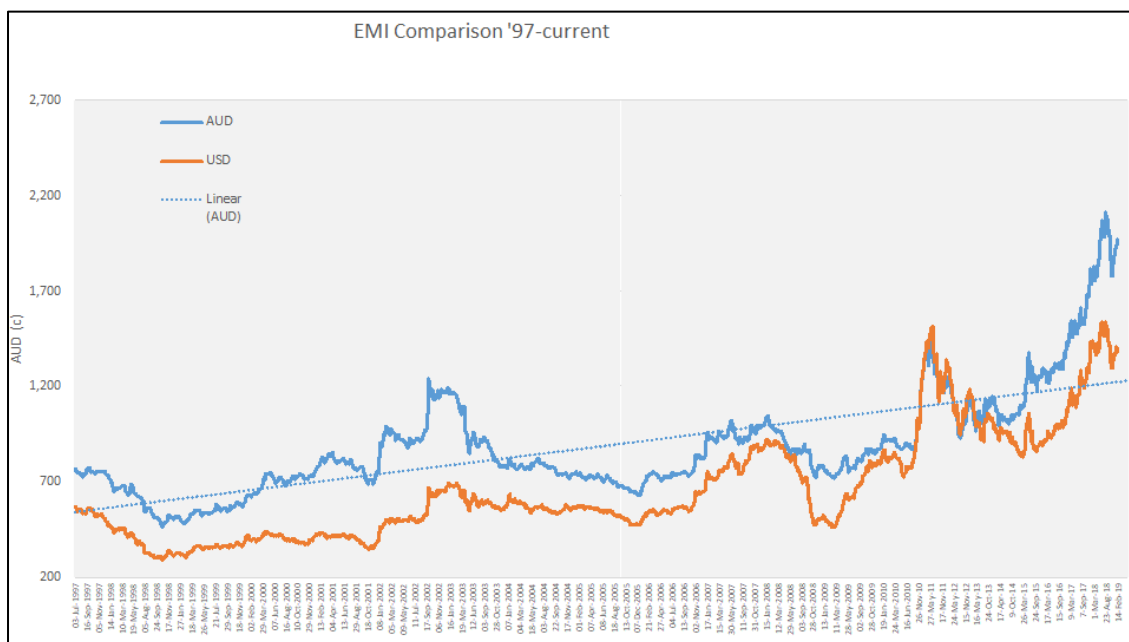


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We are hoping that interest in the spring and summer remain as this is where the potential and more significant risk lies for growers. Setting hedging targets based around the managing of return margins will be key in what we expect to be a volatile year in the commodity landscape.

| Region | Centre | 14/02/2019 | 7/02/2019 | Variance | Bales Offered | Bales Sold | Pass-in% | Next Sale Offering |
|----------|-----------|------------|-----------|----------|---------------|------------|----------|--------------------|
| Northern | Sydney | 2,011 | 1,995 | 16 | 7,563 | 7,047 | 6.8% | 9,516 |
| Southern | Melbourne | 1,940 | 1,912 | 28 | 23,016 | 21,923 | 4.7% | 24,453 |
| Western | Fremantle | 2,130 | 2,101 | 29 | 9,586 | 9,060 | 5.5% | 8,500 |
| National | AWEX EMI | 1,968 | 1,944 | 24 | 40,165 | 38,030 | 5.3% | 42,469 |



The total weekly value of sales was \$83.38m, pushing the through the \$2b mark this week and with quantity and the quality of the bales coming to market, most likely scenario for supply (given the widespread drought area) will be continuing lower numbers. YOY offerings are down 14.8% in bales but down 17.2% in clean kg offered, and are more than likely going to increase the

percentage loss as the year progresses. Some less palatable statistics to demonstrate this are: this week's merino offering in Sydney was the smallest number offered in 12 months; and the Northern Weekly total was the smallest in 5 years. Next week's offering of 42,469 bales, and I see no reason why it will not be met with keen interest given this week's performance. In the next few weeks Moses & Son will be staging a series of Drought Support Meetings for all wool growers. Watch out for the dates and times which will be announced later next week.

~ Marty Moses

| Moses & Son Top price report | | | | | | | |
|------------------------------|-------------|--------|-----|-------|-----|----|-------|
| Desc | District | Micron | VM | Yield | SL | SS | Price |
| SUP AAA M | Adjungbilly | 18.3 | 0.8 | 78.6 | 98 | 30 | 1845 |
| AAA M | Various | 16.0 | 0.5 | 62.6 | 70 | 42 | 1635 |
| AAA M | Mangoplah | 16.7 | 0.3 | 68.8 | 64 | 44 | 1628 |
| AAA M | Temora | 20.5 | 0.3 | 70.8 | 109 | 23 | 1592 |
| AAA M | Temora | 20.6 | 0.3 | 69.6 | 97 | 27 | 1588 |