



MOSES & SON

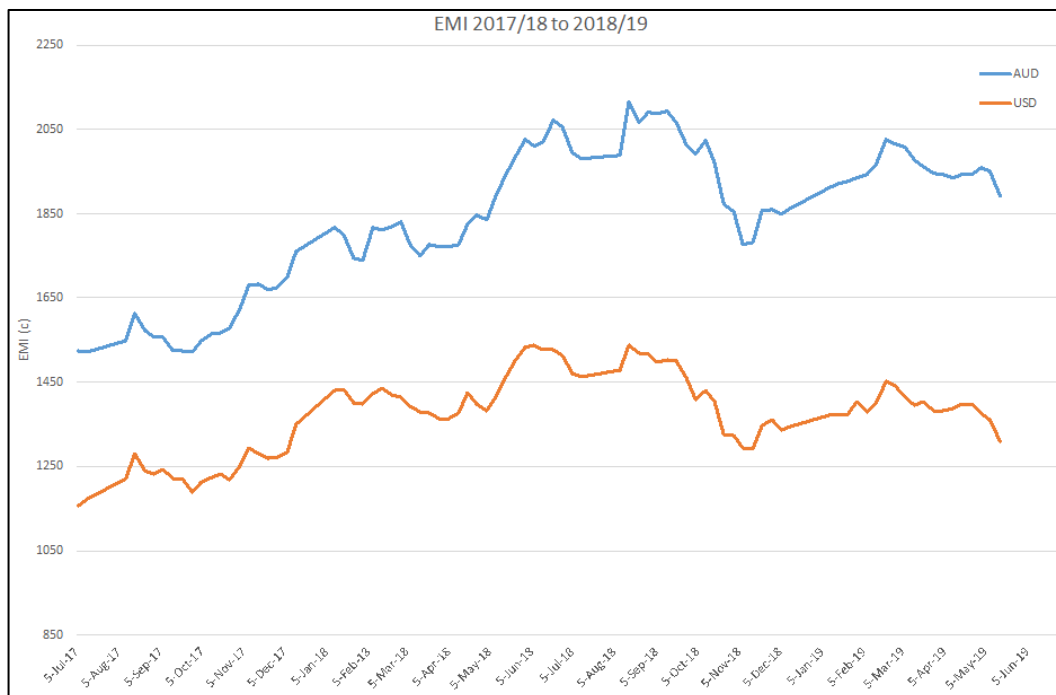
WOOLBROKERS MERCHANDISE LIVESTOCK

Week 46: 16/05/2019

The AWEX EMI was delivered a savage blow in the form of a 59c fall closing on 1893c at auction sales in Australia this week. The largest EMI fall measured since November 2018 produced a whopping 21.7% passed-in rate from the 33,153 bale offering as sellers were blindsided by the sharp market adjustment.

Western Australian fleece was met with more noticeable resentment with 45% of their fleece being passed in. The key factors

being communicated by the trade emerged last week with the lifting of the Chinese trade embargo between South African agricultural products as a result of a foot and mouth outbreak, coupled with the USA tariff increase on Chinese products, exacerbating the resistance in China of the recent price levels. It now seems that we were trading on false market fundamentals. With substantially reduced Australian Wool Production numbers, and even further degradation of the production numbers into next season expected, was the explainable offset to the end users price concern. As speculation became reality from the first lot this week, the question is has the correction happened or is this the start of a larger price adjustment in play to reinstall trade activity?



MPG North	Percentile	16/05/2019	9/05/2019	Variance	5 Year Average	5 year var	5 year % var
17	84.0%	2,418	2,480	-62	2,007	411	20.5%
18	89.8%	2,365	2,413	-48	1,891	474	25.1%
19	91.9%	2,231	2,288	-57	1,744	487	27.9%
20	92.6%	2,189	2,259	-70	1,647	542	32.9%
21	97.0%	2,265	2,265	0	1,609	656	40.8%
22	92.3%	2,140	2,200	-60	1,573	567	36.0%
30	99.8%	940	940	0	698	242	34.7%
EMI	94.7%	1,893	1,952	-59	1,325	568	42.9%

Merino Fleece saw all categories reduce price levels from 50-80c for the week, with some reduced support for the worst yielding and low strength and style lots.

Merino Skirtings fell in line with their fleece counterparts as did the **Merino Cardings** which lost 37-50c across the centres.

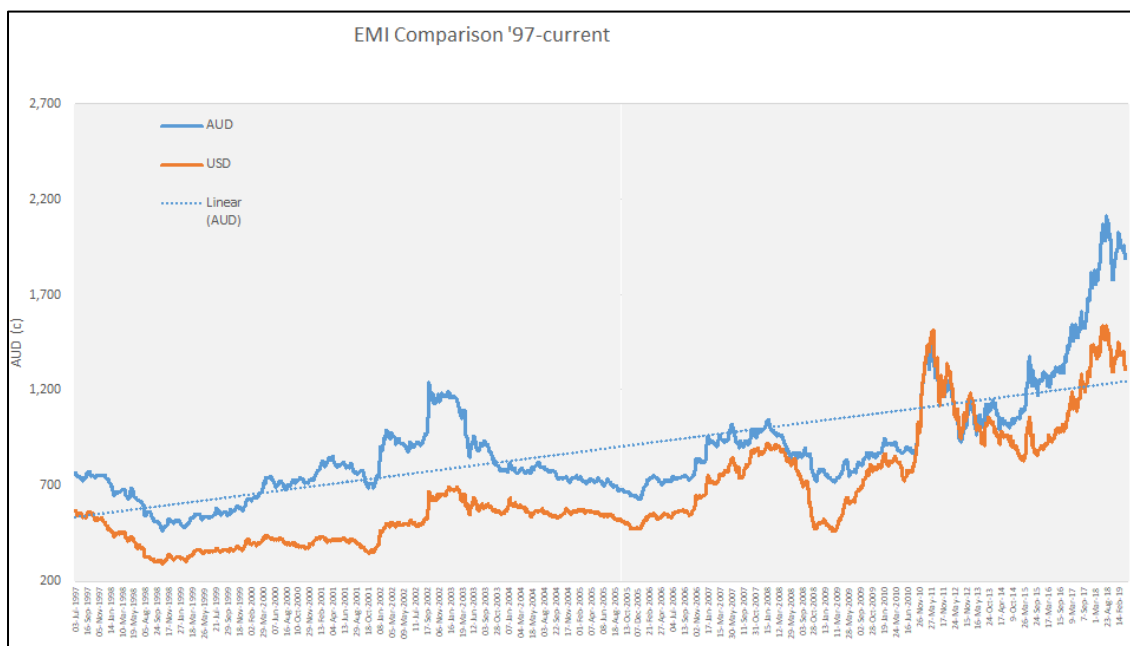
Crossbred ended their bull run with a massive correction for the week. The heaviest falls were felt in the 26 & 28 MPG's, which lost 110c and 143c respectively whilst the 30-32 MPG's losing roughly 25-35c.



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Region	Centre	16/05/2019	9/05/2019	Variance	Bales Offered	Bales Sold	Pass-in%	Next Sale Offering
Northern	Sydney	1,937	1,989	-52	8,431	7,052	16.4%	7,100
Southern	Melbourne	1,864	1,927	-63	18,302	15,097	17.5%	14,032
Western	Fremantle	1,995	2,062	-67	6,420	3,816	40.6%	4,505
National	AWEX EMI	1,893	1,952	-59	33,153	25,965	21.7%	25,637



All (woolly) eyes will be on next week's offering of just 25,637 bales, which could see some presale reduction on the back of this week's poor market performance. The difficulty to digest the sharp falls that occurred this week will be forgotten and acceptance of the newly formed price levels will become the norm, one hopes

this will be short lived (like ripping off a band-aid). Being a wool producer (researcher), I sympathise with the wool producer that had intended to sell their wool this week but found themselves passing wool in due to the extraordinary falls. I think we have a little more pain to realise in the next few weeks as the new trading level is discovered.

~ Marty Moses

Moses & Son Top price report							
Desc	District	Micron	VM	Yield	SL	SS	Price
AAAA M	Boorowa	17.5	0.7	62.8	102	38	1462
AAA M	Boorowa	16.4	0.7	63.2	93	18	1384
AAAA M	Bethungra	18.9	0.5	61.3	73	47	1381
AAAA M	Bethungra	18.7	0.8	60.9	71	53	1371
AAA M	Morundah	16.0	2.4	59.9	71	41	1368