



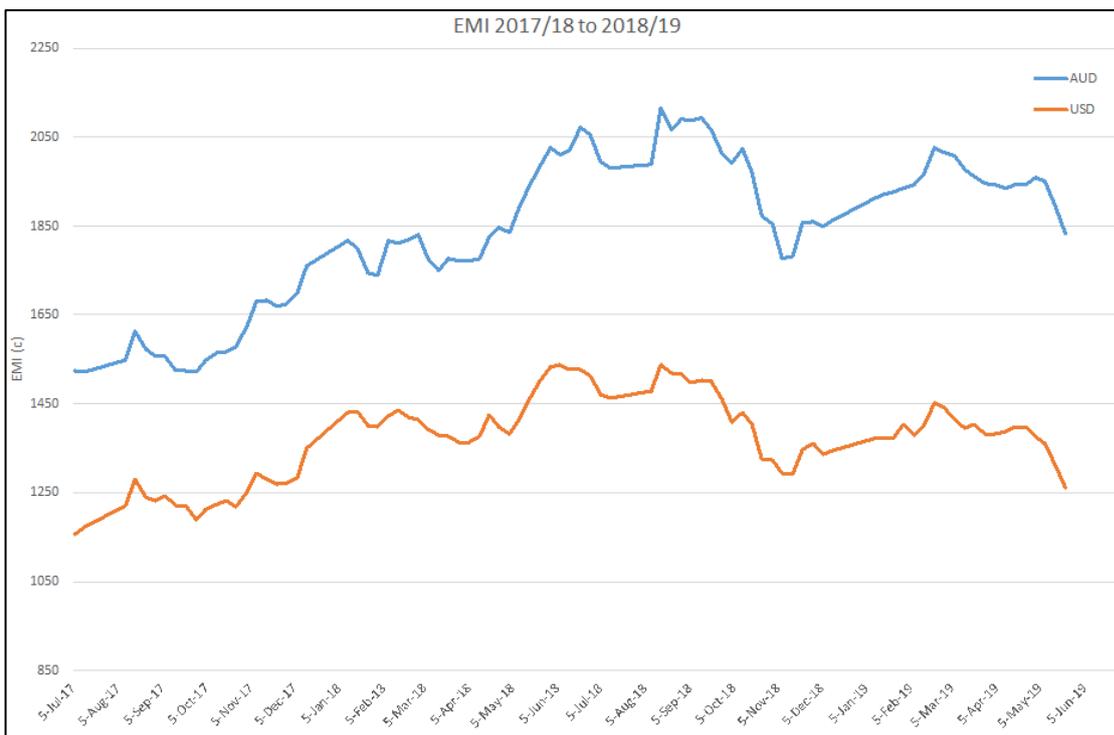
MOSES & SON

WOOLBROKERS MERCHANDISE LIVESTOCK

Week 47: 23/05/2019

The AWEX EMI closed on 1833c - down 60c in auction sales in Australia this week. The freefall can only be attributed to the lack of confidence in China due the US trade tariffs and the influx of South African wool after the import restriction into China was lifted last week. Wednesday delivered another killer blow with falls in line with last week's trend and a pass in rate to match anything we have seen before (almost 50% of the Fremantle offering was passed in for the week).

After Wednesday's sale, there was plenty of renewed interest on the passed in lots, indicating the price pain felt over the past fortnight may be receiving a mild sedative. Thursday's levels were more palatable with a levelling of the market, however the collective falls were once again 40-70c.



MPG North	Percentile	23/05/2019	16/05/2019	Variance	5 Year Average	5 year var	5 year % var
17	81.0%	2,380	2,418	-38	2,005	375	18.7%
18	87.9%	2,317	2,365	-48	1,890	427	22.6%
19	90.6%	2,163	2,231	-68	1,743	420	24.1%
20	91.6%	2,149	2,189	-40	1,647	502	30.5%
21	91.2%	2,129	2,265	-136	1,609	520	32.4%
22	92.3%	2,140	2,140	0	1,573	567	36.0%
30	99.8%	940	940	0	698	242	34.6%
EMI	93.4%	1,833	1,893	-60	1,325	508	38.3%

Merino Fleece was the hardest hit on Wednesday with falls up to 50c experienced and in reality, reporting the market must have been difficult with the number of lots passed in due to sheer buyer neglect. As mentioned before, Thursday settled and there was at least some price basis formed for most wool types, however the worst of the low yielding lots were harder than they have ever been to sell. Plenty room for improvement here.

Skirtings were also heavily hit however some skirts are still making more than their fleece counterparts.

Crossbreds continued to fall like a stone with 28 microns posting a 109c loss whilst the 30 MPG giving 53c back. The 28 MPG has had a 14% (-220c) loss over 2 weeks.

Cardings were cheaper however to a lesser extent than the Merino and Crossbred categories.

Forward Price Report from Michael Avery (Southern Aurora Wool): Man plans but God sets the odds. If the weekend's election results taught us anything, it is that even with all the predictive tools, surveys and polling it is difficult to foresee the future. Most Wool Market pundits saw the easing tendencies off the historically price prices of the early autumn to continue through to the end of the season. Demand destruction caused by high prices matched by drought induced tight supply. This played out for 3 months with the Eastern Market Indicator (EMI) losing 4%.



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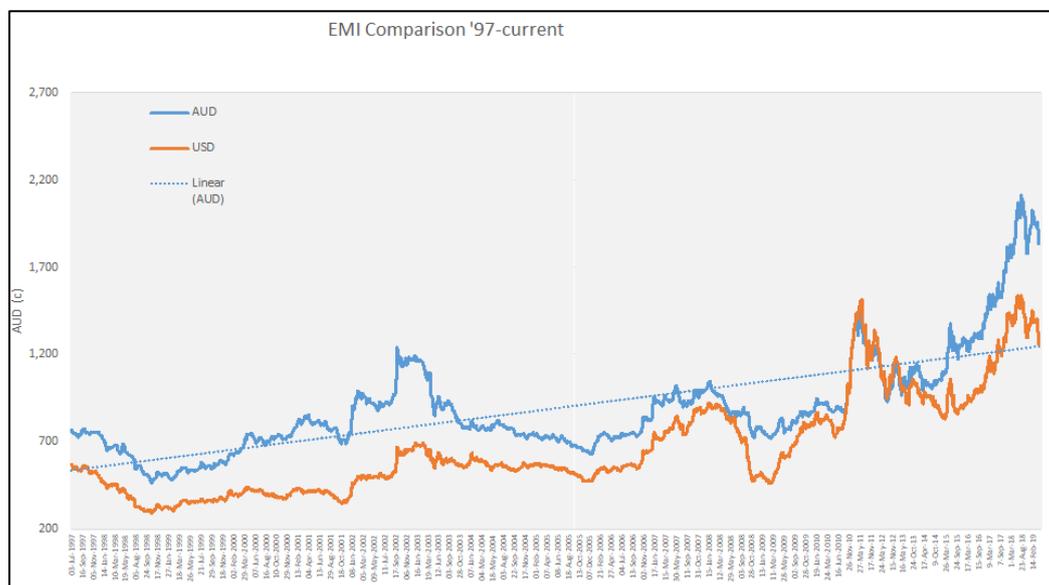
The escalating trade tensions between China and the USA has dampened confidence across most commodities. This has impacted significantly the spot wool auctions with the EMI falling 120 cents (6.5%) in the last two weeks. Forward markets have been likewise affected. 2020 and 2021 bidding was lighter this week with trades in 19.0 micron going through at 2070 having peaked at 2155 a fortnight ago. These lower hedging levels still represent the 70th percentile of prices for the last 4 years.

The current volatility in the market should see exporters looking get cover into the spring to motivate off shore sales and alleviate risk. Grower response will be critical to restoring confidence along the pipeline. Growers need to set realistic price goals that value certainty and protect margins. This is no easy task in this current environment with production costs increasing and forward prices unstable. We expect to see some forward demand to reappear around 50 cents below current spot levels for the spring. This would put 19.0 microns around 2050 to 2080. The forward market is factoring in a wider spread to develop between 19.0 and 21.0 as selection increases on the broader qualities. This would put early spring levels on 21.0 around 2000 cents.

Market Commentary:

Another week of confusion and disappointment in the market however by the close of business today, there were positive signs emerging with reports of solid business transacted overnight into China. How fickle the market is, and I really feel for the wool producers who by no fault of their own, have had to suffer the perils of a great market evaporating underneath them. Hopefully we will see a recovery in confidence in the sale rooms and maybe even a slight improvement in the levels as exporters get their strategies back in order and producers accept the new price levels. In reference to Mike Avery's report I could not agree more, we don't know what we don't know.

~ **Marty Moses**



Region	Centre	23/05/2019	16/05/2019	Variance	Bales Offered	Bales Sold	Pass-in%	Next Sale Offering
Northern	Sydney	1,869	1,937	-68	6,900	5,066	26.6%	8,984
Southern	Melbourne	1,810	1,864	-54	12,833	9,992	22.1%	17,696
Western	Fremantle	1,937	1,995	-58	4,388	2,250	48.7%	4,784
National	AWEX EMI	1,833	1,893	-60	24,121	17,308	28.2%	31,464

Moses & Son Top price report							
Desc	District	Micron	VM	Yield	SL	SS	Price
AAAA M	Young	14.9	0.2	65.5	52	0	1409
AAA M	Temora	19.6	1.0	65.9	104	36	1388
AAA M	West Wyalong	19.1	1.5	64.6	81	36	1380
AAA M	Young	17.3	0.4	62.2	91	31	1367
AAA M LMS	Coleambally	18.0	1.8	61.4	72	28	1345