



MOSES & SON

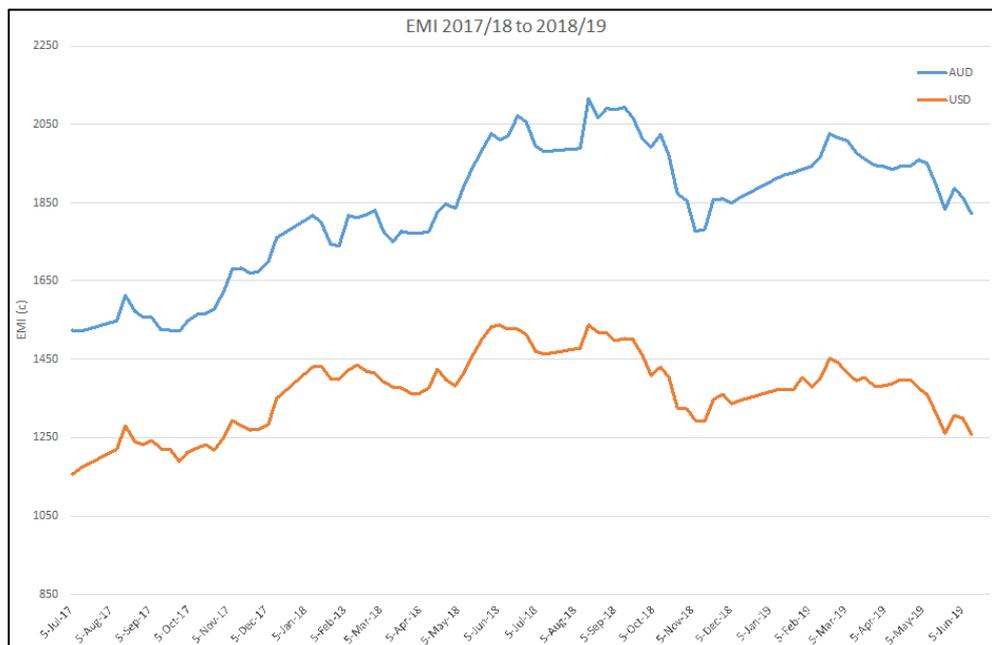
WOOLBROKERS MERCHANDISE LIVESTOCK

Week 50: 13/06/2019

The AWEX EMI closed on 1823c - down 41c at auction sales in Australia this week. The offering of 28,140 bales was met with more buyer apprehension, as trading condition slowly worsened in our major markets. The 21.3% pass in rate varied wildly across the regions, with Sydney passing in 13.7% v Melbourne - 17.5% and (the pass in kings) Fremantle, where 40.2% of the offering was passed (46.3% of the fleece).

Buyers approached the week

cautiously with little or no business being written after last week's softer market. Exporters have been reporting the worst business decisions for 10-15 years as China is experiencing a slowing economy, and compounded by an increasing trade tariffs from the US Government further haunting their future economic outlook. Our other major market for Australian wool product is Europe and the unresolved Brexit conundrum that has many scratching their heads to work out - what it is and more so - what do they do to move past the uncertainty?



Merino Fleece was the worst affected category this week, with falls measured between 50-85c across the 17-21 MPG's. The falls were concentrated to the finer end with lower yielding and poor style lots with the best style and specified attracting better competition.

Merino Skirtings followed the lead of their fleecy relatives for most of the week, however they staged a small recovery in the last hours of the sale.

Crossbreds were largely unaffected in Sydney but washed off 20-25c in Melbourne.

Cardings continued their negative trajectory with a loss of 20c average across the three centres.

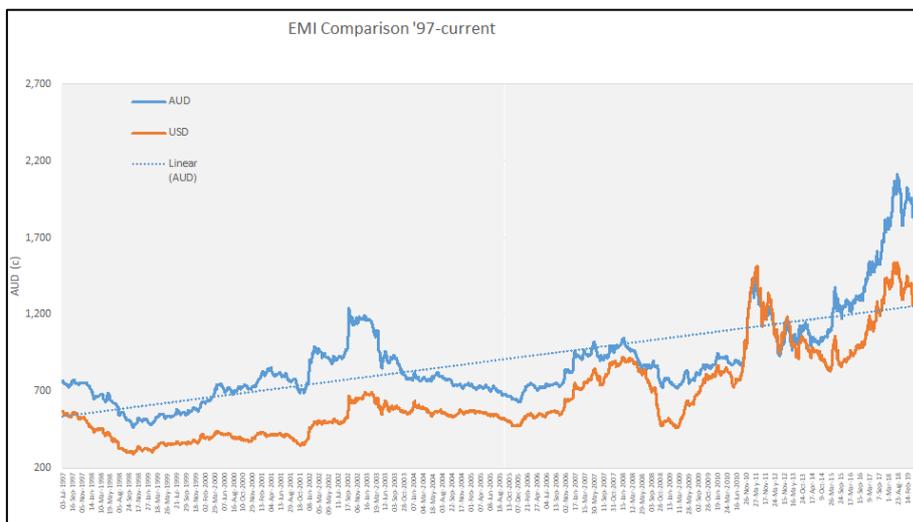
MPG North	Percentile	13/06/2019	6/06/2019	Variance	5 Year Average	5 year var	5 year % var
17	79.7%	2,345	2,345	0	2,002	343	17.2%
18	84.7%	2,238	2,318	-80	1,888	350	18.5%
19	89.6%	2,144	2,193	-49	1,741	403	23.1%
20	90.4%	2,128	2,179	-51	1,645	483	29.3%
21	92.4%	2,174	2,174	0	1,608	566	35.2%
22	91.0%	2,100	2,156	-56	1,572	528	33.6%
30	98.0%	939	939	0	702	237	33.9%
EMI	92.8%	1,823	1,864	-41	1,325	498	37.6%



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Forward Price Report from Michael Avery (Southern Aurora Wool): The forward market traded down again this week in sympathy with the spot auction. Fine wool prices dropped to year lows with the 19.0 micron dropping to levels of last May. 21.0 microns dropped to the previous season low of November. The market drivers remain weak. The demand destruction bought on by record prices of the last four years has been exacerbated by continued friction between USA and China and anticipated poor global growth.



The sudden price realignment has caught most participants by surprise as tight, drought induced, supply was thought to keep prices relatively stable. Forward levels of the last few weeks have indicated a weakening bias into the spring but off higher base levels. Spring 2019 has fallen but not to the degree of the spot market. The physical market has fallen 150c since early May while Spring forward levels are back 80 to 100c. 19.0 microns traded between 2025c and 2060c in August and September. 21.0 micron traded out to October between 1980c and 2030c.

We expect trading next week to again focus on the spring and early summer with exporters looking to get limited cover around the 2000c level.

Region	Centre	13/06/2019	6/06/2019	Variance	Bales Offered	Bales Sold	Pass-in%	Next Sale Offering
Northern	Sydney	1,842	1,883	-41	7,923	6,841	13.7%	8,327
Southern	Melbourne	1,810	1,852	-42	14,256	11,757	17.5%	11,418
Western	Fremantle	1,937	No Sale	NA	5,961	3,562	40.2%	No Sale
National	AWEX EMI	1,823	1,864	-41	28,140	22,160	21.3%	19,745

Commentary: Next week's offering of 19,745 bales will have little or no influence on price as the quality of the offering is largely outside the standard specifications of our key processing partners in China, Italy and India. As the offering once again falls below 20,000 bales at best, we would hope for the EMI to stay within 10c of this week's levels. The positive offset is there is no stocks anywhere in the pipeline. Brokers report historically low levels of held wool, and I am pretty sure the same would be said about on farm stock. Processors have been buying for just in time delivery and we face the lowest wool production forecast in 100 years. There are certainly more questions than answers ahead of us in the short term, but I am confident a new base price level will be established sooner than later. ~ Marty Moses

Moses & Son Top price report

Desc	District	Micron	VM	Yield	SL	SS	Price
AAAA M	Laggan	18.6	0.1	76.2	67	59	1588
AAAA M	Laggan	18.5	0.3	74.7	90	32	1570
AAAA M	Laggan	18.3	0.2	73.4	86	28	1548
AAAA M	Laggan	18.9	0.3	69.9	80	32	1467
AAA M	Young	17.5	0.9	66.0	73	49	1418