

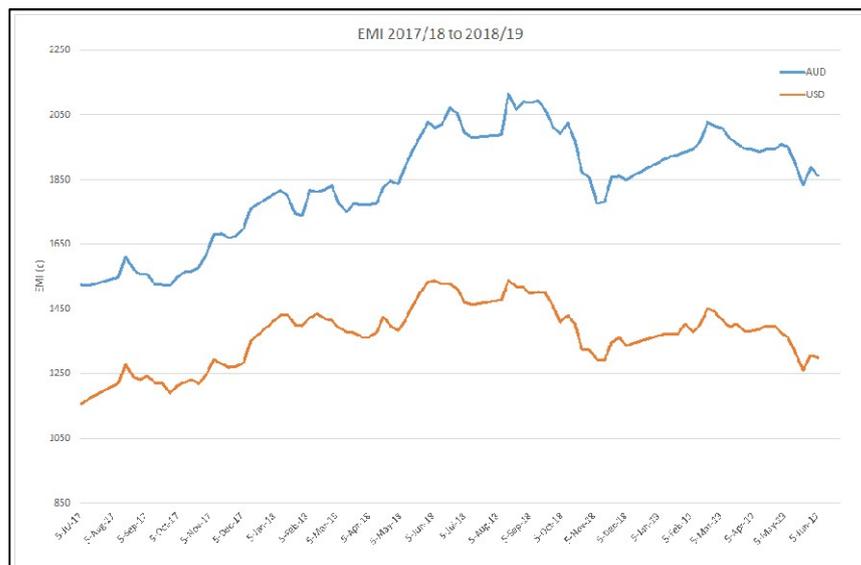


# MOSES & SON

WOOLBROKERS MERCHANDISE LIVESTOCK

## Week 49: 06/06/2019

The AWEX EMI gave back 23c of its previous week's gains closing on 1864c at auction sales in Australia this week. The 21,787 bales offered across the northern and southern centres had expectations to perform better after last week's 54c recovery, conversely business into China became hard to execute once again highlighting the issues surrounding the US- China trade tariffs. The Pass-in rate shot back up to 15% as both sellers and buyers struggle to determine fair value for the wool offering.



**Merino Fleece** took a 15-45c hit this week as the poor quality and unfavourable specified lots took the biggest hit. Best style and 'measured' lots experienced little or no pain this week. **Skirtings** were cheaper across the board with losses of 20-30c whilst the **Crossbreds** held their grounds relatively well on a limited offering. **Cardings** were variable with Sydney's MC washing off 15c whilst Melbourne lost 54c.

### Forward Price Report from Michael Avery (Southern Aurora Wool):

The rollercoaster continued for the spot auction as dwindling demand and diminishing consumer confidence saw the market give back the majority of last week's gains. Modest volumes went through the forward markets with the majority of the action being trade focused. Exporters and processors were balancing their positions as growers tended to stay on the fence. The forward discounts have increased marginally with the market seeing spring supply outstripping demand.

Trading levels still remained in the upper quartile (75%) of prices for the last four years. 21.0 microns traded down to 2080 for September and 2050 for October and November. Bidding fell away towards the end of the week with closing spring levels dipping below 2000. We expect continued volatility in the spot market with tight supply until the new season. Short term rallies may provide some opportunities for growers to hedge. We expect some activity in the September to December window around the 2040 level for 19.0 micron and 2000 for 21.0 micron. The risk profile remains high. Global confidence continues to wane. While direct tariffs are yet to be placed on apparel goods the current trade war is impacting negatively on Chinese processors. Any easing of these tensions will help stabilise the forward market.

MPG North	Percentile	6/06/2019	30/05/2019	Variance	5 Year Average	5 year var	5 year % var
17	79.7%	2,345	2,409	-64	2,003	342	17.1%
18	87.6%	2,318	2,361	-43	1,889	429	22.7%
19	91.0%	2,193	2,211	-18	1,742	451	25.9%
20	92.1%	2,179	2,197	-18	1,646	533	32.4%
21	92.4%	2,174	2,129	45	1,608	566	35.2%
22	92.8%	2,156	2,150	6	1,573	583	37.1%
30	97.0%	939	940	-1	701	238	34.0%
EMI	94.2%	1,864	1,887	-23	1,325	539	40.7%

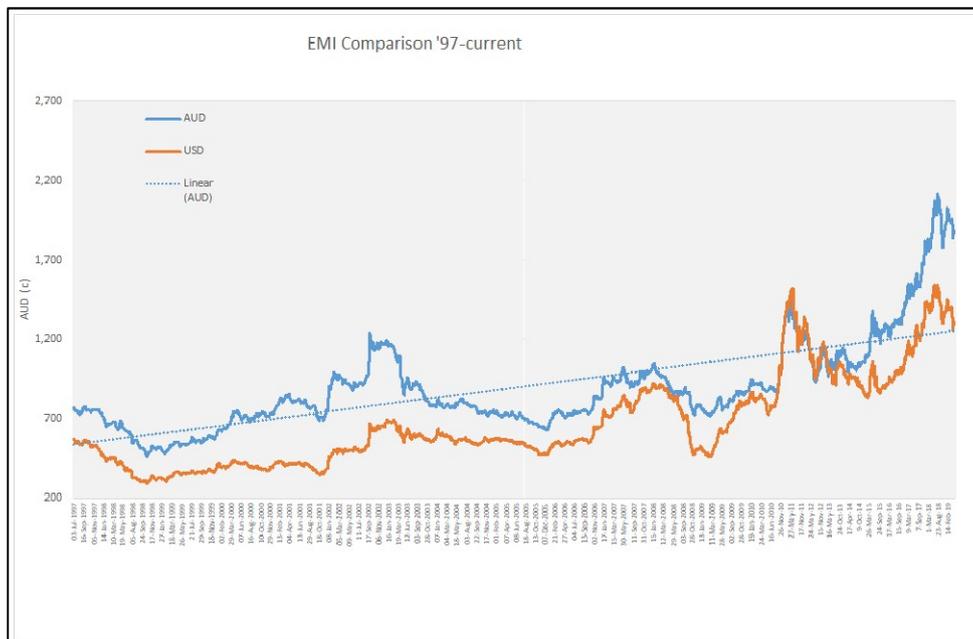


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**Commentary:**

Next week the market will return to 3 selling centres with a total of just under 30,000 bales on offer. In my view everyone is second guessing what the price of wool will be next however as we saw last week you cannot tell until the hammer starts to fall. I believe the lower quantities present a huge trading risk for exporters to sell forward therefore they refrain from doing business to avoid the price squeeze and the market losses its momentum. Hence I'm sitting on the fence for next week's EMI result. Enjoy the long weekend. ~ Marty Moses



Region	Centre	6/06/2019	30/05/2019	Variance	Bales Offered	Bales Sold	Pass-in%	Next Sale Offering
Northern	Sydney	1,883	1,909	-26	9,495	8,162	14.0%	8,242
Southern	Melbourne	1,852	1,874	-22	12,249	10,218	16.6%	15,136
Western	Fremantle	No Sale	1,992	NA	No Sale	No Sale	No Sale	6,611
National	AWEX EMI	1,864	1,887	-23	21,744	18,380	15.5%	29,989

Moses & Son Top price report							
Desc	District	Micron	VM	Yield	SL	SS	Price
AAAA M LMS	Young	16.5	0.8	67.5	72	40	1536
AAA M	Coolamon	18.7	0.9	73.0	59	65	1525
AAAA M	Young	19.0	0.2	67.0	87	49	1479
AAAA M LMS	Young	16.4	0.8	64.4	71	39	1470
AAA M	Young	19.2	0.5	66.3	87	51	1451