



MOSES & SON

WOOLBROKERS MERCHANDISE LIVESTOCK

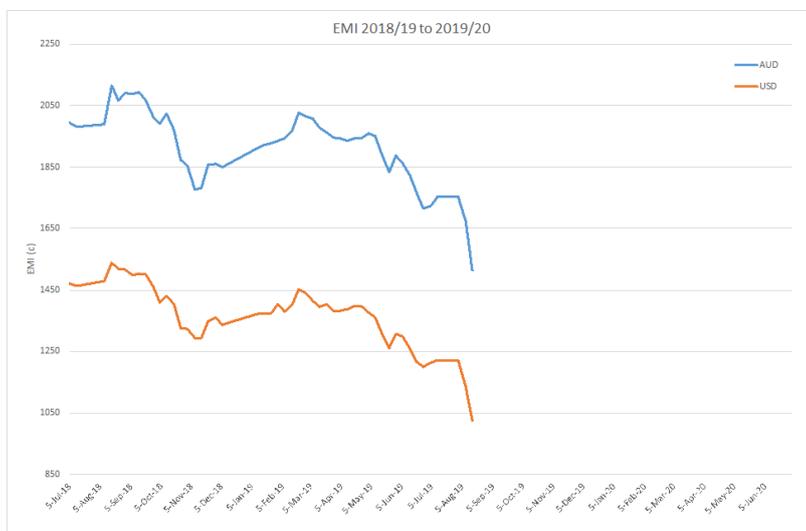
Week 07: 15/08/2019

The AWEX EMI closed on 1513c - down 163c at auction sales in Australia this week.

The major auction players were again absent, and the buyers that were active continually reduced their buying basis as they accumulated wool.

The market opened with the prices generally 100 cents below those achieved at the previous sale. The lack of buyer confidence meant that prices deteriorated as the series progressed. By the end of the first day, prices had generally fallen by 110 to 140 cents, the AWEX Eastern Market Indicator (EMI) fell by 112 cents on the back of the losses, a reduction of 6.7%. In percentage terms, this was the largest fall since 2008.

The weakness continued on day two with the market unable to find a solid level as buyers continued to lower their basis as the sale progressed. The EMI lost a further 51 cents, losing a total of 163 cents for the series, closing the week at 1513c.



The suspension of wool auctions in South Africa reduced the overall global supply but this did little to bolster demand here in Australia. The last time the EMI was at this level was June 2017. The highlight of the week in an otherwise gloomy market was the good support for Non-Mulesed types. A small number of buyers competed strongly for these types, pushing them as much as 200 cents (clean) higher than similar types. The market downturn was met with very firm seller resistance as 16.7% of wool was withdrawn prior to sale, followed by a passed in rate of 35.8% - the highest figure since 2003.

MPG North	Percentile	15/08/2019	8/08/2019	Variance	5 Year Average	5 year var	5 year % var
17	70.1%	2,000	2,117	-117	1,998	2	0.1%
18	71.9%	1,932	2,075	-143	1,885	47	2.5%
19	76.9%	1,766	1,923	-157	1,739	27	1.5%
20	83.9%	1,711	1,909	-198	1,644	67	4.1%
21	85.2%	1,695	1,900	-205	1,606	89	5.6%
22	85.4%	1,660	1,870	-210	1,571	89	5.7%
30	70.0%	650	774	-124	702	-52	-7.4%
EMI	85.7%	1,513	1,676	-163	1,325	188	14.2%

Moses & Son Top price report							
Desc	District	Micron	VMB	Yield	SL	SS	Price
AAAA M	Bethungra	16.0	0.3	68.3	69	40	1405
AAA M	Lake Cargelligo	18.3	0.4	67.9	84	48	1315
AAA M WNS	Harden	16.3	0.7	67.8	69	51	1289
AAA M	Ariah Park	17.6	0.5	63.2	83	45	1248
AAA M	Ganmain	17.6	0.6	62.2	72	37	1247



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Michael Avery from Southern Aurora Wool

The forward market could provide no solace for either buyer or seller this week. The rate of decline in the spot market has left sellers out of range and buyers unable to establish an off shore basis.

This week's market fall is the largest since the cessation of the floor price in 1991. Volatility has reached new highs creating a difficult environment for all along the chain.

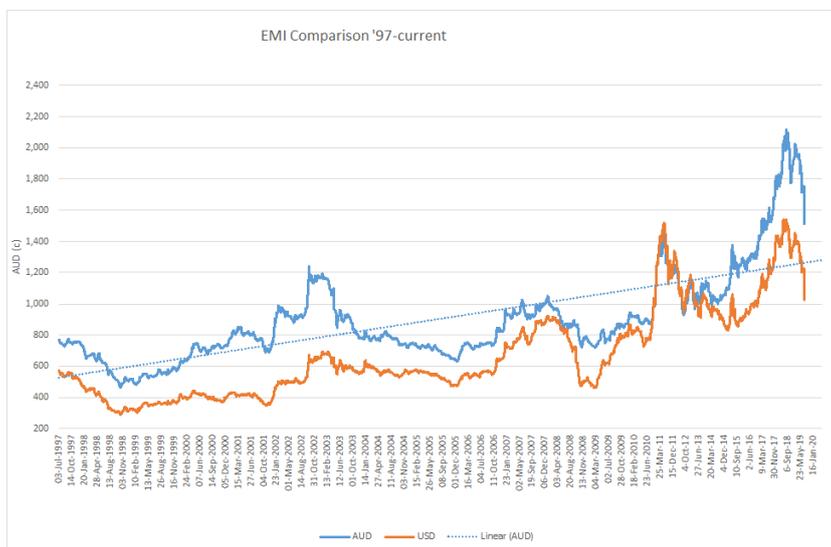
From a technical view the market has taken out the second support level of 2010 for 19 microns and 1900 for 21 micron. The next technical level is 1735 for 19.0 and 1620 for 21 micron.

The indices closed at 1760 and 1695 respectively on Thursday.

Next week's levels will again rely on the off shore reaction to this week's decline. Modest sales reported and hopefully rate of decline will ease and a base can be formed.

Early indications were there into the close of auctions Thursday with crossbreds and cardings steady and a little better tone in the merinos. Unfortunately, that optimism has not translated into the forward markets with no bidding activity evident.

With no forward index trades recorded this week it is difficult to speculate on levels that could spark exporter and processor interest. Risk factors are high both within the wool landscape and the general global commodity environment. This would suggest that the levels will be conservative until some positive news filters through. Spring/Summer levels are unlikely to be above 1700 for 19.0 and 1600 for 21.0 micron in the short term.



Region	Centre	15/08/2019	8/08/2019	Variance	Bales Offered	Bales Sold	Pass-in%	Next Sale Offering
Northern	Sydney	1,538	1,704	-166	13,052	8,548	34.5%	11,194
Southern	Melbourne	1,498	1,659	-161	15,442	10,797	30.1%	22,502
Western	Fremantle	1,598	1,760	-162	6,929	3,698	46.6%	No Sale
National	AWEX EMI	1,513	1,676	-163	37,379	23,993	35.8%	33,696

Once again, all eyes are on next week's sale as there was some business done at the end of this week after the market closed albeit lower than the closing level. Next week's 33,696 will be subject to more negative speculation whilst this market establishes a price basis to work from. ~ Marty Moses