

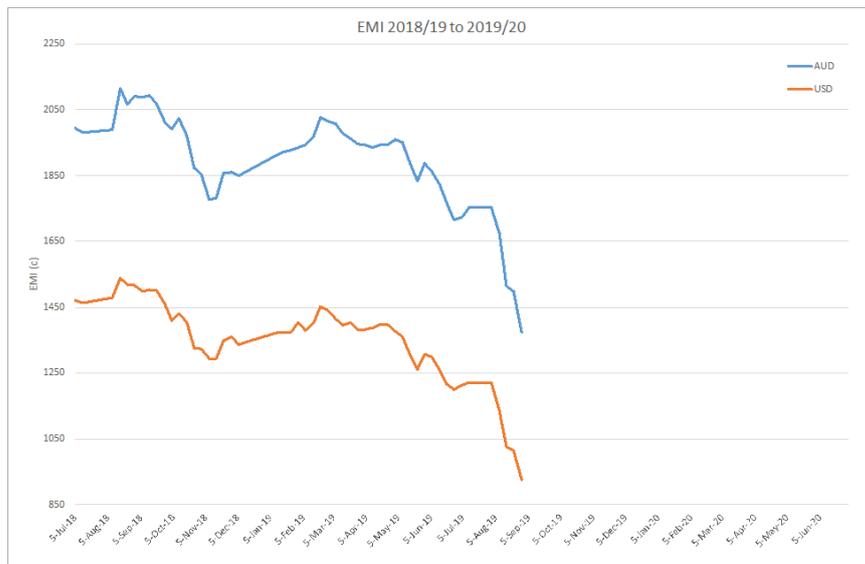


MOSES & SON

WOOLBROKERS MERCHANDISE LIVESTOCK

Week 09: 29/08/2019

The AWEX EMI closed on 1375c, down 122c at auction sales in Australia this week. Three centres offered a paltry 26,420 with 18% withdrawn before the sale commenced. With a whopping 34.8% of the offering being passed only 17,221 transacted this week for a total of \$26.12M (\$1516/bale). With the EMI in free-fall, offerings have reduced 17.9% Year on Year, meanwhile the pass in rates have increase from 7.4% to 21.8% as factors outside of the wool industries control tainted the confidence of our major trading partners. Late last week there was some trade reported after the sale was finalised, however the tit for tat exchange of tariff threats eroded the confidence and the market expectations withered.



Merino Fleece opened with little support at last week's price levels, and gradually the prices continued to erode as the sale progressed. Losses in the Merino MPG's of between 70 and 190c were measured across all centres, with the superfine wools attracting better competition than the lowered specified and coarser microns lots. Once again the shining light were the **non Mulesed** lots making up to 200c above the current quotes.

Merino Skirtings followed the fleece trend and in some cases the heavy VM lots were worst affected. Well prepared superfine brokens and non mulesed lots continued to attract great competition.

Crossbreds were unable to maintain the positive performance in previous weeks with the XB MPG's reporting losses of 3 to 27c for the week.

Cardings: Buyer support was horrible resulting in solid falls as experienced over the past month. The heaviest fall of 135c was experienced in Melbourne with Sydney posting a loss of 89c.

MPG North	Percentile	29/08/2019	21/08/2019	Variance	5 Year Average	5 year var	5 year % var
17	69.4%	1,845	1,952	-107	1,998	-153	-7.6%
18	69.9%	1,795	1,888	-93	1,885	-90	-4.8%
19	70.7%	1,593	1,728	-135	1,739	-146	-8.4%
20	75.0%	1,515	1,683	-168	1,644	-129	-7.8%
21	78.2%	1,499	1,667	-168	1,606	-107	-6.6%
22	79.7%	1,460	1,650	-190	1,571	-111	-7.0%
30	79.8%	703	710	-7	702	1	0.2%
EMI	82.0%	1,375	1,497	-122	1,325	50	3.8%

Southern Aurora Wool Forward Market Report By Mike Avery,

The forward markets traded solid volumes to start the week. Levels indicated a continued easing but a market looking to find support. Exporters were willing to take on some risk at moderate discounts to cash. Most activity was confined to pre-Christmas but modest trading in January and February was the first positive glimmer in what has been a difficult August for everyone in the wool pipeline. Commodity markets have been reactive to the intensified trade tensions between USA and China. Consumer confidence has been on the wane but the impact on wool prices has been masked, particularly in the medium wools, by the drought induced short fall in supply. As Andrew Woods pointed out in his report this week "Polyester (and cotton and viscose) have been plumbing 5 year lows while merino wool prices were trading at 70th-90th percentiles. As of yesterday the 21 MPG rank was back at its 40th percentile in USD terms." China announced overnight that it would back down from further tariff escalation and urged the U.S to continue negotiations. How this feeds back into the market is the question on everyone's lips. Most traders view the current price correction has been overdone. Unfortunately, new export orders remain few and far between. More participation on the forwards, a low AUD/USD, a more conciliatory approach from both sides in tariff discussions, technical chart support levels and continuing tight supply all point to near term price stabilisation. The timing of this support will be critical due to the magnitude and rate of the recent falls.



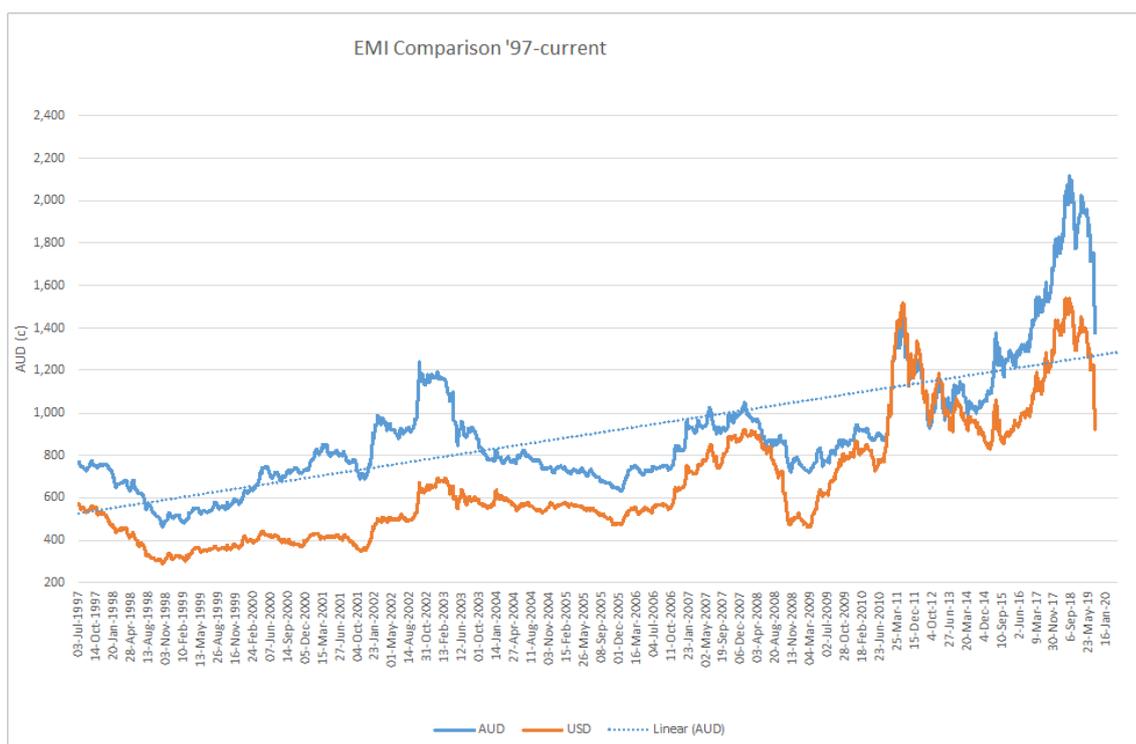
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Region	Centre	29/08/2019	21/08/2019	Variance	Bales Offered	Bales Sold	Pass-in%	Next Sale Offering
Northern	Sydney	1,405	1,521	-116	6,951	4,801	30.9%	8,885
Southern	Melbourne	1,356	1,477	-121	11,453	8,200	28.4%	15,718
Western	Fremantle	1,416	NO SALE	-	6,891	3,854	44.1%	4,458
National	AWEX EMI	1,375	1,497	-122	26,420	17,221	34.8%	29,061

Market commentary: Since the market closed on the 11th July for its 3-week recess, the markets performance has been a story of weekly price decimation resulting in a gradual erosion of confidence to buy or sell our wonderful product. The EMI falling 421c or 24% has also decimated the confidence of our wool producers many of them affected by a savage and persistent drought. It is probably safe to say that current market situation is a first in history. The carnage is the result of the two world economic giants who are trying to work out their trade pecking order. One of the players has his eyes on the whole sand box whilst that other is fighting for a fair share of the sand. After each public show of how big and powerful they are, the confidence erodes even further and world's trade pipeline puts their finger on the pause button. The best case scenario for the immediate future is that China and the USA agree to disagree and do nothing, however one gets the feeling that a band aid solution or putting off the hard trade decisions will only re fester and drag out the current trend. In slightly more encouraging news today wool exporters reported some better quantities of contracts for short delivery were executed, so maybe we will see some level formed quickly next week when a meagre 29,061 bales face the equally bruised and battered buyers.

~ Marty Moses



Moses & Son Top price report							
Desc	District	Micron	VMB	Yield	SL	SS	Price
AAA M	Temora	15.8	0.50	72.7	88	39	1,480
AAAA M	Ariah Park	15.3	0.20	72.9	61	56	1,330
AAA M	West Wyalong	17.9	0.40	69.4	75	44	1,271
AAA M	Temora	16.3	0.50	66.8	79	45	1,260
AAAA M	Wallendbeen	16.7	0.30	63.7	61	50	1,116