



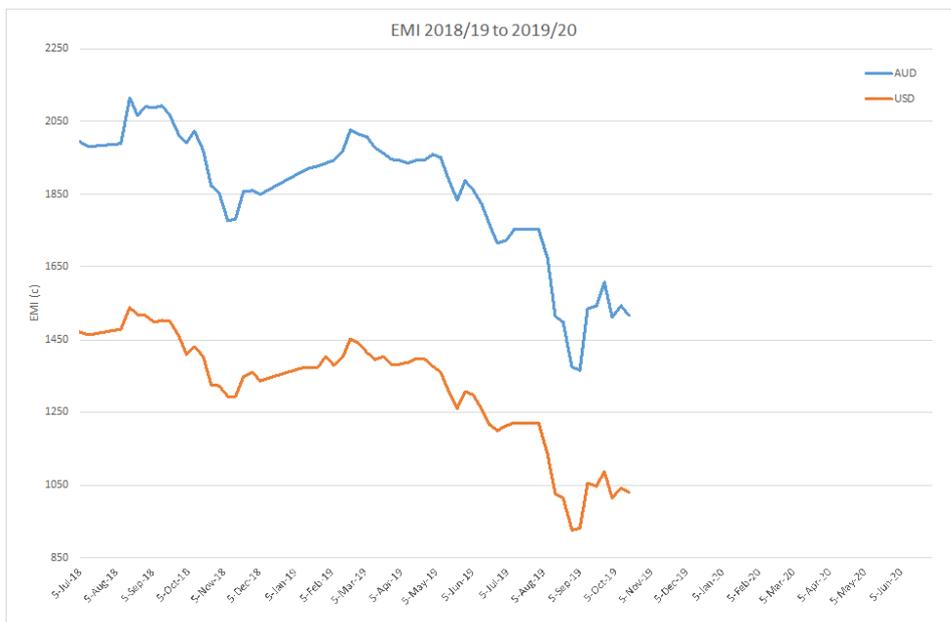
MOSES & SON

WOOLBROKERS MERCHANDISE LIVESTOCK

Week S16:

The AWEX EMI closed on 1517c down 26c at auction sales in Australia this week. 35,356 bales were offered with a clearance of 85.4% eventuating. The final offered bales were down 5,000 bales or 12% of the estimate at the end of last week as growers continue to withhold from sale.

Merino Fleece opened relatively unchanged however mid-way through Wednesday's auction, prices were in declined with the MPGs finer than 20 falling 25c and the medium MPGs off up to 50c. This attracted increased inquiry from China over night and Thursday's fleece prices rebounded about half of the losses on the finer MPG and added 10c to the broader MPG's. Discounts were evident for lots containing un-scourable colour and cotted wool, however non-mulesed lots were keenly sought at substantial premiums especially those bearing superior style and specifications.



Merino Skirtings followed the fleece movements with losses on the first day of selling and a partial recovery on Thursday.

Crossbreds continued to come under pressure as the percentage of lots offered increases each week. Losses of up to 55c on the 26-28 MPG and 35c on the 30 MPG signal a rougher time ahead for this sector as the quantities will increase from now until January.

Cardings had a relatively unscathed week albeit irregular between selling centres. Sydney prices held firm, conversely Melbourne washed off 17c mainly from the locks and crutchings, whilst Fremantle added 7c with a relatively large oddment offering.

MPG North	Percentile	17/10/2019	10/10/2019	Variance	5 Year Average	5 year var	5 year % var
17	62.4%	1,898	1,902	-4	1,998	-100	-5.0%
18	63.8%	1,850	1,867	-17	1,885	-35	-1.9%
19	71.5%	1,763	1,788	-25	1,739	24	1.4%
20	80.3%	1,722	1,762	-40	1,644	78	4.8%
21	81.7%	1,712	1,753	-41	1,606	106	6.6%
22	81.8%	1,680	1,720	-40	1,571	109	7.0%
30	68.6%	680	710	-30	702	-22	-3.1%
EMI	79.5%	1,517	1,543	-26	1,325	192	14.5%

The past two week's movements have been substantially less volatile than the previous 9 weeks, possibly indicating that a base price level may be forming (temporarily). The finer Merino MPG's were well supported this week despite the continuing drought conditions impacting heavily on the micron profile of the clip.



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Conversely the medium merino MPG's came under a lot more price pressure as the week progressed. Crossbreds also buckled under the pressure of increasing volumes and may continue to do so if the flow of this type.

Sydney has rare one-day sale next week offering just 5,500 bales, and just as rare in the calendar Moses & Son will offer the largest number of bales in the centre next week. A combination of the volatility and uncertainty in the weekly markets, coupled with the ongoing drought conditions are certainly capping the weekly offerings- especially in the northern region. Meanwhile wool producers are holding back bales on farm or in Brokers stores. The increasing movement of inventory may cap any upside in the prices as well as create a risk of squashing any sharp rises in the market place.

It is extremely hard to predict what the next movement might be in the market, however with some negative sentiment evident for the crossbred sector, historic data indicates a trend will be slowly formed in the next 3-4 weeks for the merino and carding markets. – **Marty Moses**

Region	Centre	17/10/2019	10/10/2019	Variance	Bales Offered	Bales Sold	Pass-in%	Next Sale Offering
Northern	Sydney	1,545	1,567	-22	10,143	9,060	10.7%	5,425
Southern	Melbourne	1,500	1,527	-27	17,625	15,036	14.7%	19,371
Western	Fremantle	1,621	1,653	-32	7,588	6,093	19.7%	8,174
National	AWEX EMI	1,517	1,543	-26	35,356	30,189	14.6%	32,970

Forward Market Report: Both the forward and spot markets continued to struggle with the constant volatility. The forward 19 micron contract traded at 1770 for November early in the week. With the cash market having risen 50c from 1730 to 1780 the previous week indications were that the spot auction should be well supported. Some light volumes were traded around cash on the 21 and 28 micron contracts. With sellers retreating and no serious follow through from the buy side volume dried up ahead of spot auction.

Another reversal of fortune saw most merino types lose 30 to 40c on Wednesday. Buying interest subsided and sellers remained off the pace. We have seen most phenomena in the market in the last year but not a significant fall only lasting a day. Sure enough the market found support with merino qualities rising 10c. The 19 micron November contract traded again at 1770 back where we started the week. Volatility might be the friend of the speculator, but it is not the friend of the farmer. Studies have shown a strong negative correlation between volatility and farm incomes. Unfortunately, agriculture is the most volatile sector in the Australian Economy. Recently market commentators have put forward reasons for the collapse in wool prices. Most reasons are logical, and some say predictable. All are viewed with the advantage of hindsight. Forward traded volumes suggest that it was predictable to only few if any. In excess of 50 contracts covering around 300t have been contracted for 2020 and 2021. Almost all are between processors and growers that value certainty and margin management. - **Mike Avery**

Moses & Son Top Price Report							
Description	District	Micron	VMB	Yield	SL	SS	Price
AAA M	Murringo	19.0	0.7	70.9	94	43	1268
AAA M	Crowther	18.7	0.7	69.2	87	45	1222
AAA M	Crowther	18.2	0.7	66.9	92	38	1216
AAA M	Murringo	18.7	0.4	67.5	91	49	1210
AAA M	Barmedman	20.7	0.4	70.4	97	38	1198