

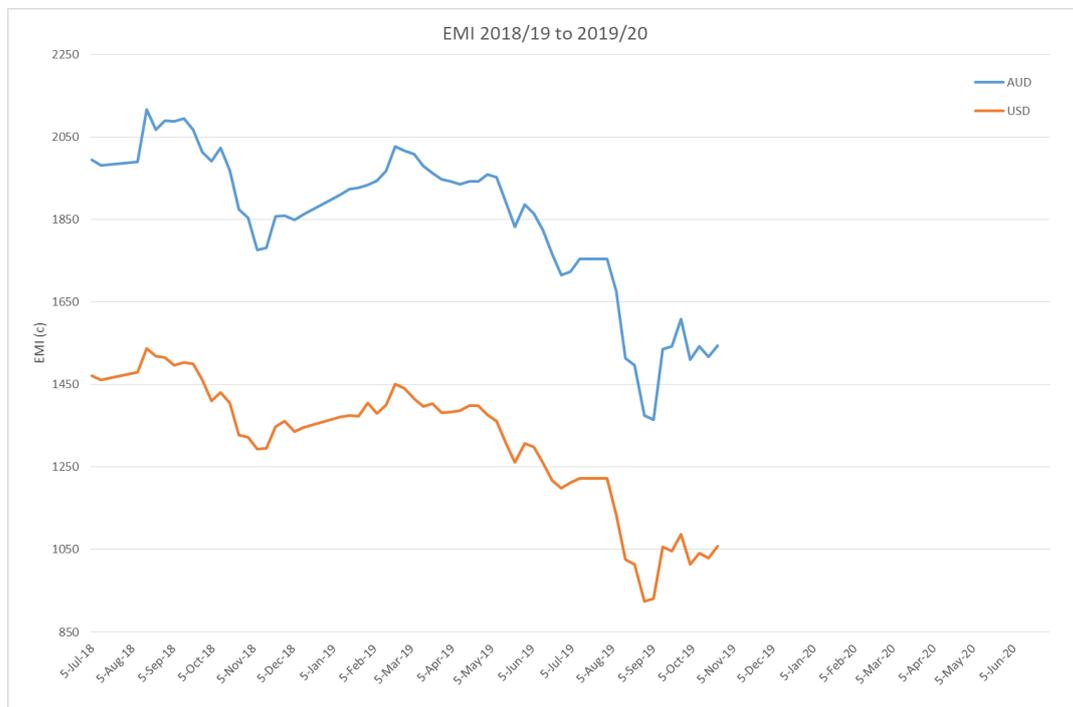


MOSES & SON

WOOLBROKERS MERCHANDISE LIVESTOCK

Week S17:

The AWEX EMI closed on 1545c up 28c at Auction sales in Australia this week. From the 32,970 early estimate of bales scheduled for the week, just 29,760 bales went under the hammer. The past week's trend of steady price increases across all the merino MPG's was again experienced over the week. 93% of the offering was cleared as a combination of the more stable market environment, ongoing low offerings and the slow restoration or purchaser confidence contributed.



The extremely rare one day sale in the Northern Region saw the north lead the way for price, with the South and West pacing themselves for the following day and the result was an increase of 14c for the EMI. As all eyes were on the sale opening in Melbourne and Fremantle on Thursday it was not surprising that Melbourne continued to support Wednesday's trend adding another 14c to the EMI, however the real surprise was the Western Market Indicator adding 21c and closing well above Melbourne on the majority of the Merino MPG's.

Merino Fleece were well supported from the first lot to the last, as renewed confidence is building each day we see China in the market. In general terms all merino types were supported over the sale however I believe there is a smouldering superfine price upswing emerging for Non Mulesed wool bearing the best style and measurement.

Merino Skirtings followed the fleece trend with good support on most types. The best brokens attracted near fleece prices, however even faulty types had better support this week.

Crossbreds were the surprise packet this week- as the emerging trend being falling process across the board. Whilst the opening bids were relatively unchanged late orders emerged from China's faux fur market on Wednesday evening which materialised into renewed support for the crossbred offering on Thursday, and YES Christmas came early for the crossbred sector.

Carding's a limited selection were either fully form or dearer across all centres with the Northern market posting no change.

MPG North	Percentile	24/10/2019	17/10/2019	Variance	5 Year Average	5 year var	5 year % var
17	62.7%	1,922	1,898	24	1,998	-76	-3.8%
18	64.7%	1,865	1,850	15	1,885	-20	-1.1%
19	73.2%	1,789	1,763	26	1,739	50	2.9%
20	80.8%	1,748	1,722	26	1,644	104	6.4%
21	82.0%	1,743	1,712	31	1,606	137	8.6%
22	85.5%	1,730	1,680	50	1,571	159	10.1%
30	68.0%	675	680	-5	702	-27	-3.8%
EMI	82.0%	1,545	1,517	28	1,325	220	16.6%



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Markets are driven positively by confidence and the power of confidence cannot be underestimated. Zig Ziglar quite powerfully stated **“Confidence is going after Moby Dick in a rowboat and taking tartar sauce with you”**. In the past three months the volatility in the wool market has questioned the need for no tartar sauce and even the need for rowboat. Looking forward I think Moby Dick should be getting extremely nervous.

So as we enter the “Harvest” period I urge you to look after your stock, look after your land and above all else look after yourself!
– Marty Moses

Region	Centre	24/10/2019	17/10/2019	Variance	Bales Offered	Bales Sold	Pass-in%	Next Sale Offering
Northern	Sydney	1,560	1,545	15	4,972	4,577	7.9%	9,577
Southern	Melbourne	1,527	1,500	27	15,498	14,627	5.6%	21,461
Western	Fremantle	1,672	1,621	51	6,607	6,057	8.3%	8,408
National	AWEX EMI	1,545	1,517	28	29,760	27,641	7.1%	39,446

Forward Market Update: A relatively stable week by recent standards with the EMI rising 28 cents. Sellers remain mostly absent in the forward markets in response to the high volatility (30-40%) of the last two months. Buyers looking to hedge pre-Christmas were targeting to execute around cash. Bidding into the first quarter has begun to come through. 21 Micron traded January at 1750c which is seven cents over cash but further follow up failed to eventuate due to lack of sellers, interest fell back to 1700c. Settling on an entry level to begin, or to continue, a hedging strategy is difficult. The 21 Micron Price Guide fell almost 600c from a season opening of 2037c to the low of 1444c. A nearly 400c recovery to 1828c was followed by another 150c fall to 1685c. We are currently lying at 1743c having recovered 58c. Within these cycles there has been daily moments of more than 50c on 12 occasions.

Such volatility would indicate that a minimum price contact (Put Option) would be a good strategy. Unfortunately, that same volatility (over 30%) will make premium costs prohibitive and option sellers hard to find. Some guidance might come from looking where the market sits at present. 19 micron MPG at 1793c sits on the 76th percentile for the last 10 years but only 55th percentile for the last 5 years. The 21 micron MPG at 1743c sits on the 83rd percentile and 70th percentile respectively. This would indicate that historical 21.0 micron looks the better selling option to hedge at the current basis. Early indications for the week ahead are for maintained interest on the bid side. Buyers will be looking to cover any sales in the prompt window. Lack of selling interest will most likely see execution levels above cash. 19 Micron range 1780c to 1800c and 21 Micron range 1750c to 1770c.
- Mike Avery

Moses & Son Top Price Report							
Description	District	Micron	VMB	Yield	SL	SS	Price
AAAA M	Laggan	16.8	0.4	76.2	80	39	1506
AAA M	Laggan	15.6	0.4	72.0	77	32	1501
AAAA M	Laggan	16.1	0.5	73.5	83	35	1483
AAA M	Laggan	16.6	0.4	75.7	80	37	1470
AAAA M	Laggan	17.3	0.5	76.6	89	42	1467