

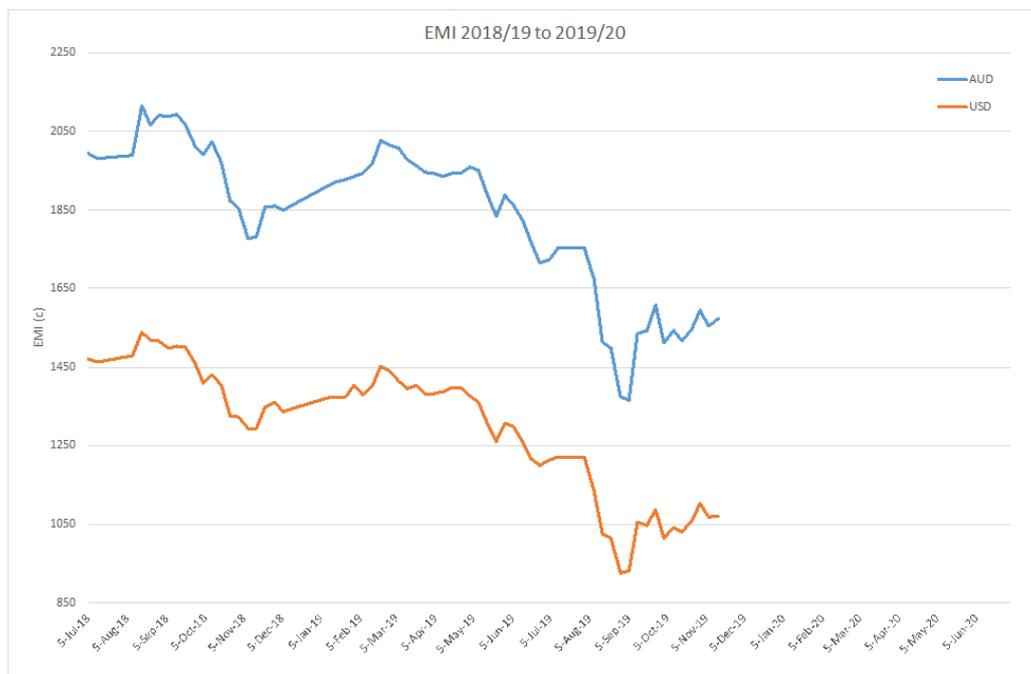


MOSES & SON

WOOLBROKERS MERCHANDISE LIVESTOCK

Week S20:

The AWEX EMI closed on 1574c, up 19c at auction sales in Australia this week. 93% clearance of the 36,110 bales offered was an indication that wool producers were satisfied with the new prices formed during the week, despite the market weakening on the final day. The market was driven by competition from the Large Trading houses and Chinese indent operators as well as a few top makers however this competition thinned substantially on the final days selling.



Merino fleece started the week with vigour, with increasing and apparent urgency from exporters to purchase all types at any cost. This pushed the Merino MPG's up 50-65c by Wednesday's close and the hope of the market continuing this upward trajectory for the following day. Unfortunately this did not eventuate and the merino MPG's lost about one third of the previous day's gains. Wednesday's feature was the support for the low strength, short and poor style lots as well as for best style and measured fleece wools. Support for the lower strength short and poorer style fleece did not carry into the second day as the exporters were more selective in their purchasing.

Merino Skirtings followed the fleece types up but to a slightly lesser extent on Wednesday and maintained that level on Thursday.

Crossbreds were generally unchanged for the week with only minute movements in the MPG's recorded.

Merino Cardings were largely unchanged for the week however there was some weakening of the low style heavy VM locks crutchings and stains on the final day.

Volatility continues to be a major concern as the price oscillation from day to day seems incredible. In my short 40 years in the game the volatility is unprecedented for this length of time. I read with interest a description of the drivers of the day to day variation in price by Scott Carmody from AWI. I hope it helps you understand the issues we face weekly.

"Since the first week of September 2019, the market has behaved in this micro cyclical manner and if you happened to be selling on the "good" week or day, 50ac differentials in clip returns could have resulted. This highlights the higher than normal passed in % that have featured at auctions through the first quarter of this season. Most of this volatility is stemming from the very short supply chain we are operating to at present with prompt demand being satisfied by hand to mouth buying and processing. Six to eight weeks from auction to shelf is now the general routine for wool products from auction sale in Australia to on shelf at retail for most of China delivery.



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When the factories are ready to buy it seems there is a need for operators to have stock on hand at the "right" price or a very large appetite for risk to sell forward for relatively prompt shipment without cover. A finite volume of new business appears to be available fortnightly to tri weekly. Most of those demands are being met and financed by exporters, but the outstanding uncovered needs are then put into the indent operators hands to fill the factory orders.

When the prompt volume is satisfied and contracts have been executed through auction, a reversion to caution appears. A general lack of willingness to carry too much inventory due to losses incurred through the big drop of August 2019 prevents any sort of stabilization of price levels. A price drop then eventuates and some stock manoeuvres is then considered lower risk and therefore some minimal inventory without a sale is undertaken." - Scott Carmody

MPG North	Percentile	14/11/2019	7/11/2019	Variance	5 Year Average	5 year var	5 year % var
17	65.0%	2,027	1,978	49	1,998	29	1.5%
18	65.8%	1,920	1,875	45	1,885	35	1.8%
19	74.3%	1,818	1,776	42	1,739	79	4.5%
20	81.5%	1,773	1,725	48	1,644	129	7.9%
21	82.3%	1,763	1,713	50	1,606	157	9.8%
22	83.4%	1,740	1,705	35	1,571	169	10.8%
30	73.0%	700	693	7	702	-2	-0.2%
EMI	83.5%	1,574	1,555	19	1,325	249	18.8%

Next week sales resume to an offering of 40,726 bales, one of the largest offerings since the opening sale. However I do not consider 40,000 bales a barrier to the market's success. With a small quantity of "Held Wool" being offered as well as some previously passed in lots I cannot see a logical reason for the market (for the better style and measured merino lots) to drop however, what Scott has described in the above paragraphs its anyone's guess as to how it may go? - Marty Moses

Region	Centre	14/11/2019	7/11/2019	Variance	Bales Offered	Bales Sold	Pass-in%	Next Sale Offering
Northern	Sydney	1,610	1,583	27	9,781	9,139	6.6%	10,015
Southern	Melbourne	1,551	1,534	17	19,985	18,741	6.2%	21,779
Western	Fremantle	1,677	1,662	15	6,344	5,704	10.1%	8,932
National	AWEX EMI	1,574	1,555	19	36,110	33,584	7.0%	40,726

Moses & Son Top Price Report							
Description	District	Micron	VMB	Yield	SL	SS	Price
AAAA M	Barmedman	16.4	0.3	64.2	68	45	1348
AAA M	Cootamundra	18.2	0.3	71.2	98	32	1343
AAA M	Cootamundra	18.9	0.3	69.1	77	54	1285
AAA M	Merriwa	19.1	2.0	68.2	65	63	1281
AAA M	Cootamundra	17.4	1.1	65.3	77	38	1280