



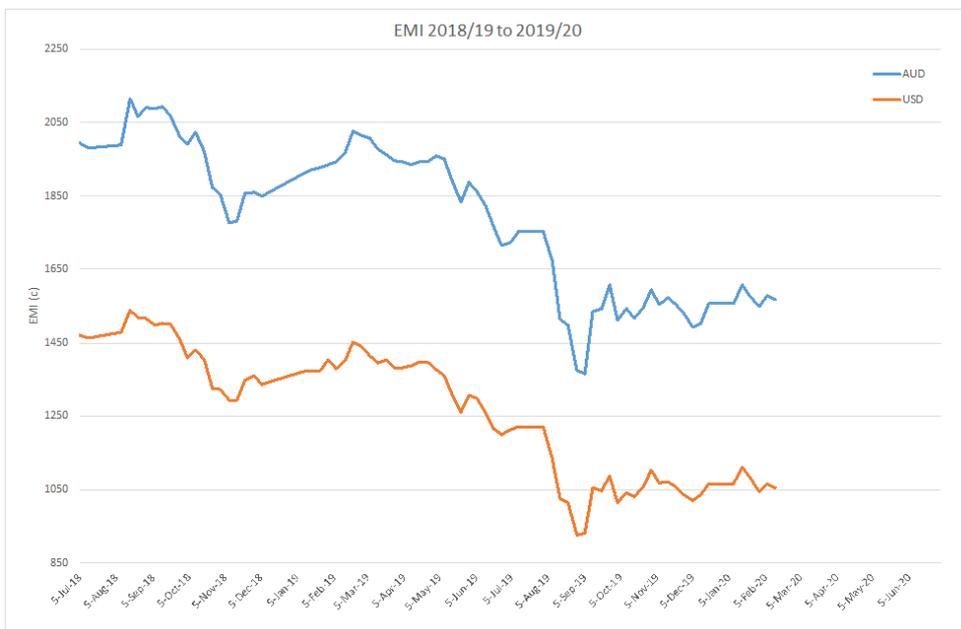
MOSES & SON

WOOLBROKERS MERCHANDISE LIVESTOCK

Week S33:

The AWEX EMI closed on 1568c down 9c at auction sales in Australia this week. 40,176 bales was offered with 22% passed (8.1% withdrawn). Melbourne opened in isolation on Tuesday with the first Tasmanian sale of the year conducted and the superior "Island" offering was well received.

Merino Fleece: Tuesday's Tasmanian offering of well grown and specified merino wools between 16 μ -19 μ attracted keen competition, and subsequently the SMI gained 2-5c for the day. Tuesday's market levels were unable to be maintained on Wednesday as Sydney, Fremantle and Melbourne all struggled to achieve last week's closing level. The noticeable absence of some export companies that have been aggressively purchasing the low yielding Merino fleece saw the lower style 17.5-18.5 μ lots reduce by 25c – 40c clean. The best style, medium and broad M fleece lines closed on a more positive note with Sydney's



19.5 and 20 MPG's heading into positive territory on Thursday, whilst the other centres struggled to maintain.

Merino Skirtings followed the fleece trend of slightly weaker prices for the week.

Merino Cardings were also harder to sell this week with crutchings and stains feeling some downward pressure on the final day.

Crossbreds outperformed the merino sector this week with an increase in demand for the 26-30 μ offering which resulted in a price increased of 15c-56c with the largest rises on the 26-28 MPG's.

MPG North	Percentile	13/02/2020	6/02/2020	Variance	5 Year Average	5 year var	5 year % var
17	65.8%	2,063	2,080	-17	1,998	65	3.3%
18	66.3%	1,928	1,943	-15	1,885	43	2.3%
19	74.7%	1,833	1,834	-1	1,739	94	5.4%
20	82.5%	1,803	1,800	3	1,644	159	9.7%
21	82.3%	1,780	1,789	-9	1,606	174	10.9%
22	83.8%	1,770	1,760	10	1,571	199	12.7%
30	70.5%	690	650	40	702	-12	-1.7%
EMI	83.0%	1,568	1,577	-9	1,495	73	4.9%

China Trade Update: Last week exporters were reporting concerns of their Letters of Credit (LC's) being delayed. LC's are required between the Australian Exporters and the Chinese Processors were already delayed due to the Chinese New Year holidays, and the extension of an additional week (10/02/20) as a result of the Chinese government extending the restricting movement of people to aid in the control of the deadly virus. The backlog of Customs Certificates further thwarted the processing of the LC's due to the restriction in movement people and product in China has added more confusion to world markets. The transport restrictions extend from Chinese port to the top making mills and are expected to extend to transport from the top makers to the spinners weavers and knitters.



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COVID-19 Virus Yesterday an additional 242 people were reported dead from the virus, taking the total death toll to 1367 with 59,805 infected across China. It is felt the increase may have been due to the adoption of new clinical method to diagnose the virus rather than the method of sending bloods to laboratories. The World Health organisation renamed the Corona Virus COVID-19. Confidence is the cornerstone of any market and the virus has created a huge confidence void around the world with good justification. Over 25 countries have evacuated their citizens from Hubei and three deaths outside of Mainland China have been reported in Hong Kong, the Philippines and Japan.

The Current Situation: On a slightly more positive note, Exporters have reported sales of wool into China in the last 3 days at around this market level, which supports the EMI being down just 9c. It is expected that the completion of the first of the LC's should be later today (Friday 14th Feb) or at worst, mid next week. It is evident that the longer the delay in normal trading conditions have gone on, exporters are conscious that their finance sources aren't limited without the return of the finance cycles via completed LC's. Let's hope that there is a progressive return to "Normal" trade. Whilst this is good news on the fundamentals of trade there may be some transport difficulty post the Top-making stages in China caused in the transport of Wool Tops to spinners weavers and knitters in China.

Conversely, and as a result of the China-USA trade tariff affair (resulting in extreme volatility in the market in August through to December) coupled with the current challenges of the COVID-19 Virus there is the escalating quantity of wool bales in Australia that has been held back from sale. The effect on our Wool Broking business is that the situation has added around 25% to our stockpile in the past month and anecdotally, Australian Woolbrokers are thought to have about 90,000 bales in store ready to lot into the market.

Region	Centre	13/02/2020	6/01/2020	Variance	Bales Offered	Bales Sold	Pass-in%	Next Sale Offering
Northern	Sydney	1,604	1,612	-8	7,922	6,626	16.4%	8,508
Southern	Melbourne	1,546	1,555	-9	21,474	17,150	20.1%	22,369
Western	Fremantle	1,667	1,709	-42	10,780	7,550	30.0%	12,073
National	AWEX EMI	1,568	1,577	-9	40,176	31,326	22.0%	42,950

Next week's national offering increases slightly 42,770 bales, with all three centres in operation, Melbourne will again sell over three days to accommodate the increased quantity. Whilst I think we are over the worst temporarily from a finance and logistical point of view, the world economies have huge challenges to overcome. I acknowledge the Australian Wool market participants have managed the current crisis very well, and the free market environment has proved it can regulate the market through troubled waters without any interference from the authorities and regulatory bodies. Well done Aussies. Now let's manage the wool backlog responsibly over the next 4-6 months. – **Marty Moses**

Moses & Son Top Price Report							
Description	District	Micron	VMB	Yield	SL	SS	Price
AAA M LMS	Temora	16.7	0.4	70.4	55	49	1348
AAA M	Moss Vale	18.9	0.3	70.2	80	39	1300
AAA M	Coolamon	20.3	0.3	63.9	105	33	1150
AAA M	Tallimba	17.0	1.0	60.8	57	56	1149
AAA DOHNE	Moss Vale	22.5	0.1	66.3	79	38	1140