



MOSES & SON

WOOLBROKERS MERCHANDISE LIVESTOCK

Week S50:

The AWEX EMI closed on 1171c, down 12c at auctions sales in Australia this week. After a period of two weeks of positive EMI's the market's negative performance was expected. The fall was exacerbated by the increase in poor yielding fleece wools and an appreciating AUD exchange rate which peaked at 70USc in the early hours of Thursday morning. As the day progressed the exchange fell back to 69.20USc by the close of the eastern state wool markets.

21,785 bales were offered this week across all selling centres with a respectable pass in rate of 12.1% in a falling market. With Monday being a public holiday this weeks' sales returned temporarily to a Wednesday Thursday cycle.

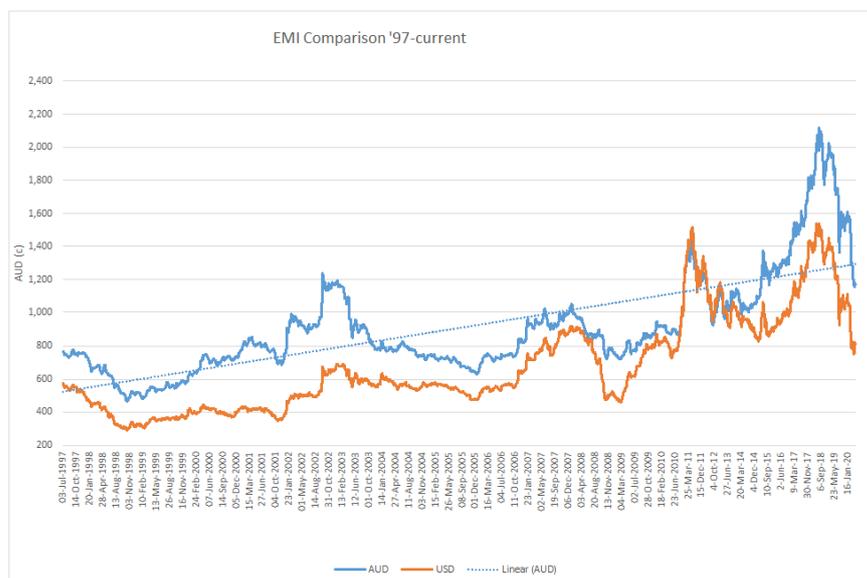
Merino Fleece losses were between 29 and 34c in the northern markets whilst the Southern MPG's fell between 10 and 50c. Fremantle posted losses up to 8c on the 20 and 21 MPG's whilst the 19.5 MPG and finer increased by 8 -16c.

Merino Skirtings held their previous week levels in the northern markets whilst losses of 10c were measured towards the end of the southern market closing due to a greater volume.

Merino Cardings posted losses of 10c on Thursday in the northern markets but posted rises of 17c and 34c in the southern and western markets for the week. This sector continues to attract

good competition especially in the locks finer than 17.5 μ . Crutchings and stains were also well supported, with the small losses in the MC indicator attributed more to currency than demand.

Crossbreds posted rises on the back of increased competition from exporters.



MPG North	Percentile	11/06/2020	3/06/2020	Variance	5 Year Average	5 year var	5 year % var
17	48.3%	1,624	1,659	-35	1,998	-374	-18.7%
18	39.5%	1,473	1,504	-31	1,885	-412	-21.9%
19	37.2%	1,360	1,389	-29	1,739	-379	-21.8%
20	37.5%	1,286	1,318	-32	1,644	-358	-21.8%
21	37.7%	1,268	1,298	-30	1,606	-338	-21.0%
22	39.3%	1,250	1,265	-15	1,571	-321	-20.4%
30	6.0%	480	460	20	702	-222	-31.6%

The slightly weaker market performance on Merino Fleece was a better than expected result in my view. The past few weeks of appreciating prices were all for prompt delivery contracts. This week's purchases were for new contracts negotiated at reportedly lower prices. The report of 35% of the purchases being for one Chinese mill shows how delicate the business conditions have become. Regardless of your views of selling our product to China, they are buying at least 85% of the clip whilst India is still in a holding pattern and Europe in a similar situation.



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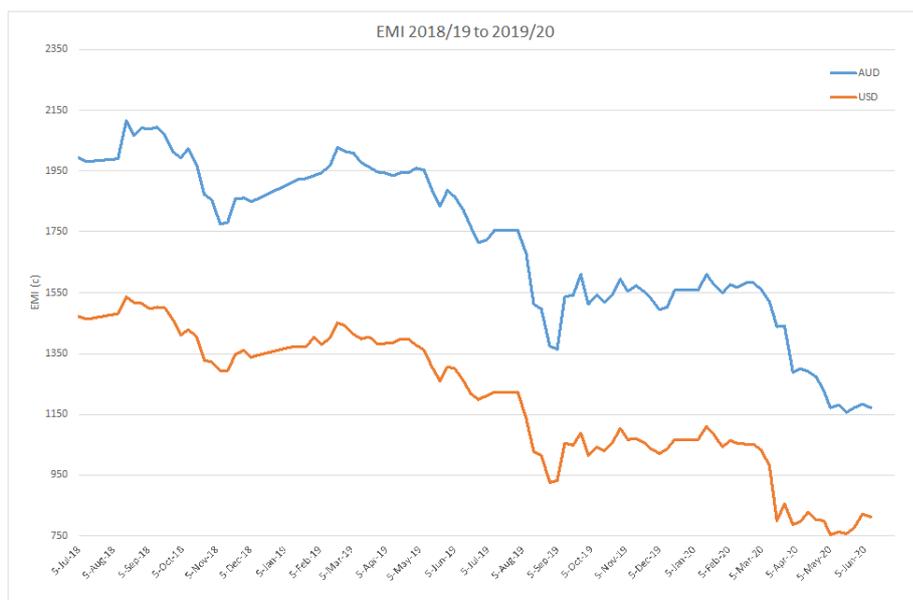
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It has become apparent that Australian Exporters are still awaiting settlement of large quantities of wool purchased for orders that are in negotiations for a lower price. As absurd as that sounds it is real and has happened to a lesser extent when there have been significant negative economic events around the world. I understand the current number of contracts under negotiations is at new levels of unpaid consignment.

Region	Centre	11/06/2020	3/06/2020	Variance	Bales Offered	Bales Sold	Pass-in%	Next Sale Offering
Northern	Sydney	1,218	1,232	-14	5,383	4,725	12.2%	6,681
Southern	Melbourne	1,141	1,152	-11	12,180	10,806	11.3%	10,138
Western	Fremantle	1,247	1,239	8	4,222	3,615	14.4%	No Sale
National	AWEX EMI	1,171	1,183	-12	21,785	19,146	12.1%	16,819

The forward contracts traded late in the week at levels moving closer to cash prices for the 19 and 21 MPG August to December period. For now we have the most stable price platform in AUD since the market opened in August 2019. Interesting fact about the EMI in AUD vs USD values. Since the 6th May the EMI has risen 1c in AUD but 60c in USD terms. The elephant in the room, however, is the build-up of unsold bale quantities in broker's stores and on farm. A

significant percentage of this of this wool will be drought effected and will remain at discount to the better style lots. My fear is when (not if) we will experience an increase in the weekly offerings from the current +/- 20,000 bales to 40,000 bales. In essence under the current market fragilities, I believe will increase the pressure on the price may force substantial another price crash. Conversely, next week's offering is just 16,819 bales as Fremantle sits the week out, coupled with a 68c AUD we should see support at the closing prices from this week. – **Marty Moses**



Moses & Son Top Price Report							
Description	District	Micron	VMB	Yield	SL	SS	Price
AAA M LMS	Mangoplah	15.3	1.1	64.7	65	32	1275
AAAA M	Wallendbeen	17.2	0.5	68.4	74	30	1053
AAA M	Mangoplah	16.6	0.8	61.5	83	40	1050
AAA M	Barmedman	16.4	0.3	59.6	92	28	1008
AAA M	Barmedman	16.5	0.2	59.1	90	34	986