



# MOSES & SON

**WOOLBROKERS MERCHANDISE LIVESTOCK**

## Week S08:

The AWEX EMI closed on 945c down 59c at auction sales in Australia this week. From the 33,176 bales offered only 74.3% was sold. The week signalled the continuing uncertainty around the world and with the EMI crashing through the 1000c barrier and now sits at a new low point since October 2012. The challenges for this week's sale were pre-set by an appreciating AUD vs USD exchange which closed on 72.45 USc up by 1.7% however the fly in the ointment for wool is the lack of business all the way through the pipeline to retail at this moment.

**Merino Fleece** opened immediately cheaper and whilst the purchases were dominated by the major Chinese Top Makers the prices continued to devalue through-out both selling days. The 16.5 and finer MPGs were the least effected dropping 20-30c whilst the 17-18.5 MPG's lost 40-55c. The largest falls were measured in the 19 MPG and coarser which fell 65-75c in the northern region and losses of up to 90c were measured in the southern region.

**Merino Skirtings** suffered the same fate as their fleece counterparts with the FNF finer MPG's least affected and the coarser heavier VM skirts attracting the larger falls.

**Crossbreds** fell 29-58c across the board with competition coming from the major European Top Maker. The aggressive reduction in price attracted a weekly pass in rate of over 40% and I am aware that the Crossbred prices for wool in Australia may have slipped below the South American price basis.

**Merino Cardings** lost 30c with Locks and Stains losing 15-30c whilst crutchings were better supported. The heavy falls have attracted some new interests in purchasing lots finer than 18.5μ.

**Crossbred Cardings** remain dismal especially when they are over 26μ.

MPG North	Percentile	19/08/2020	12/08/2020	Variance	5 Year Average	5 year var	5 year % var
17	30.5%	1,445	1,499	-54	2,109	-664	-31.5%
18	10.8%	1,239	1,284	-45	1,981	-742	-37.5%
19	0.0%	1,076	1,143	-67	1,827	-751	-41.1%
20	0.0%	1,025	1,100	-75	1,731	-706	-40.8%
21	0.0%	1,016	1,086	-70	1,693	-677	-40.0%
22	0.0%	995	1,065	-70	1,657	-662	-39.9%
30	3.0%	420	450	-30	683	-263	-38.5%
EMI	13.4%	945	1,004	-59	1,562	-617	-39.5%

Next week signals the first of the scheduled Superfine Sale weeks in Sydney. However with the current market sentiment bleak and rightly so. Having just experienced one of the worst trends in history with a fall of 189c or 16.7% since the recess just over 5 weeks ago. On top of that the EMI had already fallen 620c since last July, which now totals a 46% loss.

There is certainly doubt over the resilience of the entire pipeline, especially with the fundamentals of only one market destination for Merino Wool, coupled with enduring two or in some cases three years of drought is definitely not helping wool producers build confidence.

There is no doubt we are in the midst of the penultimate waiting game, as the race for a COVID vaccine is in progress. Working backwards from the testing and release an effective vaccine for COVID 19 means we could be 12-18 months away from restoration of more normal conditions worldwide. Some wool producers holding wool are now adding another clip to their inventory, Brokers stores are bulging and I believe there are still substantial deliveries of wool under contract mediation and some contracts that have been cancelled. Some



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producers have been prepared to take the money on offer and deal with the financial pain immediately. To date there has been no joy in passing in and holding wool as the weekly losses have been a one way street. Whilst China will be the key to the fate of the market, in the short term it is expected that India may start to slowly increase their purchasing. Our other major market for wool being Italy whilst still existing have had no need to purchase wool as they have been working from their inventory and meeting the severely reduced demand.

Region	Centre	19/08/2020	12/08/2020	Variance	Bales Offered	Bales Sold	Pass-in%	Next Sale Offering
Northern	Sydney	991	1,046	-55	8,210	6,483	21.0%	8,147
Southern	Melbourne	915	977	-62	17,497	13,918	20.5%	14,199
Western	Fremantle	989	1,056	-67	5,687	3,168	44.3%	0
National	AWEX EMI	945	1,004	-59	33,176	24,639	25.7%	22,346

The national offering winds back to 22,436 bales, with only Melbourne and Sydney operational. At the risk of being wrong again I think we are close to finding a basis temporarily due to the lower quantities and psychological barrier of the EMI falling below under 1000c.

- Marty Moses

## Moses & Son Top Price Report

Description	District	Micron	VMB	Yield	SL	SS	Price
AAA M LMS	Temora	15.7	0.3	60.1	70	35	1005
AAA M WNS	Temora	16.6	0.2	65.8	79	31	982
AAA M	Grogan	16.6	0.8	65.2	85	36	979
AAA M WNS	Temora	16.4	0.4	61.4	82	30	940
M W PCS	Temora	16.3	0.7	60.5	70	30	882