

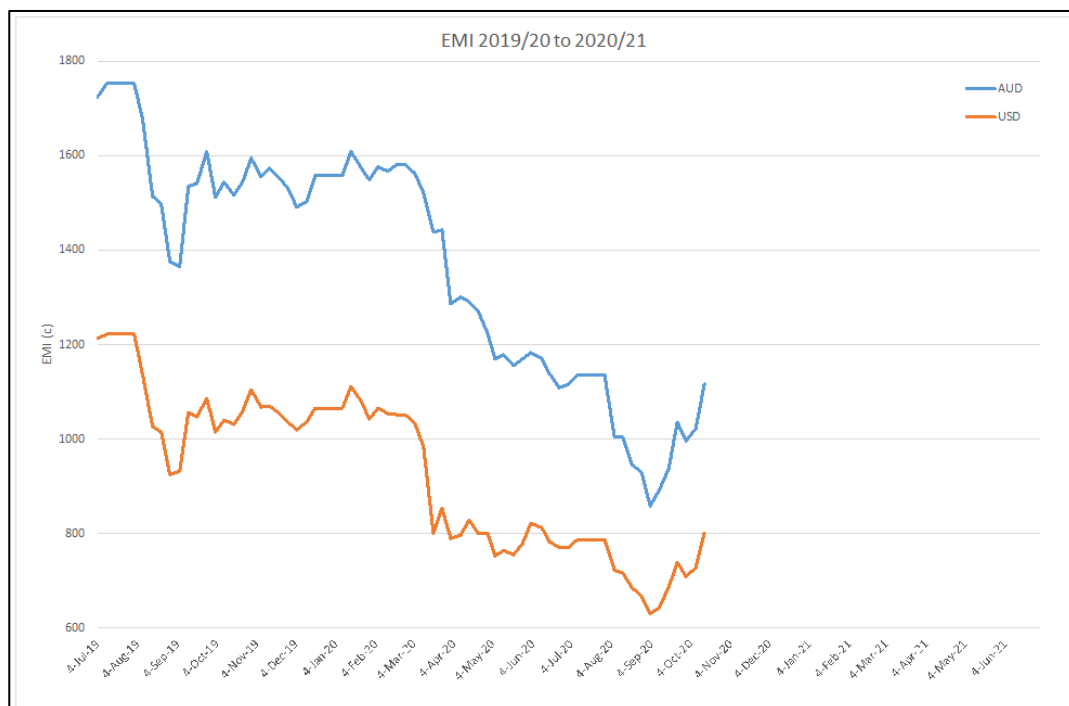


# MOSES & SON

WOOLBROKERS MERCHANDISE LIVESTOCK

## Week S16: 14/10/2020

The AWEX EMI closed on 1117c - up 95c at auction sales in Australia this week. 29,242 bales were offered across the three Australian selling centres with an amazing 97.6% clearance. The EMI rise of 95c was unexpected, however the good news is, that it was seemingly driven by genuine demand on the back of increased knitwear sales mainly from online retail mediums in China.



**Merino Fleece** felt the strong competition immediately and the Merino MPG's raced up from 108c to 1525c in the eastern states and closing a few hours later on Thursday. Fremantle closed up 113c on Wednesday which was the largest one day rise in over 12 months and their MPG's matched or closed a little stronger than the Eastern states which you would think augers well for confidence for next week.

**Merino Skirtings** followed the lead of the fleece, rising between 100 to 160c and as the time where the VM is at its expected lowest, stock of FNF skirts would be looking very attractive.

**Crossbred wool** also attracted keen support however the magnitude was substantially less with most medium and coarse crossbred fleece closing 11-36c dearer whilst the 26MPG rose 60c in the Northern Market.

**Merino Cardings** averaged a rise of 37c as a result of the keen demand for wool. All merino cardings followed the fleece with the best length and colour being the most sought item possibly for the open top sector.

**Crossbred oddments** were a mixed bag with some positive support on the finer XB microns however the coarser crossbred oddments are still bargain basement prices.

MPG North	Percentile	14/10/2020	7/10/2020	Variance	5 Year Average	5 year var	5 year % var
17	61.2%	1,777	1,626	151	2,109	-332	-15.8%
18	53.0%	1,543	1,402	141	1,981	-438	-22.1%
19	33.0%	1,309	1,195	114	1,827	-518	-28.4%
20	20.1%	1,177	1,069	108	1,731	-554	-32.0%
21	14.0%	1,140	1,030	110	1,693	-553	-32.7%
22	1.7%	1,020	1,020	0	1,657	-637	-38.4%
30	2.0%	430	410	20	683	-253	-37.1%
EMI	39.2%	1,117	1,022	95	1,562	-445	-28.5%

I believe the Wool Market has finally seen what it looks like with some retail sales driving demand in China. Reports of Chinese consumers going on an online spending spree, especially for knitwear, which seems to be the current trend in China. Top makers have reacted positively by releasing orders for a wide range of types including full length fleece to process for this market segment. Whilst China is still the dominant purchaser, it begs the question when the Italian centric European consumer will start similar online purchasing patterns.



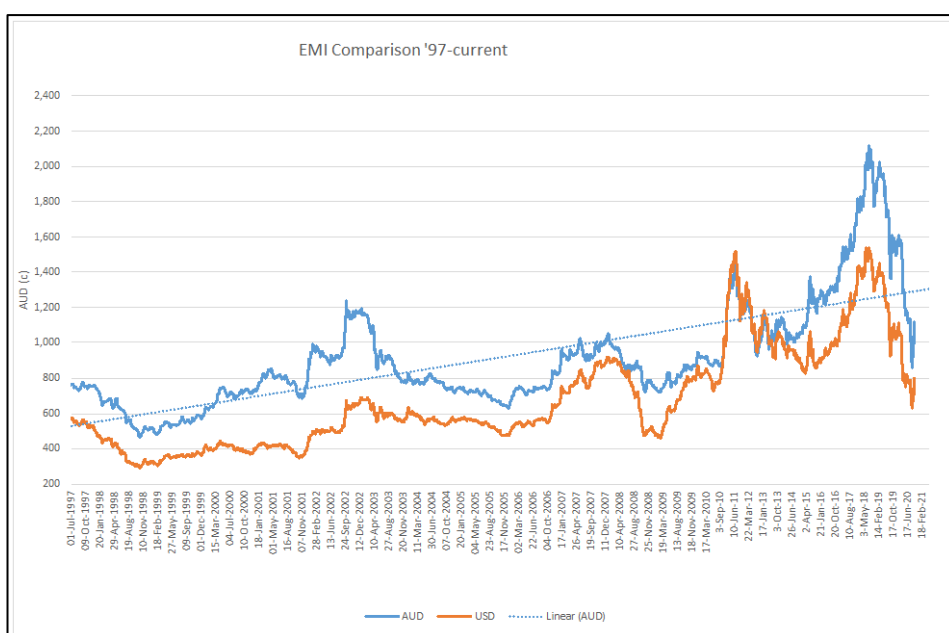
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Whilst woollen knitwear traditionally uses shorter fleece lengths (open tops) the top makers can pull or cut the tops in ½ allowing them to quickly utilise the main offering to meet the demand rather than waiting for enough suitable short wool.

Region	Centre	14/10/2020	7/10/2020	Variance	Bales Offered	Bales Sold	Pass-in%	Next Sale Offering
Northern	Sydney	1,184	1,076	108	8,101	7,967	1.7%	7,660
Southern	Melbourne	1,075	987	88	14,351	14,049	2.1%	17,832
Western	Fremantle	1,167	1,054	113	5,228	5,007	4.2%	8,601
National	AWEX EMI	1,117	1,022	95	29,242	28,545	2.4%	34,093

As expected, the news of the 259c (+30%) rise in the EMI has already motivated a few wool producers to get excited about moving their wool currently being held in brokers stores or on farm. Compared to the same time last year, the EMI is still 400c (-26.4%) lower. As we have said on numerous occasions, the consumer will need to start the process and it seems there is some hope that there is a start to the Chinese demand recovery.



I am not totally convinced that we are in a market that will deliver a straight line upwards trend for the EMI, however this week saw November and December 19 μ Forward Wool Contracts transacted at 1350c, which is 44c (3.5%) above the current 19 MPG. I suggest that you keep in close contact with your wool technical officer to keep you finger on the pulse.

Next week's offering is 34,093 bales which I think will be met with some solid support.

~ Marty Moses

Moses & Son Top Price Report							
Description	District	Micron	VMB	Yield	SL	SS	Price
AAAA M	Laggan	17.8	0.4	76.2	91	34	1210
AAA WNS	West Wyalong	16.4	1.1	56.7	64	52	1050
AAA M	Laggan	18.6	0.3	76.3	103	30	1047
M BKN	Laggan	17.4	0.8	68.0	84	37	1038
AAAA M	Laggan	19.0	0.2	75.4	94	37	980