

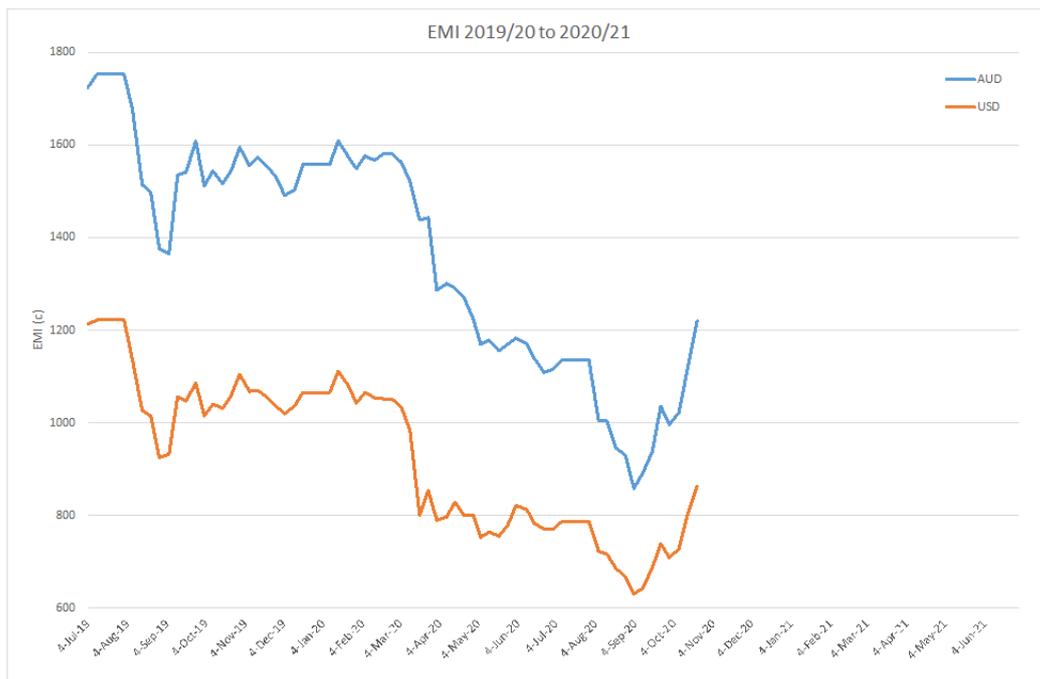


# MOSES & SON

WOOLBROKERS MERCHANDISE LIVESTOCK

## Week S17: 21/10/2020

The AWEX EMI closed on 1219c, up 102c at auction sales in Australia this week. 25,383 bales were offered into an 8 week rising price trend, consequently the opening day (Tuesday) trend certainly did not disappoint. The EMI increasing to 1240 (a daily increase in the EMI of 123c). The presale market intelligence indicated another expected rise was imminent based on the demand from Chinese top-makers replacing top stocks after new demand from the rapidly increasing online knitwear sales in China. However the increase was expected to be 50c clean. 95.3% of the offering was cleared to the trade with the Sydney clearance 97.6%. Moses & Son experienced a rare 100% catalogue clearance on Tuesday.



MPG North	Percentile	21/10/2020	14/10/2020	Variance	5 Year Average	5 year var	5 year % var
17	63.2%	1,846	1,777	69	2,109	-263	-12.5%
18	60.7%	1,622	1,543	79	1,981	-359	-18.1%
19	47.0%	1,419	1,309	110	1,827	-408	-22.3%
20	37.0%	1,292	1,177	115	1,731	-439	-25.4%
21	33.2%	1,243	1,140	103	1,693	-450	-26.6%
22	26.4%	1,190	1,020	170	1,657	-467	-28.2%
30	6.0%	510	430	80	683	-173	-25.4%
EMI	50.0%	1,219	1,117	102	1,562	-343	-21.9%

**Merino Fleece** opened on Tuesday in a buying frenzy, as Export Trading companies competing savagely between each other and the Chinese indent orders. The buy at all cost strategy from exporters pushed the Merino MPG's up too 150c dearer for Tuesday. After the dust settled from the frenetic opening day, the rumbles around the sale centre halls were all indicating the market had hit its upper limit temporarily as the following week's roster had been released with 44k bales being allocated. Wednesday's sale saw the individual merino MPG's give back about 35% of Tuesday's gains.

**Merino Skirtings** followed the fleece lead with the offering primarily low VM; perfect for the Chinese types in current demand.

**Crossbreds** opened in line with the merino fleece in percentage rises however continued to rise on Wednesday posting the largest % rises for the week with the 26 and 30 MPG's increasing by 18%. The European competition in Crossbreds over the past few months was overrun with demand coming from Chinese and local processors.

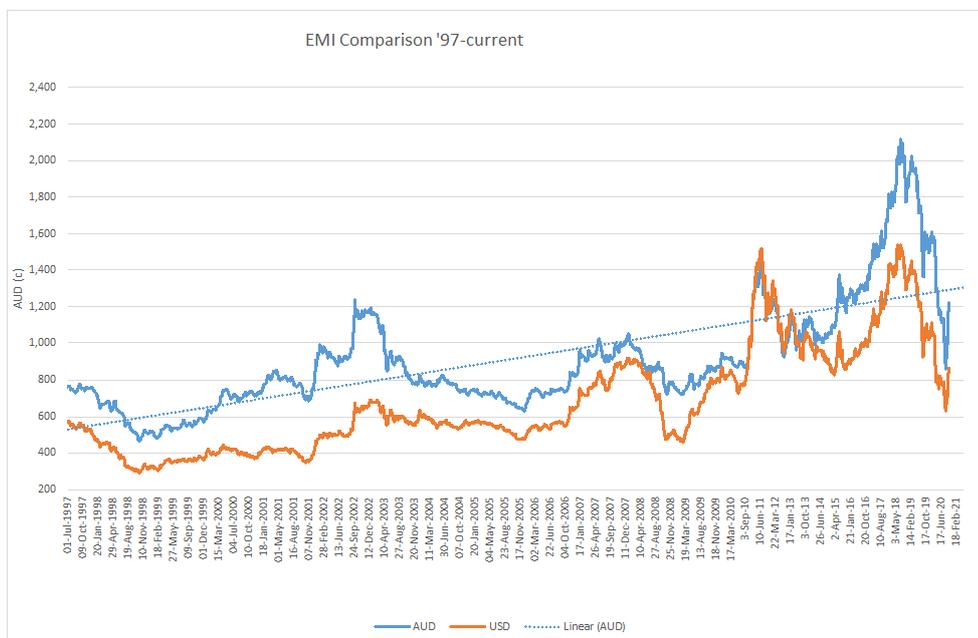


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**WOOLBROKERS MERCHANDISE LIVESTOCK**

**Merino Cardings** opened up rising averaging 50c and were able to maintain this on Wednesday. Crossbred cardings finer than 26 $\mu$  saw some gravitational pull from the merino cardings performance, however the 27 and coarser XB cardings are still in the price doldrums.

Exporters have reported that whilst the demand in China for knitwear is good, the large offering next week has certainly dampened their enthusiasm to purchase at the current price levels. The Chinese seem to have found a new normal lifestyle post COVID 19 and a result of this is their economy is showing some slow growth. The renewed demand for wool is driven from their inability to travel overseas and hence the internal travel has increased. This interest in knitwear has resulted in



substantial sales especially from the online mediums. As we mentioned last week, this has driven interest down the wool processing pipeline to replace stocks of tops yarn and garments which has taken us to being within 21% (326c) of the EMI compared to the same time last year.

Region	Centre	21/10/2020	14/10/2020	Variance	Bales Offered	Bales Sold	Pass-in%	Next Sale Offering
Northern	Sydney	1,278	1,184	94	8,122	7,929	2.4%	12,122
Southern	Melbourne	1,182	1,075	107	15,674	14,903	4.9%	20,994
Western	Fremantle	1,219	1,167	52	9,278	8,261	11.0%	10,888
National	AWEX EMI	1,219	1,117	102	34,661	32,439	6.4%	44,004

The volatility in the market whilst delivering a positive net result has also revealed that our predictions of a reaction from sellers when the market rose may damage any demand by swamping the market with wool being allocated from the Growers and Brokers HOLD inventory. The early estimates have gone from 33,000 bales to 44,000 bales (+21%) as a response to the recent 40% rise over the past 8 weeks. It is my view that the new challenge is matching the demand to the supply to allow trade to flow with some continuity rather than a sprint followed by a head on crash.

~ Marty Moses

Moses & Son Top Price Report							
Description	District	Micron	VMB	Yield	SL	SS	Price
AAA M	Young	17.8	0.2	68.4	103	30	1175
AAAA M	Temora	17.8	1.8	66.7	89	40	1162
AAAA M	Temora	17.5	0.5	65.4	95	30	1156
AAA M LMS	Temora	16.1	1.0	54.9	68	47	1108
AAAA M	Temora	17.6	0.2	63.2	94	29	1101