

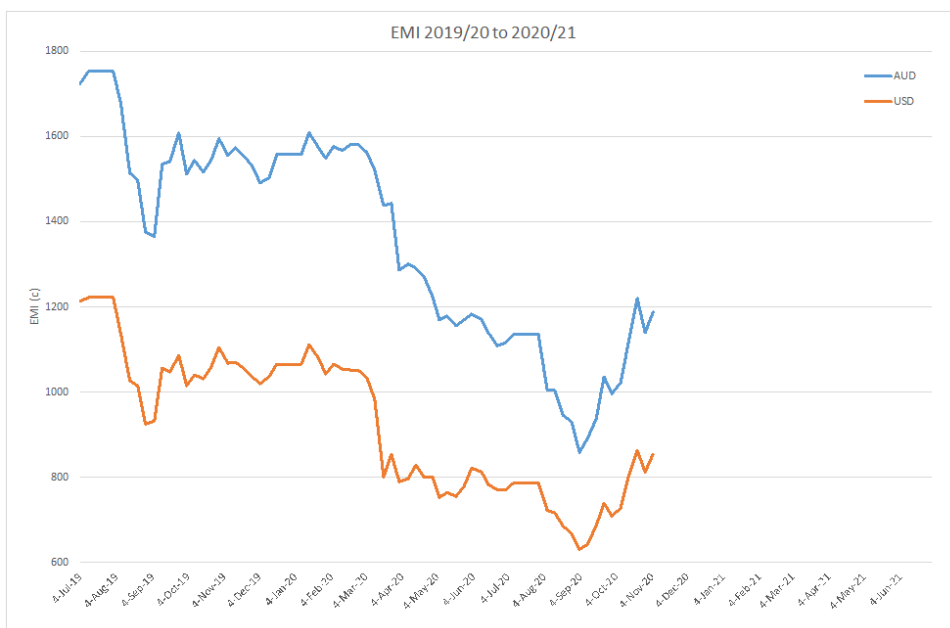


# MOSES & SON

WOOLBROKERS MERCHANDISE LIVESTOCK

## Week S19: 05/11/2020

The AWEX EMI closed on 1188c - up 50c at auction sales in Australia this week. 33,248 bales were offered with a clearance of 90.9% which was reasonable in a week of the Melbourne Cup that no one could attend, the bizarre US Election process and the State of Origin held in Adelaide. The wool market opened the week with expectations of regaining some of last weeks' 81c losses in the EMI. Wednesday's opening market immediately exceeded the expectations and the result was an EMI increase of 85c. After the dust settled from Wednesday's stellar performance, the expectation for Thursday was a slight correction of 10 or 20c. However this expectation resulted in a loss in the EMI of 35c from the previous day however a net win for the week.



**Merino Fleece** opened with general rises of 100-133c in the 18-21MPG's. The 17.5 and finer MPG's were up to 140c dearer. Unfortunately Chinese inquiry dried up after the market closed coupled with the AUD US currency exchange increasing by 1c overnight. Thursday's market was a substantial reversal of the previous day with the merino MPG's dropping 50-60c on the eastern seaboard and 45-80c in Fremantle. The volatility crippled any short term confidence in a sustained price recovery despite the increased demand at retail in China for knitwear.

**Merino Skirtings** followed the fleece trend with the general rises between 70-90c and sub 17.5 FNF types attracting up to 150c more than the previous week. Thursday's market saw falls of 40-50c however the 17.5 and finer skirts maintained their Wednesday's levels.

**Crossbred** saw the opening day follow the merino trend with 27.5 and finer increasing by 50-60c whilst the coarser types increased by 20-40c. Thursday saw an ease of prices by 20-30c across the Crossbred MPG's.

**Merino Cardings** were the only indices to have net losses averaging 19c for the week. The MC indices posted an average 11c rise on Wednesday, followed by an average 30c loss for Thursday. Crossbred cardings continue to struggle, especially the coarser micron categories.

MPG North	Percentile	5/11/2020	28/10/2020	Variance	5 Year Average	5 year var	5 year % var
17	62.6%	1,808	1,741	67	2,109	-301	-14.3%
18	57.0%	1,578	1,516	62	1,981	-403	-20.4%
19	42.0%	1,393	1,313	80	1,827	-434	-23.8%
20	33.5%	1,259	1,191	68	1,731	-472	-27.3%
21	26.0%	1,208	1,158	50	1,693	-485	-28.6%
22	25.8%	1,180	1,130	50	1,657	-477	-28.8%
30	4.2%	473	480	-7	683	-210	-30.8%
EMI	46.1%	1,188	1,138	50	1,562	-374	-23.9%

Despite the 50c rise in the EMI being extremely positive, the volatility delivered during the week is definitely not what the market needs at the moment. For the first time in 8 months, the emerging consumer demand in China is driving the market rise, however, the prolonged trading difficulties over the past 14 months have resulted in a lack of confidence in the trading decision making. Australian Exporters report their most difficult period of trading dating back to the recovery from the reserve price scheme.

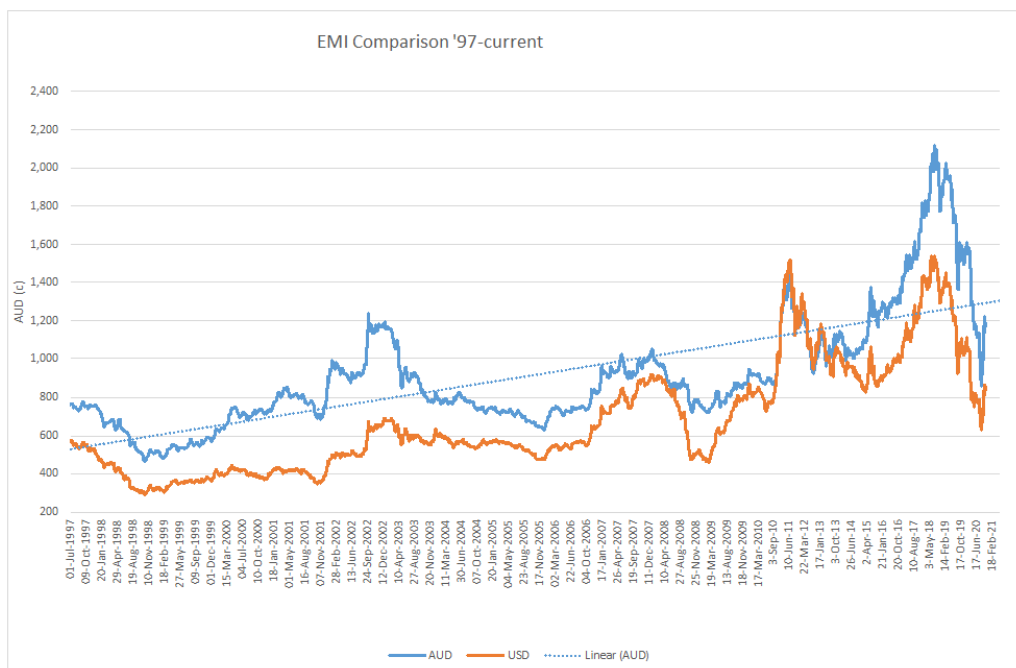


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These “one day trends” are severely crimping their ability to keep the trading ledger positively balanced. This prolonged uncertainty almost certainly breeds extreme caution in doing business and hence makes for more volatility in the market place as exporters and top-makers continually jump any shadows that may trigger a negative market movement.

Before we start blaming the Chinese for our wool market woes, let’s look at the latest statistics. China are still maintaining 87% of the exports of Australian Wool product (up 23% year on year). Conversely, Australian wool products destined for Italy have fallen to just 1.7% of the Australian clip (down 77%) and India are taking 2.83% of our wool exports (down 47% year on year). With the recent news of Chinese bans on Barley, Sugar, Copper Ore, Coal, Timber, Wine and Seafood, I think the Australian wool industry could be a lot worse off if China were not committed to our magnificent product.



Region	Centre	5/11/2020	28/10/2020	Variance	Bales Offered	Bales Sold	Pass-in%	Next Sale Offering
Northern	Sydney	1,245	1,190	55	8,520	8,183	4.0%	9,016
Southern	Melbourne	1,153	1,104	49	16,674	15,035	9.8%	22,293
Western	Fremantle	1,217	1,181	36	6,918	6,050	12.5%	10,660
National	AWEX EMI	1,188	1,138	50	33,248	30,237	9.1%	41,969

Next week 41,969 bales are scheduled to be offered across all centres. Unfortunately the early market intelligence for next week is tending to be a continuation of Thursday’s closing negative trend and there are still more questions than answers. ~ Marty Moses

Moses & Son Top Price Report							
Description	District	Micron	VMB	Yield	SL	SS	Price
AAA M	Barmedman	16.1	0.3	67.2	99	21	1331
AAA M	Barmedman	16.9	0.3	68.9	96	28	1250
AAA M	Barmedman	17.0	0.3	68.4	107	27	1220
AAA M	Young	17.6	0.5	70.3	73	44	1188
AAAA M	Young	17.7	0.2	71.2	88	42	1180