

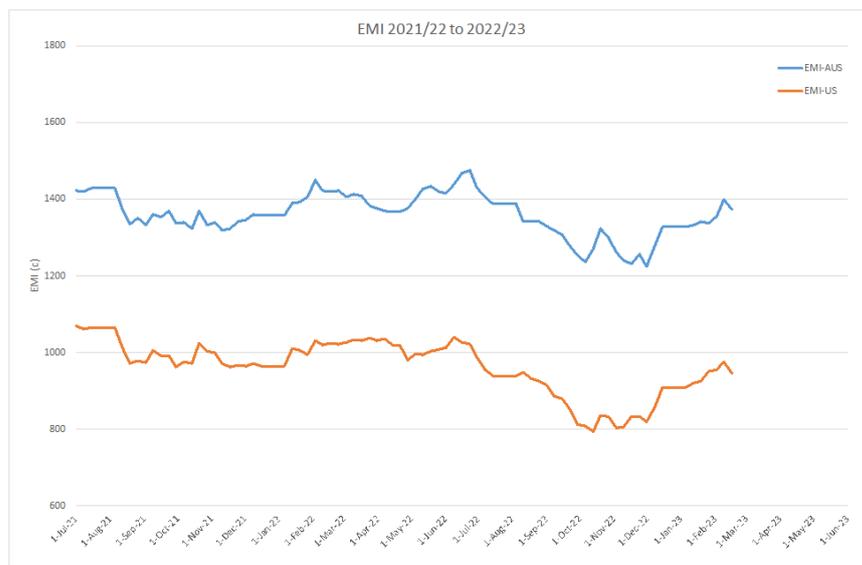


# MOSES & SON

WOOLBROKERS MERCHANDISE LIVESTOCK

## Week S33:

The AWEX EMI closed on 1374c - down 26c at auction sales in Australia this week. The news of a sharp increase in weekly bale offerings for the fortnight became apparent to the trade late last week, resulting in the market sentiment taking a polar opposite emotion than we experienced in the previous sale week. The inability of the market to offer any price resilience to the 57,196 bale offering was extremely disappointing to the sellers, resulting in the clearance rate dropping to 83.4% with Fremantle passing in 32% of their fleece offering.



The Forex rate finished the week in the markets favour in USD, however Tuesday's market opened in the face of a 1.2% appreciation in the AUD from the previous session. Unfortunately this contributed to the negative result for auction prices in the Merino combing wool categories. Despite the weekly fall in the exchange rate, the EMI in US terms fell 30c. Exporters have reported that the combined volume of this week and next week's auction offerings totalling 114,500 bales advertised last Thursday is the largest combined two weeks offered for 12 years and provided the catalyst for orders from China and India to dry up immediately.

**Merino Fleece** saw the interest immediately plummet on Tuesday, and in some cases washing off all or more of last weeks celebrated MPG rises. The presence of the Italian operators competing with the high end processors from China saw some recovery of the 16-17.5  $\mu$  best prepared and specified lots in Sydney on Wednesday. The rest of the lots had to settle for prices on, or below the quotes measured a few weeks ago. Lots in Certified Integrity Schemes continued to attract the attention of the exporters and processors, and in a market environment like we experienced this week, the CIS lots delivered measurable premiums over their non-certified equivalents. 51% of the offering was typed as a style 4 or better which is up from 45% at the same time last year. The competition ebbed and flowed throughout the series but at the end of the week, the locally based Trading Exporters shared the buyer list with large indent operators from China and the large early stage Chinese processors.

MPG North	Percentile 10y	16/02/2023	9/02/2023	Variance	5 Year Average	5 year var	5 year % var
17	67.5%	2,338	2,405	-67	2,272	66	2.9%
18	61.5%	2,003	2,075	-72	2,040	-37	-1.8%
19	63.0%	1,712	1,772	-60	1,795	-83	-4.6%
20	67.8%	1,563	1,586	-23	1,644	-81	-4.9%
21	61.0%	1,425	1,523	-98	1,588	-163	-10.3%
22	45.0%	1,300	1,300	0	1,545	-245	-15.8%
30	0.1%	260	260	0	519	-259	-49.9%
EMI	62.2%	1,374	1,400	-26	1,538	-164	-10.7%

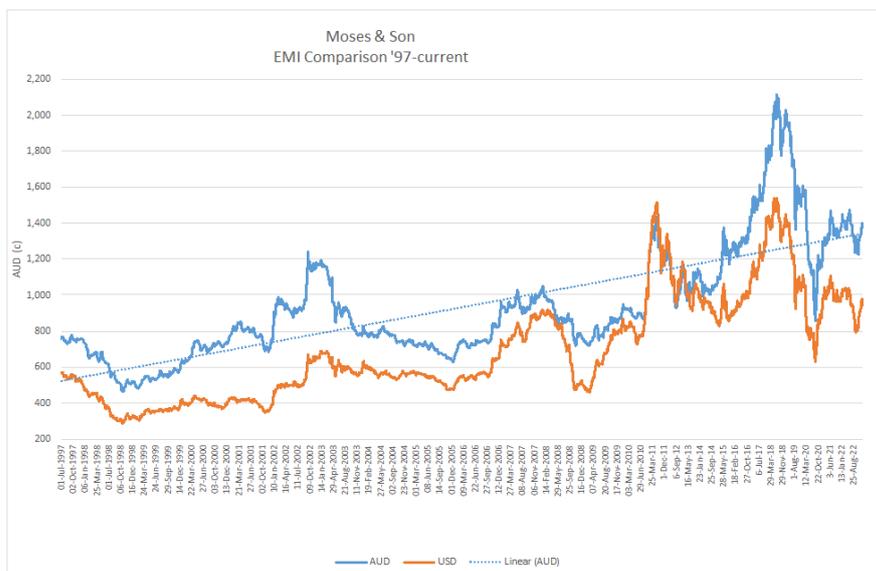
**Merino Skirtings** opened 10-20c cheaper across the board on Tuesday and this cheapening trend stretched into Wednesday's market. However reports of some strengthening towards the end of Wednesday gives us some hope that the market may have found some form of price basis temporarily.



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**Crossbreds** were the best performing sector this week and the MPG's generally held last week's levels or posted small gains over the selling week. Conversely the price disparity between best classed and specified lots and the poorly prepared lots (unclassed and unskirted) continues to widen. The presence of the large Chinese Indent buyers drove this market, conversely the main European processor in this category was almost invisible in the room.



**Merino Cardings** have been able to increase by 2c on last week's levels in

both Eastern selling centres however the MC fell 28c in Fremantle this week. Unlike the Merino Combing wool market, the apparent demand for carbonising and washing types remained steady at this price level. Crossbred oddments continue to be extremely hard to sell at prices that cover the cost of selling.

Region	Centre	16/02/2023	9/02/2023	Variance	Bales Offered	Bales Sold	Pass-in%	Next Sale Offering
Northern	Sydney	1,446	1,473	-27	13,744	11,869	13.6%	13,757
Southern	Melbourne	1,326	1,352	-26	30,235	26,177	13.4%	33,309
Western	Fremantle	1,525	1,570	-45	13,217	9,643	27.0%	10,255
National	AWEX EMI	1,374	1,400	-26	57,196	47,689	16.6%	57,321

It's hard to fathom that this time last week the wool industry was riding high on the crest of a 50-100c rise in the merino MPG's. I share the frustration of both buyers and sellers asking: "What causes the market to change sentiment from "extremely positive" to "extremely negative" on a dime? Whilst I am not an economist, I have been alerting wool growers of the constant economic headwinds the world faces for some time now. The poor result in this week's market spells out how economically fragile the current trade conditions are. Hopefully this week's downward price correction is behind us and the weekly market results fall back into a trend that delivers confidence to our customer and a sustainable income to our producers.

Next week 57,321 bales have been rostered for sale with the early market Intelligence indicating a continuance on or close to the closing price levels. Fingers crossed. ~ Marty Moses

Moses & Son Top Price Report							
Description	District	Micron	VMB	Yield	SL	SS	Price
EX SUP AAAA	Millthorpe	16.5	0.5	73.3	76	39	1878
AAA M	Narrandera	16.9	0.6	80.0	66	45	1841
SUP AAAA	Millthorpe	16.3	0.5	72.6	106	27	1725
AA M	Narrandera	16.7	1.5	79.0	76	41	1718
EX SUP AAAA	Millthorpe	15.5	0.3	69.1	106	21	1665