

Wool Market Comment

Current season looking positive for sheep farmers

It is heartening to see that the wool market remains fundamentally sound and prices have firmed across all styles, against supply shortages and a softening NZ dollar. Favourable climatic conditions, improved prices and a solid lambing have contributed to an overall lift in beef and sheep farming confidence, which is a very welcome change.

PGW's wool selling philosophy is built around understanding both ends of the wool commodity spectrum. We go to the ends of the earth (literally) to understand global end market requirements and encourage our clients to grow wool to meet specific criteria – while farming to match their environment. With careful management it can be done and done well, with rewards to match the achievement.

Demand from China has rebounded, however we export wool all over the world through Europe, Asia, India, Australia, and the United States. Our NI Wool Supply & Export Manager, Chris Hart, was in China recently to strengthen our business relationships with this very important trading partner and our newly appointed Business Development Manager, Craig Smith, is only just back from a two week stint in Japan exploring new wool sales opportunities. General Manager of our export arm (Bloch & Behrens), Palle Petersen together with his European-based manager, Hans Bering who is based in Denmark, have been busy garnering business from the European wool trading sector and Palle is set to visit Europe early next year to cement trade with his established customer base.

PGW is a keen supporter of the wool auction system as a method of determining true market prices. However, we back this with intelligent use of fixed-term and three-year rolling contracts where appropriate to all parties concerned.

This past year, contractual sales have worked well in markets requiring a stable price structure at both ends of the deal – ie for the woolgrower looking for fixed income and for the end manufacturer looking for price stability. Our overseas customers are frequently keen to lock in prices for extended periods to protect themselves against currency fluctuations and to provide base-line stability within their local manufacturing and retail environments.

Back here in the domestic market, as the current selling season builds momentum against a background of diminishing supply, we can't help but notice that the gavel is coming down on some very attractive prices that frequently sit above the overseas traded price. It bodes well for sheep farmers collectively and for woolgrowers specifically. Talk to our wool team about the best method of selling your wool to advantage in these market conditions.

Cedric Bayly, General Manager - Wool

Wool in Schools NZ

PGW has partnered with the Campaign for Wool (CFW) to bring 'Wool in Schools' to New Zealand's senior primary / intermediate age children. This flagship initiative, designed by the CFW NZ Trust, is a great way to educate kiwi kids, and their parents, about the many benefits of the wool grown right here in our own backyard. The value of educating children of this age is that they will carry this knowledge through into their adult years, future career choices and lifelong consumer decisions.

Funding of this very important initiative is being effected by minimally raising the current fee on wool testing certificates from .005 (½ a cent per kilo) to .0075 (¾ cent per kilo). This equates to a lift in the current fee of about \$80 per 100 bale clip, to \$120 per 100 bales. Collected at point of testing, the money will go directly to the CFW NZ Trust for the 'Wool in Schools' programme. Separately from this, PGW Wool will also contribute to the fund on a collaborative basis. The new wool testing fee will apply from 1 January 2015 and the 'Wool in Schools' programme will commence nationwide during the 2015 school year.

'Wool in Schools' has two key elements to it. An educational website, which will be available to all New Zealand schools, and supported by social media, to engage and educate our children about the merits of this brilliant home-grown product.

Secondly, PGW Wool will provide a container (used in the very successful 2013 Wool Expo campaign) which will travel from school to school, over the school year, to provide a more hands-on component of the education programme.

The global CFW, with HRH The Prince of Wales as patron, is hugely successful in the northern hemisphere where the bulk of the world's population lives, and where New Zealand wool's key markets are. However, 'Wool in Schools' is aimed at our domestic market back home in our own wool-growing country. Knitting students and wool knowledge together to create a legacy for the future of New Zealand wool.



CFW Updates

Kiwi Connection to Wool Week UK



The 100% wool signature piece titled 'Flight – from Wall to Wardrobe' (as pictured) is like playing cut outs. It cleverly combines layers of wool felt laser cut to create a garment as a single unstitched form that can be hung as art, worn as a coat and then returned to the wall as an artwork again – fixing it back in place much as you would a puzzle piece. Think of the artwork as the coat hanger, but with style and function. With further work on achieving a velcro type 'grab' between the wool surfaces, the coat holds firmly to the felted form it is housed in. It is a smart and inspirational creation which very definitely deserved its place in the elite London show.

The exhibition encompassed a broad range of fabrics, flooring, furnishings and lifestyle items covering High Street, designer, bespoke, and commercial sectors with a special focus on stunning carpets and rugs made from predominantly British and New Zealand wools.

There is a wonderful New Zealand connection to the prestigious 'Global Wool Interiors Collection' that was launched in London during Wool Week UK in October 2014 as part of the fifth anniversary celebrations of HRH The Prince of Wales' Campaign for Wool (CFW).

An off-the-wall artwork developed by CFW NZ brand partner, Massey University, caught the eye of the curator of the 'Interiors Collection' and was selected to feature alongside a limited number of very exclusive wool items – much to the delight of the two university lecturers, Deb Cumming and Nina Weaver, whose idea it was.



Explorative visit to China pays dividends

Over the past six months, PGW's NI Wool Supply & Export Manager, Chris Hart, has been exploring ways to maximise trading opportunities in Chinese markets. This culminated in his visiting China in September to meet potential long-term customers face-to-face – especially those seeking a competitive advantage over their competitors by achieving higher spinning yields and superior dyeing properties.

First stop was the Annual Wool Conference in Nanjing where many Chinese and international wool users gather over a three day period. Discussions centred on the benefits of the global CFW, the status of the 'wool vs synthetic' argument, and the positioning of wool for the coming season. Among those in attendance were numerous spinners, topmakers, and carpet weavers who are already long-standing users of merino, halfbred and crossbred New Zealand wool. Commenting on his discussions with this group, Chris Hart tells us, "It was evident that New Zealand wool continues to be recognised at the top end of the quality spectrum for colour, brightness, evenness, tensile strength and presentation."

Next stop was Beijing to meet with government agencies associated with importing wool from around the world to learn their views on the current demand for wool, the impact of their new government and the effects of newly implemented policies. Interestingly, despite the government clamp down on luxury spending, these agencies do not believe this will impact on the requirement for wool and woollen products.

With the more formal aspects of the trip completed, it was time to venture into the provinces to meet fine-wool processors in the apparel market and mills spinning yarn for local and export carpet manufacturers. Discussions took place about how they could achieve better results by purchasing the correct wool type, by length, colour and micron, to meet their specific needs. As a consequence of these informative exchanges, four different mills have placed orders for high-quality wool and our export arm, B&B, is currently preparing deliveries to meet stringent specifications.

We intend to monitor the success of each trade, enhance our reputation in China and continue to grow our business.

Ren Apatu on board with CFW

Ren Apatu, part-owner of high country sheep and beef station, Ngamatea, has been appointed to the board of the CFW NZ Trust to help round out the expertise of the team.

Together with his sister and brother, Ren runs 45,000 head of sheep over 20,000 acres of cultivated grass and manages a total farm size of 70,000 acres situated in the central North Island about half way between Napier and Taihape.

Ren grew up with a mother who was passionate about wool - she gained her Wool and Wool Handling Diploma from

Massey University in 1961 - and he has made a pact to carry on her passion. Wool preparation is still an integral part of Ngamatea's commitment to quality – and seeing the CFW deliver an increase in consumer demand at a global level is where his sights are set for the future.



Lochie Grant retires

Lochie Grant is soon to hang up his farm boots after a career in wool spanning just over 50 years.

Canterbury born and bred, Lochie's grandparents farmed and farming was in his blood from the very start, but it was when he took his first job in the bin room at National Mortgage & Agency Company of NZ Ltd (NMA) in Christchurch in 1963 that his love of wool took root. He flourished in what was back then a hectic wool store environment with its labour intensive handling methods and the veritable hive of human activity. He also enjoyed mixing with the droves of students who commonly undertook wool store work during university breaks in those days. Five years later, with a bit of experience under his belt, Lochie made the big move to New Zealand's North Island wool capital – Napier – where he was destined to undertake more field work. He was still with NMA, whose Wool Manager was the very worthy Les Bragg, and thrived in the wool business despite the upheaval of the numerous stock and station company mergers that took place over the next decade or so. For Lochie, the constant that ran through these changing times was his stable Hawke's Bay client base and the heart-warming loyalty of various farming families, some over two and three generations, whom he came to know well over his time in the business. He relished various roles working alongside top stud breeder clients and often acting as judge at wool handling and fleece competitions – and took particular pride when a client of his, the former manager of Kereru Station, Jim Christie, won the National Golden Fleece Competition for an excellent crossbred hogget fleece back in 1987. He will always carry fond memories of his time working in and around land-based industries and the warmth of the people he has encountered along the way.

What next? Well, he jokingly warns his children that he and his wife of 40 years, Marcia, are going 'skiing' in retirement (aka spending kid's inheritance) starting with a trip to Alaska which has been on the bucket list for quite some time. We wish Lochie well in retirement and his breadth of experience and cheerful face will be sorely missed around the traps.



Craig Smith joins PGW

In October Craig Smith joined the PGW wool team as Business Development Manager to service our fine and strong wool businesses, based at our Christchurch facility in the South Island. Craig's expertise in wool trading, in the fine wool sector in particular, is widely respected here and abroad and he intends to focus on strengthening existing relationships and generating new business.

His international experience is significant having spent the last 10 years with a firm of well-known wool merchants and exporters, in sole charge of their Japanese markets. Craig enjoys working at the forefront of the wool industry and he is keen to expand his influence in promoting wool and its commercial viability. He is totally passionate about the product and has been his whole life, having grown up on the family sheep and beef farm in Elsthorpe, Central Hawke's Bay, founded by his great grandfather, Doug Smith. He is determined to further champion the cause of New Zealand sheep farmers and help drive up returns for wool.

Craig has carried his wool message to high places having visited Clarence House in London for tea with Prince Charles in June this year as part of a CFW promotion. He was delighted to represent New Zealand's wool interests at this function and to meet Prince Charles, who is patron of the Campaign, and speak with CFW directors and others who are actively involved in spreading the word about wool on the international stage.

In his new role with PGW Wool, Craig will continue to promote the importance of wool as a natural, renewable, biodegradable resource which offers numerous technical and ecological benefits. He also understands that this is a two-way street and as consumers make the move back to natural fibre – so too the farming community will need to grow their sheep numbers to maintain supply. Whether sharing tea with you in your wool shed or in the gardens of Clarence House – the subject matter will be the same – to get in behind wool and make sheep farming more profitable.



Craig Smith (R) with Nicholas Coleridge CBE (centre) Chairman of the Campaign for Wool and Chief Operating Officer Peter Ackroyd MBE (L) at Clarence House in London.

IWTO Multi Stakeholder Meeting in Brussels



PGG Wrightson Wool

From Sheep to Shop - shaping and strengthening international policy for the wool industry...

The International Wool Textile Organisation (IWTO) is due to hold a Multi Stakeholder Meeting and Wool Round Table in Brussels, Belgium, on 1 & 2 December.

Choosing its hometown of Brussels offered particular advantages this year with the IWTO being able to connect the wool industry with European political and non-governmental stakeholders. In partnership with the European Commission and the European Economic and Social Committee (EESC), a day-long Multi Stakeholder Meeting is scheduled to be held at the EESC's Van Maerlant Building to discuss political topics affecting the wool industry, including animal welfare, chemicals legislation, textiles recycling and wool trade biosecurity.

Each session has been laid out in such a way that attendees will hear different perspectives from the European Commission, the wool industry and other non-governmental organisations. The emphasis will be on exchange and dialogue – an opportunity to share scientific data and technical experience aimed at the shared common goal of sustainable wool production.

On day two, wool industry leaders will attend the annual Wool Round Table and conduct further interactive sessions on trade, including the Transatlantic Trade and Investment Partnership (TTIP) and its impact on wool textile trade. Attention will

then turn to the use of wool in fire safety and protection, including standards for protective clothing and the opportunities for wool in technical textiles.

For centuries wool was used in clothing worn to protect firemen, policemen and soldiers and greatly prized for its flame resistant properties, but in the last 40 years it has too often been substituted for synthetic next-to-skin fabrics with nasty and unnecessary consequences. This is changing. Modern day emergency first responders are turning back the clock and re-embracing the technical comforts offered by woollen garments (breathability and temperature regulation) together with the all-important fire retardant qualities. Manufacturers of protective clothing are heeding the message and key representatives of these industries will meet at the Wool Round Table.

The wool safety message is one that needs wider publicity to reach out to everyday people and help them understand the hugely important safety benefits of wool in their own homes and work environments. Wool can be used very effectively in modern construction methods for basic safety but it is also extremely valuable in furnishings for its performance characteristics and inherent fire resistance. This thread of awareness needs to be woven through multiple wool supporting platforms to ensure the message takes hold.

Know wool, think wool, buy wool and wear wool.

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