

Peak Prices for Wool

Prices for wool of all types have peaked over recent sales, reaching some of their highest levels in 20 years! Three key factors in the mix are limited supplies of wool, a weakening NZ dollar and strong demand from exporters. It's an interesting culmination of market forces and we wish to see our clients come out on top. Lock in prices and reduce risk.

It's good news for woolgrowers and it will be interesting to see how volumes and prices hold over the winter period.

The season for woolgrowers has been strong generally with sheep in the North Island showing good condition and those in the South being mostly good but with some wool tenderness evident in the drought-affected Otago and North Canterbury areas.

The current wool market is such that now might be a good time for growers to consider the benefits of fixed price forward contracts. Forward contracts provide certainty around cash flow and future income and this can be helpful in securing seasonal finance. Locking in even part of your future wool clip can be a useful option.

PGW's wool export subsidiary, Bloch & Behrens, has contracts currently available which offer price certainty to woolgrowers and these links between global manufacturers and growers are conducive to long-term price stability.

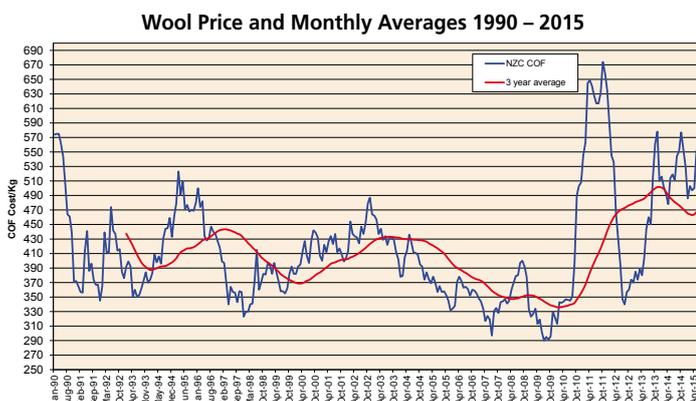
If you are interested, please feel free to discuss your options with your local PGW wool representative.

In the meantime, our wool team is pretty excited about the market buoyancy and increased competition at auction.

Clearance rates have held above 90 percent over the past several weeks as volumes decline and demand grows.

As at the year ending April 2015, the value of NZ wool exports increased 15 percent making it New Zealand's 13th largest export commodity.

The following graph demonstrates wool price movement over the last 25 years and it makes today's prices look good.



National Golden Fleece

New Zealand's National Golden Fleece competition was hosted by the Oxford A&P Association in April this year and many of the fleeces entered had already won their local A&P show competitions – so it was truly the best of the best.

PGW Wool is a solid supporter of this event because it recognises excellence and encourages woolgrowers and sheep breeders to aim high and keep improving wool quality. Many of the fleeces are presented by stud breeders for whom genetics play a big part in improving the quality of the national wool clip.

This year PGW provided two very experienced wool judges from their wool team – Peter McCusker as Fine Wool Judge and Doug McKay was asked to preside over the strong wool entries. There were 171 fleeces to be assessed, so it was no simple task.

The title of 'Supreme Winner' for fine wool was awarded to Allan Paterson and his son, Simon, of the Armidale Merino Stud in Ranfurly for a merino ewe fleece which scored 99 points out of a possible 100. The PGW fine wool judge, Peter McCusker, described it as a near perfect fleece with outstanding fleece weight, colour, staple length and well-defined staple crimp.

The 'Supreme Strong Fleece' segment was won by Brendan Butler of Waipawa in Hawke's Bay for a crossbred hogget fleece which scored 97 points. PGW's strong wool judge, Doug McKay, pronounced it a very well grown fleece with great character and handle – ideal for today's market requirements.

President of the Oxford A&P Association, Guy Kelland, and his team did a great job running the event and in addition to the magnificent display of fleeces, there was a fashion parade, a junior fleece judging competition, school exhibits about wool, an array of wool-focussed working displays and stalls selling wonderful woollen products.

Next year, everyone hopes to do even better, so we will be on the lookout for suitable fleeces as we do the rounds in the lead up to the 2016 competition.



PGW Golden Fleece judges Doug McKay and Peter McCusker were impressed with the entries at this year's event.

ニュージーランドプロジェクト

New Zealand Project

Renowned Japanese suit maker Konaka Co launched a very special range of woollen suits, jackets and coats branded "The Real Navy Collection" across its fleet of over 450 retail stores during the autumn/winter shopping season last year. Made from high quality New Zealand merino wool, the collection proved wildly popular. The launch was called the "New Zealand Project" and included instore displays of New Zealand produce which attracted widespread consumer and media attention within Japan. Konaka now feels very confident that New Zealand wool is widely recognised and warmly embraced in Japan and it envisages a bright future for their already celebrated products.

Last month, Konaka's top 20 "New Zealand Project" sales representatives, together with some of the firm's senior executives, were rewarded with a visit to New Zealand to acquaint themselves with the source of the exclusive fine wool behind "The Real Navy Collection". Many of the sales group had to apply for passports before heading to our shores – so the experience was hugely exciting for them and they arrived at the Queenstown airport in May looking very chic in their beautifully tailored navy-blue suits made from fine New Zealand merino wool.

They were met by PGW CEO Mark Dewdney, Business Development

Manager Craig Smith and Bloch & Behrens GM Palle Petersen.

The tour began with a visit to an on-farm lamb sale at Glenspec Holdings at Ranfurly and then a tour of the Clarke family's Closeburn high country station in Central Otago which is the founding supplier of fine wool to Konaka, dating back to 2012 when Konaka was looking to replace cashmere fibre with fine and ultra-fine merino wool as a point of difference in their range of exclusive, high fashion suits.

Essentially, the New Zealand tour was an end-to-end deal – with farmers meeting the retailers and the retailers garnering a comprehensive understanding the whole spectrum of wool growing, from the



Konaka's sales team putting the "hi" in New Zealand's high country.

farm gate to world markets.

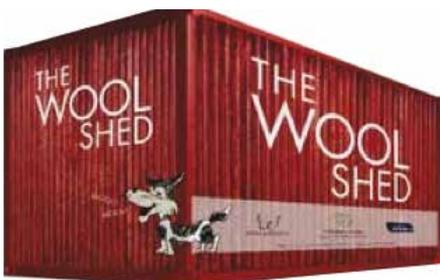
The five-day tour concluded at a reception in Auckland which was attended by Deputy Prime Minister of New Zealand, Bill English, and Konaka's CEO, Kensuke Konaka, who flew out specifically to attend and address the closing event. The visit has strengthened trade relations between all parties and is viewed as very successful for New Zealand wool over the longer view.



Key executives of PGW and Konaka Co and New Zealand woolgrowers together with Deputy Prime Minister of New Zealand, Bill English, gathered at the "New Zealand Project" reception in Auckland.

Wool in Schools NZ

PGW Wool has partnered with the Campaign for Wool (CFW) to deliver the 'Wool in Schools' programme designed to help educate kiwi kids and their



parents about the intrinsic value of New Zealand-grown wool.

The PGW wool container used in the very successful 2013 CFW expo campaign has had a make-over and is now called The Wool Shed. The fit-out of the container is underway. It will be filled with a whole raft of wool experiences and educational facilities from raw wool through to the innovative future of wool. A website and in-class kit will link the hands-on experience in the container back to the

classroom and homework activities, and the programme will interrelate with the school curriculum.

The CFW has been approached by two schools wishing to be pilot schools and one school has offered a teacher resource to ensure class-appropriate content. When we are satisfied that everything is set to go, the container will travel from school to school – knitting together students and wool to create a sound knowledge base of this wonderful home-grown product.



NZ WOOL WEEK

NZ Wool Week took place 15 – 21 June employing a social media campaign to encourage kiwis to 'Wear Wool Your Way'. It invited people to take a selfie wearing their favourite wool garment and post it on the CFW NZ Facebook page.

People were asked to throw on a much-loved wool sweater/hat/scarf/socks, wrap up in a family heirloom wool blanket, take a seat on a cosy wool chair, sprawl out on the shagpile carpet, don their best wool-performance sportswear or put the dog in its finest woollen jacket...

... then take a pic and share it to show the world just how cool, crazy and colourful wool can be!

At the time we went to print, this campaign was still underway and some great images were being posted – it's worth viewing!



Quirky wool race in English village

The Tetbury Woolsack Race is a gruelling competition for individuals and teams wishing to demonstrate their strength and fitness by racing while carrying a sack of wool up steep Gumstool Hill between the Crown Inn and Royal Oak pubs in the village of Tetbury. This annual event raises money for local charities and is a quirky spectacle which reflects the history of the area when many Cotswold towns, including Tetbury, were noted wool towns. It is believed the race originally started when local drovers – egged on by drink and wanting to impress the ladies – raced each other uphill with heavy woolsacks. If you would like to view the video footage online, just search 'Tetbury Woolsack Race'.



IWTO Congress in China

"IWTO brings together people on all levels of the wool industry which is very important for dialogue between different parties and to agree on good messages so consumers can learn how fantastic wool is!"

Tone Tobiasson, NICE Fashion & Tekstilforum, Norway

This quotation from the 84th annual congress of the International Wool Textile Organisation (IWTO), held 18-20 May in Zhangjiagang, sums it up nicely.

The IWTO aims to bring together people from right across the wool textile pipeline to meet and exchange ideas with the goal of working together to build a professional and sustainable industry. Participants included growers, traders, primary processors, spinners, weavers and garment manufacturers, together with retailers and other organisations involved in wool.

PGW's NI Wool Supply & Export Manager, Chris Hart, and Business Development Manager, Craig Smith, both attended the congress.

The theme "Provenance and Performance" highlighted these two key elements that set wool apart from

other fibres. Delegates were shown examples of wool's performance in outdoor and sportswear and learned about consumer market trends in China and the significance of provenance in quality assurance.

Zhangjiagang proved an ideal location, being a significant hub of early stage wool processing in China and the event was co-organised by the China Wool Textile Association (CWTA). This was the fourth congress to take place in China which is the world's largest wool processing and wool consuming country.

A renewed sense of optimism suffused this year's congress which was attended by 421 high-level participants from 22 countries and 268 organisations and companies.



The Hotel Guomao in Zhangjiagang where the IWTO congress was staged.

Wool fit for a Princess

New Zealand's official gift to Prince William and Catherine, to mark the birth of Princess Charlotte, was a selection of woollen baby items sourced from Petone-based company, Stansborough, a brand partner of the Campaign for Wool founded by Princess Charlotte's grandfather, Prince Charles.

Stansborough's company director Cheryl Eldridge said they were absolutely thrilled and honoured that their products were selected and that it was great for Wellington.

Gifts for the royal baby included a pelt teddy bear and booties, knitted wrap, wool blanket and a beanie made from the fleece wool of sheep bred in the Wairarapa district by Stansborough themselves.

The new princess is fourth in line to the British throne behind Prince Charles, Prince William and her older brother, Prince George. Prince Harry, who visited New Zealand recently, is now fifth in line.

Stansborough produces a range of accessories, home interiors, and baby wear and their woollen yarn was used for costumes in the Lord of the Rings and Hobbit movies.



From NZ to Sweden and back

In the last Wool News, we reminded clients about the soft crossbred lambswool throws you can redeem using your PGG Wrightson Rewards Points. It is our aim to make these available throughout the PGW Rural Supply stores in future. If you don't have sufficient points – it is timely to remind you again that we have a wider range of these throws and blankets available from our Christchurch wool office or by emailing: bbnz@blochwool.com

The real beauty of these throws and blankets, produced by the Magnusson family in Sweden, is that the wool they're made from is grown in our own backyard. The manufacturer uses hogget wool and lambswool from New Zealand only – so you are guaranteed to be supporting a cause close to home. The recent bite of winter weather is a reminder that there is nothing quite like a 100% woollen throw on your couch or bed for real warmth for young and old and everyone in between. We have blankets for tots in cots right through to full-sized blankets in a range of colours.

All the blankets, from start to finish, are quality controlled. In recent years this Swedish manufacturer has been buying wool from New Zealand farmers running their sheep according to ecological principals (eco-wool) as well as conventional lambswool. Producing eco-wool is challenging but some farmers have been able to delay applying any chemicals to the lambs until after shearing, ensuring that its

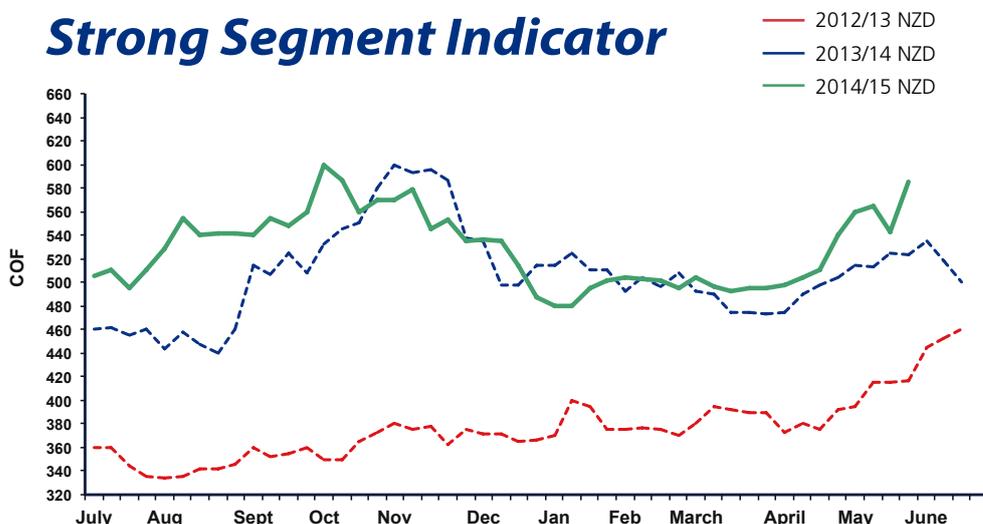
fleece has no pesticide residue in the finished wool. The health of the flock is not compromised at any stage, no antibiotics are used during the breeding process and the stock feed is kept chemical-free. The wool undergoes a special environmentally-friendly washing method and, for good measure, an independent accredited laboratory test approves each consignment of wool.

Extremely high demands are then imposed during the dyeing process, bypassing chlorine bleach and dyes that contain heavy metals.

Eco-wool is especially suitable for blankets and throws (all the children's blankets are made from eco-wool) and this uniquely New Zealand lambswool can be traced all the way back to the individual sheep farmer. It might be someone you know!



Strong Segment Indicator



PGG Wrightson Wool

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