

Wool market continues upwards trajectory

With the new season well under way, prices of all types of wool have rocketed up against the backdrop of a lower NZ dollar, strong demand from exporters, limited quantities of wool and sheep numbers remaining low. It's an interesting culmination of market forces lending optimism to the immediate future of wool and driving prices up to a long-awaited 30-year high.

Looking back, May/June wool auction prices looked like they were going to be a hard act to follow with some wool categories reaching levels not witnessed for more than a quarter of a century. Global wool buying companies were reacting to the realisation that the wool supply pipeline was empty, with little or no stock of greasy wool held by New Zealand growers. Crossbred prices ended the season at very good levels.

At the opening of the new wool season in July, competition from the trade remained strong and prices were steady across most wool types. But by the end of that month bidding became feverish once again as buyers scrambled to fill orders on the back of the smaller volumes of wool coming forward.

It is apparent that later stage processing is also low in stocks. Prices are clearly being driven by sheer demand with a wide spread of countries now entering the New Zealand market including Europe, the UK, China and most of Asia.

Of course a further decline in the NZ dollar against the US has also made the nation's wool more attractive to overseas buyers, particularly to those who trade in US dollars. It really boosts returns for growers who are well aware that the price of wool is challenging when compared to that of cotton and synthetic alternatives. Wool is a far superior product and much sought after, but more so if the price is right. A softening currency is helpful to our wool export trade and manufacturers are keen to bolster stocks ahead of the northern hemisphere winter. Any market hesitation against sharply rising prices, has been promptly offset by lack of supply.

The lack of supply is not expected to be a short term problem either. Flooding in the North, snow storms in the Deep South and drought in north Canterbury have all taken their toll and caused substantial delays in pre-lamb shearing. Despite this, the season for woolgrowers has been generally strong with sheep in the North Island showing good condition and those in the South Island being mostly good in areas not affected by drought. But quantities will remain tight right through until the end of the year.

Recent sales have seen prices reach unprecedented levels for good style 28 to 34 micron wool types with 30 micron wools exceeding 1000c/kg clean. On average, values are running at 80c/kg higher than this time last year, with late season lambswool fetching 600c/kg greasy for finer 32 micron crossbred wool. Early hogget finer wools have jumped to 700c/kg clean or 550c/kg greasy. Other wool types are also keenly sought by a full bench of buyers, clearance rates are strong (above 90%) and oddments remain in high demand.

New Zealand sheep numbers have dropped to a third of what they were in the 1990s and currently stand at about 24 million. The same is happening the world over. We note that a lift in sheep meat prices would be helpful around now to support the "good news story" of wool.

PGW Wool continues to offer growers a wide range of attractively priced contracts for the 2015/2016 season for lambswool and all wool types. Wool contracts have a stabilising effect on the wool industry. They impact positively on prices and the benefits tend to flow on to all farmers regardless of how they sell their wool. Locking in prices right now has to be an option worth considering in the long term mix.

The current season is looking very positive for woolgrowers and we are working very hard to maintain current price levels. We urge growers to heed the importance of preparation and skirting for maximising returns on this season's wool clip. It would pay for crossbred growers to take out the 32 and 33 micron and finer wools if they can get a 4 bale line to put up as a separate lot.

Talk to our wool team about the best method of selling your wool to advantage in these upbeat market conditions.

Cedric Bayly, General Manager - Wool



Price certainty a winner

For some, wool price certainty is a winner. Just ask Mathew Scott whose family has farmed at Oparau on the West Coast of the Waikato for 110 years.

Three years ago Mathew Scott entered into a wool contract with PGW Wool for lambswool – now he contracts his whole clip. Mathew and his wife Hayley farm in partnership with his brother Nigel and his wife Carey and his parents John and Fiona. Traditionally all their wool was sold at auction or in the shed – but they wanted certainty of income which saw them take the first tentative step towards contract selling. Now they are hooked, especially as the new PGW three-year flexi wool contracts are more farmer-friendly.

The current PGW contracts recognise that farmers can't control every detail of their wool production and have therefore been designed with inbuilt flexibility. It takes the pressure off farmers. Last year, the Scotts' ewe wool was longer and they got paid more than the contract specified. If the wool had been shorter, they'd have been paid less – and they are relaxed about that.

The market for wool can be erratic with prices up one season and down the next and Mathew Scott likes the fact that he

is no longer at its mercy. He can assess productivity 12 months out and then proceed with reasonable confidence and certainty around cash flow throughout the financial year. If they sell their wool in April and elect not to be paid until six months later, they can earn a 20 cent premium – so it's worth doing the sums.

Mathew recommends that farmers considering wool contracts could begin by committing as little as 20% of their clip to a contract in return for 20% certainty of income and then just see how it works out. He advises farmers to get comfortable with the process and ultimately do what's right for their way of farming over the longer term. He personally wouldn't sell his wool any other way – his commitment to contract selling is what you might call signed and sealed!



PGW wool representative, Paul Terry (L) discusses wool contracts with Waikato farmer, Mathew Scott.

Wool Insulation - A Super Hero

Over time, the Campaign for Wool (CFW) has learned a lot about wool including some very valuable information on the subject of wool as an insulation.

Wool is not only warm but it also works as a natural air conditioner. Wool moderates humidity in its surroundings by absorbing and evaporating the moisture in the air. This keeps a building cool on a warm day and toasty in colder temperatures.

Wool is a protein fibre similar to human hair. If ingested or if it comes into contact

with human skin it will break down with no ill effects. Wool insulation does not require protective clothing and special safety procedures during installation.

We all know that wool is fire-resistant, but take a moment to consider how vital this is in the context of a faulty wire or loose flame. Wool does not ignite easily and will often self-extinguish. When it does burn, it will not emit toxic gases.

Wool is non-irritant, non-allergenic, non-toxic, fire-resistant and odourless. It

is both noise and pollutant absorbent. It is environmentally friendly, durable, sustainable and recyclable. It is biodegradable and has less embodied energy than other materials.

All it needs is a cape and you have a super hero!



Peter Burnell retires on high note

PGW wool representative Peter Burnell retired at the end of July and is glad to have left on a high note with wool prices strong and clients pretty pleased with the returns they've made this season.

Having been involved in wool for the bulk of his career – he knows just how fickle the industry has been over the years. He started in 1965, following in the footsteps of his father Ken who operated as a private buyer in Hawke's Bay. Peter had a break from wool for about 15 years when he worked as a contract builder but was eventually drawn back into wool buying in the mid-1980s. He enjoyed the relationships with farmer clients, many of whom became friends over the years and remain so to this day. It's a great industry in that respect he says. In 2004 Peter took up a position with Williams & Kettle in Wanganui which led to being employed by PGW Wool, and having joined these firms involved in brokering, he saw a whole new side to the business of wool.



He is very respectful of the high level of service PGW offers to its woolgrower clients, backed by extensive training and attention to detail, and was very proud to be a part of the team.

Peter is hanging up his farm boots for now, but remains all smiles for the way wool is circling back into the limelight it so richly deserves as a top quality, high-performing product.

New Wool Rep Maree Mather

Diploma in Wool and Wool Technology

Maree Mather joined PGW Wool in May as a wool representative for the Bay of Plenty, Waikato and Taupo regions, replacing Peter Burnell who retired at the end of July.

Returning to the work force after raising a family of three boys in Tauranga, Maree Mather is delighted to have found a position back within the wool industry which has been a passion of hers since way back. She grew up on a sheep and beef farm in Northland and was awarded a Diploma in Wool and Wool Technology from Massey University early in her career.

She then went on to gain extensive experience as a wool handler and crossbred wool classer, predominantly in the central North Island, before travelling the world working as a wool handler in England, Norway and Australia. Maree has worked for NZ Co-op Wool Marketing as a wool representative, adding to her excellent skill set.

She has a wide knowledge of rural activities, particularly sheep farming, and for several years enjoyed coordinating the PGG Wrightson IHC calf scheme in the North Island.

Maree is keen to assist woolgrowers in all facets of wool production on the farm and marketing their clips to best advantage. To talk wool, please contact **Maree Mather on 027 809 3356.**



Maree Mather discussing the preparation of contract wool at Opepe Station near Taupo with shearing contractor, Jeff Dorset.

Putting wool back into schools



Carl and Tori Uren are sheep and beef farmers on Banks Peninsula, Canterbury. Two years ago they felt the call to action when they were asked to purchase a synthetic polar fleece jersey for their eldest daughter as part of her local primary school uniform.

It just didn't feel right to pay \$50 for a synthetic polar fleece jersey when they and their family of four children live and work on a farm growing wool. So the couple decided to embark on a campaign to put wool back into schools.

Extensive research, both locally and further afield, led them to realise that reasonably priced wool jerseys, fit-for-purpose, were simply not available in primary schools in Canterbury or anywhere else. Furthermore, existing brand manufacturers didn't appear interested in the school uniform market.

Carl and Tori felt strongly that kiwi kids deserved more. So they assembled their resources, formed a company called Merino Wool for School, and set to work. They identified a Christchurch manufacturer willing to produce the jerseys, settled on a design and a brand name, and enlisted a group of friends to promote the product at schools throughout the region. It worked and their merino wool school jersey is currently listed in the uniform catalogues of 15 South Island primary schools priced at \$75. Each jersey is in its own school colours and carries the school name. At just \$25 more than the synthetic alternative, it has proved a big hit – offering all the advantages inherent in a natural wool product – hard-wearing warmth, technical comfort and breathability to name a few. Word began to spread.

With increased demand and a large-scale farm still to run, Carl and Tori quickly recognised that they needed help to grow their fledgling business. They discussed the matter with their local PGG Wrightson wool representative, Doug McKay, which led to a meeting with PGW Wool's Business Development Manager, Craig Smith.

Craig Smith was very enthusiastic about the business model – immediately recognising the opportunity to support not only New Zealand and wool product, but to help woolgrowers as well.

"Merino Wool for School is an end-to-end full circle project with the added bonus of children becoming aware of the benefits of wearing wool," says Craig Smith.

PGW Wool has introduced Carl and Tori to bulk textile suppliers in the USA whose raw wool is supplied via contract from New Zealand merino growers. The jerseys themselves are still being manufactured in Christchurch. The wool for these jerseys is traceable and the integrity of the brand is retained so it is bound to have wide appeal with parents and schools around New Zealand.

If you would like your local school to offer a woollen jersey as part of its uniform, you can learn more about it at <https://www.facebook.com/merinowoolforschool>.

Haka for Fagan in Wales

At the Corwen Shears in Wales last month, Hawke's Bay shearer Dion King leapt to his feet and led a spontaneous haka for kiwi shearing great, David Fagan.

Fagan had retired from shearing in April but was drawn into the New Zealand team's UK tour when one of their number had to withdraw. The eight-week series included four tests against Wales and ended in a 2-2 tie, with Wales making a comeback in the finals at the Corwen showdown.

The Welsh seized on the closing ceremony as the perfect opportunity for them to honour David Fagan's 30-year career and the kiwi contingent couldn't resist getting in on the act. It was a wonderful event in front of a packed house and demonstrated the huge respect the Welsh have for the shearing legend that is David Fagan.

Dion King, the current New Zealand Open champion, won two Open finals

during the UK tour but finished second in the Corwen Open – a title previously won by Fagan 15 times over his career. King was delighted to have shared the UK tour with David Fagan who was also accompanied by his son Jack – another very promising shearer. Jack Fagan won the Royal Welsh Open and was placed fourth overall in the competition.

When the Welsh season ended in late July, Jack persuaded his father to compete for one last time in the French Open at the start of August. At this event Jack was placed second and David came fourth - not a bad swan song for one of our greats!



Bale Weight Alert

Please aim for bale weights that average 180kgs and try not to exceed 200kgs.

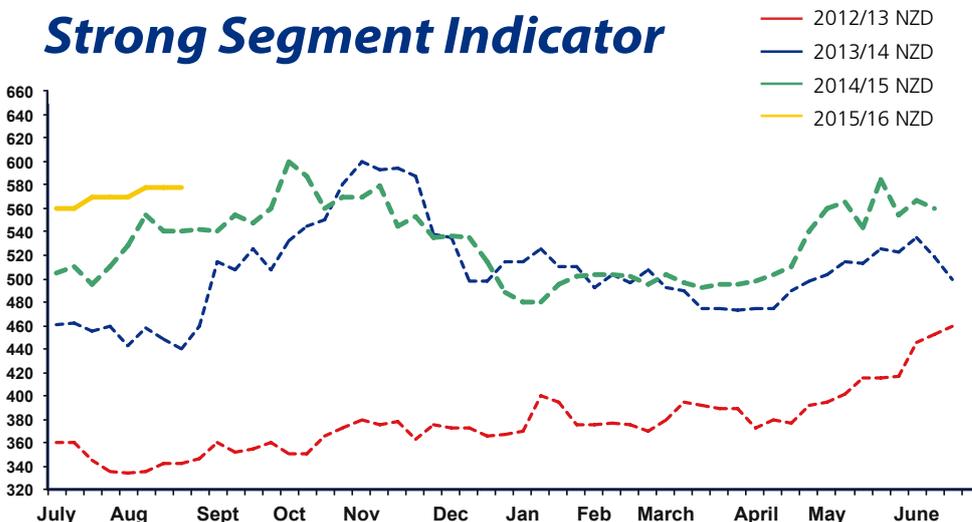
Overweight bales pose all manner of difficulty in dumping. Typically, we undertake tri-packing (three bales per unit) which is cost efficient for shipping out in a 20 foot container. When heavy bales enter the mix, the wool dumps suddenly don't fit the container or worse – they burst open during packing, shipping or unloading

at the other end. The manual handling of overweight bales and dumps creates problems right down the supply chain and are much better sorted in the woolshed right at the start of the wool pipeline.

WANTED - Dags

We have good markets for dags priced on a greasy basis. If you have raw, dry dags available – talk to us about turning them into valuable earnings.

Strong Segment Indicator



PGG Wrightson Wool

Contact Us

Alexandra

Graeme Bell 027 650 2900
Alistair Flett 027 432 5369

Auckland/Waikato

Malcolm Todd 027 590 4831

Bay of Plenty/Taupo

Maree Mather 027 809 3356
Chris Hart 027 705 0433

Christchurch

Peter McCusker 027 432 4926
Doug McKay 027 432 6910
Rob Lynskey 027 591 8454
Craig Smith 027 807 5368

Dannevirke / Waipukurau

Tom Deighton 027 958 2215

Dunedin

Kevin Waldron 027 432 0117

Feilding/Taihape

Andy Anderson 027 702 9496

Gisborne/Wairoa

Shane Horne 027 598 6540
Chris Payne 027 956 5192

Gore

Jared Manihera 027 226 0263

Invercargill

Stuart McNaughton 027 435 0993
Daryl Paskell 027 548 3469
Lawrence Paskell 027 434 7641

King Country

Paul Terry 027 498 6618

Masterton

Marcus Loader 027 448 3250

Napier/Hastings

Stephen Fussell 027 595 3351

Timaru

Ange Armstrong 027 436 2603

Wanganui/Taranaki

Eric Constable 027 440 9784
Tony Cox 027 596 5144

Whangarei

Lance Paganini 027 598 6755