

No ordinary wedding

In December last year, Bloch & Behrens GM Palle Petersen, due to his connections with the wool business in India, was invited to attend a very special wedding in Mumbai, India.

Many New Zealand wool traders have had cause to take the overnight train across the Rajasthan desert to Bikaner to conduct business. It is a memorable experience, but not due to the quality of travel – quite the contrary! However, on this occasion the journey was undertaken by Palle and his wife Rachel, at the invitation of B&B's long-standing agent for the Indian market, Bobby Sajhed, to attend the wedding of his daughter, Ritika, to Indian cricket super star, Rohit Sharma. Rohit is captain of the Mumbai Indians in the Indian Premier League and a valued member of the Indian national cricket team.

The wedding was a four day affair which began at the private residence of Mukesh Ambani who is owner of the Mumbai Indians cricket team and currently the richest man in India.

It was amazing to be part of these celebrations, and in between official



Indian cricketer Rohit Sharma with his bride Ritika.

engagements, Palle caught up with several of his Indian customers and concluded good volumes of business. A prominent Australian wool exporter was also attending the wedding and each took the opportunity to discuss working together in future. In fact, the guest list was a veritable Who's Who in the world of wool and the networking opportunities were extremely valuable.

India's wool and woollen textile industry is the seventh-largest in the world. It involves several major product categories including worsted yarn, woollen yarn, wool tops, fabric (woollen/worsted), blankets, knitwear, hand-made carpets and machine-made carpets. The demand for strong wool out of New Zealand from India is very significant and the potential for growth is enormous, particularly in Rajasthan (India's largest state) which conveniently borders another weighty wool importer, Pakistan.

After much deliberation about a wedding gift suitable for such a prestigious cricket player, the perfect solution was found in a Totara cricket bat carved by Nelson artist Tim Wraight. This together with a beautiful New Zealand wool throw delighted the young couple and we wish them every happiness in their future together.



B&B GM Palle Petersen and his wife Rachel flanking groom Rohit Sharma who was delighted to be presented a very special cricket bat with a kiwi twist.

Wool prices firm



Wool prices for most types have firmed since the Christmas and New Year holiday period despite peak season volumes coming onstream. Key drivers are the lower New Zealand dollar and a general shortage of wool, with flocks here and in Australia remaining under pressure. There is little sign of sheep numbers recovering in the short term and this underpins the market despite any concerns about a slowdown in the Chinese economy. While China normally accounts for nearly half of the national wool clip, the demand for wool is broadening globally. Lower oil prices are expected to boost the synthetic industry, however wool commands respect as a high end commodity with unique characteristics which cannot be rivalled by manmade fibres.

The price for 35 micron wool, a benchmark for crossbred carpet wool and representative of the majority of New Zealand's wool production, has averaged 600kg/c at auction for the past six weeks and is about 15 per cent higher than this time last year. Lambswool prices are matching their November 2015 high and clearances are very strong over all types. The PGW Wool catalogue continues to be well supported by the trade at auction.

Bale Weight Alert!

Overweight bales are currently causing all sorts of strife during dumping. It means affected lines are being delayed going to market and missing sales opportunities. Not only that, but they are putting wool handlers at unacceptable risk.

Aim for bale weights averaging 180kgs and do not exceed 200kgs.

Global Merino

Global Merino, based in California, specialises in technical textiles using merino wool supplied by PGW Wool as a primary ingredient in its unique technical knit fabrics, targeting activities such as running, skiing and hiking.

New fabrics, made from blends of merino wool and Creora Eco-Soft, debuted at the Outdoor Retailer Winter Market trade show in Salt Lake City in early January last month. The famous trade show was attended by some 22,000 people involved in the outdoor industry, a market which grew its US sales by 6.7% last year.

Creora Eco-Soft is a spandex engineered to maintain a soft hand and good drape when mixed with heat-sensitive fibres, including wool, cotton and silk as well as cellulose such as rayon, Modal and Tencel. The company's developments have been recognized by ISPO Textrends for its base-layer and second-layer fabrications.

Jose Fernandez, CEO of Global Merino, explains that merino wool works best for technical apparel because of three important qualities: it is naturally anti-microbial, it allows for thermal regulation over a wide range of temperatures (even when wet) and its extremely fine fibres provide for a very soft feeling against the skin.

They are blending Creora Eco-Soft low-heat-set spandex with merino wool to maintain the softness of the wool in the fabric while delivering stretch and recovery for enhanced warmth, lightweight comfort, fit and movement.



Global Merino designs, develops, markets, and manages the production of the fabrics. They do their research and development work to create different blends that emphasise different qualities on their own.

PGW Wool supplies top quality merino wool to Global Merino for its contract spinners and weavers to make very specifically designed wool fabrics for big-name outdoor companies. They have been extremely successful despite the confines of the very competitive outdoor apparel industry, showing a 50%+ annual growth rate with gross revenues rising to \$US10m over about five years. PGW Wool is proud to be associated with this highly successful company which recognises, promotes and enhances the unique qualities of wool.

Define and refine your wool selling options...

Today's woolgrower is sensitive to challenging financial environments and the day-to-day pressures of fluctuating markets. In light of this, PGW Wool offers a range of wool selling options to help growers refine their marketing decisions as required.

Auction

Most weeks, PGW holds wool auctions in the auction rooms at Christchurch and Napier. This enables wool exporters to examine samples representing each lot of wool in the PGW wool catalogue and then enter the auction room and bid on the lots which suit their requirements. This method of sale remains an important part of the New Zealand wool industry and is regarded as the main mechanism setting wool prices.

Tender

This is similar to auction but instead of an open-cry auction, exporters will tender a price which is then offered to the grower and either accepted or rejected. Wool tenders are usually only used when there is an extraordinary volume of auction wool available or there is a gap of several weeks between wool auctions.

Fixed Price Forward Contracts

PGW's fully-owned subsidiary export company, Bloch & Behrens (B&B), enables a wide range of Fixed Price Forward Contracts to be offered to PGW woolgrowers across most wool types including crossbred, mid-micron and merino. Growers can lock in a fixed price for a specified type and quantity of wool to be delivered at a nominated time in the future. Not only does this give growers the comfort of knowing they have a proportion of their future wool clip already sold, but the contract is a "bankable" document for farm financiers. If the wool fails to meet the contract specification, an adjustment to the price will be made based on the difference in spot market price at the time of delivery and appraisal, between the actual delivered wool type and the specified contract wool

type. For example, if the contracted type was XF2E and the delivered type was XF1D, and the spot price for XF2E at the time of delivery and appraisal is 560 cents but XF1D is 580 cents, then an additional 20 cents would be applied to the original contract price.

Flexi Wool Supply Contracts

B&B constantly supplies a wide range of wool types to wool processors and manufacturers across 38 countries around the world, many of whom require surety of wool supply. Trusted relationships built up over many years between B&B and their customers gave rise to Flexi Wool Supply Contracts to supply a pre-determined volume of wool each year for an initial period of three years, with pricing indexed to a three-year rolling average for a specific wool type at the time of delivery. Growers who commit to a Flexi Wool Supply Contract usually enjoy a price premium, specified at the time of the contract offer, in addition to the actual three-year rolling average price applicable at the time the wool is delivered, tested and appraised. Flexi Wool Supply Contract growers receive regular updates regarding the rolling average price movements.

EzyWool Supply Agreement

EzyWool growers guarantee to supply 100% of their wool clip to PGW Wool for at least a 12 month period, combining several packaging, freight and wool handling fees into one simple per kilogram charge.

Private Sale

Growers who prefer to sell their wool outside of the options listed above, may request that their wool is sold privately. Pricing can be negotiated between the grower and a PGW wool representative by any of the following methods: clean price-on-farm; clean price in-store; greasy price on-farm; greasy price in-store.

To talk more about your options and which is best for you, please contact your local PGW wool representative. We are here to help!

Wool Rep Wins Award

Congratulations to Southland wool representative, Jared Manihera on being the first non-retail employee to win the dux award of the PGW Academy which is also celebrating its 10th year. The Andrew Maw Memorial cup was presented to Jared at a function in Auckland at the end of January.

The Academy was first established in 2005 by PGW Rural Supplies' National Sales Manager, Richard Weightman, to assist employees within the retail business identified as being likely to benefit from a dedicated training programme over a 12

month period to improve themselves and their prospects.

Since its inception, the Academy has grown and become linked to the very creditable New Zealand Qualifications Authority (NZQA) – largely thanks to the hard work of John Skurr (PGW Rural Supplies Technical Capability Manager) and the PGW tech team. This is something that sets us apart from our competitors and other leading organisations within New Zealand and the benefits are reflected in the high calibre of staff throughout our company.



Jared Manihera receiving the 2015 PGW Academy dux award alongside All Blacks/Highlander midfielder Malakai Fekitoa and flanked by PGW executives Stephen Guerin (L) and Mark Dewdney (R).

Craig Smith to head CFW NZ



In January this year Craig Smith (PGW Wool Business Development Manager) stepped up to fill the bi-annually rotated two-year appointment as Chair of The Campaign for Wool New Zealand Trust (CFW NZ), taking over from Philippa Wright who will remain on the board. It is an extra-mural function shared by key

partners of the Campaign.

Craig Smith has actively supported the CFW NZ since it launched in 2011 and he joined the board in late 2014. He continues to be excited about its future, saying "I'm looking forward to carrying on the good work – working hard to tell the story of wool around New Zealand and the world. Wool is safe, healthy and natural. It's fire resistant, has tremendous benefits for those who want a great night's sleep, is one of the best fibres for babies and is the smart choice for interiors. And that just barely touches the edges of wool's incredible qualities."

Craig Smith is committed to building greater government support for the CFW and is looking forward to aiding in the education-focused Wool in Schools (The Wool Shed project) and Wool in Architecture programmes coming to fruition this year.

Blockmuster movie

Late last year Hawke's Bay photographer Tim Whittaker posted video footage on YouTube of sheep being mustered near the Napier-Taihape Road and it has caused quite a stir since being picked up more recently by the Telegraph, The Huffington Post, the BBC and Mirror online. Boasting well over two million views on the Telegraph site alone, it makes interesting viewing because it is shot by drone and offers a bird's eye view of the muster. It is easy to search and find online.



Book The Wool Shed

'The Wool Shed' was successfully piloted at a Wellington school in November last year to coincide with the visit of HRH Prince Charles, patron of the international Campaign for Wool (CFW). The Wool Shed is a mobile shipping container packed full of detailed information about wool. It is part of an educational project partnered between the CFW NZ and PGW Wool and specifically designed to engage the interest of year 7 and 8 school students – although older and younger pupils have also enjoyed visiting The Shed.

Students can see and feel the different stages of shorn wool, try out a fleece for size, test the strength of it when made into a yarn and do one or more curriculum-based activities in class or at home. The CFW is preparing for an extensive trip around the North Island and would love to see The Wool Shed hosted by as many schools as possible.

If your local school would like to host The Wool Shed, please register your interest at www.woolinschools.nz and click on 'book the wool shed'.



Keeping in touch with our markets

PGW Wool Business Development Manager, Craig Smith had a busy start to the year attending the ISPO wholesalers' trade show in Munich, Germany late January followed by a successful round of meetings in Japan where enthusiasm for New Zealand wool is as high as Mount Fuji.

The ISPO is a leading international platform for the sports business elite which is aimed at retailers of all types of competitive, recreational and adventure sports equipment. Two of PGW Wool's larger merino clients were exhibiting: Global Merino and Point6.

The Global Merino team was exhibiting its latest technical-knit merino fabrics (read more in our story on page 2) and Point6 (producers and distributors of high-spec multisport merino socks) was showcasing its new styles for the 2017 season.

Point6 socks remain hugely popular in the US for all outdoor activities from hiking and cycling to snow sports and mountaineering. It is brilliant to see this brand going from strength to strength with a product that lives up to its promises, sets fashion trends and utilises all the very best qualities offered by natural wool fibre. Point6 is very particular about the quality of wool it imports for their high-performance socks. The wool is compact-spun for maximum durability without excessive wear or pilling. They offer sport-specific cushioning, smooth seams, non-binding welt tops (to keep socks up without being too tight around the leg), reinforced heel and toe areas for maximum durability and ventilation panels across the instep to improve breathability. The result is a high performance merino wool sock of unmatched quality, durability and comfort. To learn more about Point6,

visit their website at www.point6.com. The business continues to grow aggressively and founders Peter and Patty Duke are looking to visit New Zealand in May to connect with growers.

The trade show offered great opportunities to consolidate business with existing clients and introduce manufacturers, producers and retailers to each other to enhance and exchange knowledge across the wool chain. Heads of companies are subsequently keen to visit New Zealand and learn more about the quality, sustainability and traceability of the wool product marketed by PGW Wool.

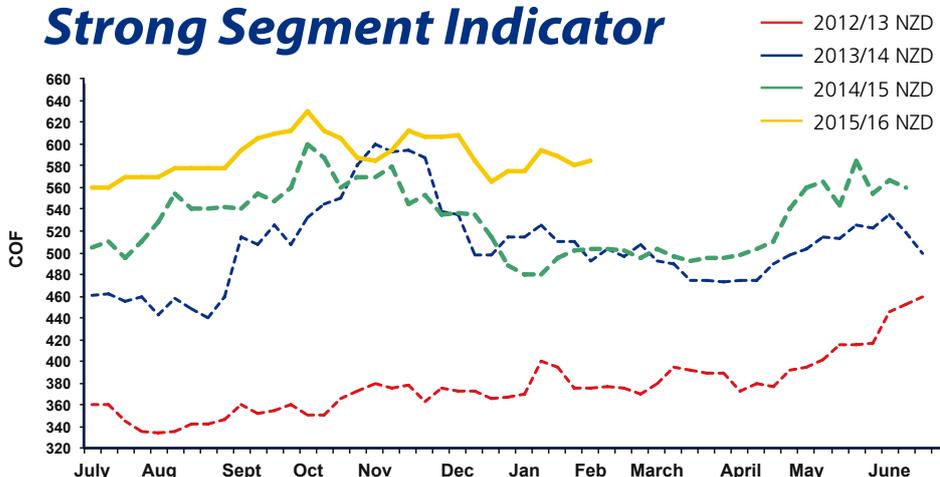
The visit to Japan was equally rewarding with interest in New Zealand wool remaining very positive within the Japanese market for suiting, textiles, carpets and bedding.

Renowned Japanese suitmaker, Konaka, opened a new suit shop while Craig Smith was visiting, bringing the number of stores they operate to just over 500. This is fantastic news given that Konaka suits are famed for their New Zealand wool content and brand their suits with the New Zealand name. Konaka has another team of employees scheduled to visit New Zealand in May following last year's very successful trip down under.



Point6 socks taking in views from the Te Araroa trail in New Zealand.

Strong Segment Indicator



PGW Wrightson Wool

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