

From the Chief Executive

New Contracts for a Wider Range of Wools

In direct response to roadshow feedback and as we work more closely with our customer network, we are now able to offer a wider range of contracts for growers. At this stage the volumes are modest with preference given to shareholders and then supporters. Volumes are limited (eg, 3" to 5" 100,000 kg total), so contracts will be processed on a "first-come-first-served basis" for delivery to scour from 12 May to 30 June.

We seek Laneve® compliant wool to the following specification and price:

- 2" to 4" y-z<2.5
VM 0.1% max 35 to 39 Micron \$5.20/kg clean
- 3" to 5" y-z<2.5
VM 0.1% max 35 to 39 Micron \$5.45/kg clean
- 3" to 5" y-z<7
VM 0.1% max 35 to 39 Micron \$5.15/kg clean
- 4" to 6" y-z<2.5
VM 0.1% max 35 to 39 Micron \$5.15/kg clean

Payment terms: 60 days from receipt of wool. These contract prices are at good margins over auction prices.

We expect to roll out more contracts over the following weeks. As we advised during the autumn roadshow, we suggest that growers apply for contracts and drop back to the Direct-to-Scour (D2S) spot sale option if they are not able to fill the specification exactly.

Wools of New Zealand 'Weekly Commodity Wool Market Indicator'

Again in response to grower interest in how they determine a fair price for their wool, WNZ is now publishing a Weekly Commodity Wool Market Indicator. This is our best estimate of what we think is a fair price, based upon a range of inputs. The WCWMI can be found on www.ourwool.co.nz/more-information/weekly-market-indicator/.

Rug Design Competition

In conjunction with the Domotex Shanghai Trade Show held in March each year, our Beijing office run a rug design competition among our brand partners in Asia. This year we had more than 30 entries of some spectacular rugs. You can see some of the designs at <http://www.ourwool.co.nz/more-information/media-releases>.

The Zebra rug has about 7kg per square meter of pure New Zealand wool in it. The rugs are so expensive that the manufacturer sells the rugs (seven so far) for HKD1,600 per square foot, translating to about NZ\$12,000 for a 2m by 3m rug.

We need more business like this! We need to get a better share of returns, when 40 kg of wool worth \$200 can be turned into a \$12,000 rug.

WMDC Invoices

We are about to issue invoices for your first half 2014 Wool Market Development Commitment. We appreciate your support and your prompt payment of those invoices. The invoices will be net of the WMDC already deducted when you have transacted contract wool with WNZ or when you have gone D2S.

Market Report

New Zealand Wool Services International reported the following from this week's wool sale:

The limited offering of 6,000 bales of South Island wool on offer saw a 90% clearance with most types increasing 2-4%.

Ongoing supply issues due to severe weather events has disrupted wool flows with limited volumes now available over the coming weeks as winter approaches, pressuring exporters to find sufficient volumes to meet contracted shipping schedules.

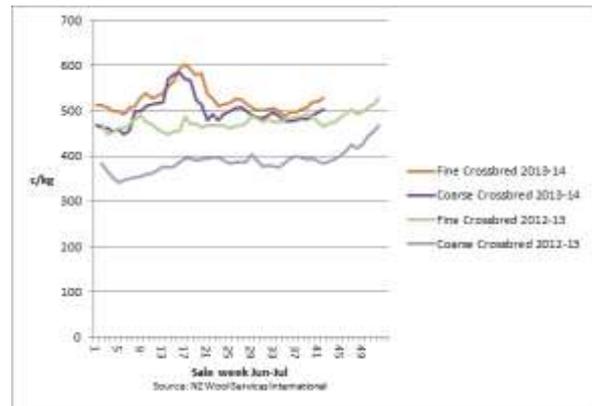
Fine Crossbred Full Fleece were 2-4% dearer. Longer Fine Crossbred Shears were 3-4% stronger with shorter types ranging from 1-4% firmer.

Crossbred Full Fleece, good and poor styles lifted 3-4% with average styles improving 2%. Coarse Shears were 2-4% dearer. First Lambs ranged from firm to 4% stronger.

Long Oddments were strongly contested, lifting 6-8%. Good colour short oddments were up 4-6% with poor styles increasing 5-10%.

Next sale on 15 May comprises approximately 8,600 bales from the North Island.

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Contact Us

As always, please feel free to contact us if you wish to discuss anything.

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