

Wools of New Zealand Shareholder Communication No. 47  
27 January 2015

### From the Chief Executive

It has been a busy start to the year, as we continue to build on last year's momentum and increase our contract volumes on the strength of international Laneve contracts and our new Stable Price Mechanism (SPM) contract with Lawton Yarns out of the UK.

Current open contract options and pricing:

Specs	Camira Lamb's Wool	Laneve	Lawton SPM
Length	2-3"	2-4"	2-3"
Micron	28-30	35-39	35-39
Y-2 Colour	1.0 max	2.0 max	2.5 max
VM% <sup>1</sup>	0.0	0.1	0.1
Delivery	Until May '15	Feb 2015	2 <sup>nd</sup> , 3 <sup>rd</sup> or 4 <sup>th</sup> Quarter 2015
Price	\$6.25/kg (clean)	\$5.00/kg (clean)	\$5.00/kg (clean) + Qtrly price review

\*Once required volumes are met the current contract will be classified as filled.

### Trade Shows

The Chairman and I have just returned from two major trade shows and some customer visits in UK, Germany and USA.

The massive Domotex tradeshow in Hanover was a great opportunity for Wools of New Zealand and 10 of our brand partners to showcase our wool and the yarn and carpet products produced from our wool, mostly to UK, EU and Middle East customers. The Ilkley team, especially Joanna Ramsden, did a great job on designing and executing a most impressive stand.



The Surfaces tradeshow in Las Vegas is aimed mostly at our USA customers and while we take a smaller stand for Wools of New Zealand, our Atlanta staff, Hallie Cobb and Sandy Fincher, coordinate a "wool area" that occupies a substantial area and includes all the significant US carpet players.

These two events are the major promotion events in our calendar. They present an opportunity for us to meet with about 50 prospective customers in a timely and effective way.

### Stable Price Mechanism and STAPLE Commitment Programme

We are extremely pleased with the early uptake of the STAPLE Commitment Programme with 115 growers so far committing just under 1.4 million kilograms for the first half of 2015. I encourage more of you consider the STAPLE option for your wool. Knowing that we have committed forward wool supply greatly assists our marketing and sales efforts.

On the back of your grower commitment, we used the opportunity at Domotex and Surfaces to propose substantial **Stable Price Mechanism** [SPM] contracts for wool supply as far out as July 2016 to a number of spinners and carpet companies.

The response from customers is very positive, especially when they understand the back-to-back commitment that growers are making. I look forward to reporting further success with this new programme which has met wide acclaim where it counts – with our customers.

Finally, we thought Allan Barber's column *Wool Trade Still at Crossroads* in last week's NZ Farmer's Weekly deserved a response. Visit our website to read the letter from Mark Shadbolt, chairman of Wools of New Zealand, published in this week's NZ Farmer's Weekly.

Ross Townshend

## Market Report

Last week's North Island sale saw prices lift on the back of a weaker New Zealand dollar and steady offshore interest. Of the 10,000 bales on offer 97% sold. Fine Crossbred Fleece and shears were 1-4% dearer, Coarse Crossbred Fleece were 1-3% stronger with shears generally firm to 2% dearer.

First Lamb's finer than 27.5 micron came under strong competition, lifting 7% with the balance 1.5-2% stronger. Long Oddments were 4-6% dearer with short good colour oddments firm and poorer styles up 4%.

Next sale on 29 January comprises approximately 9,000 bales from the North Island and 12,800 bales from the South Island.

## Contact Us

Please contact your regional Supplier Liaison Officer (SLO) directly if you wish to discuss anything.

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