

Wools of New Zealand Shareholder Communication No. 54
10 June 2015

From the Executive Chairman

I have recently returned from Europe where feedback from customers and brand partners has been positive. The immediate result is two new forward contracts with European brand partners. The specs for these (below) are less stringent in terms of both length and colour to that of some earlier contracts. In offering these contracts WNZ is responding to the clear message from our shareholders for more contract options for your wool. The percentage of the clip you put into these forward contracts is your choice, but should provide a level of comfort that all your eggs aren't in the same spot market basket.

There is no doubt that the advent of more contracts is having an impact on the market as growers increasingly opt into forward price contracts and D2S. This is reflected in the volumes on offer on the auction floor, which could be influencing the current buoyant prices. Overall the trend line is moving up, there are more options for us as growers and that can only be good. However we must be mindful of the sustainability of price increases, how it affects our customers and the general market volatility.

Wool Market Development Commitment

You should have received our latest WMDC invoices and statements of account. Our invoices are sent six monthly. For those of you that transact all or some of your wool through us, you will see a credit to your account for the amount transacted.

If you are a shareholder but haven't yet transacted, then you will receive an invoice based on annual production numbers. These numbers are based on information you provided at the outset.

I mention this as we continue to rely on our shareholders contributing their WMDC – it remains an important part of our revenue stream until such time as we are able to stand on our feet commercially. We appreciate your ongoing support. I reiterate the importance of supplying at least part of your clip, both from the perspective of taking advantage of upcoming opportunities and supporting your company.

Fixed-Price Forward Contract

In addition to our Flexi-Forward contract there are two new Laneve forward contracts available to shareholders, both for European brand partners:

WNZ 062	
Length	2-3" (can accept slightly longer)
Micron	35-39
Y-Z Colour	3.0 max
VM%	0.1 max
Delivery to scour	July to December 2015
Price/kg clean	\$5.20
Limited Volumes	
WNZ 063	
Length	2-4" (can accept slightly longer)
Micron	36-39
Y-Z Colour	3.0 max
VM%	0.1 max
Delivery to scour	June to October 2015
Price/kg clean	\$5.40
Note: Growers to accept contract offer within 48 hours of issuance.	

Offer valid until 30 June 2015 - Act now!

Laneve FLEXI-Forward Contract

The Flexi-Forward contract has proven to be popular and we would urge you to act now to lock into some price certainty before the required volumes are filled for quarters 3 and 4.

Length	2-3"
Micron	35-39
Y-Z Colour	2.5 max
VM%	0.1 max
Delivery	Q3 – July-September 2015*
	Q4 – October-December 2015*
Price/kg clean	\$5.00
* Plus 1 Quarterly Price Review	
** Plus 2 Quarterly Price Reviews	

'Shed' Meetings

New and pending contract opportunities, the 2015/2016 Staple Programme and D2S will feature in the next round of our informal meetings starting later this week (11-12 June) in mid and South Canterbury. I look forward to catching up with you.

If you are interested in attending a meeting, phone or email Brent Melville or Julie Graham (details below) for information of a meeting in your area.

Mark Shadbolt

Market Report – 4 June 2015

A weaker New Zealand dollar compared to the last sale on 14 May, kept prices high despite a significant increase in the rostered quantity. Steady demand and exporters struggling to source enough wool to meet shipping requirements added extra strength to the market.

Of the 9,733 bales on offer, 91.4% sold. Merino Fleece and Mid Micron wools were generally traded at below the current Australian market levels.

Fine Crossbred Full Fleece were 4% dearer with second shears 1-3% firmer.

Full length Coarse Crossbred Fleece, average style and better were 1-3% dearer with poorer styles easing 1%. Coarse Shears ranged from firm to 4% dearer.

Lamb's fleece lifted by 1-3%. Long coarse oddments remained steady with short types 1-3% stronger.

Next sale on 28 May comprises approximately 7,800 bales from the North Island.



Contact Us

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

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