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Natural Fibre Exchange aimed at providing greater efficiency

In a significant step forward for the wool sector, industry participants have come together to develop and launch an independent online trading platform.

Modelled on the Global Dairy Trade Events (GDT) platform, the Natural Fibre Exchange (NFX) is scheduled to go live with its first trading event on 22 May 2018.

NFX Ltd shareholders Wools of New Zealand Ltd (WNZ) and Alliance Group have teamed with CRA International (CRA), an acknowledged leader in online trading platforms. CRA, which also designed and manages the GDT platform, has developed and will manage the NFX platform.

WNZ Chief Executive and NFX spokesperson Rosstan Mazey said NFX intends to bring additional shareholders on board over time. "The NFX draws on international models as an open access, independent trading platform and represents a cross section of the wool market. There are a number of in-built features to the platform that ensures the NFX is pro-competitive, transparent and encourages fair discovery of prices for the fibre products traded between buyers and sellers.

"Online trading is playing an increasingly important role in international commodity markets. This platform is a natural evolution towards developing the most efficient means of selling significant volumes of wool. Buyers in turn can compare all prices in real time with all parcels of wool available simultaneously over multiple rounds of bidding."

Mazey said an integral feature of the platform was as a tool to provide an objective reference price from the perspective of both buyers and sellers.

Nigel Jones, head of strategy at Alliance Group, said, "Alliance Group recognises the importance of wool returns to our farmer shareholders so we are interested in exploring any opportunities NFX may create to improve the price transparency and returns to wool growers.

“We are a material seller of wool so we are excited about the potential benefits this technology offers to the co-operative including improving efficiencies and ease of doing business.”

Mazey said the NFX had initial commitments of around 6.5 million kilograms for the first 12-months from sellers including WNZ, Alliance and most major producers of slipe wool. “It’s early days and discussions are being held with other major sellers and buyers. Initially, the focus will be on securing support for greasy wool, with potential to develop other offerings going forward,” he said.

Notes to editors:

- *The first live trading event for NFX is scheduled for 22 May 2018 at 2pm (NZ time) and subsequent trading events will be held fortnightly on Tuesdays at 2pm (NZ time)*
- *NFX sellers’ fees have been confirmed as:*
 - NZ\$0.05 (5c) per clean kg of greasy tested wool sold
 - NZ\$0.05 (5c) per kg of scoured tested wool sold
 - NZ\$0.045 (4.5c) per nett kg of slipe wool sold (tested or untested)
 - NZ\$0.037 (3.7c) per nett kg of greasy untested wool sold
- *For more information go to the NFX Information Site at www.naturalfibreexchange.com*

About the Natural Fibre Exchange

Natural Fibre Exchange is an online platform established to connect buyers and sellers, providing trusted and transparent market-based reference prices, as well as an efficient selling and buying mechanism for wool and other natural fibre products sourced from New Zealand and other supply markets longer term.

How it works

NFX operates bi-weekly trading events on Tuesdays. All products in a trading event will be on offer simultaneously over multiple rounds of bidding starting at 2:00pm New Zealand Time and continuing until there is a round with no new bids. NFX is open to all industry parties and service providers who meet the requirements of the *NFX Participation Agreement* to be a seller and/or a buyer. As a buyer you also must have pre-approval from a seller to bid on that seller’s products. For more information or to register go to the NFX information site at www.naturalfibreexchange.com.

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