

Wilfield

SUMMER 2019 ISSUE



WWW.WILFIELDSHEEPSTUD.CO.NZ

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Welcome to the 2019 Edition of our Client Newsletter

The sheep market continues to evolve and improve, as we, the producers continue to provide a product that the market requires. Six years ago we began the Wilfield Lamb Program in association with Alliance and Hazlett's. Integral with this program was the meat industry identifying attributes of lamb meat that the market would pay a premium for. Traits like bright pink colour, fine textured meat with excellent tenderness, improved taste through intramuscular fat and a low pH identifying improved shelf life, are attributes that allow our lamb to return a premium in the market place. The Silere Program, that includes Corriedale lamb, possesses these strengths and returns a premium to our growers of 40 cents per kilogram e.g. a 20kg lamb returns of \$8 premium.

Add the extra value of the Corriedale wool and you have the most profitable breed of sheep in New Zealand. Corriedale wool is worth approximately 3 times that of Crossbred wool. \$12 for a crossbred fleece compared with \$36 for a Corriedale fleece!

Crossbred growers can use a corriedale ram and reduce their micron of their wool by 1-2 micron annually and return \$5 -\$8 more per sheep, whilst retaining the lambing percentage of the resulting females. Crossbred growers can use a merino ram over their ewes and reduce their micron by 6 -7 micron and increase their wool return by \$20 per ewe, however the merino - crossbred ewe is likely to have a 20% to 25% loss in annual lamb production. This equates to the Corriedale-Crossbred progeny returning approximately \$20 more per ewe per year. In a 1000 ewe flock this is an additional \$20,000 annually!

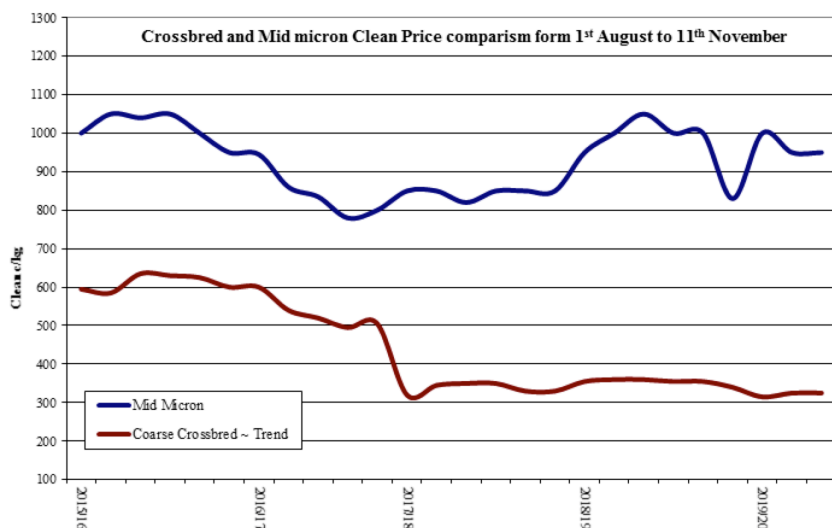
Our Corriedale clients are continuing to see the benefits of using Wilfield based genetics. The latest SIL across flock ram hogget selection list of the top 100 ram hoggets in the breed, 76 come from our West Melton based flocks! Amazing!

Add in the Footrot DNA results where we have 93 1-1's, 24 1-2's and 18 1-3's for sale

80% of our Corriedale rams for sale are born as multiples and 75% are reared as multiples

We promise to add value to your business. We pride ourselves on being the most innovative and performance driven Corriedale stud in New Zealand and at the same time have open headed, well structured, fine woolled, fertile, highly maternal, "meaty" sheep.

Ring Robin on 021 158 3866



WILFIELD 2019 CHRISTCHURCH SHOW REPORT

- ❖ Supreme Corriedale Exhibit
- ❖ Chilean Trophy - Champion Corriedale Ram
- ❖ CH Lawrence Memorial Trophy - Best Aged Woolly Corriedale Ram
- ❖ San Pedro Trophy - Best Headed Corriedale Ram
- ❖ Killik Aike Trophy - Best Corriedale Sires Fleece
- ❖ SIL Award - Best SIL recorded Corriedale Ram
- ❖ Winner of Commercial Pair of the Year
- ❖ Coniston Trophy - Ewe Hogget Feature Class
- ❖ David Bain Memorial Trophy - Ewe Hogget Feature Team Event



Sheep Outlook

Prepared for Wilfield Sheep Stud

November 2019

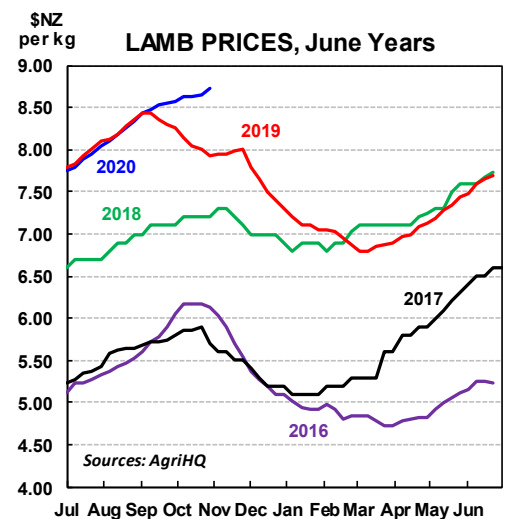
Commodities Outlook

Lamb – Records tumble

Lamb prices set fresh record highs again this spring. AgriHQ reported that the nationwide price has surged to \$8.73/kg in the first week of November. This price level eclipses the record highs set last season of \$8.43/kg.

African Swine Fever has decimated the Chinese pork industry, leading consumers to seek other proteins, including NZ lamb. Lamb export supply remains relatively tight both in NZ and in Australia, and the increasing number of conversions of sheep/beef land to forestry will reduce lamb supply over the coming few years. While not necessarily a great development for the sheep industry, these conversions will nonetheless underpin lamb prices for an extended period.

Heading into 2020, we expect prices to moderate as they normally do over summer and autumn, although the price decline may be more muted than normal. Recovering Chinese pork production will also act to dampen lamb prices, but this may take a while to occur.



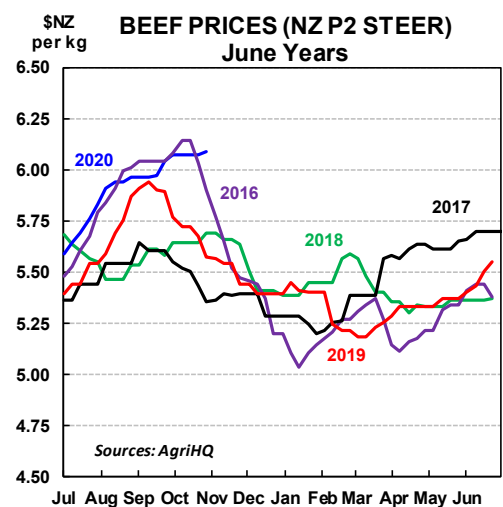
Beef – Oh so close

Beef prices are agonisingly close to record highs. P2 steer prices are just 5 cents/kg shy of the record high price set back in the 2015/16 season.

Similar to the dynamic in lamb markets, African Swine Fever has decimated the Chinese pork industry, leading consumers to seek other proteins, including NZ beef. The US-China trade war is also restricting two-way agricultural trade between the US and China. China does not import a large amount of US beef, but it relies on the US for a large proportion of its feed inputs for domestic beef production. All up, we anticipate that these factors will continue to underpin Chinese demand for NZ beef.

Also bolstering the demand for NZ beef has been renewed interest from US buyers. Indeed, after trading at a discount to Chinese prices, prices in the US manufactured beef market have regained their premium of late.

Heading into 2020, we anticipate that beef prices will remain close to record highs, particularly as the recovery from Swine Fever will be slow.



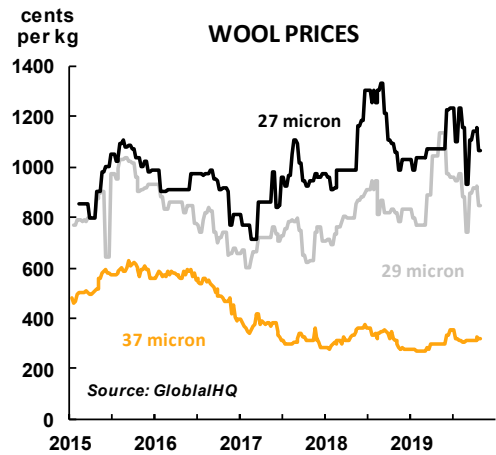
Wool – Mixed bag

Coarse wool prices have drifted a little higher over 2019. In the year to date, 37 micron wool prices have lifted 9% on the same period a year ago.

Despite this, the medium-term outlook for coarse wool prices remains soft, with prices still low compared to historical averages. Indeed, 37 micron wool prices are currently stuck 23% below their recorded average (since the start of 2015).

In contrast, mid-micron wool prices have slipped since earlier in the year. The price falls are likely to reflect slowing global economic growth and the accompanying slowing in demand for apparel. 29 micron wool prices, have dipped 19% since May.

On balance, we expect wool prices may to drift lower from here. Global growth is slowing. With sheep flocks under pressure here and across the Tasman, tight wool supply is likely to keep any wool price falls modest.



Financial Markets Outlook

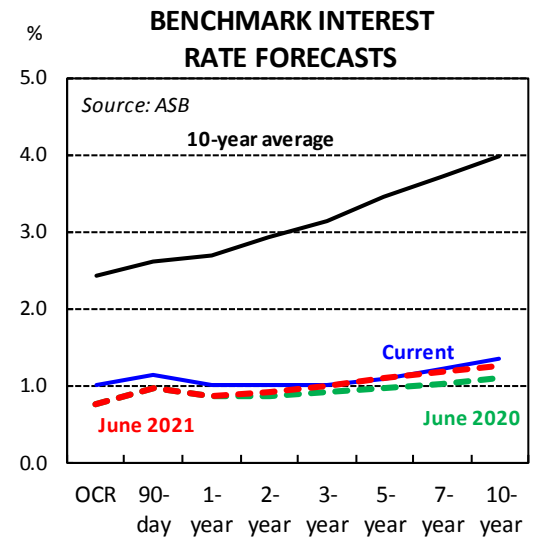
Interest Rates – Swing low, sweet chariot

In August, the Reserve Bank (RBNZ) cut the Official Cash Rate (OCR) by 50 basis points to a record low of 1.00%. However, we think that the RBNZ has not finished easing. We anticipate a 25bp OCR cut in November and a second 25bp cut in February 2020.

The lower OCR and softening NZ economic outlook have also led domestic interest rates lower. Benchmark interest rates set fresh record lows over recent months, although they have drifted higher on improved global optimism. Nevertheless, Indeed, swap rates (1-year through 5-year) are around 100bps lower since the start of 2019.

Over the remainder of 2019 and into 2020, NZ's benchmark interest rates, particularly for short and medium terms, could track a touch lower.

Further out, the risks to borrowing rates are more balanced. In later years, the impact of higher bank capital requirements will also come into play. These changes will lift banks' funding costs and thus borrowing rates, plus the availability of credit could tighten. This picture will become clearer once the RBNZ's finalises the new capital requirements next month.



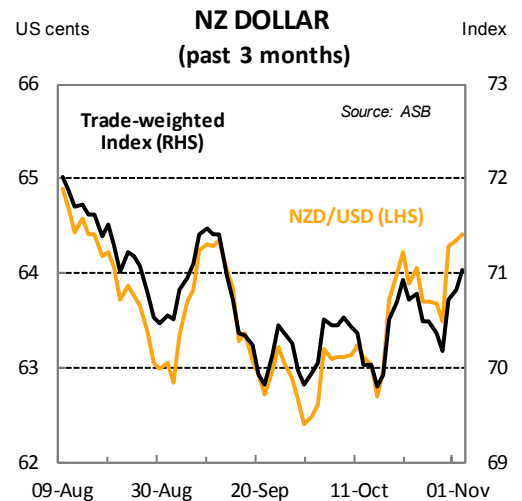
NZ Dollar – Timely boost to farmgate prices

Over recent months, the NZ dollar has dipped. Since September, the NZD/USD is has averaged around 5% or 4 cents lower than as at the start of 2019.

The catalyst for the NZ dollar dip has been the RBNZ's cut to the OCR (see interest rate section). Indeed, NZ benchmark interest rates are now materially lower than the equivalent US rates, making holding NZ dollars less desirable for global investors.

The lower NZ dollar is providing a timely boost to all farmgate prices. For example, lamb prices may not have hit fresh record highs if it weren't for the low NZ dollar.

Looking ahead and with NZ interest rates likely to head lower, we anticipate the NZ dollar to remain supportive over 2019 and 2020. Accordingly, this will help underpin both meat and wool prices over the near term.



MARBLE POINT STATION

by Tony Benny

Corriedale sheep are helping lift production at Marble Point station to previously unseen levels as the new owners, equity partners Matt and Sara Black and Robin, Pip and Gavin Wilson, unlock the hill country property's potential.

The partners took over Marble Point, about halfway between Culverden and Hanmer, in April last year, after the Wilsons, owners of the Wilfield stud at West Melton and long-term suppliers of rams to the station, heard a whisper it may be for sale.

"We quietly heard through the grapevine that it would be coming on the market and it would be good for us and just one thing lead to another," says Robin who adds that it was always the intention to find equity partners for the venture.

"When we first saw the place, we saw untouched potential and we needed people to be able to develop that potential, hence Matt and Sara are doing that."

The equity partnership was formed after a selection process had narrowed down the eight serious applicants to a shortlist of three who were interviewed.

Sara and Matt Black are both locals, brought up on farms. Matt's parents gave them a 60ha dryland block near Culverden on which they installed irrigation for dairy support. Matt also managed hill country farms as well as working as an AI technician while Sara, a former lawyer, works for Amuri Irrigation.

They were looking for their next opportunity but it seemed they might have to move elsewhere in New Zealand to find that.

"North Canterbury sheep and beef farms of a certain scale don't tend to sell or sell at a premium so we were probably priced out here so we could possibly have moved to the North Island and got a small block down a long no-exit road somewhere," says Sara.

But then Matt heard there could be something closer to home. "It was just luck, yeah, just through a wool buyer mentioning that there may be an opportunity in the future," he says.

"So we jumped all over that," says Sara.

"Probably the intention with the equity partnership was whoever it was going to be would put a cash amount in but we managed to persuade them that our irrigated block would be a more beneficial input so we added them together and now we run stock between the two," she adds.



“In North Canterbury it’s good to have a little bit of green grass in the middle of summer.”

When they took over Marble Point the partners also bought the corriedale flock and angus cattle on the station. While the stock had sound genetics, Matt says there were too few of them and the station was running in “cruise mode” so he’s set about changing that. He’s lifted ewe numbers from 1600 to 3800 and in 2018 achieved a 135 per cent lambing. Twin-bearing ewes also get the best pasture and shelter at lambing.

“Last year we did have a good season, so we acknowledge that – we’re still finding our feet a bit. We want to push the farm but we don’t want to be silly about it. We want ewes in good order and be growing good stock,” Matt says.

His father run corriedales but Matt hadn’t worked with the breed much before coming to Marble Point and he’s impressed by their performance.

“I honestly think people need to change their thinking a bit. They have the mindset that corriedales can’t count their lambs and their lambing percentage is no good but since we’ve been here, it’s opened my eyes, they’re performing just as good as any other sheep round the place and we’re getting paid for the wool.

“They’re not kicking round the easy country, they’re out in the high stuff and they always seem to come in in reasonable order. They’re not hanging down at the gate waiting to be shifted so I’ve been really impressed with them.”

His equity partner, breeder Robin Wilson, says the modern corriedale is a good mother, has good fertility and thanks to DNA testing and selection, footrot is no longer an issue. And very importantly, their mid-micron wool is in demand.

“Prices have been a little bit volatile in the last couple of months but they’re still good. You’re talking over \$6/kg greasy for second pieces and loxs, whereas crossbred fleece wool’s at about \$2.50,” Robin says.

“So when you’re talking about your rubbishy wool from corriedale sheep compared with the best wool from crossbreds, there’s no comparison. It’s a major advantage to have a corriedale animal.”

Last year Marble Point sent 1100 lambs to the works at weaning averaging 19.3kg carcass weight. Remaining sufftex-corriedale cross lambs went to the irrigated block for finishing while the corriedale wether store lambs went into the Wilfield Lamb Plan which the Wilsons operate together with Hazlett, a rural services supplier.

“People who buy our rams, we will buy their store lambs back and put them on finishing country on the plains, normally irrigated, and take them through to now, basically at 12 months of age and sell them into the market,” says Robin.

“We pay the breeder the market price plus a small premium, they go to finishing farms where we pay them a set fee to get them to a certain weight and then they go into the market and everybody shares in the profits of that scheme – we share, the breeders share and the finisher shares and I think it’s a win-win pretty well for everybody.”



THE WRIGHT FAMILY WE SALUTE YOU!

The NZ Ewe Hogget competition identifies the top farmers and rewards excellence. Now in its 23rd year, the competition's objectives are to select flock replacements that are likely to be the most productive and profitable over their lifetime.

Ian, Jacelyn, Lew and Marg Wright run Lauriston Downs in Hawarden. They have grown corriedales for a long time. Only recently have they entered the New Zealand Ewe Hogget Competition. The competition had at least 150 entrants, and each flock had to have at least 200 replacement hoggets for judging.

The Wright family flock was one of the finalists and awarded the Best Woolled Ewe Hogget Flock. This is an outstanding achievement for a dual purpose flock to be victorious, particularly against merinos!

Judge McKelvie, a Southland farmer, said he and two other judges travelled New Zealand for two weeks to judge the competition.

"We would've run our eye across about 250,000 sheep."

We at Wilfield are proud to be the suppliers of Lauriston Downs sheep genetics.



GREG PATERSON

Greg Paterson was a shearer in the greater Roxburgh area. He knew where all the good wool was grown and wanted some for himself. Greg approached Jeremy Wales regarding the possibility of purchasing some Corriedale ewe lambs. The Wales family have been breeding Corriedales using Wattlebank genetics for over 30 years. Bill Bain, previously of the Wattlebank Corriedale Stud, selected 30 ewe lambs for Greg. The 2018 Mt Benger Show Champion Fleece of Wool was from one of Greg's purchases and scored the maximum of 100 points! Very rarely in New Zealand have any fleeces ever scored 100 points. This ewe then produced the Corriedale section winner at the Golden Fleece and the following year again won the Mt Benger Show Champion Fleece with 96 points as well as weaning twin lambs.

Pictured is the third fleece off Greg's ewe which won the Dalgety Cup for the best Corriedale fleece at the 2019 NZ Agricultural Show. Looks stunningly good!



| The Royal Agricultural Society of N.Z. Inc. | | |
|---|----------------|--|
| WOOL JUDGING CARD | | |
| CLASS <i>176</i> | | BREED <i>Wool</i> |
| A & P ASSN | | EXHIBITOR <i>Purple Earth</i> |
| POINTS AWARDED | MAXIMUM POINTS | OPTIMUM FLEECE CHARACTERISTICS |
| 1. CLEAN FLEECE WEIGHT | 35 | Points allocated on a clean scoured basis based on a washing yield. |
| 2. COLOUR | 10 | Penalty is in proportion to the degree of unscourable colour. |
| 3. SOUNDNESS | 10 | Any penalty is in proportion to the degree of tenderness or break. |
| 4. STAPLE LENGTH | 10 | The optimum should be desired length for fibre diameter. Short and/or overgrown fleeces incur penalty. |
| (A) Optimum | 10 | |
| (B) Evenness | 5 | Clear entire fleece with particular emphasis on adequacy of mixing. |
| 5. CRIMP | 10 | The optimum should be even and well defined crimp throughout the staple and fleece and characteristic of the breed. |
| 6. STAPLE FORMATION | 10 | The optimum should be typical of the breed, clearly defined, with even fibre length within the staple. |
| 7. HANDLE & LUSTRE/BRIGHTNESS | 5 | The optimum handle and brightness or lustre should be characteristic of the breed. |
| 8. FREEDOM FROM FAULT | 5 | Freedom from hair, kemp, pigmentation, skirts, vegetable matter, unevenness of fibre diameter, or any other faults detrimental to the breed or processing. |
| TOTAL | 100 | |
| GREASY WEIGHT | <i>5.2</i> kg | YIELD <i>75.8</i> % |
| CLEAN FLEECE WEIGHT | <i>3.9</i> kg | MEAN FIBRE DIAMETER <i>26</i> MICRONS |



WILFIELD SUFTEX

This cross is becoming more popular year by the year. We sold a record number of Wilfield SufTEX rams last year on the back of the quality of the rams we put into the market.

SufTEX rams are the cross between the fast growing Suffolk and the increased hardiness and improved muscling of the Texel.

The difference between Wilfield SufTEX and many other SufTex rams is their breeding. We mate the best rams we can find with the best ewes we can find. We also cull male and female progeny heavily, retaining less than 40% of males for sale and less than 30% of females for our breeding program.

Our Agrisearch Meat Index analysis continues to improve as does our SIL Terminal Sire Official Index.

We continue to offer for sale, more footrot resistant rams.



WILFIELD LAMB PROGRAM



We want to purchase lambs that are sired by our rams!

We will pay you more ...

and you will share in the profit from the Programme

The Program starts with us purchasing your store Corriedale lambs of between approximately 23 to 32 kilograms liveweight and placing them on farms to be finished between 21 and 25 kilograms CW. Breeders who use Wilfield based genetics are paid the current market price plus a \$2/head, Research and Development payment. Breeders will also share in the profits generated from the sale of the lamb and the wool, sold in the spring, providing there is a surplus. In the spring of 2018 we paid an additional bonus to breeders.

Finishers have found 2019 to have been a more challenging season, however we still plan to pay another bonus following a favourable economic season.

"The Wilfield Lamb Program carries all the risk, yet share the profit with their stakeholders. Nothing can be fairer than that" David Hazlett

Hazlett's facilitate the program from purchase to processing.

Please speak with Robin if you wish to be part of this program. Wether lambs and ewe lambs are accepted into the programme.

"With Marlborough summers we struggle to produce the heavy weight lambs the meat processors now require.

We have been supplying Robin Wilson with forward store Corriedale lambs for a number of years.

The lambs are purchased at weaning at a premium and trucked to finishing farms in Canterbury. There they are grown out to their potential and killed the following winter/spring. By then they have produced a quality hogget fleece which is sort after by the trade.

We find this arrangement most satisfactory with the end result being all parties sharing in any surplus of each years trading."



WILFIELD 2019 PRICE LIST

(GST exclusive)



Wilfield Corriedale Base Flock Ram \$800

Premiums for:

- Gold Mark \$450 (limited supply)
- Silvermark \$350 (limited supply)
- Footrot Resistant 1-1 \$450 (limited supply)
- Footrot Resistant 1-2 \$350 (limited supply)
- Footrot Resistant 1-3 \$250 (limited supply)
- Footrot Resistant 2-2 \$250 (limited supply)
- Smart Wools 26.5 micron and less \$250 (limited supply)

Example Purchase

| | | | | | | |
|----------|---|------------|---|-----------------------|---|--------------|
| Base Ram | + | Silvermark | + | Footrot Resistant 1-3 | = | Ram Purchase |
| \$800 | + | \$350 | + | \$250 | = | \$1400 |

Wilfield SufTEX Base Flock Ram \$900

Premiums for:

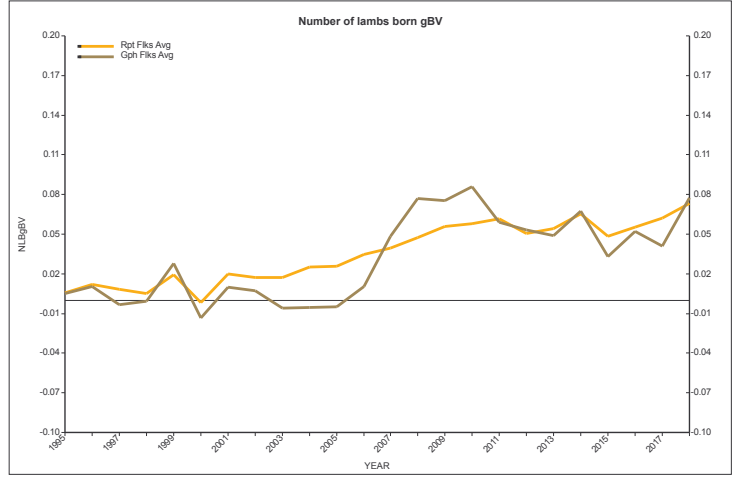
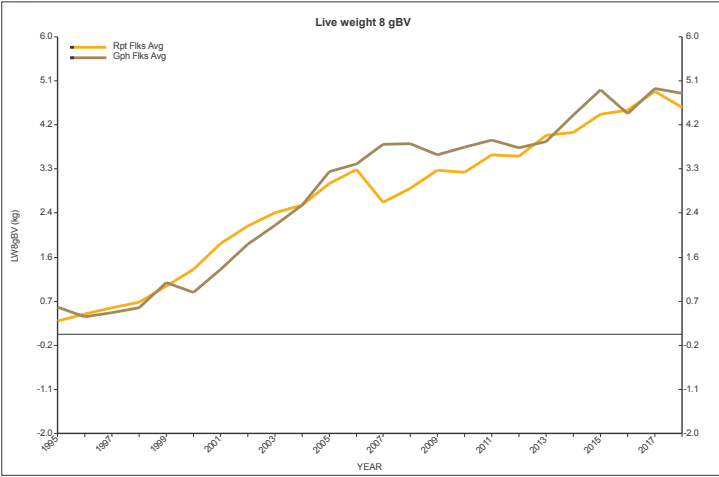
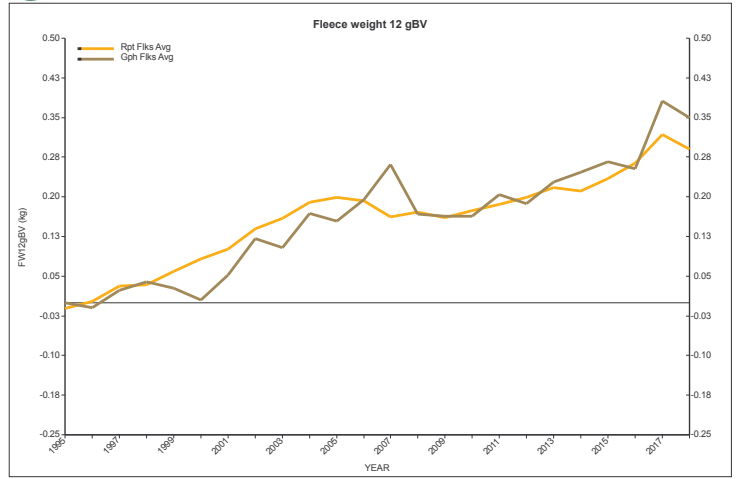
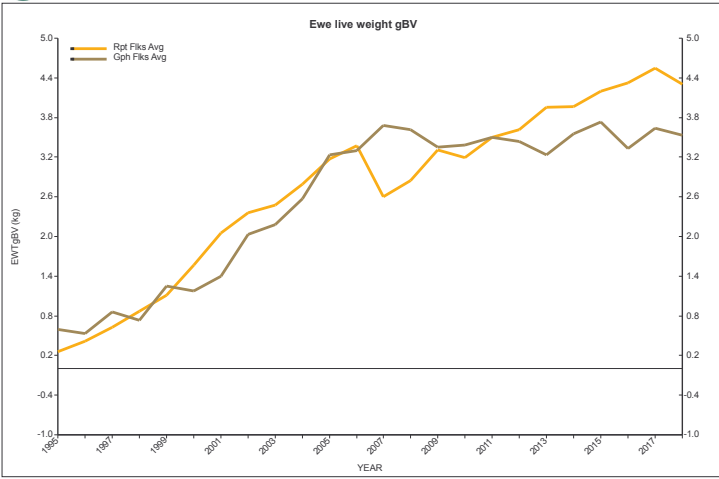
- SIL Index - GOLD \$250 (limited supply)
- SIL Index - SILVER \$150 (limited supply)
- Footrot Resistant 1 - 1 \$450 (limited supply)
- Footrot Resistant 1 - 2 \$350 (limited supply)
- Footrot Resistant 1 - 3 \$250 (limited supply)
- Footrot Resistant 2 - 2 \$250 (limited supply)

Example Purchase

| | | | | | | |
|----------|---|----------------|---|-----------------------|---|--------------|
| Base Ram | + | SIL Index GOLD | + | Footrot Resistant 1-3 | = | Ram Purchase |
| \$900 | + | \$250 | + | \$250 | = | \$1400 |

Wilfield Vasectomised Rams \$300

Phone Robin to discuss your requirements on 021 158 3866



Wilfield fiks Avg

