



Wilfield

Client Newsletter 2016

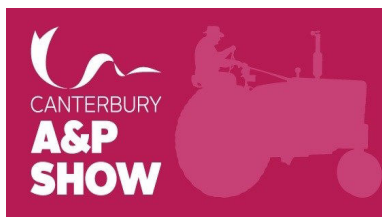
Welcome to the 2016 Edition of our Client Newsletter

We live in uncertain times, unstable times and unpredictable times. The effect our environment has on us is undeniable. Whether it is climatic, political, economic or social. From drought to floods and earthquakes; from Brexit to Trump. As sheep farmers we are always faced with challenges. Doing the basics well is paramount to success at all levels. Growing products with multiple end uses and of various types is crucial in a mixed income farming program.



Whether it be sheep and beef, sheep and crop or any other farming mix.

During the last 18 months the Corriedale has in our opinion, been the most economic breed of sheep for his dual income of meat and wool. To date lamb has always been paid by carcass weight. Maybe in the future there will be added value from the Corriedale's pink meat colour that adds appeal to the purchaser, it's intramuscular fat, which adds taste and its fine texture that improves the eating experience. The mid micron wool of the Corriedale offers



multiple end uses and in the last 18 months a return to the grower far ahead of it's crossbred equivalent. The combined value of the Corriedale wool and lamb also puts it well ahead of Merino's meat and wool production.



2016 CHRISTCHURCH SHOW RESULTS

- ◆ Tehuel Aike Trophy - Reserve Champion Ram
- ◆ Killik Aike Trophy - Best Woolled Corriedale Ram
- ◆ San Pedro Trophy - Best Headed Corriedale Ram
- ◆ Coxhill Trophy - Best Corriedale Ram Hoggett (5 of the first 7 were from Wilfield)
- ◆ Wright Stevenson Trophy - Best May Shorn Corriedale Ram between 18 months and 30 months
- ◆ Jas Reid Memorial Cup – Sire Progeny Class – Best 3 progeny by the same sire
- ◆ 1st Prize – NZ Corriedale Commercial Pair of the Year – Ram Hogget's

◆ BEST SIL recorded Corriedale





Ram Hogget

- ◆ David Bain Memorial Trophy – Best group Ewe Hogget Feature Class
- ◆ 2nd, 3rd and 4th in the Coniston Trophy – Ewe Hogget Feature Class



- ◆ 2nd HRL sponsored Ram Hogget Production Class including best wool quality, highest meat yield ram
- ◆ Best Corriedale Ewe Fleece

WILFIELD LAMB PROGRAM

The Wilfield Lamb Program began in 2013 with the assistance of Hazlett Rural Ltd (HRL). The concept was based on a request from lamb finishers to access Wilfield based genetics due to the meat and wool characteristics they possess. Our target is to sell to the market when the returns are at their highest, therefore returning more profit to the grower.

The Program starts with us purchasing your store Corriedale lambs of approximately between 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 2015 we paid another \$2/head bonus on lambs to breeders who supplied lambs bred using Wilfield genetics. In 2016 we plan to repeat this. HRL facilitate the program from purchase to processing.

Please speak with Robin if you wish to be part of this program

WILFIELD SUFTEX

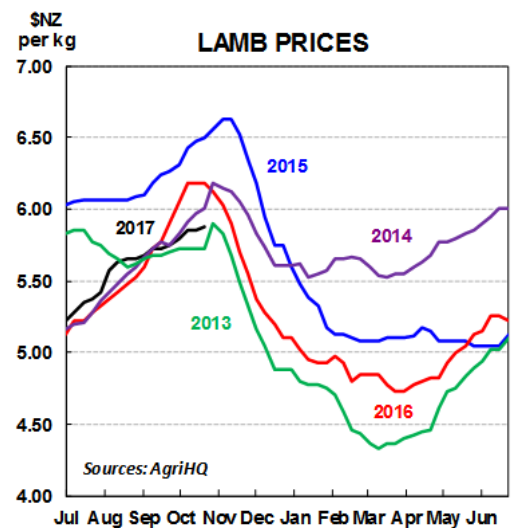


Commodities Outlook

Lamb – Falling Behind

Lamb prices have been falling behind recently. After tracking above last year's level over August, prices slipped below last year's in mid-September, where they have remained ever since. Also, prices look set to remain sub-\$6.00/kg this spring. Indeed, while the seasonal peak may still be a week or two away, it's unlikely that between now and then prices will break through that threshold.

At this stage, we await for more price data to give us a feel for Brexit's impact. Our expectation is that prices weaken as UK demand falls and as NZ lamb becomes more expensive on the back of the weaker Pound. This Brexit impact is likely to dominate the short-term lamb market outlook. Moreover, the NZD continues to do no favors. In particular, the NZD has strengthened a further 3% against the Pound over the last month. All up, we expect prices to soften in the short term. Looking to later this season, we expect



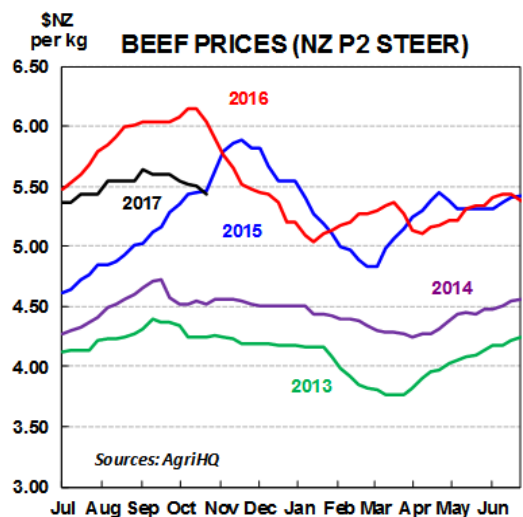
Beef – Echo Boom

When all is said and done, beef prices haven't moved much lately. Since July, (P2 steer) prices have sat 14 cents either side of \$5.50/kg. This narrow range is despite the general view that prices would decline. In particular, the accepted view was that recovering US beef production would weigh on prices.

However, lack of supply both locally and from Australia is keeping NZ beef prices high. In particular, Australian beef production has slowed as the Australian beef herd rebuilds. Moreover, the herd rebuild is likely to continue over the rest of this year and into 2017, and the lack of Australian beef opens the door for NZ exporters.

Indeed we expect the combined Australia and New Zealand tightness to keep prices firm in the short term. In fact, there is a chance that these factors push prices towards \$6.00/kg before the end of 2016.

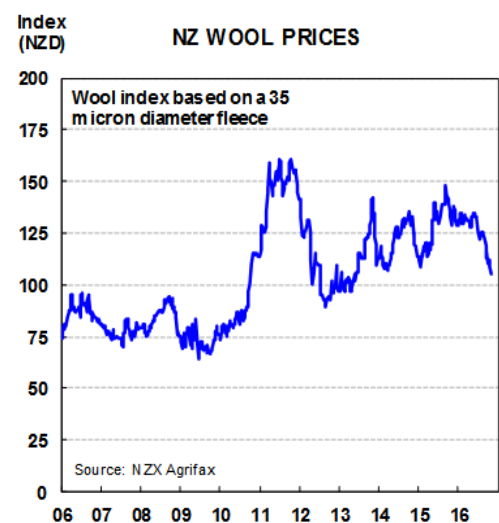
All up, it seems that moderating beef prices is next year's story.



Wool – Higher NZD Dragging down Prices

Wool prices have sunk over spring, after a relatively buoyant period over the first half of the year. For example, coarse wool (39mm micron) prices are back about 13% from the end of June. Looking over a longer period, wool prices (as based on a 35 micron fleece, see chart) now sit at around their 10-year average levels. The main culprit for lower prices has been the lift in the NZD. For example against the Chinese yuan, the NZD since the end of June has averaged 9% higher than its average over the first half of the year.

Meanwhile sluggish demand is not helping. In this respect, reportedly high Chinese inventories may delay any price recovery. From here, though, we expect prices to stabilise. In particular, relatively tight supply should continue to underpin wool prices. Beef+Lamb estimates that the sheep is likely to be 3.0% or 800,000 head lower over the 2016/17 year compared to the year earlier. Supply is also

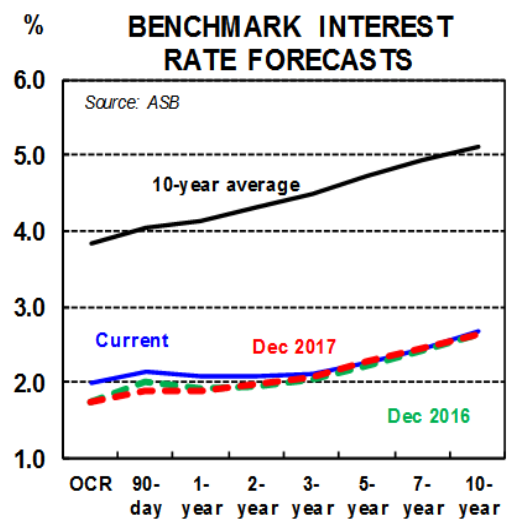


Financial Markets Outlook

Interest Rates – Nearing The Bottom

We expect the Reserve Bank (RBNZ) to cut the Official Cash Rate (OCR) on 10 November by 25bps. A 25bp cut would take the OCR to record low of 1.75%. Indeed, the RBNZ has just about said that it will do as much. At its previous announcement on 22 September, the RBNZ continued to signal that “further policy easing *will* be required”.

If the RBNZ cuts the OCR, we expect the majority of benchmark rates to fall a touch over the next six months. Although, with banks paying more for their offshore funding recently and deposit growth slowing, the floating rate falls, for example, may be less than the usual one-for-one. We also caution that long-term rates may be unmoved over this period, and there is also a risk that they rise. In particular, an expected US Federal Reserve rate rise in December and the flow-through to NZ rates may offset the RBNZ cut. Even despite these risks, we still expect that we are in for a lengthy period of low interest rates by historical standards.

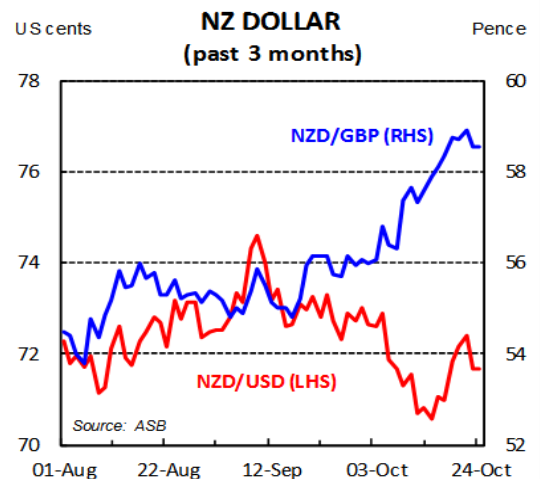


NZ Dollar – Pound Dives

On 7 October, the Pound sustained its biggest intraday drop since the Brexit referendum on 24 June. The Pound plunged around 6% against the USD and other major currencies at one stage.

The dramatic fall highlights the vulnerability of the British currency to Brexit developments. Indeed, the plunge may have been caused in part by European officials calling for tough Brexit negotiations. For NZ, lamb exports are vulnerable to a weaker pound. The UK accounts for a little over 20% of our lamb exports by value.

As a result, we are likely to see lower UK lamb prices as demand falls. Indeed, the lower Pound will decrease the spending power of UK consumers and at the same time make locally-produced lamb relatively cheap. Moreover, a slowing UK economy is likely to decrease demand



By Nathan Penny, ASB Chief Economist



SEMEN SALES



Export Semen available. We expect to have Corriedale semen available from the following two rams in 2017

Wattlebank 371/12.

- ◆ Winner of San Pedro, Killick Aike, Tehuel Aike and Jas Reid Trophies at the 2016 Christchurch Show
- ◆ Sire of 10 progeny exhibited at the 2016 Christchurch Show
- ◆ Sire of No.1 ram on Australia’s Elite Corriedale ram list.
- ◆ Sire of 2015 Coxhill Trophy winner
- ◆ Very correct sheep with quality 28 micron wool
- ◆ Used in select New Zealand and Australian studs

Wilfield 1359/13

- ◆ Sire of Wilfields No.1 ram hogget in 2016
- ◆ 24 micron adult fleece
- ◆ Outstanding carcass
- ◆ Upstanding, open headed



Above left Wattlebank 371/12 and right Wilfield 1359/13

“Wilfield SufTEX – The Meat Breed that combines MEAT and GROWTH!”

This cross is becoming more popular 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

issue is
best
mating



SIL Terminal Sire
Official Index. Our
finding the next
sire to use in our
program.

CAVE CREEK

Area: Cave Creek 2,800ha (including 650ha workable)

Location: Knobby Range, Roxburgh, Central Otago

Stock: 3000 Corriedale Ewes plus 600 replacements

60—100 Trading Cattle

(Pictured Above is Philip and Donna Parker)

LOYAL

Philip and Donna Parker believe their Corriedales are key to thriving in a dry environment.

LOYAL

The Parkers farm Cave Creek, 2800ha of the Knobby Range near Roxburgh. Philip’s family have farmed this property since 1950. It is a challenging Central Otago landscape with an average rainfall of 350mm. A good year sees rainfall of nearer 500mm and most lambs sold prime but Philip says that in recent times those seasons have been “few and far between.”

The top of the farm is around 900m and the house is 350m. Snow arrives most years and while this can easily see 45cm at the house, Philip says it doesn’t normally hang around for more than two days.

The Parkers aim for a low cost farming system with farm working expenses less than 40% of Gross Farm Income. The Corriedales fit with this philosophy. Ewes are only in the yards four times a year and animal health treatments are targeted with cost efficiency in mind.

The annual cropping programme at Cave Creek sees around 30ha of turnips, 25ha of ryecorn and 40ha of new grass sown. While most of the gentler hill has been worked in the past, Philip is breaking in new ground annually. This is generally disced or sprayed and direct drilled, depending on the block. Lucerne and oats and peas (for baleage) also play a part in the Parker’s system.



WOOL ATTRACTS PREMIUM



The Corriedale wool attracts a premium over a crossbred clip. At the time of writing, despite a 25% drop in wool auction prices, Philip and Donna had sold their ewe wool for 683c, 566c and 779c (kg greasy) for their Medium, stronger and fine lines respectively. Micron range in these lines was 24.8 to 28.7.

Philip says he was fortunate to start with a good flock. With it continuing to perform, he sees no need to change away from the breed that has looked after him. It is a conviction well supported by achievement. In 1998 and 2000 the Parkers were section winners in the national ewe hogget competition. They run 600 hogget's for replacements, with a low replacement rate being another advantage of the Corriedale breed. Philip says selling genuine five year old ewes for a premium is “money in the bank.” Last year’s annual draft ewes were sold for \$83.

Philip’s wool focus stems not just from his point of view as a grower, but also the perspective he has gained over more than 25 years in the shearing industry. Philip was a full time shearer before he went farming and continues to judge various competitions. He is one of seven South Island judges selected for the world shearing championships to be held in Invercargill in February and is a regular at National events. He had just judged the NZ Merino Shears at the time of writing and has also travelled to Bendigo as a judge. “Being a shearer you get to judge a lot of sheep. Corriedales are



always good shearing and that’s one reason I’ll stick with them.”



INVOLVEMENT

Donna and Philip’s off farm involvements in the Roxburgh community are numerous. Donna has worked as the local Postie for nine years. This involves 6am starts five days a week but it’s a job Donna loves. Philip is a keen dog trialist and life member of the local dog trial, rodeo and trotting clubs. He was the youngest Clerk of a course in New Zealand at one point.



HIDDEN SECRETS

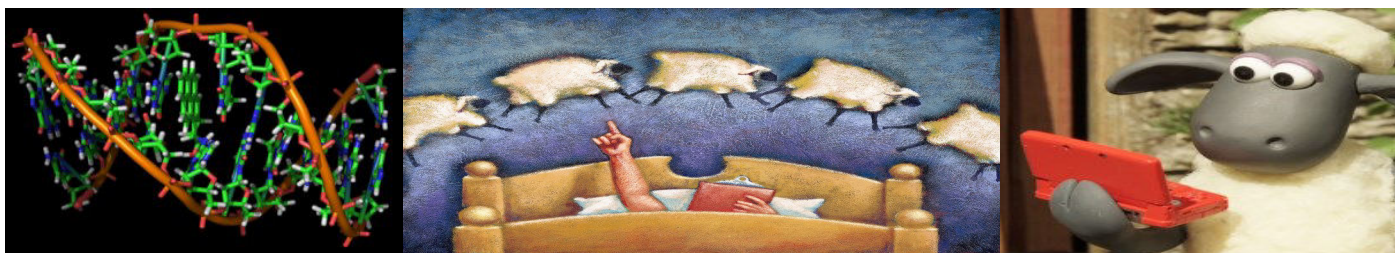


The Hidden Secrets of High Performing Corriedale Flocks

Historically, flock corriedale farmers have bought their rams on phenotype from friendly, warm stud breeders. Performance recording began over 40 years ago in an effort to differentiate between the poorer performing sheep and the higher performing sheep and now is highlighted by SIL's (Sheep Improvement Ltd) computer analysis programme that compares the productive traits of a variety of corriedale flocks.

DNA technologies have been introduced to identify animals that improve a number of attributes of sheep including but not limited to: footrot, cold tolerance, internal parasites, facial eczema, improved muscling, wool production and a recent flystrike project.

These are all tools, successful stud breeders use to benefit the New Zealand sheep industry. We are privileged to grow a truly dual purpose sheep, developed over more than 130 years. *Few breeds can produce 6 kilograms of 27 micron wool returning \$6 /kilogram and 1.4 lambs @ \$120/lamb plus hogget wool of \$24/lamb all in a 12 month



period. **\$228 / year / ewe wintered.**

The secret lies in what we are unable to observe in our ram purchases – The dam's performance. We can observe the structure of the ram, his DNA attributes and his performance figures, however we cannot see his maternal performance. The ability to carry multiple lambs, give birth to those lambs free of care and feed them through their milk to weaning, year after year. The breeding longevity of the Corriedale is a hidden asset.

We, here at Wilfield with the assistance of Ken Moore at New Zealand Sheep Performance Ltd have developed a programme where every ewe's performance is recorded. At mating time those records are viewed and analysed. What we all want are ewes that give birth to multiple lambs and rear them to weaning. Some ewes are extremely efficient in doing so; others are not. All mothers are extremely invaluable! Ewes are exactly the same.

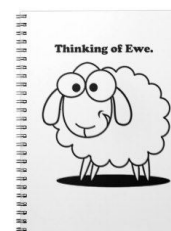
Breeding from rams that come from high performing dams are critical to the success of any commercial flock. We pride ourselves on our recording and the high standards we set in the elimination of inefficient animals. Achieving in excess of \$220/ewe wintered annually is important for our viability. The ewe carrying her responsibilities from conception to weaning is crucial. Feeding, we can control and influence. Genetics are equally important, however we all rely on the stud breeder to play their role in supplying the secrets to all high performing commercial flocks.

New Wilfield clients are always asked when their first 2th ewes lamb, what their experiences are. Invariably the

answer is: **more lambs and improved mothering ability.** *Figures are based on the average ewe wool clip, the average 27 micron price in 2015-2016 season, the selling of all lambs in September/October and selling hogget wool after spring shearing.

Wilson

By—Robin





WATER QUALITY— BRACING FOR CHANGE



Water quality regulations across the country have quickly become a minefield for farmers. The following is a quick introduction to what farmers should be aware of in terms of water quality policy and where this path might be taking us.

Where has this come from?

The government has required all regional Councils to set water quality limits in their areas. Councils have taken a variety of approaches to this and none of them have worked perfectly. The Canterbury approach has been through the Canterbury Water management Strategy. Through this, the region has been broken into water zones and a committee appointed in each. These Zone Committees have now been in existence for several years. They include a diverse group of community representatives with various water interests. The committee is tasked with coming up with a shared vision, through consensus, for water management in their area. They have no regulatory power but

Environment Canterbury planners try to create law that matches the vision of the committee. This process is fraught with challenges and no region so far has seen everyone happy with the outcomes. Many areas are still working through this process.

What it means at a farm level

The main water quality contaminants which are of interest to regional councils are sediment, nutrients (Nitrogen and Phosphorus) and microorganisms. Nutrients are the focus of most of the debate currently. All farms 'lose' Nitrogen and Phosphorus to the environment in a range of ways. The amount a farm loses is dependent on a range of factors including farm system, land type, rainfall and management practices. Some nutrient loss can be mitigated but even unfarmed land will lose nutrients. In most areas, Overseer and Farm Environment Plans (FEPs) are important tools for farmers to be aware of.

Overseer is a computer model used for nutrient budgeting. It was designed to estimate nutrient inputs and outputs for a farm. It is a complex model and is excellent at what it was designed to do. However as a computer model trying to put numbers on a biological system, it is far from perfect. It is being used by councils because it gives numerical estimates of nutrients lost from a farm to the environment. These are not measurements – just the best estimate the model can give. The information produced by Overseer can be valuable to a farm business but the model's limitations need to be understood and the trouble starts when it is used in regulation, to do something it was not designed to do. The model is not the problem – the problem is how councils are using it.

FEPs are another tool farmers are being asked to apply to their business. These are written plans, completed by farmers, often with some technical help, detailing how they manage the environmental risks on their farm. FEP's are generally not as onerous as farmers expect and because they are tailored to the individual farm they can be a useful document for the business. Beef+Lamb levy payers can complete a FEP in a free half day workshop with the help of a trained facilitator. A number of these workshops have been run across the country and have been well received. Where there is enough interest, Beef+Lamb will bring a workshop to any district.

What farmers can do

- ◆ Know what stage your Zone Committee is up to (if in Canterbury) and talk to the people on it. These meetings are open to the public. Influencing the Zone Committee is the best chance anyone has at influencing policy.
- ◆ Join farmer groups in your area where they are getting organised. Hurunui and Waikato both have large groups of sheep and beef farmers mobilising to try and achieve sensible treatment for communities who are doing the right thing but who have been unfairly bitten by poor planning.
- ◆ Start work on an FEP and Overseer if required. Know your local rules and requirements before spending money on compliance. FEP's are free for many farmers (apart from time) and are a good way to show a proactive approach to managing your farm environment



QUESTION & ANSWER TIME WITH

Murray Behrent, General Manager Alliance Livestock

How does the New Zealand lamb market compare to the Australian lamb market? Currently Australian farmers are receiving more \$/kg for lamb than NZ farmers due to supply and demand fundamentals, owing to the massive drought they had to deal with over the past 2 years. Up until the end of last season, Australian lamb was a \$1/kg below what NZ farmers were receiving and in market prices so was making life difficult for NZ processors but has now reversed due to shortage of supply in Australia.

What effect will Britain leaving Europe have on our lamb exports? The chilled Christmas lamb into UK is up 7 to 8 % for chilled legs compared to this time last year. However currency has meant that we are adverse between 11 to 13 % on returns, therefore about neutral in terms of prices. We are actively sending frozen product away from UK.

What effect will Donald Trump have on TPPA and our lamb exports to USA? Too early to gauge about the USA election except to say the TPPA is finished so will put back reducing Tariffs a number of years. Markets in North America for lamb middles remain strong.

What influence will the relationship between Alliance and Grand Farm have on New Zealand lamb producers? Grand Farms remain a strong partner with the company and we continue to supply approx. 30 % of product to them. They are looking for more product but we want to spread supply to different markets around the world. We still sell product into China under the Brand Grand Farms Pure South. We are receiving more for shoulders in the Middle East than through China markets in Dollar terms.

Will corriedale lamb fit into the Alliance/NZ Merino Silere range of lamb product? Yes Corriedale will fit into NZ Merino Silere range of products.



Does
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into
Pure

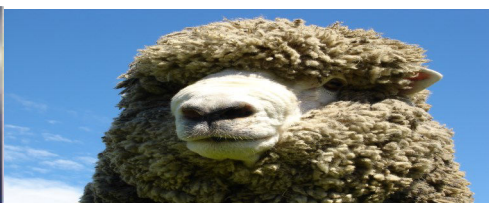
In The
NEWS

Wil-
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South range of lamb product? Yes Wilfield Corriedale is a part of the Pure South Brand.

- ◆ During 2016 Robin and Pip visited Uruguay to investigate the possibility of exporting genetics to South America. They were warmly welcomed and escorted to four big influential studs by Luis and Santiago Saenz.
- ◆ Wilfield achieved their second best ever pregnancy scanning of 178% mixed ewes and 172% for 2 tooth ewes
- ◆ Wilfield Lamb Program continues to grow and offer ram buyers the opportunity to share in the added value of those purchases by selling their store lambs into the program. To date participants have received an average of \$4/head above the market price
- ◆ Australia's current No.1 listed Corriedale ram is sired by Wattlebank bred ram 371/12
- ◆ Wilfield wins 2016 Corriedale Golden Fleece
- ◆ Wattlebank 2148/14 sold for the highest price at the 2015 Stud Ram Fair



WILFIELD CORRIEDALES

2016 Corriedale Flock Ram Price List (GST exclusive)

Base Ram \$600

Premiums for:

- “Gold Mark” \$400 (limited supply)
- “Silver Mark” \$300 (limited supply)
- Footrot Resistance 1-1 \$400 (limited supply)
- Footrot Resistance 1-2 \$300 (limited supply)
- Footrot Resistance 1-3 \$200 (limited supply)
- Footrot Resistance 2-2 \$200 (limited supply)
- Smart Wools-26.5 micron and less \$100

Example purchase:

Base ram + Silver Mark + Footrot Resistant 1-3 = Ram Purchase
 \$600 + \$300 + \$200 = \$1100

Wilfield SufTEX Rams \$750

Wilfield Vasectomised Rams \$250

“**Goldmark**” Identifies a ram hogget who’s Sheep Improvement Limited (SIL) Index, places it in the top 10% across all SIL recorded corriedales flocks

“**Silvermark**” Identifies a ram hogget who’s SIL Index is within the top 25% across all SIL recorded corriedale flocks

“**Footrot Resistant 1-1**” A ram that has the most resistance to footrot. Each sheep gets one footrot gene from each parent. **1** being the most resistant, **5** being the most susceptible. Therefore a 1-1 is the best and a 5-5 is the worst



Wilfield Ram Purchases

2016-2017

Please Register Your Interest

Send to :Robin Wilson
 1213 Main West Coast Road
 West Melton, RD 1
 Christchurch 7671
 Ph/Fax (03) 3478 939, Mobile 021 158 3866
 Email robin.wilfield@xtra.co.nz

Your name :
 Phone Number :

Ram Selection

Number Required

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