

# Pacific Alpacas

So you want to sell your fibre?

State of the Alpaca Fibre Market (specifically in New Zealand)

1. Numbers
  - a. There are 600 or so members of the AANZ
  - b. There would be maybe 600 other owners of Alpacas not members
  - c. There are
    - i. 15,500 in New Zealand
    - ii. 120,000 in Australia
    - iii. 150,000 in USA
    - iv. 3,000,000 - 4,000,000 in Peru
  - d. Animals will grow about 2.0 kg per year of fleece
    - i. There are three parts to the fleece
      1. Necks (maybe 0.25 kg)
      2. Bellies, legs (maybe 0.75 kg)
      3. Blanket (maybe 1.00 kg)
2. The Australian Co-op lost \$200,000 on \$2,800,000 of revenues (an improvement from \$500,000 loss on \$4,000,000 in sales in 2009)
3. The US Co-op takes fibre from growers and allows the growers to buy finished products online at a discount, they do not appear to be profitable
4. We received 10,000 kg and ended up with 8,800 after scouring
  - a. 30% of what we received was necks, legs and bellies
  - b. Of the 70% remaining, 80% was in the 25 - 30 micron range. Obviously people are keeping the sub 20 micron fibre hoping for higher prices.
5. Length of fibre
  - a. Short fibre (less than 3") is hard to card and process, has higher losses in production, and has limited end uses
  - b. Ideal range is 3.5 to 5" inches – more towards the 4 and 4 1/2" range than 3 1/2" inch
  - c. Colored fibre is not popular with carding and scouring operators as their set up time is longer and they cannot contaminate their white production runs.
    - i. While niche operators may get a premium for colored fibre our experience has been it is harder to sell at lower prices in volume
6. Alpaca fibre sells for \$85 a kg
  - a. In 100 gram bags on Trade Me

- i. 275 listings on June 1st, (255 closed with no sales)
  - b. In what quantities?
  - c. What micron (assume < 18)
    - i. What is the cost to get it there
    - ii. How many kgs a year are sold?
  - d. If such a great price – where are the purchase orders
- 7. Costs of Alpaca animal Ownership
  - a. Cost of animal
  - b. Breeding / mating
  - c. Registration fees
  - d. Insurance
- 8. Variable costs of ownership
  - a. Shearing
  - b. Veterinarian
  - c. Feed
- 9. Add value to the raw fibre
  - a. Transportation
  - b. Sorting
  - c. Scouring
  - d. Combing
  - e. Carding
  - f. Spinning
  - g. Weaving
  - h. Commissions
  - i. Retail sales
- 10. International commodity prices are soaring
  - a. Wool
  - b. Meat
  - c. Dairy
  - d. Why not Alpaca?
    - i. No developed market except in South America that is controlled by two major brokers
    - ii. Not enough volume in New Zealand
- 11. There are limited buyers of alpaca fibre in volume in New Zealand
- 12. You have to have volume to get decent prices, attract buyers
- 13. Pricing
  - a. Global prices for 20 micron TOPS is \$22 US – (\$27 NZ at 81 cents)
  - b. The cost to scour is \$1.35 NZ per kg
  - c. The cost to sort is \$ 0.65 NZ per kg
  - d. The cost for local freight is \$1.00 NZ per kg

- e. The cost to card is \$3.00 NZ per kg
  - f. The cost to card and comb is \$3.50 NZ per kg
  - g. The sales commission / admin at \$2.00 per kg
  - h. Less losses at each step of the process
    - i. Either the price per sales kg drops or you reduce the quantity
      - 1. Scouring 15%
      - 2. Combing losses 15%
    - i. Leaves \$7.40 NZ Nett to the grower
14. Options
- a. Our distribution method to a limited number of buyers internationally, with little grower involvement, hoping to generate enough revenue to justify the business for growers for tax purposes and to at least cover shearing costs. The opportunity to build a business may be available if growers support this method
  - b. Keep the fibre on the farm and make value added products in small quantities as a side business. You can send raw fibre to a mill and for about \$35 a kg have it converted to yarn. You could sell the yarn for \$50 or so – but again not in significant quantities.
  - c. A full time job, 150+ animals, concentrating on lower micron (sub 18) investing in herd genetics, value add to the raw fibre, develop own markets, achieving high per kg prices, but with limited quantities (say 200 kg annually)
  - d. Burn it, toss it, throw it out, or keep it in the shed hoping something else will come along with a higher price in the future.