

>>> VENISON SCHEDULE

The resurgent NZ\$ continues to eat at improvements in the price of venison for New Zealand farmers. At 0.52 Euro and 0.66 USD, deer farmers have waved goodbye to approximately 30 to 40 cents per kg from expectations earlier in the year when the kiwi was on a downward trajectory.

However, despite the stubbornly high NZD, in week 41 at \$5.89 the average published schedule for AP 55 to 60kg stags remains at the highest level reached since 2002. In 2004 and 2005 the published schedule peaked in weeks 37 and 38 and then dove steeply. The schedule is currently 20% higher than this time in 2005, and 17% higher than the 2003-05 average for this week.

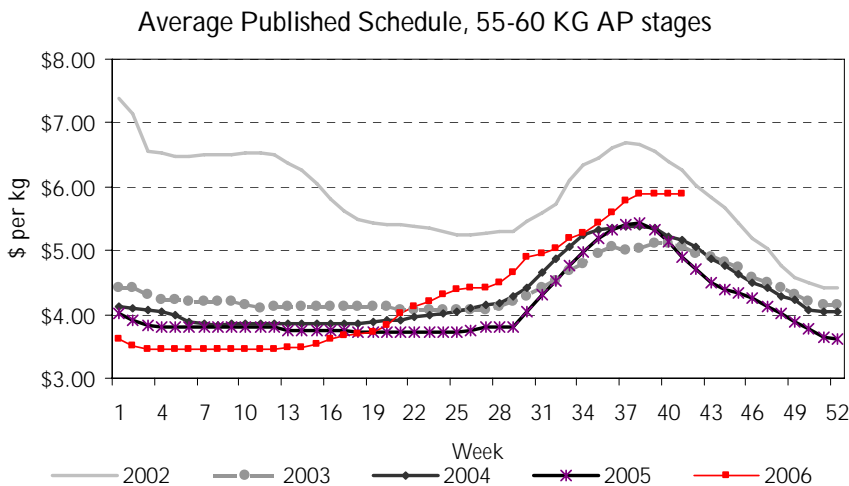


Figure 1: Source; Agri-Fax

The sustained higher schedule reflects lower processing pressure, the improvement in international prices and the hoped for lengthening of the consumption and sales season in Europe.

Production down for the first time since March 2003.

Production in the 12 months ended June 06 of 737,010 deer was 0.1% down on the 12 months to June 2005. This is the first decrease in production recorded since March 2003 and signals clearly that the production cycle has begun to swing away from over-production. This long awaited decrease in production is one factor which positions New Zealand for price improvements in the international market. The concern of course now turns to ensure that sufficient animals come forward to meet the additional demand for New Zealand venison that has been created in the past three years.

...first decrease in production recorded since March 2003

Venison Exports

In the 12 months to June 2006, venison exports from New Zealand totalled 26,923 tonnes, and continue to show a measured decline since peaking in December 2005 at over 28,000 for the previous 12 month period. 1,845 tonnes of venison were exported in the month of June, down from the 2,036 exported in June 2005. The total value was over 19 million, up from 16.7 million for the month of June 2005.

...exports seeing price increases

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Market Conditions

European importers report a better market for venison. The lower stock carry-through, cool weather, and growing business confidence in Germany all contribute to stronger orders from the restaurant sector. Demand for chilled items has been strong, with good sales in the retail sector, resulting in some upward pressure on prices.

...better market for venison

Another German food safety scandal (called Gammelfleisch-Skandal, or spoiled meat scandal), this time involving processed kebabs for the take-away sector has unfortunately also involved a trader in some game items. This has taken some of the gloss off the season for German game traders as German politicians fight to attribute blame for the failure of food safety inspection systems, and increase inspections and compliance requirements on food producers.

In North America the market remains steady as demand moves into the slightly higher plane of the fall season. Prices remain steady as volumes have increased slightly over the past year.

German Venison Promotion: 'Impress Your Guests'

At time of writing DINZ has arranged for 55 store based promotions through Germany over the chilled sales season. Beginning in early September, the promotions are spread across Germany and are aligned with several importers' best outlets for New Zealand venison. Store-based promotions are expected to be effective at increasing awareness of New Zealand venison, and increasing sales at the selected outlets. The provision of promotional support is an important consideration when store buyers are placing orders for products and DINZ is pleased to report that several new accounts have been achieved with the assistance of the promotion.

...check out

www.neuseelandhirsch.de

While the bulk of the promotion is rightfully aligned with when the bulk of New Zealand venison is available, DINZ is also talking with several importers about extending promotions through beyond Christmas and into the 'off-season'.

Complementary promotion activities include:

- A television advertorial broadcast on satellite TV channels over the weekend 9/10 September.
- Placing ads in trade press the TK Report and Lebensmittel Zeitung.
- New www.neuseelandhirsch.de website

New lightweight and easily transportable tasting wagons have been constructed (plus one for Benelux).

UK

Peter Gordon presided over the New Zealand Venison NZ/UK Link foundation cooking competition at the UK Restaurant Show. The NZ-UK Link Foundation Culinary Challenge was won by a competitor from Sheffield called Chris Hagan, Chris works at a Hotel in Baslow. There were 8 competitors in this year's competition all of whom cooked venison as their main course. The prize was awarded by the High Commissioner and the awards ceremony went very well with good interest from the audience in venison.

Local Market Activities

Venison in the press.

Keep an eye out for Essentially Food, North and South, Grill magazine, all will feature venison recipes and stories provided by DINZ as part of the recent mail-out of recipes to food writers.

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New Zealand Dietetic Association

New Zealand Venison was on display at the New Zealand Dietetic Association conference in Wellington on 11-13 September. DINZ used this opportunity to communicate the health benefits of venison to this influential group of health professionals, and reminded them to recommend venison as a healthy option to their clients. See the next issue of *Deer Industry News* for details.

DINZ contributed to a paper prepared by Fonterra and the New Zealand Beef and Lamb Marketing Bureau on the importance of foods of animal origin in the human diet. A consumer brochure and a pamphlet for health professionals have been produced, including important references to the nutritional benefits of venison, (alongside beef and lamb) in a healthy diet.

See the next issue of *Deer Industry News* for details.

NZ Culinary Fare

Chef Michael Sullivan from Sepia Restaurant in Christchurch was awarded first prize in the Cervena Venison class at the New Zealand Culinary Fair. DINZ sponsored the Cervena Class at the main cooking competition for professional chefs in New Zealand each year and we are pleased to be continuing to raise the profile of Cervena to the food service industry. Graham Brown who was a judge of the event commented that Michael demonstrated considerable skill in using the Denver leg cut to provide an excellent dish showing venison's versatility.

In a coup for venison, Cervena was chosen as the main item in the Mystery Box competition at the culinary fare. The mystery box is one of the main classes for elite chefs at the competition. The competitors are presented with a box of ingredients and given one hour to prepare four main courses from scratch. Chef Mark Sycamore of Blanket Bay Lodge in Queenstown proved his skill with venison by winning the class.

Executive Activities

Graham Brown leaves for Europe on 13 October to work with New Zealand exporters and European importers. Once again Graham has been asked back to prepare venison at the SIAL trade fair, and undertake chefs demonstrations and workshops in the Benelux countries and Germany. Graham will also be showcasing new venison items with major retailers in northern Europe. Graham will be spending several days in Hong Kong on his way back to New Zealand to work with importers to develop this valuable alternative market for New Zealand venison. Although the volumes going to Hong Kong are relatively small, the huge tourist market, and the possibilities in Mainland China mean that it has great potential to grow in value for the New Zealand industry.

Venison Marketing Services Manager, Innes Moffat, is travelling to Europe to attend the SIAL international food trade fair. The trade fair provides the opportunity to meet with large numbers of meat importers and traders in a short time span. The trade fair is an important point of the year when market conditions can be accurately assessed, and planning for future activities undertaken. Moffat will also be assessing the impact of the 'Impress Your Guests' promotion which is currently underway, and will spend time with importers working out their involvement in future promotional activities.

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>>> VELVET

Velvet Season 2006/07

See the Market Report section of the next issue of *Deer Industry News* for an update on conditions impacting the coming velvet season. It's due in mailboxes by 20 October.

Joint Media Release: PGG Wrightson and Velconz get serious

Following a series of high level discussions over the past three months, PGG Wrightson and Velconz have agreed that they will work together to investigate options as to how improvements can be made to the way velvet is sold.

PGG Wrightson currently sells the majority of New Zealand velvet by closed tender. Velconz is a group of velvet producers who aim to ensure that New Zealand velvet is sold so as to maximise value.

The core reason for the initiative is that there is no single entity that is accountable to New Zealand producers for the effective sale of New Zealand velvet. The working group will explore how fundamental strategic decisions are addressed and in particular how do we add value to the velvet trade.

"This is not about holding buyers to ransom, and it's not about producers trying to own the whole value chain. It's about a small change to encourage more buyer investment in NZ velvet by getting 'our collective house in order'. This solution leaves all participants in the velvet value chain such as road buyers, Veleco and the processors operating as they have in the past, but it is aimed at increasing the governance around the velvet marketing system," said Ponty von Dadelszen, Chairman of the Velconz working group.

Barry Brook, CEO of PGG Wrightson, comments "PGG Wrightson's underlying philosophy is to add value to our clients. This is another example of that. By showing leadership here, we are showing commitment to the industry's vision of a profitable, growing and sustainable velvet industry for each participant in the value chain".

PGG Wrightson and Velconz have agreed to each put resource into the initiative. The next step for PGG Wrightson and Velconz is to jointly canvas velvet producers to gauge the degree of support for the initiative. PGG Wrightson has indicated that the PGG Wrightson velvet pools will continue to operate as they have in the past whilst the parties work through the opportunity.

...PGG Wrightson's underlying philosophy is to add value to our clients. This is another example of that – Barry Brooke, CEO, PGG Wrightson

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North Korean Nuclear Test – A Velvet Perspective.

As all readers will know, North Korea reportedly conducted an underground nuclear test early this week. Commentators are indicating that South Koreans were concerned at the possibility of an extreme response from the US or possibly China. However the US and China appear to be advocating a measured, diplomatic response. This is positive.

Assuming no military action, the key issue for NZ velvet would be a negative impact on the South Korean economy. If the Korean economy falters (or people feel it could), this could reduce spending on items such as visits to the Oriental Medicine Doctor. Further, a faltering Korean economy would put downward pressure on the Korean Won; which would make it more expensive for importers to buy NZ velvet. At this point, the economic reactions appear to be measured. Eg, the impact on the Korean share market has not been significant:



The further negative impact for New Zealand velvet could be if the nuclear testing issue is used as a reason to lower prices even though the actual impact may be minimal. DINZ has seen no evidence of prices being 'talked down', but comments that industry should be vigilant against that.

Links to further information:

[Korean Economy](#)

[CNN Comments](#)

[Multinational Company responses](#)

Korean Velvet Star

At the Korean Deer Breeders Association (KDBA) 14th Annual Velvet Competition the elk stag who last year cut 28.85kg of (O.G) velvet this year tipped the scales at a phenomenal 32.85 kg – the heaviest head ever produced in Korea. Assorted members of the KDBA are planning to join us at both the North Island and National velvet competitions this year.

Korean Promotion

Along with fresh new promotional material for the Korean market, preparation for a velvet promotion at the Seoul Millennium Hilton Hotel is well underway. The promotion is set to run from 6 to 14 December and will be aimed at increasing people's awareness of velvet as a food. In addition New Zealand velvet will also be included in a dish at the Gourmet Circle dinners (7-9 December) where 300 connoisseurs will pay \$250 a meal.

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Deer Velvet Cosmetics

For cosmetics companies like Revlon & L'Oreal new, natural and trendy ingredients for their products are consistently being developed. Maybe they should follow the lead of two Korean cosmetic retailers which have recently introduced velvet into their beauty products!

>>> DEEResearch Update

A number of recently completed research projects or updates are now available on the DEEResearch website (www.deerresearch.co.nz):

DEERselect Sire Summaries for English and European stages

- Asher, G. W., Stevens, D.R., Archer, J.A., Scott, I.C., Latch, J. (2006) *What major nutrient limits lactational yields of red deer hinds energy or protein?*
- Ulrich, S.L., Adams, K.H., Bueno, C.P., Boerema, J.A., Broda, D.M., Brightwell, G. (2006) *Effect of peroxyacetic acid-based carcass wash on the onset of 'blown pack' spoilage of vacuum-packed chilled venison*
- Mwenda, J.M., Broekhuijse, M.L.W.J, Hoskin, S.O., Pomeroy, W., Wilson, P.R., Lopez-Villalobos, N. (2006) *Sub-clinical parasitism, weaning date, growth of deer calves and reproductive performance of hinds*
- Glossop, J., Wilson, P.R., Heuer, C., West, D.M., Mackintosh, C.G. (2006) *JD in deer: Practical steps towards taking control*
- Ayenugui-Alcérreca, M.A., Wilson, P.R. (2006) *Epidemiology and Control of Leptospirosis in Farmed Deer (PhD Executive Summary)*

A full list of projects underway is also available on the website under "current projects". If you are a producer, but do not have a password, please contact Lindsay Fung, Science Manager on Lindsay.fung@deernz.org