UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

WOOL-65

September 28, 1933

WORLD WOOL PROSPECTS

Summary

Active trading in raw wool has been resumed in the domestic and foreign markets since the middle of August and prices have again advanced, according to the Bureau of Agricultural Economics. Prices in Australia on August 28 at the opening of the Southern Hemisphere selling season were 25 to 30 percent higher in Australian currency than the closing prices in June and the higher level was further established at the opening of the new London series on September 19, where prices (English currency) were 10 to 15 percent above the July close. Competition was strong at the London sales and at sales in the Southern Hemisphere. Prices of semi-manufactures have been advanced on the basis of the higher prices for raw wool.

Consumption of combing and clothing wool by United States manufacturers reporting for the first 7 months of this year was 60 percent greater than in the same period of 1932 and only 5 percent below consumption from January - July 1929. While the rapid increase in wool manufacturing activity of the second quarter of the year has apparently been checked, available reports indicate that there was little let-down in the industry during August and activity is being maintained at high levels in the United States and in foreign countries. Unemployment in the woolen and worsted industry of the United Kingdom was only 12.5 percent on August 21 compared with 26.8 percent in August 1932. Unemployment in the wool industry of the United Kingdom in recent months has been lower than at any time since the first half of 1929.

Imports of combing and clothing wool into the United States for the first 8 months of this year amounted to 26,314,000 pounds of which 20,513,000 pounds, or 78 percent were received in July and August. Imports in these months in normal years generally constitute only 10 percent of the total for the first 8 months. Imports from January to August 1932, were 13,740,000 pounds.

The 1933-34 marketing season in Southern Hemisphere wool producing countries has now begun or will begin shortly, and it seems certain that available supplies will be considerably less than for the 1932-33 season. Shearing has already become wide-spread in Australia. In the Union of South Africa, however, it has been retarded somewhat by cold, wet weather.

The severe drought conditions in parts of Australia and the Union of South Africa which have prevailed for some months have now been relieved and prospects appear somewhat brighter. Most of the Southern Hemisphere countries have had unusually cold and dry winters, according to reports.

A reduction of 15 percent in apparent supplies of wool is indicated for the three Southern Hemisphere countries, i.e., Australia, New Zealand, and the Union of South Africa, for the 1933-34 season. Estimates of production for Argentina and Uruguay for the season beginning October 1 are still lacking. Production in seven [1/] Northern Hemisphere countries was approximately the same as in 1932, but the total produced in these countries was less than half the quantity produced in the three Southern Hemisphere countries mentioned.

As the new season has just begun it is too early to give any idea of the quantities received into store except in Australia, where they are smaller than they were last year. The quality of the coming wool clip is indicated as finer than that of last season due to the drought in the principal countries.

1/ United States, England and Wales, Scotland, Northern Ireland, Irish Free State, France and Germany.

Marketing Situation

United States

Active buying was resumed in the Boston wool market the middle of August after a let-down of several weeks duration, according to the monthly market review by R. L. Burrus of the Boston Office of the Bureau of Agricultural Economics for the month ended September 16. Trading was extremely active during the last 2 weeks of August and dealers estimate that at least 40,000,000 pounds of wool were sold during that month. Wool continued to move freely during September but in somewhat smaller volume. Prices continued to advance during the entire period.

Demand for wool came from a wide range of outlets and included a broad selection of wool of all types. Demand for medium wool was again outstanding, however, and the largest price gains were reported on these grades. From a range of 35-36 cents, grease basis, the middle of August prices of strictly combing 56s (3/8 blood) Ohio and similar bright fleeces advanced to 39 cents on the best offerings and 38 cents on average wools the week ended September 16, while some houses held asking prices firm at 40 cents a pound. Strictly combing 3/8 blood territory wools advanced from 70-72 cents, scoured basis, to 74-77 cents. Strictly combing 1/4 blood, territory wools, rose from 64-66 cents scoured basis, the middle of August to 68-71 cents the week of September 16. Offerings of these grades are somewhat limited.

Fine domestic wool was also in good demand at advancing prices during the month. Quotations on fine strictly combing territory wools advanced from 78-79 cents scoured basis to 80-82 cents, the latter range being established by sales of substantial quantities. Territory fine wools in original bags were sold at 80 cents, scoured basis, for good strictly combing staple the middle of September, showing a rise of approximately 2 cents a pound scoured basis during the month. Buyers showed a decided preference for the better combing staple fine wools in late August. Texas 12-months wools shared more extensively than during the previous month in the trade in fine wools. Choice lines in original bags brought up to 80 cents scoured basis. Prices of California wools strengthened moderately on a rather limited turnover. Many Boston houses have cleared the bulk of their purchases of greasy combing California wools. Ohio fine delaine and other strictly combing 64s and finer bright fleeces had a fair but scattered demand in the range of 32-33 cents on recent sales.

Spot foreign wools have been moving in moderate quantities on the Boston market at gtadually increasing prices. Much of the demand has been on 64s and higher quality Australian lines but a scattered demand has been received on lower grades in New Zealand and South American wools.

Woolen wools lagged behind worsted types in the movement of the last month, but recently demand for scoured clothing, pulled and shorn wools has picked up and price advances of sizable proportions have been reported on a wide selection of wools. Noils have been slow and demand continues to lag behind that for other woolen raw materials. Prices the middle of September were slightly lower than the peak in the previous month.

Trading in tops was resumed on a rather large scale in late August and continued active through the middle of September. Advances of 5-10 cents over early August prices had been realized by the middle of September. Prices of medium qualities advanced rapidly in sympathy with the strength in medium wools. Choice staple oil combed 64s tops sold at $1.12-$1.14 the middle of September, while average staple 64s realized $1.10-$1.12. Sales were closed the middle of September on 60s at $1.08-$1.11, on 58s at $1.05-$1.06 on 56s at $1.00-$1.05 and on 50s at $.95-$1.00. Deliveries showed a decided increase during September.

The high rate of consumption of combing and clothing wool reported in June was maintained through July. Reported consumption for the 2 months was higher than in any 2-month period since the first quarter of 1923. May, June, and July are generally the dullest months of the year for the wool manufacturing industry. The expectation of higher prices, however, led to an earlier placement of fall orders this season. Available information indicates that there was little let-down in the industry during August and early September. The New York Wool Top Exchange Service reported that mill stocks of fabrics early in September were light and goods made during the months of heavy production had been absorbed by the clothing trades. Consumption of combing and clothing wool (grease basis) by reporting manufacturers in the first 7 months of 1933 was 60 percent larger than in the same months of last year and only about 5 percent below the first 7 months of 1929.

Imports of wool into the United States in July and August were much above normal for these months. While the combing and clothing wool imported in these 2 months generally constitutes about 10 percent of the total for the first 8 months of the year, imports in July and August this year amounted to 20,513,000 pounds or 78 percent of the total of 26,314,000 pounds imported from January to August. Imports in July and August 1932 were 515,000 pounds and only 13,740,000 pounds were imported from January to August. Carpet wool imports in the first 8 months of 1933 amounted to 79,014,000 pounds, compared with 26,351,000 pounds in the same period of 1932. Receipts of domestic wool at Boston from January to August were 212,099,000 pounds compared with 151,239,000 pounds in the first 8 months of last year and an average of 187,208,000 pounds for that period in the 5 years 1928-1932.

United Kingdom

Trading in spot wools in England continued good to the opening of the new London sales. The strong market at the opening of the Australian sales the end of August resulted in a mark-up of prices at Bradford but demand continued active. Prices at the opening of the fifth series of London sales, September 19, were generally 10 to 15 percent above those reported at the close of the previous series in July although prices of good style medium crossbreds were as much as 20 percent higher. Competition was excellent at the opening. English buyers were particularly active. German buyers were also active, while France bought with reserve. The quantity of wool available for this series was estimated at 174,800 bales of which 62,550 bales were Australian wool and 97,650 bales were from New Zealand, the remainder consisting of Cape wools, Punta Arenas and English wools.

Trading in merino tops was rather slow during the first half of September, due in part to the advance in prices based on the higher cost of raw wool in Australia. The price of 64s average tops in Bradford on September 7 at the current rate of exchange was 66 cents a pound compared with 55 cents the middle of August. Business in medium crossbred tops was very good during this period. Sales were made both on home and export account, despite price advances during August and September. Quotations for 50s crossbred tops on September 7 were 31 cents a pound compared with 28 cents the middle of August. Commercial reports the middle of September stated that such qualities had advanced to 33 cents a pound. Yarn sales have been good and prices have advanced.

Manufacturing activity has been well maintained since the August holidays. Piece goods mills are reported to be working overtime in some instances and the outlook for the winter trade is considered good. The Ministry of Labor reports a further decline in unemployment in the woolen and worsted section in August. The percentage of union members registered as unemployed on August 21 was 12.3 compared with 12.9 percent on July 24 and 26.8 percent on August 22, 1932.

Net imports of foreign and colonial wool into the United Kingdom in the first 8 months of 1933 were about equal to the imports for the corresponding period of 1932. The increase in consumption for the first 8 months of 1933 has probably resulted in a considerable decline in stocks of wool in that country. Exports of woolen and worsted tissues from the United Kingdom in August amounted to 10,490,000 square yards. This was the largest monthly export of tissues since August 1930. Exports of tissues for the first 8 months of this year were 62,448,000 square yards compared with 56,639,000 square yards exported in the first 8 months of 1932.

Continental Europe 1/

Trading in tops, noils and washed wool on continental European markets showed a quieter tendency during the first half of August. Reduced sales of yarn and fabrics were also reported for that period. During the second half

1/ Based largely on a report from D. F. Christy, Assistant Agricultural Commissioner at Berlin.

of the month, however, business was considerably stimulated by rising prices and later by favorable reports on the opening of the new season in Australia,

The volume of turnover in tops and noils for the month of August as a whole was fairly important. New sales by spinners and weavers of yarn and fabrics, although somewhat reduced, remained satisfactory. Occupation in the wool industry was well maintained at the July levels and the industry is hopeful of a continuation of the favorable developments of the past half year.

Prices of wool and semi-manufactures have again advanced in France and Germany. Prices in these countries on a gold basis are the highest since the end of 1931. At the current rate of exchange the price of domestic A/AA scoured wool in Germany on September 1 was 58.8 cents (United States) a pound compared with 55.3 cents on August 1 and 30.3 cents on September 1, 1932. Australian merino tops on the German market were 69.6 cents a pound September 1, compared with 62.8 on August 1, and 40.7 on September 1, 1932. Australian merino tops in France sold at 68.2 - 69.5 cents (current rate of exchange) on August 31.

Conditioning houses in France and Belgium treated a smaller quantity of wool, tops and yarn during August than in July, but the total was larger than in August 1932. Stocks of merino and crossbred tops in commission combing establishments of Germany and Italy were slightly larger on August 31 than on July 31, while stocks in Belgium showed a small decrease during the month. Statistics from the French commission combing establishments have not been received.

Conditions in the continental countries during August were reported by Mr. Christy as follows:

Trading in tops and washed wool in France the early part of August was rather quiet while the demand for noils continued fairly active. Toward the end of August new business in tops and washed wool was greatly stimulated by favorable reports from Australia and by rising futures prices at Antwerp and Roubaix. Occupation of the French wool industry remained satisfactory, and although new orders received during August were smaller than in previous weeks, operations were well maintained on the basis of unfilled orders on hand.

Moderate business at firm prices was reported from the Italian top market during the month of August, with fairly active trading in noils. Sales by spinners and weavers of yarn and fabrics were reduced, as in other countries, but the industry was optimistic in regard to prospective developments of winter business. Occupation of the mills remained practically unchanged at about the levels of previous weeks. Toward the end of the month business became more active on favorable news from Australia.

Trade reports from Belgium indicate that, despite the reduced level of business in tops and noils during the month of August, the market situation was fairly satisfactory. Toward the end of the month new sales by spinners and weavers of yarn and fabrics exerted a favorable influence upon the spinner demand for tops. As in other countries, the rising prices and increased market activity reported from Australia were a considerable stimulus to the industrial sentiment. A strike developed among the worsted spinners in Verviers the middle of August and little hope was held of an early settlement. Other Belgian weaving and spinning mills are well employed.

A fairly large volume of trading in tops and noils was reported for Germany throughout the month of August, with prices rising. Business in washed wool was reduced. Yarn and fabric sales by the industry during the month of August were quite satisfactory, although some seasonal reduction in this new business was clearly apparent. The industry maintains good hopes for an improvement of business during the course of the winter campaign. Occupation of spinners and weavers remained good and about unchanged from the levels of previous months. The unfilled orders on hand are sufficient to last the industry for several months ahead, at present levels of activity.

Southern Hemisphere

The new selling season is now open in Australia and the Union of South Africa. The price outlook for the producer in these countries at present is more favorable than it has been for several years. The new clip is expected to fall below that of last year and demand is excellent. Opening prices both in Australia and the Union of South Africa show large increases compared with prices at the close of the previous season.

Sales in Australia opened at Sydney on August 28. The average price (Australian currency) of greasy wool for the opening week of the sales was 29 percent higher than the average for June 1933 and 55 percent higher than the average for the opening week of the 1932-33 season. Competition was strong and prices continued firm to slightly higher through the series. Conditions at opening sales in other Australian centers have been similar to those at Sydney. England, Japan and France have been the principal operators but all countries have made purchases, and disposals have been heavier than last season.

The season opened in the Union of South Africa early in September and prices at the Cape were reported to be slightly above the Sydney and Bradford levels. At the opening sales at Port Elizabeth the second week of September, super 12-months wool was quoted at 32-33 pence (English), clean, delivered Bradford with good 10-12 months wool at 30 pence a pound. At the close of the previous combing wool season in this center in April similar wools sold at 18-18½ pence. At the current rate of exchange the price of super 12-months wool at the opening was 61-63 cents United States currency and good 10-12-months wool 57 cents a pound. Japan and France were the leading buyers at the early sales at Port Elizabeth.

The New Zealand season does not open until November 27.

Supply Situation

United States

Range conditions which have been considerably below normal for some time continued poor during August. Beginning in May the condition on the first of each month has been lower than for any other year for which reports have been made with the exception of 1931. The supply of feed for fall and winter is reported as generally poor, according to the Western Livestock and Range Report of the Division of Crop and Livestock Estimates. Winter sheep ranges are poor in Wyoming, Idaho, Utah, Nevada, western Colorado, and eastern Oregon. The condition of ranges on September 1 was only 75 percent normal as compared with 74 percent on August 1, 84 percent on September 1, 1932 and 73 on September 1, 1931.

The condition of sheep and lambs on western ranges has also been poorer since May than for any of the preceding 10 years, but was only slightly worse than in 1931. There was a slight shrink during August, due to dry, short feed and prospects are poor for late fall and winter feed in most important sheep producing areas. Short feed will force some early shipping of lambs. There appears to be a decided tendency to hold ewe lambs where feed and finances will permit, so as to build up flocks that carry many old ewes. The condition of sheep and lambs on September 1 was 83 percent of normal compared with 90 percent for a year ago, 84 percent in 1931, and a 10-year average of 91 percent.

Australia

Seasonal conditions are improving in Australia as a result of winter (June-August) rains, which began about the middle of July. There is still plenty of room for improvement, however, in weather conditions in the western and northern part of New South Wales and the western part of Queensland. Although the change in conditions will probably not affect the clip to be shorn during the last few months of 1933, to any great extent it will help to give the new lambs a good start. Rain is urgently needed in parts of South Australia and lambing results have been very poor. Unless early relief comes there will be heavy mortality among sheep.

In mid-August it was reported that shearing was taking place over a wide area. Many of the early clips received at market centers show that sheep have been shearing 1 to 2 pounds lighter than last season. The first sale of the 1933-34 season took place at Sydney on August 28, 1933.

Receipts of current clip wool into store for the 2 months ended August 31, 1932, amounted to 133,000,000 pounds, a decrease of 9 percent as compared with the same months of the 1932-33 season. Disposals were estimated at 16,000,000 pounds, an increase of 54 percent. Total stocks on hand on August 31, including old clip wool were estimated at 124,000,000 1/ pounds, a decrease of 28 percent compared with the same date of 1932.

Wool exports for the 1932-33 season ended June 30, reached 928,000,000 pounds; an increase of 12 percent above the preceding season. Total quantities shipped to important countries with percentage of last year given in parentheses were as follows: United Kingdom 278,262,000 pounds (95.9); Japan 201,549,000 pounds (107.0); France 132,375,000 pounds (108.6); Germany 120,690,000 pounds (143.4); Belgium 99,937,000 pounds (141.8); Italy 65,588,000 pounds (110.5); United States 5,729,000 (68.8). Exports to Japan and to Italy in 1932-33 were the largest on record. The United Kingdom took 30 percent of the total compared with 35 percent in 1931-32 and 31 percent in 1930-31; the corresponding percentages for Japan were 22, 23 and 19.

The quality of the current clip will be a little finer. The wool from the Northwest, where droughty conditions have prevailed for the past 12 months, lack length although they are fine in quality. There appears to be little tender wool, however.

New Zealand

Despite severe cold, sheep were reported in excellent condition toward the end of the winter (August). Ewes were in good condition, expecially in the Auckland Province of North Island where spring lambing was well advanced in the northern part of the State. In the other parts of North Island prospects for lambing are bright. In South Island the month of June was the driest on reoord and anxiety was felt concerning feed conditions. It was not until the middle of July that soaking rain was received which started a good growth of grass. Feed conditions generally in South Island are poor and will undoubtedly be reflected in the lambing later on.

The decrease in sheep numbers this year was very heavy in South Island, i. e., 930,000 head. The total number on hand was estimated on April 30 at 12,815,000. In North Island there was an increase of 16,000 head. There was a very substantial decline of 600,000 breeding ewes for the mating season of 1932 compared with 1931. This means that ewe lambs are not being absorbed into the flocks as freely as desirable, states the New Zealand Stock and Station Journal for August 1. The selling of ewe lambs for export and the retention of old ewes in the flock has been the tendency on account of the/

spread between

1/ The quantity of old clip wool was only 7,000,000 pounds on August 31, 1933, compared with 37,000,000 pounds last year.

the selling value of ewe lambs for export and potential breeding ewes. This has had a deteriorating effect on flocks generally. Evidence of old ewes in the flocks in New Zealand is provided by the latest reports of killings for export. During the 9 months of the season ended June 30, 1933, the number of ewes killed for export was only 945,000 head compared with 1,431,000 head for the same period of 1931-32. Killings of lambs, however, increased 137,000 head to 8,730,000 head. It appears, therefore, that there is a tendency to retain a big proportion of old ewes on the farm and to send ewe lambs to market.

The quantity of wool available for disposal during the season 1933-34 will probably be a little over 10 percent below that of last season, owing to a smaller clip and a reduced carry-over. On June 30, 1933, the carry-over of wool was estimated at 78,600,000 pounds grease basis and was lower than on the same date of the 3 preceding seasons. Stocks on June 30, 1932 amounted to 117,900,000 pounds, on June 30, 1931 97,000,000 pounds, and on June 30, 1930 82,800,000 pounds. Most of the wool was in the hands of wool brokers and farmers, each holding approximately 28,000,000 pounds. Only a small quantity of the amount held over was merino wool, the bulk or 86 percent being crossbred.

Exports for the first month of the new season were reported at 12,714,000 pounds of greasy, scoured and sliped wool, and were over 3 times as large as for the same month of 1932-33. The increase in exports during that month was probably owing to better marketing conditions than prevailed at the same time last year. Exports for the entire season ended June 30, 1933 amounted to approximately 299,800,000 pounds, grease basis, according to the Empire Marketing Board, an increase of 25 percent above the average for the preceding 5 years.

Argentina

The winter of 1932-33 (June-August) has been unusually severe with much cold weather and frost. Pasturage was reported as rather dry during the latter part of July and the first part of August. As late as August 25, camps in the Province of Buenos Aires were reported to be in poor condition. In the southern provinces of the country there has been more rain. The coming clip, for which no reliable estimate is yet available, is expected to be somewhat finer than that of last year and rather burry. Last year the distribution by grades was given as follows, in an article by Pablo Link published in the Anales de la Sociedad Rural Argentina: Coarse crossbreds 40 percent of the total, mostly grown in the Province of Buenos Aires; medium crossbred 20 percent mostly grown in the Province of Buenos Aires; fine crossbred and merino 31 percent of the total, principally from the southern part of the country; and the remaining 8 percent was described as native wool. The distribution as furnished by the Buenos Aires Branch of the First National Bank of Boston was as follows: Coarse crossbred 31 percent; medium crossbred 25 percent; fine crossbred 31 percent; merino 13 percent. There has not been much change in distribution for the past 6 years, but in 1926-27, 40½ percent was designated as coarse crossbred, and in 1925-26, 44½ percent, with correspondingly less medium and fine wool.

Exports for 10 months of the 1932-33 season ended July 31, 1933, aggregated 326,000,000 pounds, an increase of 36 percent above the same period last year, and 15 percent above the 5-year average 1927-28 to 1931-32, when the quantity exported averaged 284,000,000 pounds annually. The quantities taken by the principal countries in 1932-33 with percentages of last year given in parentheses are as follows: United Kingdom 75,799,000 pounds (95.4); France 69,218,000 pounds (147.1); Germany 48,153,000 pounds (132.9); Belgium 40,236,000 pounds (141.8); United States 39,132,000 pounds (307.5), and Italy 38,406,000 pounds (135.4). The United States took 3 times as much as last year, as indicated above and Japan over 3 times as much although the total quantity was considerably smaller, i. e. only about 4,000,000 pounds.

Uruguay

During the past winter months in Uruguay (June-August) the weather conditions were drier than last year. Pasturage was reported as damaged by drought and frost especially during the early part of the winter.

Entries of sheep and lambs at the North Stock Markets (Tablada Norte), Montevideo for the first 6 months of the year aggregated 561,000 compared with 379,000 for the same period of 1932, 616,000 in 1931 and 941,000 in 1930, when receipts for that period were heavier than for any other year for which records have been kept, i. e. 1921 to date. Lambs constituted 66 percent of the total compared with 76 percent last year.

Exports of wool for the 11 months of the 1932-33 season ended July 31, 1933 reached 114,000,000 pounds, an increase of 32 percent above 1931-32, but 12 percent below the 5-year average 1927-28 to 1931-32. The quantities taken by the principal importing countries and the United States are as follows with percentages of last year given in parentheses. Germany 28,761,000 pounds (120.3); England 23,596,000 pounds (121.0); Italy 21,021,000 pounds (145.0); France 15,847,000 pounds (117.3). The quantity taken by the United States, while small was almost 5 times as great as that taken last year.

Union of South Africa

The prolonged drought now appears to have been definitely broken. Losses of all kinds of stock, including sheep, have been heavy due to lack of grazing caused by the severe drought and also to the recent cold, wet weather in some parts of the Union. The past winter is reported to have been one of the coldest in recent years, and as a consequence shearing has been somewhat retarded.

The coming wool clip is now unofficially estimated at about 280,000,000 pounds, compared with the revised estimate of 315,000,000 pounds for 1932-33 and 306,000,000 pounds in 1931-32. There was an increase of about 18,000,000 pounds in receipts at ports during 1932-33 compared with the preceding season. This increase is partly accounted for by an increase in production and partly by old stocks held on farms during previous seasons, according to the South African Department of

Agriculture. Owing to the improved marketing conditions during the 1932-33 season it seems safe to assume that stocks at ports at the end of the 1932-33 season, i. e. on June 30, 1933, represent the position as regards carry-over fairly well. At that time there were only 5,000,000 pounds of unsold wool on hand as compared with 17,000,000 pounds a year earlier.

Figures on exports by months show that most of the increase in 1932-33 above the preceding season occurred during the first 7 months of the season, from July to January 31. During the last 5 months of the season exports were lower than they were for the same months last season. Exports of grease wool for the season reached 320,193,000 pounds, an increase of 11 percent above the preceding season. The destination of shipments of grease wool by principal importing countries with the percentage of the preceding season given in parentheses was as follows: France 96,695,000 pounds (142.0); United Kingdom 74,608,000 pounds (78.9); Germany 60,661,000 pounds (111.6); Belgium 38,393,000 pounds (146.2); Italy 32,835,000 pounds (105.2). The United States took only 572,000 pounds which was only about one-third of last season's imports of Union wool. Scoured wool exports for the season amounted to 6,455,000 pounds, an increase of 36 percent above 1931-32.

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