UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
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WOOL-3

THE WORLD WOOL SITUATION
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Wool prices in the United States were steady or slightly higher during the past month. Foreign wool prices have increased more rapidly than have domestic and imports continue light with stocks in bond at a low point. Domestic consumption slackened somewhat in March.

The selling season in the primary markets of the Southern Hemisphere closed with stocks low and with prices near the season's top. The third series of the London Wool Sales opened on May 8 with prices somewhat lower for most qualities than at the close of the second series. Latest reports indicate that pasture conditions in the Southern Hemisphere have improved somewhat.

Domestic Prices Steady or Slightly Higher than a Month Ago

The mill demand for spot fine wools during the past month has been quite generally confined to covering immediate requirements, which have not been of considerable volume, reports Mr. Burrus in charge of the Boston wool office of the Bureau of Agricultural Economics. In the case of the medium qualities, of which stocks are extremely limited, there has been, however, some covering ahead and mills have purchased medium grades of the contracted wools to be delivered in July and August. Prices on spot wools have been steady to slightly higher. Speculative buying caused a slight advance on certain lines of fine wools toward the close of the month. Medium grades strengthened steadily with a very small volume of trading because of the limited stocks available for immediate delivery. Activity in foreign wools has been very much restricted during the month. The strength of the demand on woolen wools has diminished but values remained very firm.

Fleeces

A real pinch has been felt on medium grade domestic fleeces during the past month, and in a few cases mills were forced to pay extreme prices because of the urgency of the need and the limited spot wools available. The majority of mills inquiring for the medium grades, however, had their limits set at around the 52-53 cent mark, for wools of average condition, so that in spite of the scarcity of offerings and the few cases of high prices, the

month is closing with only a moderate advance in market prices as compared with the closing of the previous month. Some dealers with small stocks remaining are holding their medium Ohio wools at a higher level than 53 cents with the hope that some mills will require further supplies to cover orders before the new wools come on the market.

A certain amount of interest was shown by mills in the new Fleece wools and several attempts to induce dealers to contract to deliver medium grades in July and August have been reported. The limits at which mills have shown a willingness to contract varied considerably from the current level of quoted prices to several cents below the 50-cent mark. Dealers did not take any of this business, however. Fine Delaine Fleece wools have been very slow with only occasional sales of small quantities. Prices on the finer grades have not changed materially during the month. Clothing Fleeces have strengthened as a result of the demand from dealers for scouring to offer to the woolen trade. Fed lambs' wool from the Fleece sections has been of much less importance than usual in the wool market during the early spring. Prices have been very strong, nearly up to the spot shorn wools of last season's clip, quite contrary to the usual condition.

Territories

The feature of the month in Western grown lines has been the sale of contracts of medium Territories and the sales of the early fine wools from Arizona and Nevada. The latter are largely French combing and clothing wools, although an occasional clip with a fair edge of average Strictly Combing staple is to be found. Prices on the Arizonas started at about the level of the old clip spot wools and tended to advance slightly on all classes. The demand for the Arizonas has been so well sustained that dealers have purchased the wools outright instead of soliciting them on consignment, the consignment of this year's clip being estimated at not over 10 per cent, which is unusually low. The desire of mills to ascertain the working qualities of the new clip from various sections of the country has resulted in a decided preference for the new wools, even when old wools of similar grade and class were available at apparently the same prices. This has drawn the attention of mills to the Nevada wools that are beginning to arrive. There was, however, quite a general activity on all lines of spot wools in sample lots.

Fine wool prices have failed to share the upward trend of the prices on medium grades and members of the wool trade have been calculating from that disparity of prices that a swing in cloth demand, sooner or later, would result in better prices on fine wools.

Medium grades of spot wools made further advances in prices during the month. The shortage of spot wools of 56s, 48s, and 50s grades has stimulated mills to place orders for wools of these qualities t be graded out of the contracted wools and delivered as soon as available. The prices at which the contracted wools were sold are very difficult to estimate because the wools are not yet shorn and the shrinkage is therefore a very uncertain factor. The concensus of opinion based on average shrinkages of previous years is that the early sales of Territory 48s, 50s were in the range 92-95 cents, scoured basis. Prices advanced to around 97 and 98 cents, at which level a fair volume was sold, but the business has fallen off.

Greasy clothing wools of all grades out of the Western grown lines have advanced as a result of the steady demand from woolen mills which reduced the stocks of scoured wools in the hands of dealers. Prices on all grades rose when the dealers entered the market for greasy wools to scour and replenish their stocks.

Foreign wools

The activity in foreign wools for combing purposes has been much restricted. There was a spurt on Australian 64s combing and 64s, 70s, good average wools, which were available at $1.00-1.03, scoured basis, in bond. During the latter part of the month these wools were very slow. New Zealand wools of 48s, 50s and 46s, 48s grades were fairly strong for a short period with the demand sufficient to effect a rise in prices of spot stock. Replacement values on foreign wools are very difficult to obtain and the overwhelming majority of bids made are considerably lower. Foreign offerings have diminished as a result of the lack of demand from domestic manufacturers and the approaching close of the season in foreign primary markets.

Woolen wools

The woolen wools situation changed from a fairly active demand on the part of both mills and dealers to a slow, spotty business as the month closed. Early in the month demand began to slacken as mills restricted purchases to immediate requirements. Prices, however, have remained firm because dealers' stocks are believed to be much restricted and to be held in strong hands. Dealers found difficulty in replacing stocks of scoured domestic wools. Medium pulled wools remained strong. A fairly large volume was lifted from the market late in March. Pullers have continued to receive a steady demand for their production of the medium grades. The finer pulled wools are not in quite as strong a position as the medium grades, but the stocks are not large enough to be alarming and the recent interest in the fine wools of French combing and clothing length caused holders of fine pulled wools to increase slightly their asking prices. The demand for noils was fair.

Tops

Top market conditions were very unsatisfactory during the past month. The volume of business dropped off very materially and spinners have been bidding several cents below topmakers' quotations. On the 64s and 60s tops, some success was apparently attained, but for medium wools there was no evidence of any weakening in quotations. Although business has been restricted, the strength of medium grade domestic wools and foreign crossbreds has left no alternative to the topmaker than to reject all low bids. The outlook on tops, especially of the finer grades, is very unsettled, states Mr. Burrus.

Domestic Prices Continue to Lag Behind Foreign Prices

With the foreign prices above the domestic level, imports have fallen off and stocks of foreign wool are low. The increasing disparity between domestic and foreign wool is shown by the following table of comparable grades at Boston. The increase in foreign wool prices has been at a more rapid rate than that of domestic.

WOOL: Prices of Australian and Territory at Boston

Item	March 1926	March 1927	March 1928
	Dollars per lb.	Dollars per lb.	Dollars per lb.
Australian Geelong 56s scoured a/	1.02	.99	1.17
Territory 3/8 Blood scoured	.93	.88	1.02
	Per cent	Per cent	Per cent
Ratio Australian to Territory	110	113	115

Compiled by the Division of Statistical and Historical Research from weekly quotations of the Boston Commercial Bulletin.
a/ Duty of 31 cents per pound added to prices of wool in bond at Boston.

WOOL: Prices at Boston

Grade	1927 April 23	1928 February 25	1928 March 24	1928 April 21
	Dollars	Dollars	Dollars	Dollars
64s, 70s, 80s (fine) Strictly Combing				
Ohio and similar grease ..	.44- .45	.49- .50	.49- .50	.49- .50
Fleece scoured	1.05-1.10	1.17-1.22	1.17-1.22	1.17-1.22
Territory scoured	1.05-1.10	1.15-1.18	1.15-1.18	1.15-1.20
56s (3/8 blood) Strictly Combing				
Ohio and similar grease ..	.43- .44	.52	.52	.52- .53
Fleece scoured	.78- .83	.95- .98	.95- .98	.97-1.03
Territory scoured	.87- .91	.97-1.02	.97-1.02	1.03-1.08
46s (low 1/4 blood) Strictly Combing				
Ohio and similar grease ..	.38- .39	.45- .47	.45- .47	.45- .47
Fleece scoured	.68- .72	.75- .80	.77- .82	.77- .82
Territory scoured	.68- .72	.77- .82	.80- .85	.80- .85

Compiled from weekly reports of the Boston office of the Bureau of Agricultural Economics.

PRICES: Wool, wool yarn and piece goods

Date	Women's dress goods French serge 39" at mills	Worsted yarn 2/32's cross-bred stock	Suiting unfinished worsted 13 oz. at mills	Wool at Boston Territory, Fine staple, Scoured	Wool at Boston 56's 3/8 blood Territory Combing, Scoured
	Dollars per yard	Dollars per pound	Dollars per yard	Dollars per pound	Dollars per pound
1926					
February	1.05	1.55	2.09	1.26	.99
1927					
February	1.00	1.38	1.91	1.09	.90
1928					
February	1.00	1.50	1.95	1.20	.99

From "Survey of Current Business" and "Crops and Markets".

Some Decline in Domestic Manufacturing Industries

Total consumption of wool (not including carpet) by mills reporting to the Bureau of the Census amounted to 33,955,000 pounds (grease equivalent) in March 1928, against 36,305,000 in February 1928, 40,569,000 in March 1927, and 37,477,000 for the March average 1923-27. The average daily consumption in March this year was 1,386,000 pounds compared with 1,650,000 in February and 1,623,000 in March 1927.

The index of employment in the wool manufacturing industry (weaving mills included) was 75.4 and of pay-roll totals 72.1 as compared with 82.1 and 80.7 respectively, for March 1927, according to the Bureau of Labor Statistics. The decline is 9 per cent for employment and 11 per cent for pay-roll totals. Machinery activity in the spinning and weaving industries in March was below March of last year and year before last, except woolen spindles which were more active than in March 1926. The trend of activity in woolen spindles from February to March was downward, which is contrary to the movement in past years.

Imports Continue Light

Imports of combing and clothing wool in March showed the usual advance over February but continued low relative to previous years, being 18,169,000 pounds, as compared with 22,074,000 for March 1927, and 28,600,000 pounds for March average during the five years 1923-27. Imports of combing and clothing wool entered through the United States Customs at Boston, New York and Philadelphia from the period April 1-21 were 8,568,000 pounds as compared with 12,096,000 pounds, and 19,648,000 for the corresponding periods in 1927 and 1926.

Foreign Wool Stocks in Bond a/

End of	At Boston	Total United States
	1,000 pounds	1,000 pounds
February, 1926	49,855	87,441
February, 1927	31,651	78,692
February, 1928	18,117	54,440
March, 1926	64,650	105,758
March, 1927	37,990	79,555
March, 1928	26,103	(not yet available)

Boston stocks from weekly reports of the Boston Office of the Bureau of Agricultural Economics. Total United States stocks from "Monthly Summary of Foreign Commerce of the United States," Department of Commerce.
a/ Carpet wool not included.

Prices decline at London Wool Sales

The third series of the London Wool Sales opened on May 8 with competition only fair and prices somewhat lower than at the close of the preceding series, according to a cable received by the Foreign Service of the Bureau of Agricultural Economics from Agricultural Commissioner Foley at London. As compared with the closing rates of the second series, the decline was about par to 5 per cent for fine crossbreds and par to 5 per cent for capes. Slipes declined 5 per cent for fine qualities, 10 per cent for medium and 5 per cent for low. Medium and low crossbreds remained firm. There was little business in tops at Bradford for the week ended May 4, and prices fell about one cent for medium grades, while merinos were unchanged, according to a cablegram from Consul Thompson. Spinners' output showed a reduction on account of a falling in new orders and uncertainty as to the wool market in the next month or two. Yarn prices showed little change and shipments were maintained.

LONDON WOOL SALES: Quantities offered and sold

Item	Second Series 1927 March 15-April 1	First Series 1928 Jan. 17-Feb. 1	Second Series 1928 March 13-29
	Bales	Bales	Bales
Quantity offered	165,020	109,110	128,756
Quantity sold	145,000	92,500	109,000
British Trade	62,500	38,000	45,000
Continent	78,500	52,000	60,000
United States	4,000	2,500	4,000
Average daily offerings	11,800	9,100	10,730
Per cent quantity sold to	Per cent	Per cent	Per cent
quantity offered	87.8	84.8	84.6

Source: Du Croz, Doxat and Company, and Chas. Balme and Company.

Exports of wool tops, yarn and cloth from the United Kingdom during March were all higher than for February except worsted cloth. The weighted index of exports of wool semi-manufactures and goods for March was 103.8, for February 95.5, and for March 1927, 95.5 (base monthly average 1927).

WOOL MANUFACTURES: Exports from the United Kingdom

Item	March 1927	February 1928	March 1928
Tops, 1,000 pounds	4,554	3,115	3,840
Woolen yarn, carded, 1,000 pounds	528	465	658
Worsted yarn, combed, 1,000 pounds	3,430	3,140	3,576
Woolen cloth, 1,000 sq. yards	10,142	11,508	12,150
Worsted cloth, 1,000 dq. yards	3,133	2,950	2,969
Index of combined exports a/	95.5	94.9	103.8

Source: "Trade and Navigation of the United Kingdom."

a/ The index number is a measure of physical volume of exports of all the above classes of manufactures. Monthly average 1927 = 100. Values in 1927 are used as weights.

Improved Pasture Conditions Abroad

It is too early to make any estimate for this year's world clip, but it appears likely that in the Northern Hemisphere there will be increased clips in the important wool producing countries, judging from sheep numbers and numbers of breeding ewes. Conditions in the Southern Hemisphere, where the clips suffered severely from drought last season, appear to be improving. This refers to the clip sheared in the spring of 1928 in the Northern Hemisphere and in the last few months of the same year in the Southern Hemisphere.

Australia

Attention is already being paid to the probable volume of the forthcoming Australian clip and according to the first estimate to hand from the Commonwealth, the production is likely to equal that of 1927-28 which is estimated to be below the record clip of 1926-27, states the Yorkshire Observer of March 20, 1928. A reduction in sheep numbers may be offset by improved pasture conditions.

The number of sheep in Australia at present is estimated at about 94,000,000 by the Australian Mercantile Land and Finance Company, as against the preliminary official estimate of 103,000,000 on January 1, 1927. A preliminary official estimate for New South Wales places the sheep numbers in that state on January 1, 1928 at 48,000,000 compared with approximately 55,000,000 on June 30, 1927, and 54,000,000 on January 1, 1927, according to Consul General Arthur Garrels. It is estimated that the sheep loss is about 5,500,000 compared with 1926. This indicates a much heavier loss than was generally expected. It is possible, however, that more than 2,000,000 of the difference is accounted for by sheep grazing on rented land in Victoria and in Queensland. Returns state that approximately 5,200,000 lambs were slaughtered during 1927. It is also pointed out that while there has been a decline in the number for the year, there has been a general increase in sheep in New South Wales of 10,000,000 since 1923. In South Australia, according to official figures, the number of sheep on January 1, 1928 is estimated at 7,443,000, an increase of 116,000 over the previous year in spite of the worst drought since 1902. Wool production for the 1927-28 season is estimated at 76,200,000 pounds against 72,365,000 pounds in 1926-27. The average weight of a fleece in 1927-28 was estimated at 8.4 pounds against 8.7 in 1926-27.

The loss in sheep numbers, however, may be balanced by better pastoral conditions. Good rainfalls during the middle of February proved beneficial to pastoral properties, states the Yorkshire Observer. However, a portion of the Queensland drought area still awaits the monsoonal rains. The summer rains (December, January, February) in New South Wales have been so plentiful and seem to be occurring with such regularity that the opinion is held by the majority of southern grazers that they are in for an exceptionally good year, states The Queenslander. Victoria has also had general rains which have made a great change in the position, according to the Pastoral Review. Drought has been definitely broken in South Australia where it was the worst since 1902. Pastoralists there are now looking forward to a lambing season assured of abundant feed and water.

Argentina

Although conditions of pasture in general in Argentina were reported as good the last of March, there seems to have been no marked improvement in the southern part of Buenos Aires which was affected by drought last year. This is a heavy sheep and wool producing area. Sheep numbers in this province, which according to the December 1922 national census supported 37 per cent of the sheep in Argentina, were estimated at 12,550,000 in June 1927 by the provincial authorities compared with 12,497,000 in 1925 and 14,800,000 in 1923.

Union of South Africa

In the Union of South Africa the position of livestock was greatly improved by rains in January though in many districts in the Cape Province stock was suffering severely from lack of water.

New Zealand

The dry conditions in New Zealand have now been alleviated to a great extent, according to the New Zealand Dairyman of March 20, 1928. In the Southern Hawkes Bay District, an important sheep region, the drought was broken in February. The brown appearance of the pastures has been replaced by a green tinge which gives promise of a good autumn (March, April, May) growth. In the Gisborne District there was a heavy downpour of rain and the drought appears to have been thoroughly broken. Rain has also fallen in Marlborough province after the driest season on record while in Auckland the appearance of pastures is much improved.

Canada

Sheep shearing has commenced in eastern Canada, according to the bulletin of the Canadian Co-operative Wool Growers Association. The new wool is reported as showing up very clean and bright. The bulk of the clip in eastern Canada will be shorn from the middle of May to the first of July with most of the western shearing taking place between June 1 and July 20.

Receipts, stocks and disposals in primary markets

The 1927-28 wool marketing season in the principal primary markets has been generally characterized by smaller receipts into store, heavier and earlier disposals and by small stocks remaining on hand as indicated in the table on the following page. In Australia receipts into store from October 1 up to March 31 showed a decrease in weight of 8 per cent from the same period last year. The decrease in bales is 3 per cent. Disposals up to February 28, 1928, the latest date available, showed an increase of 1 per cent over 1926-27 while stocks on hand on February 28, 1928 were 48 per cent less than on February 28, 1927. The excellent clearances at the wool sales throughout the season have left very little to be disposed of and practically none will be carried over, according to Reuthers Trade Service, April 10, 1928.

In Argentina receipts at the Cebtral Produce Market, Buenos Aires, from July 1, 1927 to March 22, 1928 were 14 per cent less than at the same time last season. Shipments for the season October 1 to March 22 showed an increase of 2 per cent while stocks at the Central Produce Market on March 22, 1928 showed a decrease of 8 per cent over the same date last year. Stocks in warehouses at Montevideo, Uruguay, were reported in March to be rapidly diminishing, with little remaining to be forwarded from the interior. In the Union of South Africa the long wool season was over by the end of March, according to the Board of Trade Journal, London, of March 29, 1928, and early arrivals of short wools were meeting with keen demand.

WOOL: Receipts, disposals, stocks in certain primary markets

Country and Item	Pounds
Australia: a/	
Receipts from October 1 up to-	
March 31, 1928	702,576,000
Same period 1927	759,753,526
Receipts from October 1 up to February 28, 1928.	683,000,000
Same period 1927	741,000,000
Disposals up to-	
February 28, 1928	604,258,200
Same period 1927	596,808,646
Stocks on February 28, 1928	79,070,000
Same date 1927	144,672,668
Argentina:	
Receipts at Central Produce Market, Buenos Aires	
from July 1 to March 22, 1928	77,705,536
Same period 1927	90,049,092
Shipments from October 1 to March 22, 1928	187,085,336
Same period 1927	183,272,994
Stocks on hand at Central Produce Market	
March 22, 1928	3,256,194
Same date 1927	3,540,588
Uruguay:	
Deliveries at Montevideo, October 1 to February	
1, 1928	119,346,574
Same period 1927	94,794,000
Shipments from October 1 to-	
March 22, 1928	103,783,040
Same period 1927	82,877,632
Stocks:	
Remarks: February 4-	
Stocks in warehouse rapidly diminishing and very little remains to be forwarded from the interior.	

Sources: Australia- Receipts - Australian Council of Wool Selling Brokers. Cable to United States Department of Commerce from Trade Commissioner E. C. Squire, April 19, 1928. Disposals and stocks- Mallets Weekly Wool Chart, Feb. 16, 1928. Argentina- Review of the River Plate, March 23, 1928. Uruguay- Receipts and stocks - Bank of London and South America, Limited, Monthly Circular March 1928. Shipments - Review of the River Plate, March 23, 1928.

a/ In converting bales to pounds have used average weight per bale as furnished by the National Council of Wool Selling Brokers of Australia, i.e. 306 pounds for 1927-28 and 322 for 1926-27.

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