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WORLD WOOL PROSPECTS

Summary

Shearing of the 1935 domestic clip is now under way in the Western States and large offerings of this wool will soon be available. Prospects still indicate that the clip will be smaller than for any of the past 4 years and may not differ greatly from that of 1929 when production of shorn wool amounted to 328,000,000 pounds.

As a result of the great improvement in domestic mill consumption thus far in 1935 and the marked increase in sales of wool on the Boston market since the latter part of February, prospects for the marketing of the new clip are now much more favorable than had been expected earlier. However, dealers are still carrying relatively large stocks of old clip wool and the recent improvement in demand conditions may not be fully reflected in the domestic price situation until the movement of the new clip is further advanced. Prices of domestic wool continued somewhat irregular in March and April and slight declines have been reported on most grades of territory wool at Boston in recent weeks.

The present low prices of wool in this country should reduce the use of wool substitutes and recovered wool and increase the consumption of raw wool. The large government contracts recently awarded will also provide an outlet for a considerable quantity of raw wool. Mills are reported to have sufficient orders to maintain production at a fairly high rate through the first half of the year and total mill consumption for 1935 will probably show a considerable increase over the unusually small consumption in 1934.

Stocks of apparel class wool reported by dealers, topmakers, and manufacturers on March 30 were 134,455,000 pounds, scoured basis, compared with 170,004,000 pounds reported on December 31, 1934. The Bureau of the Census states that these figures cover practically all important holders of raw wool except growers. Comparable figures are not available for earlier years but on the basis of incomplete figures reported up to 1930, stocks held on March 30 were believed to be relatively large for this season of the year.

The current wool marketing season in foreign countries has been characterized by a slow movement of wool from producing centers. Consequently stocks of wool in Southern Hemisphere countries are relatively large. Stocks of wool in the United Kingdom and in European consuming centers on the other hand, are believed to be relatively low.

The excellent demand from English buyers at the last series of sales in London and active competition by England, France and Japan at recent sales in Australia seem to confirm reports of small stocks in foreign consuming countries. Wool prices in foreign markets have advanced since the middle of March, particularly for merino wools. Since the exchange rate of the English pound in April has been slightly higher than in March the recent advance in foreign wool prices has been fully reflected when such prices are converted to United States currency.

Monthly average prices for fine and medium grades of wool at Boston and London, January 1921 to March 1935 are shown in the figures at the end of this release. The difficulties involved in selecting quotations for a comparison of foreign and domestic wool prices are discussed on pages 6 and 8.

United States

Shearing of the 1935 clip is now under way in the Western States and large offerings of this wool will soon be available. Present prospects indicate that the clip will be smaller than for any of the past 4 years and may not differ greatly from that of 1929 when production of shorn wool amounted to 328,000,000 pounds. Shorn wool production reached the record of 372,000,000 pounds in 1931 and was estimated at 358,000,000 pounds in 1934.

As a result of the great improvement in domestic mill consumption thus far in 1935 and the marked increase in sales of wool on the Boston market since the latter part of February prospects for the marketing of the new clip are now much more favorable than had been expected earlier. However, dealers are still carrying large stocks of old clip wool and the strengthening effect of the improvement in demand conditions may not be fully reflected in domestic wool prices until the movement of the new clip is further advanced.

The United States average farm price of wool on March 15 was 17.4 cents a pound compared with 18.1 cents on February 15 and the high for 1934 of 26.9 cents on March 15. Prices of most wools on the Boston market were firm during March but a slight decline in the volume of trading from the high levels of early March brought some easing in prices in that market in April. R. L. Burrus of the Boston office of the Bureau of Agricultural Economics reports however, that trading is being very well maintained for this season of the year.

Trading during the past month has centered largely around particular groups of wools with average and short fine territory wools getting a large part of the demand. Bulk average French combing 64s and finer territory wools in original bags sold at 57-59 cents scoured basis in the early part of April and short French combing and clothing lines mostly at 55-57 cents scoured basis. Strictly combing 64s and finer territory graded wools were held at 65-67 cents scoured basis through the first half of April but no large quantities of these lines were sold. Graded clothing lines of 64s and finer territory wools sold at 55-58 cents scoured basis. Half blood (58s, 60s) territory wools have been firm at 61-63 cents scoured basis for French combing. The supply of this grade is not burdensome. Demand for medium territory wools continues slow. Prices for strictly combing 56s declined to 53-55 cents a pound the middle of April and 48s, 50s, (1/4 blood) to 48-50 cents.

Demand has been fairly good on average and short staple Texas wools. Average 12-month Texas wools sold at 60-63 cents, scoured basis, and 8 months wools at 55-58 cents scoured basis. Fairly large quantities of fall wools have been sold at 50-52 cents scoured basis, in greasy condition and 54-56 cents for scoured lines.

Fine grades of Ohio and similar fleece wools have moved rather slowly in recent weeks but prices have remained firm because of the comparatively limited supply in the market. Fine Ohio Delaine (64s and finer strictly combing) sold at 65-68 cents scoured basis and strictly combing 58s, 60s, at 60-62 cents. Medium grades of bright and semi-bright fleeces have been in great demand in the past month and although prices have eased somewhat, the decline has been moderate. Strictly combing 56s sold at 49-52 cents, scoured basis, the middle of April, 48s, 50s, at 40-43 cents and 46s, at 36-38 cents.

Wools for manufacture by the woolen system were selling quite freely in the latter part of March and in April. Besides the business on scoured Fall Texas Wools there was a fair demand for scoured lines of other shorn wools. Prices of scoured pulled wools, especially of medium grades showed a strengthening tendency. Prices of noils declined slightly as a result of slower demand and heavier production from increased combing of wool tops.

Business in wool tops has been somewhat irregular although fair on the whole. Average 64s, in oil sold at 80-83 cents the early part of April. Tops of 60s, quality sold at 80 cents, choice 56s, at 68-72 cents, ordinary 56s, at 63-67 cents and 50s, at 55-58 cents. Deliveries of tops against old contracts are very heavy and deliveries have recently been running ahead of production with a number of concerns.

Mill activity in the domestic wool industry has been maintained at a fairly high level in recent months. The Bureau of the Census reports that the weekly average consumption of apparel class wool in the 4 weeks ended February 23 was 8,444,000 pounds of shorn wool, grease shorn basis and 1,848,000 pounds of pulled wool, grease pulled basis. While the rate of consumption in February showed a decline compared with the exceptionally high consumption in January it remained above that of November and December 1934. Total consumption of apparel class wool reported from July 1934 to February 1935 inclusive, was 214,202,000 pounds of shorn wool, grease shorn basis and 43,450,000 pounds of pulled wool, grease pulled basis. Consumption was at a very low level during the first 3 months of this period.

The long period of low manufacturing activity in the domestic wool industry in 1934 was not accompanied by a corresponding decline in consumer purchases and stocks of semi-manufactures and finished products were reported to be very low in the fall of 1934. The present low prices of wool should reduce the use of wool substitutes and recovered wool and increase the consumption of raw wool. The large government contracts recently awarded will also provide an outlet for a considerable quantity of raw wool. Private trade reports indicate that the present high rate of manufacturing activity may continue through the first half of the year at least and total mill consumption for 1935 will probably show a considerable increase over that of 1934.

Stocks of apparel class wool, exclusive of all wool on farms reported to the Bureau of the Census as of March 30 were 134,455,000 pounds, scoured basis compared with 170,004,000 pounds reported on December 31. In addition, dealers manufacturers and topmakers held 19,197,000 pounds of tops and 10,175,000 pounds of noils (apparel class) on March 30 compared with 27,442,000 pounds of tops and 10,942,000 pounds of noils reported on December 31, 1934. Manufacturers' stocks of tops were greatly reduced in the first quarter of this year and topmakers also reported much smaller stocks on March 30 than at the close of 1934. These statistics are believed to include 96 to 97 percent of the total wool stocks held by all dealers, topmakers and manufacturers. Comparable figures are not available prior to June 1934 but on the basis of incomplete figures reported for earlier years, up to 1930, stocks held on March 30 were believed to be relatively large for this season of the year. The following table shows stocks reported from June 30, 1934 to March 30,1935 classified by holders. The statistics for raw wool have been converted to a scoured basis.

Stocks of raw wool, top and noil held by dealers, topmakers and manufacturers in the United States, scoured basis 1/, 1934 and 1935

Stocks	June 30, 1934	Sept 29, 1934	Dec. 31, 1934	Mar. 30, 1935
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Apparel class 2/:				
Raw wool, total..............	176,292	192,345	170,004	134,455
Dealers 3/..........	118,329	142,090	121,030	83,287
Manufacturers and topmakers............	57,963	50,255	48,974	51,168
Top total.................	31,348	30,165	27,442	19,197
Dealers	987	1,176	829	812
Topmakers	7,775	7,202	5,429	3,574
Manufacturers	22,586	21,437	21,034	14,786
Top exchange	---	350	150	25
Noil total................	14,913	11,440	10,942	10,175
Carpet class 4/:				
Total, including tops and noils..................	5/	5/	5/	28,419
Dealers	5/	5/	5/	5,502
Manufacturers	5/	5/	5/	22,917

Compiled from Bureau of the Census Quarterly Wool Stock Report, March 30, 1935. March statistics believed to include over 97 percent of the total held by all dealers, topmakers, and manufacturers; December, 96 percent; September, 97 percent; June, 96 percent.

1/ Formerly "clean equivalent". Data not available for showing wool stocks on a "grease basis" as per current consumption reports. On the "grease equivalent" basis formerly used, the total stock of raw wool, including carpet, as of March 30, would be 403,813,000 pounds; of domestic wool 318,347,000 pounds; of foreign wool, excluding carpet, 38,304,000 pounds.

2/ Wools suitable for apparel purposes; formerly "combing and clothing".

3/ Includes "Grade Not Stated".

4/ Foreign wools such as Donskoi, Smyrna, East Indian, Chinese, etc., particularly suitable for floor coverings.

5/ Not available on scoured basis.

Imports of wool remain small and in view of the ample supplies of domestic wool available no material increase in imports of apparel class wool is to be expected in 1935. Imports for consumption in the first 3 months of the year were 5,307,000 pounds of combing and clothing wool (apparel class) and 28,878,000 pounds of carpet wool. Imports in the first quarter of 1934 were 10,381,000 pounds of combing and clothing wool and 28,159,000 pounds of carpet wool.

Domestic and Foreign Wool Price Comparisons and the Tariff on Wool

In any comparison of wool prices it is necessary to recognize that wool is a variable and while grades offer the best basis for reporting a price, in some cases other characteristics of wool exert as much or more influence on price as does the fineness of fiber (grade). Special characteristics noted by H. E. Reed, Marketing Specialist of the Bureau of Agricultural Economics in a study of foreign wool prices made in 1932 are color, handle, age of sheep from which wool is taken and length of time the wool is held before being offered for sale. In addition to these characteristics Mr. Reed reported other factors not directly associated with the wool fiber which influence the price paid for wools of the same grade. Among these may be mentioned the different uses to which wools of the same grade are to be put, the condition in which the wool is offered (greasy, scoured, sliped) and the supply of a particular grade or type available on the market. The following examples of the above influences were taken from Mr. Reed's study.

"Other characteristics of wool being equal, handle and color have the greatest influence at the present time on the price. In the last few years there has been a big demand for wools suitable for the manufacture of knitting yarns. This demand has been accentuated during the present season (1932) by a craze for home knitting. As a result the wools which have those characteristics which peculiarly adapt them to the manufacture of knitting yarns bring more than wools of the same grade which lack such characteristics. Certain wools, Puntas in particular, have a softness, a loft, a lift, or a blubbery handle which makes them very desirable for knitting yarns. One authority puts it this way: 1 pound of Puntas yarn will make 12 articles where 1 pound of New Zealand of the same quality and count will make only 11. Puntas 58s, have been selling in London clean for more than New Zealand 58s because of this handle. An extreme example of the point in question is offered by Shetland Island wools. These wools, in addition to being in very small supply, have a characteristic softness which peculiarly adapts them to the manufacture of fine knitting yarns. Last winter (1932) these wools were selling at 2 shillings and 3 pence (27d) in the grease while wools of similar grade and length but lacking the same softness were bringing 17½d. clean."

"Puntas have a color qualification not found in other wools. The Austrians who led the way in this knitting craze were able to bring out distinctive designs because of the white Punta wools which took brighter dyes than Colonial wools. Old wools, kept in the grease, turn yellow and are discriminated against accordingly, regardless of grade".

"The condition in which wools of the same grade and characteristics are offered influences the price. The same wools offered in a greasy, scoured, sliped or fellmongered state will bring different prices. Should the wool contain vegetable matter to the extent that carbonizing is indicated the clean cost will differ further. In these conditions they are suitable for different uses, and are subject also to the influence of supply and demand factors affecting sections and individual firms. A striking example of this occurred recently (1932) at a London auction when greasy 58s sold for 18d. clean, and some slipe 58s in the same catalogue brought 15d. clean".

"The demand for wools of different types varies. A hobby or demand for specialty productions, the manufacture of which requires wools with peculiar characteristics, accentuates the difference in price paid for wools of the same grade. The supply of such wools also affects the price. English wools, certain 58s in particular, have peculiar felting qualities which make them very much in demand for felting purposes. They are specialties for this purpose, even though they are equal to other wools for other manufacturing purposes. They command a premium over other wools of the same grade and length. Certain Cape wools, because of the manner in which they react to finishing processes, impart a soft cloudy effect. They are much in demand for both woolen and worsted yarns, and sell for more than other wools of the same grade".

Another factor to be considered in comparing foreign and domestic prices is that wools from Australia and New Zealand cannot be compared directly in price with domestic wools of similar grade (fineness) because the former have been skirted in preparing them for market. This consists of removing the stained or coarse neck, belly and leg pieces and the low quality wool of the britch (hindquarters - usually the coarsest wool on the body) from the edges of the fleece. Such preparation at the time of shearing results in fleeces which are much more uniform in quality and causes foreign fleeces to sell for a higher price than domestic fleeces of similar length and grade but not so treated.

The price paid for imported wool may also be influenced by other special circumstances to be mentioned later.

These factors must be considered in comparing foreign and domestic prices with respect to the tariff. The foreign prices used in the Bureau of Agricultural Economics price charts for specified grades are average prices received for the total quantity of greasy, scoured and sliped fleece wools of each grade sold on a particular day or over a specified period at the London sales. The grades used are the United States Official Standards. <u>The price is the clean cost, top and noil in oil, London, and is converted to United States currency at current rate of exchange</u>. When imports are large it is quite probable that these London average prices are fairly representative of prices paid for imported wools before payment of transportation charges and duty, and may be used, within limits, for a comparison of prices of domestic and imported wool. Mr. Reed reports, in this respect, that purchases for the United States are more often of superior lots of a particular grade than they are average and ordinary lots so the average price of wools purchased for export to the United States would probably be slightly higher than the average price of all wool sold in the London market.

The Bureau of Agricultural Economics price charts indicate that during certain periods in 1924, 1927-28 and 1931-33 the spread between average prices in domestic and foreign markets was particularly low. During these periods the United States continued to import wool but in greatly reduced quantities.

When imports decline to relatively small quantities, such imports may consist to a large extent of (1) Wools of special character needed for special purposes as explained in Mr. Reed's report; (2) Spot wool of a particular grade needed to fill out an order at a time when the domestic supply of that grade available in the market in the condition needed is small (an example of this is when the new clip is coming into Boston but grading operations are not yet sufficiently advanced to offer a good selection in a particular grade); (3) Wools purchased abroad for speculation (such wools may be held in bond and reexported or in some cases the speculator may be forced to sell in the United States at a loss). Under such conditions the average prices paid at London in a specified period which are used in the Bureau of Agricultural Economics price charts would not be representative of prices paid for imported wools sold in the United States during that period and cannot be used to determine the effectiveness of the tariff on the particular quality actually being imported at such times.

The Bureau of Agricultural Economics price charts for fine and medium grades of wool at Boston and London are shown at the end of this release. The following table shows prices of representative grades of domestic and imported wool at Boston and of average quality wools at London, by years 1928 to 1934 and by months, 1933 to date.

Wool: Price per pound at Boston and London by years 1928-1934, and by months, 1933-1935

Year and month	Boston 1/ Domestic Territory, strictly combing 64s,70s: 80s	56s	46s	Imported (in bond) Australian Good average: 64s, 70s	Australian Combing 56s	New Zealand super 46s, 48s	London 2/ Average quality 70s	56s	46s
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
1928 av.	116.1	103.6	86.0	1.02	.83	.61	95.3	74.4	47.5
1929 "	98.1	92.3	73.5	.81	.67	.55	72.8	54.7	38.7
1930 "	76.2	63.4	50.8	.56	.43	.35	48.8	32.3	23.8
1931 "	63.1	49.9	37.9	.46	.37	.29	35.6	23.7	15.5
1932 "	47.0	40.4	32.0	.30	.21	.19	26.0	20.2	10.0
1933 av.	67.0	60.8	49.6	45.9	36.1	24.0	42.7	29.8	14.1
Jan.	44.0	38.2	31.5	29.5	23.5	17.5	25.6	20.3	9.8
Feb.	44.0	37.0	30.2	29.5	23.5	17.5	26.0	20.3	9.1
Mar.	45.6	38.3	30.0	29.5	23.5	17.5	25.4	18.7	8.7
Apr.	48.5	41.4	31.9	29.9	24.0	17.5	28.0	20.0	8.9
May	62.4	55.8	44.6	37.9	27.7	18.5	32.6	23.1	10.5
June	70.0	63.2	53.0	44.4	32.2	21.5	38.8	26.9	12.1
July	77.4	70.2	59.0	52.8	40.2	25.5	50.0	32.9	14.9
Aug.	79.1	72.0	59.3	53.8	41.6	26.3	51.1	33.8	15.2
Sept.	81.8	75.9	62.5	58.0	46.6	29.8	53.4	35.0	15.8
Oct.	83.0	77.5	63.5	59.4	49.1	31.5	52.5	35.5	18.0
Nov.	83.8	78.6	64.1	61.2	49.8	31.5	66.0	46.1	22.5
Dec.	85.0	81.5	65.5	64.5	51.0	32.8	62.9	45.3	23.4
1934 av.	81.6	74.2	59.6	62.1	49.6	32.6	54.3	37.2	19.9
Jan.	86.2	81.5	65.5	69.6	56.2	36.0	70.5	51.5	28.7
Feb.	87.0	81.5	64.0	71.0	57.0	36.0	68.1	48.2	25.2
Mar.	87.0	81.5	63.5	71.0	57.0	36.0	69.0	47.2	22.0
Apr.	85.5	79.6	63.1	71.0	57.0	36.0	70.3	46.2	22.3
May	84.7	78.4	60.2	71.0	57.0	35.6	66.5	41.0	20.7
June	84.5	78.0	59.5	68.8	53.5	33.0	54.7	35.8	17.9
July	84.5	78.0	59.5	65.5	50.5	33.0	46.7	32.3	16.3
Aug.	76.0	66.6	56.0	60.6	47.5	32.0	44.8	31.4	17.4
Sept.	76.0	66.0	56.0	51.6	41.8	30.2	40.6	29.7	17.2
Oct.	76.0	66.1	56.0	49.0	39.0	28.5	41.2	27.8	17.5
Nov.	76.0	66.5	56.0	48.0	39.0	28.5	40.0	27.5	16.9
Dec.	76.0	66.5	56.0	48.0	39.5	26.0	39.7	27.3	16.2
1935-									
Jan.	76.0	66.2	56.0	47.5	39.5	26.0	40.8	28.8	16.3
Feb.	71.0	61.0	48.5	45.5	38.8	25.2	38.6	28.4	16.8
Mar.	66.0	56.0	41.0	44.0	38.0	24.5	38.4	24.9	15.1

Division of Statistical and Historical Research. Foreign prices have been converted at prevailing rates of exchange. 1/ Monthly and yearly averages of weekly range quotations from Division of Livestock, Meats and Wool. Prices at Boston are on a scoured basis. Quotations on foreign wools at Boston have been mostly nominal through a large part of the last few years. 2/ Average of quotations for each series of the London wool sales as reported by Agricultural Attache Foley. For months when no sales were held, figures are interpolations of nearest actual prices. Prices at London are on a clean cost basis, top and noil in oil. Mr. Reed reports that about 3 percent must be added to bring these prices to a scoured basis.

United Kingdom

Prices of wool, tops and yarn at Bradford showed a further decline in March. The Weekly Wool Chart (Bradford) index number for raw wool prices in March was 62 (English currency basis, July 1914 = 100) compared with 63 in February and 93 in March 1934. The corresponding index for tops was 68 in March compared with 69 in February and 103 in March 1934. The index for yarns declined 2 points in March to 88 compared with 90 in February and 117 in March 1934.

A decided improvement has been reported from the Bradford market since the middle of March and prices have advanced. Merino wools and semi-manufactures were the first to improve and price increases have been greatest on the finer grades. Quotations for 64s average tops at Bradford were increased from 46.9 cents a pound, (current rate of exchange) on March 15 to 51.5 cents on April 11. In the same period, prices of 2/48s yarns made fro botany 64s top increased from 71.9 cents cents to 76.7 cents. Quotations on 50s crossbred tops and 2/32s carded crossbred yarns remained unchanged until the second week of April when an advance of about 1 cent a pound was reported. Since the exchange rate of the English pound has advanced slightly during April the recent advance in foreign wool prices has been fully reflected in United States currency quotations.

The improved sentiment at Bradford seems to be based chiefly on the good competition and rising prices at Southern Hemisphere sales. New business in the Bradford market was rather slow in the early part of April as buyers were reluctant to pay the higher prices quoted on the basis of increases in raw wool prices in the Southern Hemisphere markets. In the second week of April permits were issued by Germany for substantial purchases of wool commodities, mainly crossbred yarns, for delivery in April and May. This resulted in increased business for Bradford firms.

The heavy purchases by English buyers at Southern Hemisphere sales in the last few months are probably due chiefly to the need to replenish stocks of raw wools. Stocks held by English concerns were further depleted by large sales of wool and tops to Germany in December and in the first month or two of this year. The Imperial Economic Committee of the United Kingdom reports that at the end of February stocks of raw wool in railway and canal depots in Yorkshire which are held to reflect the stocks in the hands of manufacturers were 50 percent less than a year previous and were lower than at any time since stocks were first reported in 1933. It is estimated by the Weekly Wool Chart (Bradford) that during the 12 months ended February 1935 consumption of foreign and colonial wool in the United Kingdom exceeded the net imports by about 135,000,000 pounds.

Net imports of wool into the United Kingdom in the first quarter of 1935 were only 195,000,000 pounds compared with net imports of 250,000,000 pounds in the first quarter of 1934, a decline of 22 percent. The net imports in the first quarter of 1935 were smaller than in any of the 5 previous years, 1930-1934 when net imports for the first quarter averaged about 226,000,000 pounds. Consumption of wool in the first quarter of 1935 was probably not greatly different from that of 1934 and was somewhat larger than in the same period of the 5 previous years.

Exports of wool tops from the United Kingdom were very heavy in the first quarter of 1935 as a result of large purchases by Germany. Exports for the quarter were 17,700,000 pounds compared with 12,400,000 pounds in the first quarter of 1934 and an average of about 10,000,000 pounds for those months in the 5 years 1930-1934. Exports of woolen and worsted tissues showed a seasonal decline in March. Total exports of tissues for the first quarter of 1935 were 29,669,000 square yards, the largest for that period since 1930 when 36,982,000 square yards were exported. Exports of woolen and worsted yarns in the first quarter of 1935 were also above the average for recent years. The large sales of tops and yarns to Germany were made possible by credit agreements between the two countries enacted late in 1934.

The Ministry of Labour reports that 16.1 percent of insured workers in the woolen and worsted industry were registered as unemployed on March 25 compared with 16.3 percent on February 25 and 11.3 percent in March 1934. A slight improvement in activity was reported from the worsted combing and weaving sections but the worsted spinning section reported a decline. Sorting and spinning activity declined in the woolen section.

The Continental European Wool Situation in March 1935 1/

Rising prices, increased buying interest for raw and semi-manufactured products, as well as a slight improvement in the sales of wool fabrics by continental industries in March and early April have brought somewhat increased optimism into the unfavorable February and early March picture of the continental wool textile situation. Although in the continental wool industry, there is considerable uncertainty as to the future outlook - notable because of renewed uncertainty in general economic and currency conditions - the previous months' extensive price declines reduced wool values to a level which may increase consumption.

Occupation in the continental European wool industry has not experienced much change in March, with some possible declines in Italy probably outweighed by improved activity in France. Mill activity at the end of March and early April in all sections of the industry in Belgium was greatly stimulated by the improved flow of business accompanying the devaluation of the Belga.

Stocks of tops in commission combing houses of continental Europe at the end of March were slightly smaller than at the end of February and were much smaller than in March 1934. The decline in March as compared with February was due to declines in France and Italy. Stocks in Germany and Belgium showed a small increase in March. Total stocks of merino tops reported from the four countries amounted to 23,990,000 pounds at the end of March ompared with 24,242,000 pounds in February and 30,108,000 pounds in March 1934. Stocks of crossbred tops were 29,226,000 pounds in March compared with 31,047,000 pounds in February and 34,387,000 pounds in March 1934. Stocks of merino tops in Germany at the end of March were the lowest for that date for over 10 years and stocks of merino tops in France were the lowest since 1927. Stocks of crossbred tops in Germany,

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1/ Conditions in the continental European wool centers were reported by L. V. Steere, Agricultural Attache' at Berlin.

though less than for that date in the 2 previous years, were larger than in the preceding years. Stocks of crossbred tops in France were less than a year ago but were larger than for several preceding years.

France

While early March trading in top, noils and washed wool was relatively quiet in France, an improvement took place around the middle of the month, and the recovery of prices has stimulated factory sales of yarns and fabrics. Very active German demand for top, noils and raw wool was reported during the second half of the month, but was checked on March 27 by a decree of the French Government prohibiting, effective March 29, all exports of raw wool, top, noils, waste and rags - a measure which aroused sharp protests on the part of the French industry and trade. Political and military considerations are given as the main reason for the issuance of this decree, which aims at putting a stop to an alleged extraordinary outflow of important raw materials, notably to Germany. The Comite Central de la Laine and the Chamber of Commerce of Roubaix, in their protests, however, pointed out that German purchases in recent weeks have not been of an extraordinary character, and have claimed that an important export business to other countries also would be made impossible if the decree continued in force in its present form. The industry and trade demand that exceptions at least be made possible.

Mill occupation of the French wool textile industry is said to have improved somewhat, notably in the weaving section, as a result of increased sales and consequent important reductions in stocks of goods.

Belgium

Relatively quiet business was reported from the Belgian market during the first half of March, but a decided improvement took place in the latter half as a result of increased export business, notably in washed and carbonized wool as well as noils and waste. In these export sales, transactions with Germany played an important part.

A very important development during the month of March and early in April was the devaluation by 28 percent of the Belgian currency which resulted in an immediate large-scale improvement of sales by spinners and weavers. The industry is hopeful that the new value of the currency will alleviate some of its particular difficulties as well as the general economic situation in the country.

Italy

There have been tendencies toward increased buying interest for raw wool and top in Italy, but, as for some time past, activity has developed to a much less extent than in other countries. It is said that the regulations imposed by the Government on wool imports have played an important part in holding new import purchases at a rather conservative level. On the other hand, business in noils has continued in fair volume. As a result of an unsatisfactory state of business in the weaving and spinning branches, occupation of the wool industry was reduced somewhat during March.

Germany

Trading in top, noils and washed wool was fairly active throughout the month of March and the beginning of April. Relatively large acquisitions of wool, top, noils and waste were made by Germany in overseas and European countries. Occupation of the industry remained approximately at previous levels, but some decline may be expected in the near future as a result of new regulations in regard to raw material allotments issued by the Supervisory Office for Wool.

This ordinance, dated March 28, 1935, and bearing the number W-14, regulates raw material allotments for the wool industry for the period April 1 to September 30, 1935. It contains, in part, a revision of previous regulations and cancels some of the previous ordinances, namely W-4, W-6, W-8, and W-12. The "actual allotments" of raw material continue to be based upon so-called "basic allotments". Under the new regulations, the application of the latter has been so changed as to restrict consumption for domestic purposes in favor of consumption for export requirements. These changes are as follows: Heretofore the "basic allotment" was reduced by the percentage of the total requirements used for export production in the period January 1, 1933 to March 31, 1934; from now on this reduction will be only half of this percentage. However, the remaining share of the "allotment" (that used for domestic consumption) from now on will be reduced by 50 percent, whereas the previous regulations prescribed a reduction of only 20 percent. As hitherto, the individual groups of the industry are granted "additional allotments" which, together with the modified "basic allotments", form the so-called "normal requirements". (The "additional allotments" are: 20 percent of the "basic allotment" for worsted spinning mills; 25 percent for woolen spinners and wool felt factories, and 30 percent for hatmakers). The stocks on hand on April 1 are deducted from the "normal requirements", a custom already previously in use. However, such quantities of raw material as had been obtained through separately approved compensation deals will not be counted as stocks. Buying permits are granted without restrictions for purposes of immediate re-export and - a provision which is not entirely clear as to details - a 50 percent raw material premium is granted for export orders.

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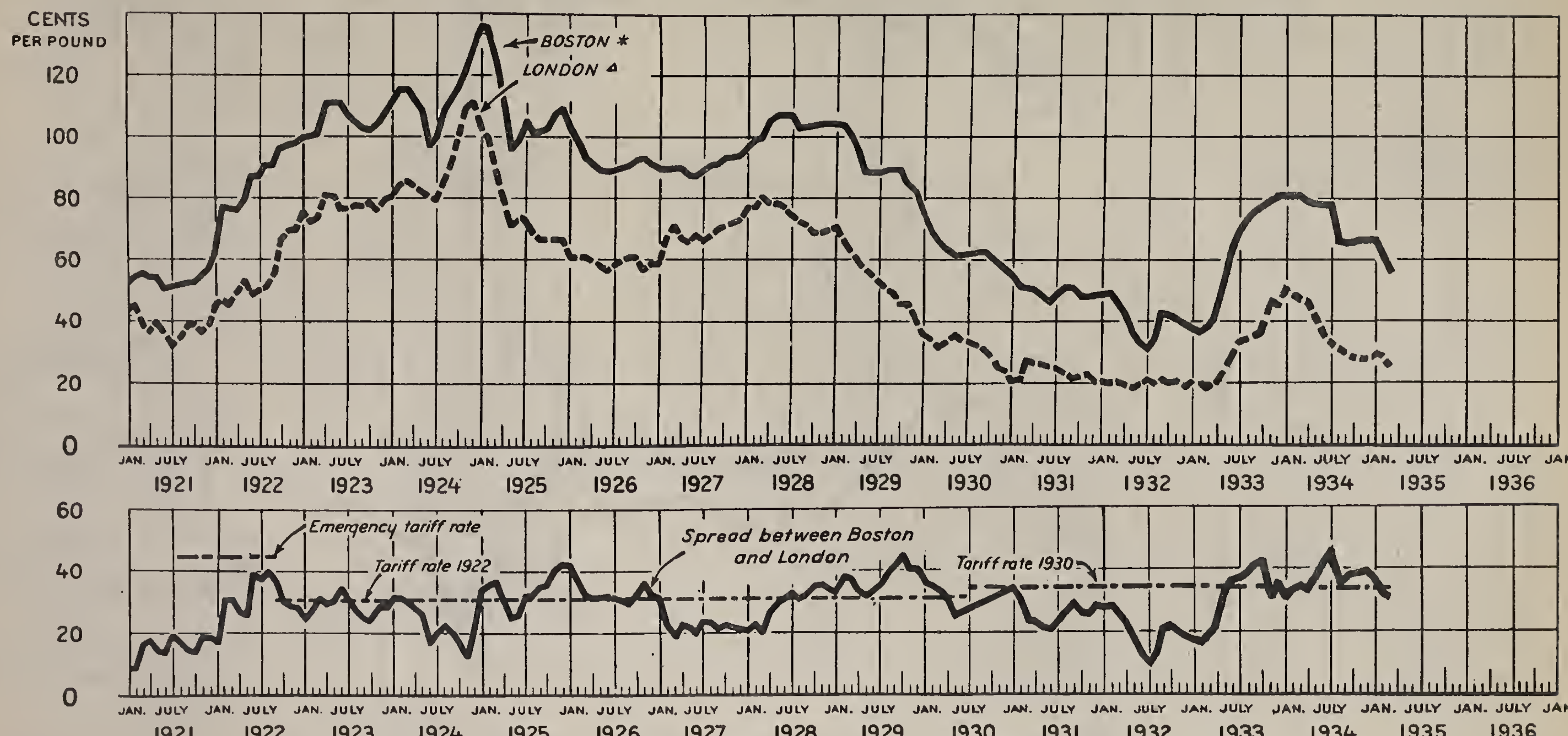
WOOL, MEDIUM, 56S: AVERAGE PRICES AT BOSTON AND LONDON, AND SPREAD BETWEEN THESE PRICES, 1921 TO DATE



* BOSTON-TERRITORY, STRICTLY COMBING, SCOURED BASIS   Δ LONDON-AVERAGE QUALITY, CLEAN COST

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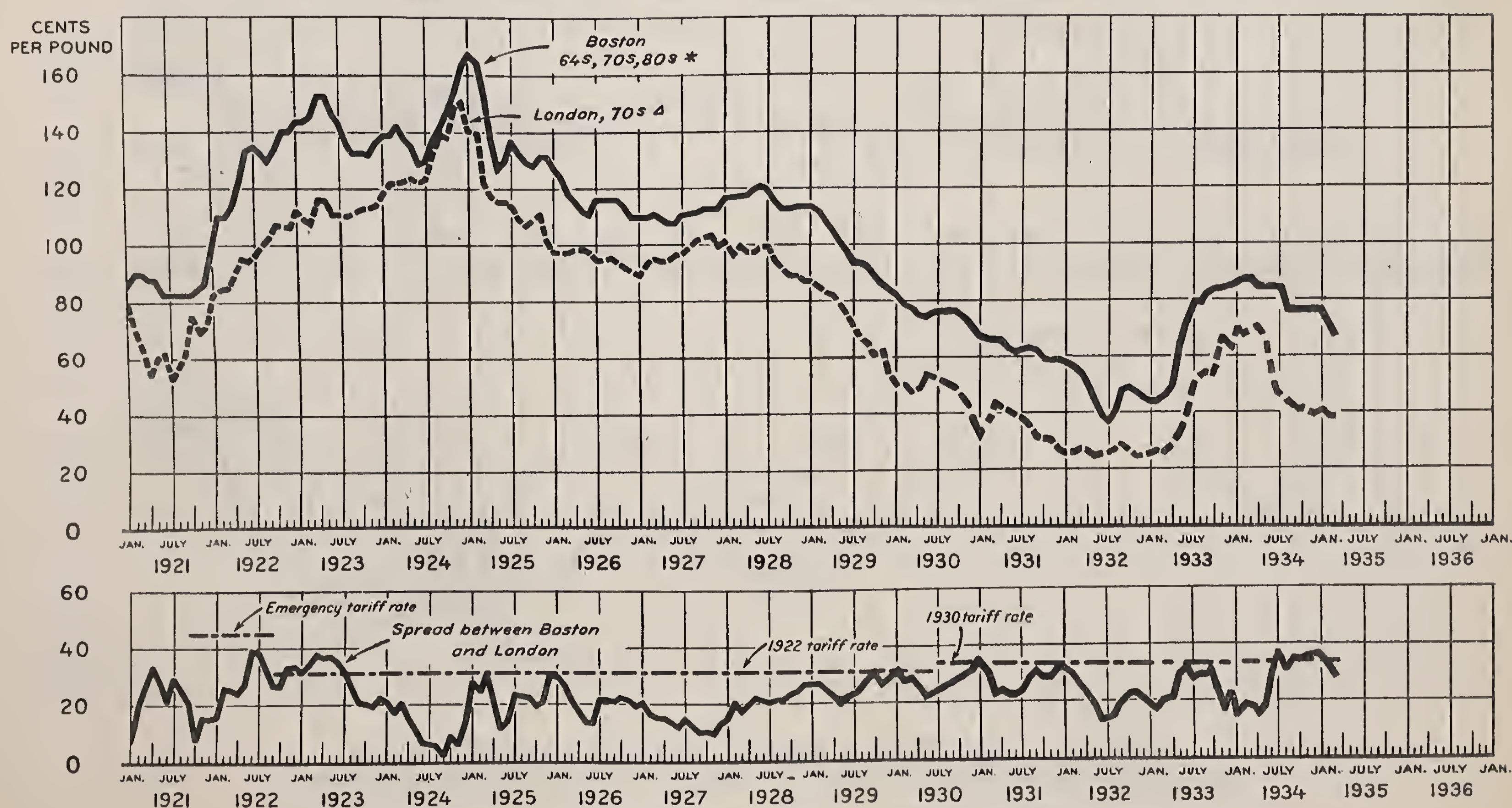
WOOL, FINE: AVERAGE PRICES AT BOSTON AND LONDON, AND SPREAD BETWEEN THESE PRICES, 1921 TO DATE



* BOSTON-TERRITORY, STRICTLY COMBING, SCOURED BASIS   Δ LONDON-AVERAGE QUALITY, CLEAN COST

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