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WORLD WOOL PROSPECTS

Summary

An increase in activity in the Boston wool market during the past month has accompanied a moderate decline in selling prices according to the Bureau of Agricultural Economics. During the previous 2 months wool prices had not reflected the decreased activity. Manufacturing activity has declined from the peak of recent months, but at least part of the decline is seasonal due to the holiday and inventory period and to awaiting further developments in sales of spring lines.

Consumption of combing and clothing wool during the first 10 months of 1932 was only 74 per cent as large as in the same months of 1931. After reaching a peak in September reported consumption declined about 13 per cent in October and a drop of about 5 per cent in employment in the woolen and worsted industry in November indicated a further decline in consumption for that month.

Final figures on imports for 1932 will probably be the smallest in the past 50 years. Imports of combing and clothing wool from January through November were only 14,822,000 pounds, and 36,611,000 pounds of carpet wool were received during that period. Receipts of domestic wool at Boston are 17 per cent smaller than those of 1931.

Prices in Southern Hemisphere markets were generally firm during December. The final sales of the year at London closed December 15. Price changes during the series were small but closing quotations (in English currency) were mostly 5 to $7\frac{1}{2}$ per cent below the close of the previous series in October. Employment in the British wool industry was well maintained

through November. Trading on the Bradford market in December, however, was very quiet as buyers were avoiding commitments until after the year end inventories. Sales and mill activity in continental European wool centers continued fairly satisfactory through November.

The outstanding feature of the current wool marketing season in Southern Hemisphere countries is the increased movement of wool during the period July 1 - November 30 compared with the same period last season. This increase is principally due to earlier marketing of the clip, particularly in Australia and the Union of South Africa, as production is not likely to exceed that of 1931 although no marked decrease is expected in the current clip.

Recent reports point to some reduction in the original Australian estimate for 1932 of 984,000,000 pounds, which would have been an increase of 4 per cent above 1931-32. The revised estimate is expected to be released shortly. A lighter weight per fleece is expected to offset any increase which would have resulted from a greater number being shorn.

Weather and feed conditions continue good in most Southern Hemisphere countries and are improving in parts of the Union of South Africa where dry conditions have existed for some time.

Latest sheep estimates for 1932 show a decrease in the numbers in the Union of South Africa, New Zealand and Uruguay. Spring (August-December) lambing, however, has been reported as good in all Southern Hemisphere countries with the exception of the Union of South Africa.

In the United States sheep and range conditions were much better on December 1 than at the same time last year and were almost up to the 10-year average.

Marketing SituationUnited States

Trading in domestic wool on the Boston market was more active in the month ended December 15 than during the previous month, reports R. L. Burrus of the Boston office of the Bureau of Agricultural Economics. The increased activity, however, was accompanied by a moderate decline in selling prices. During the previous 2 months members of the trade had been inclined to wait out the dull period and prices had not reflected the decreased activity. In late November when it became evident that mill buying was not developing to the extent anticipated, price declines were noted on all grades of domestic wool. The decline, however, has been moderate and gradual due to the resistance by large holders. Asking prices continue irregular as some houses are refusing to sell at current bids. The tone of the market remains moderately optimistic.

Western grown wools of 64s and finer grades and 56s fleeces received most of buyers attention during the early part of December. The bulk of fine 12 month's Texas wools and French combing 64s and finer territory wools sold at 41-43 cents scoured basis in mid-December. Limited quantities of very choice lines brought 44-45 cents scoured basis and occasional sales were reported at 40 cents. The decline in prices of Texas and fine territory wools exerted a pressure on fine Ohio delaines which resulted in lower price levels. Sales were closed toward the middle of December on strictly combing 64s and finer at $18\frac{1}{2}$ - 19 cents in the grease or 46-47 cents scoured basis. The outstanding grade outside of 64s and finer offerings has been 56s fleeces with strictly combing 56s Ohio grease wools moving at $19\frac{1}{2}$ - 20 cents per pound and some houses holding firm for 21 cents.

Foreign wools are very quiet in the Boston market and United States purchases in primary markets are considered much below normal. Scoured clothing wool has moved slowly, prices have declined and purchases are very moderate. Business in noils slackened the early part of December after a spurt of activity which removed most of the late summer and fall accumulation from the market. Prices have remained firm. Prices of wool tops have declined during the past month.

Activity in the wool manufacturing industry of the United States has declined from the peak of recent months due in part to the completion of orders for fall goods. Developments after the first of the year will depend to some extent on the interest shown in new spring lines, which business is reported to be developing much more favorably than a year ago. Consumption of combing and clothing wool reported for the first 10 months of 1932 was 265,000,000 pounds or only 74 per cent as large as that of the same period in 1931. While October consumption showed a decline of about 13 per cent compared with September, it was about equal to that of October 1931 and was almost three times as great as at the low point in May of this year. Consumption of carpet wool increased in October and machinery activity in most sections of the wool industry was greater in October than in September. Preliminary reports for November show a decline of about 5 per cent in employment in the woollen and worsted section with a slight increase in the carpet wool section.

Arrivals of domestic wool at Boston for 11 months of the present year were 208,918,000 pounds or only 83 per cent as large as receipts for the first 11 months of 1931. Receipts will be of small proportions until April or May when shipments of the next clip begin. Final figures on imports of wool for 1932 will probably show the smallest imports of the past 50 years. Imports of combing and clothing wool for the first 11 months of 1932 were only 14,822,000 pounds compared with 33,777,000 pounds in 1931 and 97,697,000 pounds in 1929. Imports of carpet wool from January to November were 36,611,000 pounds. Last year 113,494,000 pounds were imported in the first 11 months and in 1929 imports were 159,269,000 pounds.

United Kingdom

Manufacturers in the English wool industry reported employment to be about average the early part of December, but developments in the Bradford market were said to be disappointing. Prices of tops have shown slight declines but spinners maintain that it is unprofitable to purchase tops on the basis of present yarn contracts. Manufacturers at the present time are generally avoiding commitments until after inventory and the market is quiet.

Consumption of 56s and 58s wools has been fairly well maintained during the month due to a substantial export trade in tops which is being aided by the exchange position, reports H. E. Reed Marketing Specialist at London. Medium and low crossbreds, however, are in smaller demand with easing prices. Yarn prices tend to be lower and deliveries of yarns to the hosiery and dress goods trade have declined. Employment in the woolen and worsted industry was well maintained during November. Figures as of November 1 issued by the Ministry of Labor showed unemployment to be 17.5 per cent compared with 17.2 per cent in October. In November 1931 unemployment was 17.9 per cent. The worsted section reported little change in employment in November as compared with October. While a slight improvement was shown in the sorting and combing sections, activity in the weaving section was slightly lower. The woolen industry reported a decline in all departments.

Wool prices (in British currency) at the close of the final 1932 series at London on November 13 were mostly 5 to 7½ per cent below the close of the previous series in October. On a gold basis, however, reductions were somewhat larger. The clearance at this series was good. Of 135,213 bales cataloged, 111,000 bales of Colonial wool and 6,400 bales of South American and other wools were sold. English buyers took 53,400 bales and the Continent purchased 65,200 bales including 5,200 Punta Arenas.

Continental Europe

The situation in continental European wool markets during November was again characterized by a fairly satisfactory level of sales and mill occupation in all of the important countries, reports L. V. Steere, Agricultural Attache at Berlin. Trading in tops, noils and wool remained at the somewhat reduced level reported for October, but was still of fair volume and was occasionally stimulated by the favorable price opportunities developing from the decline in sterling. Tops for knitting yarn purposes were particularly favored. Prices of representative tops and yarns in France and Germany on December 1 were slightly lower than on November 1. Figures for France as of December 15 showed no further decline.

New sales by worsted weavers and spinners were of a fairly satisfactory volume over most of the Continent with orders from the knitting industry of special importance. Hatmakers were generally active and reported good business. The activity of the spinning and weaving mills, as well as hatmaking plants, remained quite satisfactory although some variations were to be found from one center or one section of the industry to another.

The conditioning of tops in the principal centers of France and Belgium was greater in November than in October. Mazamet reported an increase in the amount of wool conditioned but in other centers the quantities of wool and yarn showed little change or were slightly smaller than in October. Stocks of merino and crossbred tops held by commission combing establishments of Germany the end of November were larger than those held 1 month earlier. In France, Belgium and Italy stocks of tops declined during November.

Developments in the principal European centers during November are summarized by Mr. Steere as follows: Good buying activity was reported in France throughout the month of November for tops, noils and wool, especially for tops used in the manufacture of knitting yarns. Favorable levels of mill activity in both spinning and weaving establishments, coupled with a satisfactory flow of new orders, especially for knitting yarn, gave the situation in France a favorable tone.

Trading in tops was rather quiet in Italy throughout November, but some increase was reported for noils and carded wool. Raw wool purchases by the industry increased somewhat as a result of the favorable buying opportunity developing from the declining sterling rate. Occupation and new business in the industry seem satisfactory, especially among hatmakers.

Trading in tops and noils in Belgium remained rather quiet throughout November, with somewhat increasing interest reported for knitting varieties. The occupation of worsted spinners and of weaving mills, as well as hatmakers, is apparently satisfactory, with new business of fair volume.

Trading in tops, noils and wool also remained rather quiet in Germany during November, although considerable business was reported on individual days. The situation in the industry continued satisfactory, on the whole, although some variation was evident. Thus, for instance, new business and mill activity in the worsted mills were reported very favorable in November, especially in Saxony. Woolen yarn spinners of the West-Rhenish district, on the other hand, indicated that November occupation was still sufficient, but that new orders were on the decline, and that the present status of unfilled orders did not assure maintenance of current activity for more than a few weeks ahead. Reports generally agree on the favorable development of business and mill activity in the hatmaker's section.

A recent report of the German Institute for Economic Research, up to and including October 1932, indicates that the revival in the German wool industry was stimulated originally by the firmness in the raw wool market. It has been especially apparent in the first stages of production, such as worsted spinning mills. Weaving mills, however, also experienced considerable seasonal revival, and all figures available on developments in the industry show that a material improvement has taken place.

The number fully employed in the German wool industry, in per cent of all trade union workers in the industry, increased from 27.7 per cent in August to 38.8 per cent in October.

Southern Hemisphere

Sales for the new season opened in New Zealand at Auckland, December 1. Prices were reported to be a penny to a half-penny (New Zealand currency) below the opening rates of last year. Competition at the sales to date has been good, chiefly by continental countries as Bradford is making few purchases at present. Offerings at the early sales were largely of continental type wool, probably in an effort to take advantage of the present continental interest. Prices were slightly irregular for top making wools or anything other than the very best style wools at the Napier sale on December 6 and considerable wool was withdrawn but at the Wellington and Christchurch sales which followed, the market was firm and withdrawals declined.

The Argentine wool market was generally quiet from the opening of the new season through the middle of November. A moderate interest was shown in fine wools and in fine and medium crossbreds, and, although affected with all classes by the October declines at London, prices of these wools suffered least due to reduced stocks and better demand. Severe price declines occurred on coarse crossbreds and Lincoln wools. A considerable amount of such wools remained unsold from the previous season and with the reduced demand prices have fallen to very low levels. Great Britain is said to be the principal consumer of these lower type wools and purchasing power in that country has been greatly reduced with the decline in the pound sterling.

No unusual developments occurred during the first half of the 1932-33 Australian selling season. Prices, on the whole have been quite firm in Australian currency. On the dollar basis, however, prices have declined with the English pound. Competition during the first half of the season has been more evident from continental sources and less keen from Bradford and Yorkshire than last year reports Agricultural Commissioner Paxton. Japan has also been active for grades suited to her particular needs but her imports have thus far been smaller than those of last season. The competition of France has been particularly noteworthy especially on finer grades of merinos. Japan continues the best bidder for comebacks and fine crossbreds up to 50s while Bradford as in the past is keen on good top making wools of the bulky type 60s - 64s and not too burry. It is Italy, France, Germany and Belgium that create keen bidding for the finer merinos from 66s up, according to Mr. Paxton.

Wool prices in South African centers declined gradually from the beginning of the season to early November but since that time they have been quite firm. While prices are lower than those of last year a fairly high percentage of bids at the auctions have been accepted outright, indicating a willingness on the part of holders to accept the current market prices.

Supply SituationUnited States

The condition of sheep on western ranges is considerably better than it was on December 1 last with better prospects for winter feed this year than last, according to the Western Livestock and Range report. Western ranges generally are well supplied with feed except in a few dry areas such as southeastern Wyoming, western Colorado, western Kansas, Oklahoma and northeastern New Mexico. Feeding of hay was limited except in the higher areas.

Ewe bands are reported to be in better flesh in most of the Western States than they were a year ago. In California where early lambing has already commenced, however, there has been considerable supplemental feeding

of ewe lambs. In Texas conditions are good, sheep being in good flesh and well supplied with feed. Fall shipments of lambs from that State have not been heavy in proportion to the size of the lamb crop. The tendency to hold ewe lambs where finances permit continues. Shipments of old ewes have been limited due to low prices whereas few sales of breeding ewes have been made.

The condition of sheep on December 1 in the 17 Western Range States is reported as 88 per cent of normal compared with 83 per cent on the same date a year ago, and the 10-year average of 91.5 per cent. Range conditions on December 1 were 81 per cent of normal compared with only 73 per cent last year and 82 per cent 2 years ago. The 10-year average is 83 per cent.

Slaughter of sheep and lambs for the first 11 months of 1932 amounted to 16,635,000 head, an increase of about 1 per cent above the same period of 1931, 9 per cent above 1930 and 29 per cent above 1929 for the corresponding period. Lamb feeding so far this year has been less than last.

There was a substantial reduction in the gross income from farm production of wool this year, according to preliminary estimates published in Crops and Markets. The gross income for 1932 is estimated at \$30,000,000 compared with \$50,000,000 in 1931, \$69,000,000 in 1930 and \$99,000,000 in 1929. The reductions in income from livestock and livestock products were most severe in the case of wool and hogs, however, the income from wool constitutes only about 1 per cent of the gross income from livestock and livestock products, whereas that from hogs constitutes about 21 per cent.

Australia

It now appears that the current Australian clip may not reach the original estimate of 984,000,000 pounds, which would have been an increase of 4 per cent above 1931. A revised figure is expected to be available shortly. Notwithstanding the fact that the total number of sheep shorn is expected to exceed the number shorn last season, the yield of wool per sheep is lighter, according to reports from a number of districts. The abnormally heavy rainfall over wide areas during 1931 not only caused an abundant growth of irritant grasses but also a rank growth of pastures with a consequent loss of nutritive value which adversely affected the development of the younger sheep, states Country Life and Stock and Station Journal of Sydney.

It is stated by Mr. Paxton that the increase in receipts of wool so far this season is mostly due to earlier marketing rather than an increase in the clip.

The percentage of crossbreds and comeback fleeces in the present clip is reported as likely to be larger than it was last year when crossbreds constituted 16 per cent of all the wools sold in Australia or the same as in 1930-31, compared with only 15 per cent in 1927-28 and 34 per cent in 1919-20 when the proportion of crossbreds was the highest yet reported.

Pasture conditions in mid-November were reported by Agricultural Commissioner E. C. Paxton as favorable to good wool production next year in Australia as a whole. Although rainfall in New South Wales and Victoria was below average in October, feed conditions were reasonably good over the greater part of both States, while sheep were holding their condition well. Parts of Queensland and Western Australia were reported as dry, but the

conditions in South Australia were excellent, according to Consul John K. Caldwell.

Rabbits are reported as being a serious menace to the immediate future of the sheep industry in the central and western parts of New South Wales, according to Agricultural Commissioner E. C. Paxton. Low wool prices for the past two seasons have been the primary cause for the limited expenditure in combative measures against rabbits. It is stated that from 10 to 16 rabbits are considered the equivalent of one sheep in forage consumption, and, as one owner alone stated that during the past winter months 40,000 rabbits had been poisoned on his property of 12,000 acres, the seriousness of the plague becomes apparent. The Government is now making advances to necessitous farmers for rabbit fencing and rabbit protective measures in addition to other things.

In Australia, as in South Africa, the movement of wool for the first 5 months of the new season has been greater than usual. Receipts for that period this year amounted to 724,000,000 pounds, exceeding those of last season by 5 per cent and the average for the corresponding period of the five seasons 1927-28 to 1931-32 by 12 per cent. Disposals also were 5 per cent above the same period of 1931-32 and amounted to 336,000,000 pounds. Stocks of the current season's wool amounted to 388,000,000 pounds on December 1, an increase of 5 per cent above a year earlier, but were 1 per cent less than at the same date of 1929.

The unusually large number of old sheep on hand in New South Wales is presenting a problem, according to recent reports. Most of them are reported to be in excellent condition but the price of old ewes is so low that they are scarcely worth selling. It is estimated that there are about 15,000,000 old sheep in New South Wales at the present time. The total number of sheep in the State at the beginning of January 1932 was 53,366,000 compared with 49,870,000 in 1931. It is suggested by one authority that the best thing to do is to try to dispose of them in the form of canned mutton provided rail concessions are granted to canning factories. Then comes the difficulty of finding a market owing to the low levels to which prices of fresh meat have fallen in Britain and on the Continent. In the East the demands of the European population are being supplied and where market investigations have been carried on it has been found that the natives lack purchasing power to buy meat and are being fed Japanese fish and other cheap commodities.

New Zealand

Wool requirements of New Zealand mills for the year ended March 31, 1932 were 1 per cent lower than in the preceding year while the cost of the materials used showed a substantial decline of 27 per cent according to the Monthly Abstract of Statistics of New Zealand. The number of mills operating was 10 or the same as in 1930-31. In 1929-30 there were 12 woollen mills operating.

The production of yarn and flannel was greater than in the preceding season. Yarn production amounted to 545,000 pounds and was over twice that of 1930-31 and 17 per cent above 1929-30. Flannel production amounted to 775,000 yards and was greater than the preceding season by 43 per cent, but smaller than in 1929-30 by 8 per cent.

The production of cloth was about the same as in 1930-31, while that of blankets decreased 4 per cent and shawls and rugs 24 per cent.

Argentina

It is estimated that the current clip of 331,000,000 pounds has a slightly greater percentage of fine and coarse crossbred wools than that of last season, with a slight reduction in medium crossbred and in merino. The percentage of each kind is as follows, according to the estimate of the Buenos Aires branch of the First National Bank of Boston, the corresponding figure for 1931-32 being given in parenthesis. Coarse crossbred 31 (30); medium crossbred 25 (26); fine crossbred 31 (30); merino 13 (14). Owing to the very favorable weather during the winter months (June-August) the quality is expected to be superior to that of last year.

Exports during October amounted to 15,525,000 pounds, an increase of 29 per cent above October shipments last year. Germany was the most important buyer taking 4,963,000 pounds with the United Kingdom second and France third. The United States took only 655,000 pounds compared with 1,069,000 pounds in October 1932. The bulk shipped during October was old clip wool as the new clip was not expected on the market until the middle or latter part of November.

Spring lambing in the province of Buenos Aires and vicinity was reported as a very large one. In the southern provinces prospects were also favorable for lambing. In view of the recent Ottawa agreement restricting imports from foreign countries into the British market, Argentine sheep breeders are reported as fearful for the industry, some believing that it would be better to sell out the flocks and produce either grain or cattle. Exports of frozen mutton to the United Kingdom from Argentina which totaled 173,054,000 pounds in 1929, 162,627,000 pounds in 1930 and 173,967,000 pounds in 1931 would, under the new system, be limited to 130,356,000 pounds in 1933 and 126,923,000 pounds in 1934 according to The Times of Argentina for October 24, 1932. There are also restrictions, however, on the imports of chilled and frozen beef into the United Kingdom from Argentina.

Uruguay

Although sheep numbers have been considerably reduced since 1930, the condition is now very favorable owing to the mildness of the past winter (June-August) and the abundant pasturage available. Spring lambing is reported as generally satisfactory.

Notwithstanding reduced sheep numbers wool production is expected to about reach that of last year due to the increased weight of fleece.

Marketings of sheep and lambs at the Tablada market, Montivedeo during the 9 months ended September 30, 1932 amounted to only 395,000 head compared with 692,000 for the same period last year and 1,057,000 in 1930.

Union of South Africa

Although receipts of wool at ports have been considerably heavier so far this season than last, this should not be taken as an indication of an expansion in production, according to Agricultural Attache C. C. Taylor stationed at Pretoria. The clip is officially estimated at 301,000,000 pounds, a decrease of 1 per cent compared with 1931.

Rain has relieved conditions to some extent in the droughty areas in the southern part of Orange Free State and in the adjoining districts of eastern Cape Province, but in the central and northern portions of the Free State the drought was becoming more severe. These dry conditions may be expected to affect the clip from those areas adversely. As the sheep population in the southern part of the Orange Free State and adjacent districts of Cape Province is fairly dense, losses are likely to be higher than usual according to Agricultural Attache C. C. Taylor stationed at Pretoria. Losses of sheep throughout the Union for the year ended June 30, 1932 are estimated at 2,331,000 compared with 1,899,000 for the preceding year. This year the loss of sheep and goats combined was 2,817,000 compared with 2,322,000 last year and an average of 4,700,000 for the 8 years 1923 to 1930. The largest number which perished from drought, disease etc., in recent years was 6,945,000 sheep and goats in 1922-23.

The number of woolled sheep on hand on June 30, 1932 is officially estimated at 43,016,000, a decrease of 2 per cent compared with 1931. Non-wooled sheep decreased 26 per cent to 4,264,000. This is the first time since 1923 that returns have shown a decrease in sheep numbers in the Union.

The quantity of wool moved this season during the 5-month period from July 1 to December 1 has greatly exceeded the volume moved during the same period of the 1931-32 season. Receipts during this period amounted to 149,000,000 pounds, an increase of 46 per cent above the quantity received at ports a year earlier. Sales at selling centers amounted to 85,000,000 pounds and were about three times greater than for the same period last season whereas stocks at ports were greatly reduced, amounting to only 23,000,000 pounds on December 3. Last year the quantity on hand at the beginning of December was 70,000,000 pounds. On the same date of the three preceding seasons the quantity on hand averaged around 32,000,000 pounds.

Exports from the Union for the first 5 months this season greatly exceeded those for approximately the same period last season and also exceeded those for the same period of any past season. The heavy increase is due in part to the carry-over from last season and partly to the willingness of sellers to accept current market prices.

Figures of exports by countries from July 1 to the end of October show that this year 41,000,000 pounds were shipped to the Continent during that period compared with only 7,000,000 pounds last season. Greasy wool shipments to the United Kingdom amounted to about 8,000,000 pounds compared with about 4,000,000 pounds a year earlier. There were also heavier shipments to Japan, the amount reaching 405,000 pounds this season compared with 27,000 pounds last season. Up to the end of October no wool had been shipped to the United States, whereas last year about 138,000 pounds had been shipped to this country.