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WORLD WOOL PROSPECTS

Summary

A moderate but steady movement of wool from the Boston market has improved the domestic price situation during the past month according to the Bureau of Agricultural Economics. While quotations were not definitely higher prices showed a gradually firmer tendency after the middle of January. Prices in Australian and New Zealand markets have been higher since the holiday recess and for the first week of the London sales which opened January 17, prices for all wools except certain merinos and fine crossbreds were 5 to 7.5 per cent above the December quotations.

Employment in the woolen and worsted industries of the United States in December showed practically no change from November and was 5.5 per cent greater than in December 1931. Activity is above the 1932 average. The consumption of combing and clothing wool by reporting mills in the first 11 months of 1932 was only 77 per cent as large as in the corresponding period of 1931 but 93 per cent as large as during the first 11 months of 1930. Nonreporting mills were probably more active during the fall months of 1932 than in 1931 when the industry was hampered by the strike at Lawrence, Massachusetts.

Imports of wool into the United States in 1932 were the smallest in many years. Only 15,375,000 pounds of combing and clothing wool were imported compared with 37,298,000 pounds in 1931 and 102,208,000 in 1929. Over the next few years it is quite probable that production and consumption will about balance, and, although imports will continue, they will be small. Any decline in domestic production would thus strengthen the position of the domestic wool growing industry.

The English wool industry is at present dominated largely by the strength in raw wool prices. While little improvement is reported in trade in semi-manufactures in Bradford the market shows a hopeful attitude and employment is fairly well maintained. December reports from continental wool textile centers continue favorable, with indications that optimism is steadily gaining ground. Continental buyers are heavy purchasers at the wool sales in Southern Hemisphere centers.

Notwithstanding the comparatively heavy carry-over from the 1931-32 season apparent a/ supplies in the four b/ Southern Hemisphere countries on January 1, 1933 were 4 per cent below the quantity on hand at the same date of 1932, owing chiefly to earlier marketing of the current clip. The quantity on hand in the Union of South Africa was considerably below estimates for the same date a year ago and also less than at the same date of the three preceding seasons. There was also a reduced total quantity on hand in New Zealand, a portion of which consists of the coarse crossbred carried over from the preceding season which is still unsold due to lack of demand for that type of wool. However, supplies in Australia and Uruguay are slightly heavier. In Argentina at the beginning of December there was not much change from the situation at the same time a year earlier.

The favorable weather conditions in Southern Hemisphere countries which has been mainly responsible for the maintenance of the wool clips at high levels during the last 5 years continues, according to latest reports. At the beginning of the summer months (December) pasturage in most of those countries was reported as excellent. In parts of the Union of South Africa however, drought conditions have prevailed to some extent and in Argentina and

a/ Carry-over from preceding seasons, plus estimated production, minus exports. No deduction made for comparatively small quantities consumed locally or amount sold but not yet exported.

b/ Australia, New Zealand, Uruguay, Union of South Africa.

Uruguay there has been some damage to pastures by locusts.

Spring (September-November) lambing was reported as not particularly successful in the Union of South Africa. The lamb crops in the Union of South Africa, and Uruguay will probably be smaller than in 1931 due to reduced numbers of breeding ewes in those countries. In Australia the lamb crop was reported as a large one. The percentage marked in New Zealand is much higher than last year. The percentage of lambs marked has been high also in Argentina.

In the United States both range and sheep conditions on January 1 were considerably better than at the same date of 1932. The supply of feed available was good compared with the short supply on hand a year ago on western range

Marketing Situation

United States

A fair volume of wool was taken from the Boston market during the past month but trading was conducted very quietly, reports R. L. Burrus of the Boston office of the Bureau of Agricultural Economics. The increased activity in the market since the beginning of December has improved the price situation. While a growing firmness was evident, wools were not quotably higher the middle of January.

Business during the month ended January 15 concentrated largely on 64s and finer wools with average and short combing 64s and finer predominating in the movement. Territory wools of 64s and finer qualities in original bags, sold mostly at 40-41 cents scoured basis, for good lines running to average French combing staple. Shorter staple lines containing a considerable amount of clothing wool sold down to 37-38 cents scoured basis.

Frequent inquiries were also received for Ohio delaine wools. Sales of strictly combing 64s and finer Ohio and similar wools were mostly at 18 $\frac{1}{2}$ -19 cents in the grease depending upon shrinkage or 46-47 cents scoured basis, with quotations tending firmer. French combing and clothing wools of these lines moved at 13-14 cents in the grease. Only a limited amount of business was transacted on 56s and 48s-50s, and prices remained unchanged from a month earlier. Little interest was shown in other grades during the month.

Woolen wools were more active in the month ended January 15 than in the preceding month. Scoured pulled wools were taken quite freely late in December and moderate advances in prices were realized on most descriptions with offerings of finer grades becoming scarce. Scoured clothing shorn wools shared to some extent in the increased demand for woolen wool and prices became firmer. Hoil prices have been fully maintained since the large movement early in December although there has been little new business. Wool top quotations were unsettled and slightly lower the middle of December and continued irregular

through the following month. A fairly large volume of business in the finer quality tops and in 56s was reported in January. Average 64s oil combed tops sold mostly at 57-58 cents and similar quality dry combed 64s were about 59 cents per pound. A fair amount of business was reported on 56s at 52-53 cents.

The steady buying of wool at Boston since early December seems to indicate that consumption is being fairly well maintained. Preliminary figures released by the United States Department of Labor show that employment in the woolen and worsted industry in December 1932 was 0.2 per cent above that of November and was 5.5 per cent greater than in December 1931. In the carpet section there was a decline of 2.7 per cent in employment in December.

While reported consumption declined in the last few months of 1932 it remained well above the monthly average for the year. Consumption reported in November was 20 per cent below the September high point but was greater than in November 1931. In the first 11 months of 1932 mills reporting to the Bureau of the Census consumed 298,327,000 pounds (grease equivalent) compared with 387,716,000 pounds in the same period of 1931. The decline for reporting mills was 23 per cent. It is probable, however, that nonreporting mills were much more active in the fall months of 1932 than in 1931 when activity was suspended for more than a month during the strike at Lawrence, Massachusetts. Consumption reported from January - November 1932 was 93 per cent as large as during the first 11 months of 1930.

The low consumption of 1932 further reduced import requirements, despite a decline in domestic production. Imports of combing and clothing wool were only 15,375,000 pounds in 1932 compared with 37,298,000 pounds in 1931 and 102,208,000 pounds in 1929. Imports of carpet wool were also very small in 1932 due to reduced activity in carpet mills. Imports were 40,935,000 pounds compared with 120,502,000 pounds in 1930 and 175,007,000 in 1929. Total receipts of domestic wool at Boston for 1932 amounted to approximately 213,000,000 pounds compared with 256,000,000 pounds during 1931. Receipts for 1930 were 246,000,000 pounds and for 1929 were 207,000,000 pounds.

United Kingdom

Interest of the English wool trade at the present time centers chiefly on the strength in raw wool prices both at London and in Southern Hemisphere centers. The first of the 1933 series at London opened on January 17 with most wools par to 5 per cent above the December closing prices, and by the end of the first week all wools except certain merinos and fine crossbreds were 5 to 7.5 per cent higher than in December. Average 70s, clean costs, were about 25.5 cents per pound on January 20 compared with 24.2 cents on December 13, average 56s were 20.6 cents compared with 19.7 cents in December while 46s were 9.8 cents on January 20 and 8.8 cents on December 13.

Competition was good during the opening week both from England and continental countries except France. Figures on the amounts to be offered at this series indicated a total of 147,850 bales including 76,500 of Australian; 62,900 of New Zealand; 3,200 bales of Cape wools; 4,100 of Punta Arenas; 750 of English and 400 bales of miscellaneous wools. As now scheduled the sales will close February 8.

The strength in prices and the broadening of competition at London has resulted in a more hopeful attitude and brighter outlook in the Bradford market. Business in semi-manufactures, however, had not increased at the close of the first week of the series. A rather substantial buying movement in tops took place around Christmas and since that time a moderate amount of business has been done. Quotations have been steady and slightly higher as topmakers have adopted a protective attitude because of the increase in raw wool costs. Consumption of all qualities from 56s upward has been steady and lower qualities have recently been firmer following the strength in New Zealand centers. Yarn prices advanced slightly during January and while business did not increase, more inquiry was reported in weaving yarn and a slight improvement was apparent in hosiery and knitting yarn.

Employment in the woolen and worsted industry declined slightly during December. The percentage of unemployment reported by the Ministry of Labour for December 19 was 19.0 per cent compared with 17.5 per cent on November 21 and 16.6 per cent on December 21, 1931. Employment declined in both the woolen and worsted sections but the decline was greater in the woolen section, particularly for woolen spinners.

Continental Europe

December reports from continental wool textile centers continued quite favorable and there are indications that optimism is steadily gaining ground reports L. V. Steere, Agricultural Attache at Berlin. Purchases of wool, tops and noils were of significant proportions and appeared to reflect the expectation of a continuance of favorable conditions. These developments in wholesale trading were supported by an improvement in the mills where activity has increased and where unfilled orders on hand seem to assure a fair level of operations for several months ahead.

Current manufacturing operations appear to be largely in line with actual sales possibilities, according to Mr. Steere. Since confidence in a general pick-up during 1933 is increasing in these countries, purchases of wool may continue good in the near future. Imports into France, Germany and Belgium increased heavily in November.

Continental European countries were very heavy purchasers during the first half of the current season in Australia and combined shipments to Germany, France and Belgium for July to November 1932 were 43,000,000 pounds greater than in the same period in 1931. The improvement was especially noticeable for Germany, the increase in shipments to that country over July-November 1931 being 23,000,000 pounds or 77 per cent. Shipments to France increased approximately 14,000,000 pounds or 30 per cent and to Belgium 6,000,000 pounds or 21 per cent.

Prices of wool and semi-manufactures remained practically unchanged during December in France and Germany. Reports of commission combining establishments in Germany and France at the end of December showed an increase in stocks of tops as compared with holdings on November 30. Trade and occupation conditions in the individual countries during December were summarized by Mr. Steere as follows:

Rather active trading in wool, tops, and noils was reported from French textile centers in December. The level of occupation in the industry is good and business sentiment at the end of the year seemed relatively optimistic and there was a considerable volume of unfilled orders on hand.

The situation in the Italian wool industry has shown some further improvement during December, and the year ended with a more promising outlook than it began. Trading in tops and noils during December was comparatively active, and mill occupation was also reported quite good, everything considered, especially for worsted spinners.

Trading in tops and noils throughout December was rather quiet in Belgian wool markets. A slight improvement was reported in the occupation of the industry, however, with worsted spinners and hatmakers profiting from increased sales.

Despite the Christmas and New Year holiday season, buying interest for tops, noils and wool in Germany remained relatively active in December, and German purchases in foreign markets proved important. The manufacturing industry has also maintained a satisfactory level of activity and further improvement is anticipated.

Southern Hemisphere

Most wool markets of the Southern Hemisphere have enjoyed good sales and firm prices since the resumption of sales following the holiday season. Competition has been strong and reports indicate higher prices in many centers. Japanese buying was reported to be outstanding in the Australian markets the middle of January, and England and the Continent were also buying. Prices in the crossbred markets of New Zealand were reported very firm the first half of January. The improvement in industrial activity in continental European countries during the second half of 1932 was strongly reflected in the wool sales in the Southern Hemisphere. The strong competition and heavy purchases have aided in maintaining prices in the face of early marketing and large offerings.

Activity also showed an increase during December in the South American wool markets and with exports well above the corresponding period of last year prices increased toward the end of 1932 both in Buenos Aires and Montevideo.

The situation in the Union of South Africa was somewhat unsettled the early part of January because of the suspension of the gold standard in that country at the close of 1932. A cable from Agricultural Attache Taylor on January 11 stated that prices of merino wools were higher by 40 per cent on account of the exchange rate. Clearances were reported good.

No report is yet available concerning the attitude of the Government toward the 25 per cent subsidy which it has paid to growers during the past year to enable them to compete with growers in countries having depreciated currency. This subsidy enabled South African producers to reduce wool prices to an artificially low level. The average export price of greasy wool in October 1932 was 4.7 pence per pound compared with an Australian average price at all sales of about 8.5 pence per pound. Because of the depreciated currency in Australia, however, the comparative prices paid by countries on a gold basis was 9.5 cents in the Union of South Africa and 10.7 cents in Australia in October.

Supply SituationUnited States

The condition of sheep on western ranges continued generally good throughout December. A good supply of feed was available, in marked contrast with the short supply of a year ago, according to the Western Livestock and Range Report of the Division of Crop and Livestock Estimates for January 1. In Texas, New Mexico and Arizona recent moisture is expected to improve grain pastures and start new feed. Range feed continues short in eastern Colorado, southeastern Wyoming, southwestern Nebraska, western Kansas and western Oklahoma and northeastern New Mexico. In California the continued lack of moisture has resulted in little new range feed and much supplemental feeding has been necessary. However feeds are plentiful generally with surpluses in many places. Range conditions on January 1 were reported at 80 compared with 75 on the same date last year and the 10-year average of 83.

Cold weather during December was hard on sheep but shrinkage was light and losses small. Ewe lambs continue in better flesh than a year ago with a large number of old ewes on hand. The condition of sheep was 87 per cent of normal on January 1 compared with only 82 per cent a year ago and a 10-year average of 91 per cent.

There was a slight decline in sheep and lamb slaughter in 1932 for the first time since 1927. From 1927 to 1931 federally inspected slaughter of sheep and lambs increased from 12,883,000 head to 18,071,000 head and declined 172,000 head in 1932 to 17,899,000 head, which was a reduction of about 1 per cent.

Australia

Seasonal conditions in Australia, as a whole, were satisfactory at the beginning of January (mid-summer) with no prolonged drought anywhere, according to a cable from Agricultural Commissioner Paxton. Detailed figures of the condition of pastures at the beginning of December indicated that it was good in New South Wales, Victoria and Tasmania. In some of the principal sheep districts of Queensland the condition was not so satisfactory. Although pasture conditions were fairly good, more rain was needed in the principal sheep districts of South and Western Australia.

The movement of wool to market during the first half of the current season has been heavier than it was last season. Receipts at selling centers amounted to 777,500,000 pounds or 5 per cent above the same period of last season, whereas disposals, amounting to 415,400,000 pounds, also exceeded last season's marketings by 5 per cent. Stocks of the current clip remaining on hand at selling centers on January 1 were estimated at 352,200,000 pounds, an increase of 5 per cent above the same date of 1932. While receipts for the current season so far are 14 per cent greater than the average for the five years 1926-27 to 1930-31, they were only 3 per cent above the quantity received during the same period of 1928-29. Then too, although present stocks are above the average quantity on hand at selling centers on January 1 for the five years 1927 to 1931, they are lower than on January 1 of each of the two years 1929 and 1930. The heavy movement this season is attributed in part to earlier marketing and it is expected that the movement from now on will be considerably lighter and that receipts for the season will not greatly exceed those of last season.

Exports of wool from Australia for the first half of the 1932-33 season, i.e. from July 1 to December 31, 1932, are estimated at 484,000,000 pounds, an increase of 7 per cent above shipments for the corresponding period of last season. Exports by countries for the five months ended November 30, 1932, show that 356,000,000 pounds were shipped, an increase of 7 per cent above the same period of the preceding year. Exports to the United Kingdom amounted to 109,000,000 pounds, a decrease of 17 per cent compared with the large takings of the preceding season. Shipments to the four continental countries, Germany, France, Italy and Belgium amounted to 171,400,000 pounds, an increase of 30 per cent compared with the same period of 1931 when exports to those countries were lower than in 1930. Japan took 65,000,000 pounds compared with 64,000,000 pounds last year and only 41,000,000 pounds in 1930. Shipments to the United States from Australia for the same period amounted to only 350,000 pounds.

New Zealand

There has been a complete reversal in seasonal conditions this year in New Zealand as compared with last when a large part of the country, especially in the North Otago district of South Island was drought stricken. This year conditions are excellent over practically the whole country.

Lambing percentages in North Island during the spring (September-November) just passed have been very good, the average percentage of lambs to ewes mated being 89 compared with 86 last year. This season there was a total of 8,178,000 lambs marked in North Island from 9,171,000 ewes. There have been 179,000 more lambs from 76,000 fewer ewes. Reports indicate a similar increase in South Island.

There is apparently a shortage of breeding ewes in New Zealand as it is very difficult to obtain two tooth and four tooth ewes for breeding purposes. Last season a far greater proportion of ewe lambs were dispatched to salesyards than usual while light weight lambs of both sexes which would not ordinarily have been included were shipped, according to the New Zealand Farmer Stock and Station Journal of December 1. Old ewes on the other hand have been kept too long.

Notwithstanding the heavy carry-over into the current season apparent supplies of wool in New Zealand on January 1 were about 2 per cent below the same date of 1931. An estimated decrease of 6 per cent in the clip combined with heavier exports so far this season than last have helped to offset the heavy carry-over.

Wool stocks at the beginning of the current season i.e. July 1 were officially estimated at 107,129,000 pounds of greasy and scoured wool compared with 88,147,000 pounds last season. Converted to a grease equivalent stocks carried over into this season amounted to 116,000,000 pounds compared with only 96,000,000 pounds on July 1, 1931 and an average for the five years 1926 to 1930 of 33,000,000 pounds.

Of the 107,129,000 pounds of greasy and scoured wool carried over into this season the bulk was held by wool brokers and farmers, 33 per cent being in the hands of wool brokers and 32 per cent in the hands of farmers. In 1931 farmers held the larger supply or 41 per cent of the total and wool brokers only 28 per cent. For the last three seasons the amount of wool carried over has exceeded 82,000,000 pounds. The coarser grades of crossbred

which constitutes the bulk of the carry-over is not in demand at present; fine wools being sought rather than course wools, those below 50s not being wanted except at disastrously low prices. The new clips offered have generally been well grown and in excellent condition due to the favorable seasonal conditions.

Argentina

Pasture conditions in Argentina were reported as excellent at the beginning of 1933. The southern provinces of Argentina as well as Buenos Aires province report a good spring (October - November) lambing with the percentage averaging around 75 to 80 per cent.

Notwithstanding the heavier exports of wool so far this season than last, the apparent supply of wool in Argentina on December 1 was about the same as it was last year due to the heavier carry-over into the current season as production was about the same.

Shipments of wool from Argentina for each of the two first months of the current season were considerably above 1931. From October 1 to November 30 the quantity exported amounted to 43,382,000 pounds, an increase of 40 per cent above the same two months of 1931. Shipments to the five continental countries Germany, France, Belgium, Italy, Holland amounted to 29,744,000 pounds this season so far, an increase of 78 per cent above last season for the same two months. Exports to the United Kingdom fell 5 per cent to 10,880,000 pounds, those to the United States 9 per cent to 2,533,000 pounds. Stocks at Central Produce Market at the beginning of December amounted to 13,700,000 pounds and were approximately the same as at the same date of 1931. By December 24, stocks were further reduced to 9,742,000 pounds and were less than half those on hand at the same time last year.

Uruguay

Apparent supplies of wool in Uruguay, despite heavier shipments for the first three months of the 1932-33 season are estimated at 9 per cent above supplies at the same time last year. Although production this year is estimated at practically the same as last or 121,000,000 pounds, the carry-over into the current season was larger. The available supply on January 1, however, is smaller than it was on January 1 in either of the years 1930 and 1931.

Shipments of wool from Uruguay during the first three months of the current season up to the first of January, amounted to 34,800,000 pounds, an increase of 15 per cent above the same period last year but a decrease of 2 per cent compared with the average for the five preceding years.

The continental countries have taken more Uruguayan wool so far this season than last, Germany taking 8,965,000 pounds or 32 per cent more; Italy 6,566,000 pounds or 39 per cent more; France 5,370,000 or an increase of 29 per cent and Holland 3,361,000 or 20 per cent more. Exports to England were only 7,160,000 a decrease of 28 per cent compared with the same months last year. There were practically no exports to the United States during the period in question while exports to Japan were less than half those of last season. Russia, however, took 349,000 pounds this year whereas last season there were no exports to that country.

Union of South Africa

Sheep numbers decreased in 1931-32 and on June 30, 1932 were 5 per cent below the number at the same date of the preceding year. It seems probable from present conditions that there will be a further decrease in the 1932-33 season. The spring (September - October) lambing which has occurred since the last sheep estimate of June 30, 1932, has been reported as not very successful this year with prospects for autumn lambing (March-May) not particularly good on account of drought in the regions where autumn lambing is heaviest. Slaughter has also been heavier for the five months July to November by 17 per cent than it was last year.

In those districts of the Union where autumn (April-May) lambing is the custom most of the lambs are bred in November and December. This year drought has been prevalent in those areas where autumn lambing is heaviest, i.e. in the Karroo District of Cape Province, Orange Free State, Western Transvaal and Natal. In the parts of the country where autumn lambing is lightest conditions are good.

Apparent supplies of wool on January 1 in the Union were about one-third less than at the same period of 1932. By the beginning of January over 60 per cent of the 1932-33 clip had been received at ports of the Union. Earlier marketing this season has resulted in the increased receipts as compared with last season, when marketing conditions were more unfavorable in the early months of the season. After the increase in the export subsidy from 10 to 25 per cent last January wool moved rapidly.

During the first half of the 1932-33 season, i.e. from July 1 to December 31, 1932, the movement of wool in the Union of South Africa has been greater than for the same period of any of the preceding five seasons. Receipts for this period amounted to 184,000,000 pounds, an increase of 54 per cent above the same period of 1931-32 according to information cabled by Agricultural Attache C. C. Taylor. Exports of wool for the first half of the current season reached 168,000,000 pounds, and were almost twice as heavy as for the same period of 1931-32 and 25 per cent above the 5-year average for the corresponding period of the preceding five years.

Statistics of exports by countries for the first five months of the season show that France continues to be the principal buyer and has taken 35 per cent of the total exports of grease wool, as compared with Germany's takings amounting to 27 per cent, the United Kingdom 12 per cent, Belgium, 9 per cent and Italy 8 per cent, states Agricultural Attache C. C. Taylor. Exports to the United Kingdom are 45 per cent greater than for the same period of 1932 while exports to the Continent and Japan are far ahead. Practically no direct exports have gone to the United States.

Unsold stocks on hand at the beginning of January 1933 amounted to only 22,000,000 pounds, compared with 77,000,000 pounds on hand at the same date of 1932. Stocks this January, however, are smaller than the average for the preceding three years.