UNITED STATES DEPARTMENT OF AGRICULTURE
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WORLD WOOL PROSPECTS

Summary

The Boston wool market has been decidedly stronger and prices have advanced since the middle of April, following a period of extreme quiet during the first half of the month, according to the Bureau of Agricultural Economics. Attention of wool men during the past month has been centered largely on the purchase of the new United States clip. In mid-April prices in the country were reported to have reached a point that was considered high in relation to those in the Boston market.

Winter sheep losses in the West have been light but there has been a rather heavy loss of old ewes, according to the Western Livestock and Range Report of April 1. The condition of sheep and lambs on April 1 was 84 percent of normal compared with 79 percent a year ago and the 10-year average of 90.8 percent.

The selling season in Southern Hemisphere markets is drawing to a strong and early close, and prices were firm during April. Exports from the five a/ Southern Hemisphere countries to the end of February were much larger than in the corresponding period of the previous season, and remaining stocks are smaller in spite of heavy receipts.

Consumption of combing and clothing wool in the United States by manufacturers reporting to the Bureau of the Census in February was approximately 30,200,000 pounds (grease equivalent). This was 1,900,000 pounds less than the consumption reported in January but was slightly larger than that of February 1932. Conditions in the industry during March and April were

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a/ Australia, New Zealand, Union of South Africa, Argentina and Uruguay.

unsettled and somewhat irregular due to the financial situation and the unsettled state of the goods market. Imports are negligible. Imports of combing and clothing wool into Boston, New York and Philadelphia from January 1 to April 15 were only 2,132,000 pounds compared with 7,657,000 pounds imported in the corresponding period of 1932.

Trading and manufacturing activity in the wool centers of continental Europe showed little change during March as compared with February. The declining tendency which had prevailed since the first of the year has been checked at least for a time and an increase in activity in the German industry was reported to have taken place during the first week of April. The demand for semi-manufactures showed some seasonal improvement in England the latter part of March and a firmer tone developed in the market in keeping with the hardening tendency in primary and spot wool markets. The slight improvement in demand in Bradford resulted in a slight increase in manufacturing activity in order to make quick deliveries in meeting seasonal requirements.

Marketing Situation

United States

The spurt of activity in the Boston wool market the middle of March was of short duration and advances in prices realized up to March 15 were the practical limit on that movement, reports Russell L. Burrus of the Boston office of the Bureau of Agricultural Economics. During the 3 weeks following March 15 business in wool fell off considerably. The unsettled wool market and between-seasons period for goods were not conducive to action on the part of manufacturers. The diminished volume of business was accompanied by only a slight recession in prices, however, and on a number of grades the range of prices remained unchanged. In mid-April some fair sized sales were closed and a strengthening price movement began to gain momentum.

Trading in the Boston market during the month ended April 15 involved most grades of fleeces and western grown wools, but the outlets for most lines were very narrow, demand being largely for piecing out or for testing purposes. A fair quantity of Ohio delaine wool was taken from the market putting prices up to 19-20 cents in the grease. Asking prices weakened a little after the decline in the volume of business. The trend was similar on 64s and finer territory wools with prices of French combing easing to 42-44 cents a pound, scoured basis, after reaching a peak of 45 cents early in March. Fine, strictly combing territory wool was quoted at 45-46 cents a pound the first 2 weeks of April.

Little business was closed on medium territory wools but the few scattered sales were at firm prices around 39-40 cents, scoured basis, for strictly combing 56s, and 37-39 cents for clothing wools of similar grade. Small sales were closed on strictly combing 48s, 50s, territory wools in the range 36-38 cents, scoured basis, and on low 1/4 blood 46s at very firm prices in the range 29-31 cents.

Little interest was shown in woolen wools during the last half of March but trading expanded during the first 2 weeks of April and prices strengthened. Scoured pulled clothing wools received the largest demand in the upturn with scoured shorn clothing wools sharing to some extent in the increased activity and price improvement. The noils market has been mostly inactive and prices irregular. With the improvement in scoured wools, prices of noils have become firmer.

The tops market reported some advances in asking prices the middle of April. The general trend of prices and trading in this market for the month ended April 15 was closely parallel to that of the raw wool market. Before the March movement slackened, average staple 64s oil combed tops sold up to 60 cents. As selling diminished, prices down to 57-58 cents were accepted on spot offerings, but toward the middle of April sales were again made at 59-60 cents with asking prices up to 61 cents. Little business was done on 58s, 60s, tops but quotations were fairly steady at 56-58 cents. Only a moderate amount of business was closed on lower grades with 56s steady at 53 cents a pound and 50s at 48-50 cents, up about 3 cents from the early March trading.

Consumption of combing and clothing wool in the United States by manufacturers reporting to the Bureau of the Census in February was approximately 30,200,000 pounds (grease equivalent). This was 1,900,000 pounds less than the consumption reported in January but was slightly larger than that of February 1932. Consumption reported for the first 2 months of 1933 was 62,300,000 pounds compared with 58,200,000 pounds in the first 2 months of 1932. Unsettled and irregular conditions throughout the industry during March make it difficult to form any definite opinion regarding consumption and machinery activity in that month in the absence of preliminary figures. Consumption of carpet wool reported in the first 2 months of 1933 was only 7,720,000 pounds (in condition reported, grease scoured and pulled added together) compared with 11,330,000 pounds reported to February 28, 1932. Imports of carpet wool into Boston, New York and Philadelphia from January 1 to April 15,1933 were 14,301,000 pounds, while to April 15, 1932 imports were 19,329,000 pounds.

The amount of old wool available for clothing purposes in the United States at the opening of the new season on April 1 was probably not greatly different from that of the same date in 1932. While consumption was low in 1932 the new supply (domestic production plus net imports) of approximately 423,000,000 pounds was about 50,000,000 pounds smaller than that of 1931 and was 10 percent smaller than the average for the 5 years 1927-1931.

A plan to promote the more orderly marketing of wool and mohair has recently been announced by Henry Morgenthau, Chairman of the Federal Farm Board, who will be Governor of the new Farm Credit Administration. At the present time the plan is concerned only with wool and mohair pledged as collateral on Regional Agricultural Credit Corporation loans. An advisory wool marketing committee has been announced, made up of representatives of the growers, the Wool Marketing Cooperatives, the Farm Credit Administration and the wool trade. Wool pledged by the grower on loans will be consigned to financially sound and reputable agents in the wool trade, including the National Wool Marketing Corporation and other established cooperatives, the particular agent in each case to be selected by the grower. The wool will be offered for sale by the trade on conditions agreed to by the wool advisory committee. It is hoped that in this way, marketing can be carried out in an orderly manner in response to consumptive demand without forced sales and without any attempt to hold wool or mohair from the market.

United Kingdom

With an early close of the selling season in primary markets in prospect, English buyers have been operating more freely in the Southern Hemisphere in the last 2 months than during the early part of the season, reports H. E. Reed, Senior Marketing Specialist at London. Arrivals of overseas purchases in England have satisfied spot demand to a large extent and Yorkshire purchases appear to be more for future than for immediate requirements. Net imports of foreign and colonial wool into the United Kingdom for the first 9 months of the present importing season (July 1, 1932 to March 31, 1933) were 409,000,000 pounds or approximately the same as in the corresponding period of the preceding season.

Yorkshire demand was secondary to continental demand at the second series of London auctions which closed March 29. French buyers were quiet throughout the sales but competition from Germany and other central European countries was good. Prices of merinos improved slightly during the series but all qualities from 60s down were quoted at the opening rates when the sales closed. The sales closed with a firm tone. Withdrawals were small. Holding of many greasy crossbred clips for the auction to open on May 9 resulted in the close of the sales 2 days earlier than regularly scheduled.

Trading in tops at Bradford continued quiet until late in March when a moderate covering movement, based on seasonal requirements and the hardening tendency in raw materials resulted in a fair volume of business, reports Mr. Reed. Moderate trading continued through most of April though spinners appeared to have satisfied their immediate requirements. Prices showed a slight advance and the top market maintained a very firm tone due more to the firm prices of raw wool than to improved consumptive demand. Most interest continued to be displayed in the finer qualities. Possibilities of increased combing charges have also added to the firmness of quotations. Export demand for tops was an important factor at Bradford throughout the month of March.

Yarn prices remained unchanged through the early part of April although the amount of business done in yarns tended to correspond with activity in the top market. The market for by-products was quiet with the export demand playing an important part in such business as was concluded. Some seasonal improvement occurred in the piece goods trade accompanied by demands for quick deliveries.

Business for the home trade which is somewhat seasonal in character is now a dominant factor in the English wool manufacturing industry. The improvement in demand for semi-manufactures and finished goods during March and early April resulted in a temporary improvement in machinery activity and consumption of wool. In view of the cautious hand-to-mouth buying policy which has been in force, a speeding up of machinery has been necessary in order to make quick delivery in meeting seasonal requirements, according to Mr. Reed.

Unemployment returns as of March 20 indicate a slight improvement in all sections except sorting as compared with returns of February 20. The improvement was most marked in the worsted section particularly for weavers. A seasonal demand for weaving yarns has more than offset the decline in the demand for hosiery and knitting yarn.

Continental Europe

Continental business in tops, noils and raw wool, as well as new sales of yarn and fabrics continued throughout March at about the February level with no tendency toward further curtailment reports L. V. Steere, Agricultural Attache at Berlin. The development of confidence was somewhat impaired by the unfavorable financial situation in the United States during the first half of March, but the quick reappearance of optimism reported from America improved business sentiment the latter part of the month.

Imports of wool into European countries in the present export season beginning July 1, 1932 have been much larger than in the previous season. In the 7 months July 1932 to January 1933 imports into France, Germany, Belgium and Italy combined were approximately 661,000,000 pounds, an increase of 161,000,000 pounds over imports in the first 7 months of the preceding season. Imports into France showed an increase of 66,800,000 pounds, into Germany 48,500,000 pounds, into Belgium 33,300,000 pounds, and into Italy 12,600,000 pounds. The increase in imports reflected the greater activity in the continental wool industry during the last half of 1932 as compared with the last half of 1931.

Stocks of tops in commission combing establishments of France, Germany, Belgium, and Italy have increased rapidly since December. Combined stocks of merino and crossbred tops in establishments of these four countries on March 31 amounted to 71,301,000 pounds compared with 52,340,000 pounds on March 31, 1932 and an average of 48,323,000 pounds for that date in the 5 years 1928-1932. Stocks reached their high point for 1932 at the end of July when a total of 67,201,000 pounds was reported for the four countries. Conditioning of tops and yarn in France and Belgium increased in March as compared with February and was greater than in March 1932.

Developments in the individual countries during March were summarized by Mr. Steere as follows:

The uncertain financial situation in the United States had an unfavorable influence on trading in tops, noils and wool in French markets during the first half of March. In the latter part of the month, however, an increased business in tops as well as noils was reported, with much of the demand for tops coming from outside of France.

Some increase in the amount of unfilled orders booked by worsted spinners and weavers as well as knitting mills was evident during March, and the occupation of the industry remained satisfactory on the whole.

Trading in tops and raw wool in Italy was rather quiet throughout the month of March despite firm overseas prices. The industry observed considerable caution and a tendency toward hand-to-mouth buying. Trading in noils was somewhat more active as a result of rather good interest shown by hatmakers. Occupation continued quite satisfactory for worsted spinners and for weaving mills.

As in February, trading in tops and wool in Belgium remained quiet throughout March, though a certain improvement in the demand for noils was evident. Occupation in the woolen mills continued rather irregular, however, and new orders were small. Prices were also unremunerative. The general level of mill activity in the worsted industry, on the other hand, is reported not unsatisfactory.

In Germany trading in tops as well as wool during March was rather quiet, as the industry operated with considerable caution. A certain amount of business, however, was regularly done in noils for hatmakers' purposes. New sales of yarn and fabrics did not come up to expectations, but some seasonal improvement was expected during April. The occupation of the mills remained quite satisfactory on the whole and unfilled orders on hand will keep them busy for several months ahead. Worsted mills and knitting mills were well occupied, whereas the woolen branch complained of insufficient business. An increase in activity was reported to have taken place the first week of April.

Southern Hemisphere

The selling season in Southern Hemisphere markets is drawing to a close much earlier than was the case last year. Competition was reported to be good in all centers and prices were very firm the first half of April. Clearances in Australia have been excellent and stocks in Australian selling centers on March 31 were 91,000,000 pounds. This was about 26 percent smaller than stocks at the same time last year in spite of larger receipts at selling centers during the present season. The carry-over of last season's wool has been practically disposed of. English buyers have been the principal operators in the Australian market in the past 2 months but competition has been good from most other sources. Prices in most cases are firm and are above the February level. Exports for the first 8 months of the season, to February 28, 1933 were 662,000,000 pounds and were well above those of earlier years.

New Zealand sales in March and early April met with good competition and were generally strong, with England and the Continent buying freely. Final sales of the regular season have now been held in all centers. A preliminary report stated that total offerings for the season were considerably larger than the total for the 1931-32 season and were well above the average for the previous 10 seasons. Exports for the first 8 months of the season (through February 1933) were 158,000,000 pounds compared with shipments of 131,000,000 pounds to the same date last year. Nothing has been definitely settled about the winter wool sales in New Zealand. A series of offerings of crutchings and oddments of fleece wool will probably be made in June and another such series may develop in August.

In South Africa the selling season is practically over. Prices were very firm the early part of April. Last year the selling season got under way much later than this year. Total exports of greasy and scoured wool from South Africa for the 8 months ended February 28, 1933 were reported by Mr. Reed in London to be 252,457,000 pounds compared with 161,243,000 pounds for the same period last year. England took practically the same amount in both periods. Most of the increase this season went to continental Europe. Stocks remaining at South African ports are reported to be the lowest in many years.

Sales in Argentina and shipments from that country during the present season have exceeded those of last year and remaining stocks are smaller. Much of the same situation is reported from Uruguay. In the South American markets, however, the wools remaining to be sold appear to be in strong hands and the market has been rather quiet due to the reluctance of holders to accept low offers.

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