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WORLD WOOL PROSPECTS

Summary

Although dealers are reported to be purchasing more freely in Texas and the territory wool producing states, there has been no increase in sales at the Boston market in recent weeks. Quotations on spot wool in the Boston market are largely nominal and little change has been reported in price ranges in the last 2 months. Direct sales of Texas wool have been reported, however, at prices 8-10 cents a pound, scoured basis, below spot quotations on similar wools held at Boston. Prices have weakened considerably in foreign markets as a result of the uncertain conditions in European consuming countries. Prices at the July auctions in London were 15 to 25 percent below prices at the close of the previous series on May 11.

Developments in the wool industry in continental European countries continue unfavorable. The restrictions on imports into Germany have been extended for an indefinite period and no settlement has been reached in the strike at Verviers. The unsettled position in European countries has resulted in a decline in trading and manufacturing activity. Unemployment has increased in the woolen and worsted industry of the United Kingdom. Export trade of the United Kingdom in wool yarns and woolen and worsted tissues has improved, however, and is well above that of the 2 previous years.

Manufacturing activity in the United States wool industry was greatly curtailed in the second quarter of 1934. The index of consumption of combing and clothing wool (grease basis) adjusted for seasonal variation was 61 (1923-1929 = 100) in May compared with 65 in April and 119 in May 1933. Consumption on a grease basis in the first 5 months of this year was 18 percent smaller than in the same months of 1933 and, with the exception of 1932,

was smaller than in the same months of any recent year. The New York Wool Exchange Service reported a slight improvement in wool goods business the middle of July, but markets as a whole are unusually quiet for this time of the year. The nearness of the fall buying season may result in some increase in mill activity in the next few months.

Rough estimates of wool production for nine 1/ countries, based mostly on present sheep and weather conditions, and including a few preliminary estimates, indicate an increase of about 2 percent in 1934 as compared with 1933. In 1933 these nine countries produced about two-thirds of the world total production, exclusive of Russia and China. Production in the United States is expected to be about the same as in 1933, increases are indicated for Australia, New Zealand, and countries of southeastern Europe with decreases probable in the Union of South Africa, England and Wales, France and Germany.

The forecast of the Australian clip of 3,145,000 bales of 300 pounds represents approximately 990,000,000 pounds when converted to a grease basis, an increase of 4 percent above the estimate of 1933. Recent estimates of sheep numbers in New Zealand for 1934 also indicate a larger clip in that country in 1934, probably in the neighborhood of 288,000,000 pounds which would be an increase of 3 percent above 1933. A reduction in wool production is still in prospect for the Union of South Africa, as a result of sheep losses during the long drought which lasted until November 1933. It should be borne in mind, however, that forecasts of production for the Southern Hemisphere countries, made as early as mid-June may be changed somewhat by developments during the remaining winter and spring months (July-September)

1/ Australia, New Zealand, Union of South Africa, United States, England, and Wales, France, Germany, Yugoslavia, Greece and Turkey.

before shearing becomes general. No estimates are as yet available for the South American countries. Approximately 70 percent of the world's production of combing and clothing wool originates in Southern Hemisphere countries, 15 percent in North America, and 13 percent in Europe. About 80 percent of the total world production is of this type, the remaining 20 percent being of the coarse carpet type coming mainly from Asia, parts of South America and Europe and Russia.

A general revival of interest in the sheep industry is evidenced in many countries by the increased demand and higher prices of breeding ewes. A tendency to retain ewe lambs for building up breeding flocks is also reported from various countries where sheep numbers had decreased during the years of the depression, such as in New Zealand.

The first part of the 1933-34 selling season was characterized by heavy disposals at higher prices than for several seasons past. The falling off in European demand for wool during the last half of the selling season, the easing of prices, and the restrictions placed on raw material imports including wool by Germany and Italy resulted in an almost complete stagnation in the market and caused the cancellation of later wool sales and the early closing of the official selling season in most Southern Hemisphere countries. This in turn resulted in increased stocks of unsold wool at selling centers, so that on June 30, 1934 such stocks were larger in Australia, the Union of South Africa, Uruguay, and Argentina than at the same time last year, but considerably reduced in New Zealand. The total quantity on hand, however, represents a very small proportion of the combined clips from these countries. Much of the wool now at selling centers will probably disappear before the opening of the official selling seasons in September as the total supply available for the 1933-34 season was smaller than for some time.

Exports of wool for the entire 1933-34 season ended June 30, from Australia, New Zealand, and the Union of South Africa and for 9 months ended on the same date, for Argentina and Uruguay amounted to 1,676,000,000 pounds, compared with 1,933,000,000 pounds last season and an average for the 5 preceding years of 1,673,000,000 pounds.

Marketing Situation

United States

Little change has taken place in the Boston wool market during the past month. Trading has been extremely light and prices on greasy combing domestic wools show few variations in the ranges quoted during several months past, according to the monthly report of Russel L. Burrus of the Boston office of the Bureau of Agricultural Economics. Quotations on many lines are almost entirely nominal because of the lack of trading. The steadiness of quotations in view of the small trading presents an unusual situation in the wool market. In only 1 or 2 weeks of the past 6 months has the volume of business approached what might be considered normal trading, yet quotations on western wools are only slightly below the peak reached in January. Manufacturers have shown no desire to make purchases except for filling out purposes, and holders have maintained prices as they feel that the lack of demand is not a result of the price level. The decline on fleece wools, however, has been somewhat greater.

The limited business transacted in the Boston market in the month ended July 14 was chiefly on fleece wools. Ohio and similar 64s, 70s, 80s (fine) strictly combing fleeces were sold at 30-31 cents a pound in the grease with a few sales at 32 cents. Strictly combing 58s, 60s (1/2 blood) were slightly firmer at 31-32 cents a pound. Medium wools received little demand except for small sales of strictly combing 56s (3/8 blood) for which the price range was steady at 32-33 cents a pound in the grease. 48s, 50s (1/4 blood) fleeces were held at 31-32 cents in the grease the middle of July, but few sales were reported. Business on territory wools in the month ended July 14 was not large enough to establish a market. Nominal quotations on these wools have remained unchanged since the middle of May. Texas spot wools at Boston were in a position similar to that of territory wools during June and the early part of July. Little spot wool was sold, but quotations were firmly maintained. Direct business on Texas wool was reported during the month, however, at prices 8-10 cents a pound scoured basis, below the level of spot quotations on similar wools held at Boston.

There has been practically no market in Boston for spot foreign wools in the past 6 weeks other than on low crossbred South American wools and certain other wools adapted to the manufacture of low priced clothing. Quotations show some decline on inactive wools, due probably to the lower prices at the London wool sales which opened July 3.

Demand has broadened somewhat on woolen wools although sales have not been large. Demand is also greater on wool noils and prices show some improvement.

The market for wool tops remains unsettled and quotations are largely nominal. Deliveries on old contracts have improved slightly but practically no new business is being transacted.

July is normally the month of heaviest arrivals of domestic wool at Boston. Receipts so far this year have been considerably below average and had not shown much increase to the middle of July. Receipts of domestic wool for the first 6 months of 1934 were 60,118,000 pounds compared with 99,340,000 pounds in the first half of 1933 and an average of 89,078,000 pounds for the years 1928-1932.

Imports of wool into the United States continue small and the June imports were smaller than those of June 1933. The normal trend of imports is downward from March through July. Because of the favorable marketing conditions in this country in the spring months of 1933 imports increased considerably from May to August of last year. Imports for consumption from January to June 1934 were 15,147,000 pounds of combing and clothing wool and 52,339,000 pounds of carpet wool. Statistics of imports for consumption are not available for the first half of 1933 but imports minus reexports show net imports of 5,474,000 pounds of combing and clothing wool and 28,362,000 pounds of carpet wool.

Manufacturing activity in the United States wool industry was greatly curtailed in the second quarter of 1934. The index of consumption of combing and clothing wool (grease basis) adjusted for seasonal variation was 61 (1923-1929 = 100) in May compared with 65 in April and 119 in May 1933. Consumption of such wool on a grease basis by United States mills reporting to the Bureau of the Census in the first 5 months of this year amounted to only 121,000,000 pounds and was 18 percent smaller than in the same months of 1933, when 147,000,000 pounds were consumed. On a clean basis, however, the decline was only 10 percent. The difference on a greasy and clean basis is due to the consumption in 1934 of a larger proportion of foreign wool and wool of coarser quality which has a smaller shrinkage than fine domestic wool. Consumption of carpet wool by manufacturers reporting in May was slightly smaller than in April and for the first time this year consumption for the month was lower than in the corresponding month of 1933. Reported consumption of carpet wool in the first 5 months of 1934, however, was 41,216,000 pounds (in condition reported, greasy, scoured, and pulled wool added together) compared with only 24,382,000 pounds in the first 5 months of 1933. Information so far available does not indicate much improvement in manufacturing activity to the middle of July. The nearness of the fall buying season, however, may result in some increase in mill activity in the next few months.

United Kingdom

Unfavorable factors continued to dominate the English markets for wool and wool products during June and July, and prices continued to decline. The Weekly Wool Chart index number for raw wool prices in June was 78 (English currency basis, July 1913 = 100) compared with 86 in May and 102 at the high point in January. The corresponding index for tops was 86 in June compared with 95 in May and 111 in January. The London auctions opened as scheduled on July 3, but the indefinite extension of the German ban on import purchases and unfavorable developments in business conditions in France and Italy greatly curtailed competition at the sales. Prices at the opening were 15 to 20 percent below prices at the close of the previous series on May

11 and further declines were reported during the first week of the sales. Many owners were unwilling to accept the reduced prices which they believed to be partly due to the uncertain conditions in consuming countries and withdrawals were very heavy, both before and during the sales. A slight improvement was reported during the second week and prices at the close were above the low point of the series.

Prices at the July sales at London were somewhat lower than had been generally anticipated. The price of average quality 70s at current rate of exchange, was approximately 48.6 cents a pound scoured basis, at the close of the sales on July 12 compared with 65.8 cents at the close of the May series and 72.1 cents at the high point in January. Average quality 56s were 32 cents a pound scoured basis at the close of the July series compared with 39.5 cents on May 11 and 53.8 cents in January. It is estimated that 44,000 bales were sold during this London series. English buyers took 24,500 bales and continental buyers 19,500 bales.

The Bradford market for by-products and semi-manufactures has been greatly influenced by the uncertain conditions in consuming countries. Prices in the Bradford market have declined almost continuously since the middle of January and are now back to the levels of July 1933. They are, however, still well above the 1932 low point. Demand has been very light for several months. The firmer tendency in the second week of the London sales resulted in a small covering movement on merino tops, but the amount of such business was not large and has since subsided. Business in crossbred tops grading 50s and below has recently been somewhat better than that for merinos. Business with Germany is at a standstill and this is having an unfavorable effect in the market. It is now possible for German manufacturers to obtain licenses for import where need can be shown, but the difficulty of getting funds out of the country continues to restrict such orders from that country.

The decline in employment in the woolen and worsted industry of the United Kingdom in June was more than seasonal. The decline in activity was greater in the worsted section than in the woolen section. The percentage of insured workers registered as unemployed on June 25 was 21.2 compared with 15.8 percent on May 14 and 14.0 percent on June 26, 1933. This is the largest percentage registered since September 1932, according to statistics published by the British Ministry of Labour.

Imports of raw wool into the United Kingdom showed a further decline in June, and were 16,000,000 pounds smaller than imports in June 1933. Net imports of raw wool from January to May 1934, were about 41,000,000 pounds smaller than in the same months of 1933. While imports of wool are considerably smaller than in the past 2 years the export trade of the United Kingdom in wool tops, and yarns in the first half of 1934 has been larger than in the 2 previous years and exports of wool tissues have shown a marked improvement. Exports of woolen and worsted tissues in the first half of 1934 were 6,700,000 square yards greater than in the first half of 1933 and 8,900,000 square yards greater than in the first half of 1932. The increase in 1934 as compared with 1933 and 1932 was 15.5 percent and 21.8 percent respectively.

Continental Europe 1/

Conditions in continental wool markets remained unsettled during June. Unfavorable developments in general business conditions have followed the renewal of policies of deflation in France and Italy. The uncertainty concerning the future wool consumption by Germany has also contributed to the pessimism of the market. With the exception of Germany, most centers reported lower prices for wool and wool products during the second half of June. In Germany firm prices prevailed as a result of the drastic import restrictions and prices of wool, as well as of tops and noils advanced from 10 to 15 percent during June.

New orders for yarn and fabrics were very slow in western Europe and in Italy during June, but were maintained at fair levels in Germany where advance consumer purchases continued in considerable volume in expectation of price increases or a shortage of finished cloths.

The falling off in demand in European wool markets in the first half of 1934 is clearly evident in figures of wool imports so far available. France, Belgium and Italy took much smaller quantities of wool in the early months of 1934 than in 1933. The decline is especially marked in the case of France where imports of raw wool and wool on skins in the first 4 months of 1934 were 89,000,000 pounds smaller than in the same months of 1933. Imports into Belgium in the first 4 months of 1934 showed a decline of 8,400,000 pounds compared with the corresponding period of 1933 and the decline in Italy for the same period was 9,000,000 pounds. Germany, on the hand, reports an increase of 38,000,000 pounds in imports of raw wool from January to May 1934, compared with imports in the first 5 months of 1933. Imports have been well above those for the corresponding months of the 2 previous years in every month since January. Imports of yarns into Germany were also larger in the first 5 months of 1934 than in that period in 1933, but imports of tops show a decline.

Stocks of tops in commission combing establishments of France, Belgium, and Italy again increased in June, but a substantial decline was reported in stocks held in Germany. Combined stocks of merino tops in the four countries on June 30 amounted to 31,790,000 pounds compared with 30,705,000 pounds on May 31 and 32,642,000 pounds on June 30, 1933. Stocks of crossbred tops were 35,205,000 pounds on June 30, compared with 35,856,000 pounds on May 30 and 34,584,000 pounds on June 30, 1933. Stocks of crossbred tops have been well above average in the last year.

Latest developments in the European wool centers were reported as follows:

France

Reports from Roubaix-Tourcoing continued pessimistic during June. Trading in tops and noils revived somewhat toward the middle of the month as a result of advancing quotations in the futures market but the market still complains of the reduced business possibilities in which the continuance of the German buying prohibition plays an important role. The position of

1/ Based largely on a report from D. F. Christy, Assistant Agricultural Attache at Berlin.

worsted spinners improved somewhat around the middle of the month as a result of new orders for yarns from both domestic and foreign buyers. Woolen spinners, on the other hand, did not share in this improvement.

Belgium

As a result of the continuation of the strike at Verviers the situation continued unfavorable. Business with Germany is at an absolute standstill and only small sales were effected with Italy and France. A government commission is now to study the strike situation and may attempt some mediation between employers and workers.

Italy

The Italian market was quiet during June. During the first half of the month, trading in merino and crossbred tops as well as in noils increased slightly as a result of firmer price tendencies, but the market again became very quiet toward the end of the month, when prices resumed their downward tendency. Manufacturing activity is said to have been further reduced in the case of worsted spinners and weavers, whereas woolen spinners at the present time are favored to some extent by general conditions. This fact was already evident from figures on mill activity for the end of April when there was a fair increase in the indices for woolen spinning mills, but practically no increase in the case of worsted mills and a considerable decline in the case of weavers. The hosiery and knitting branches are said to be enjoying quite favorable conditions and next to the silk industry are faring better than any other branch of the Italian textile industry. The application of the wool import control is still not clear and the trade expects that the Ministry for Corporations will soon issue final regulations.

Germany

The German buying prohibition on foreign wool was prolonged on June 30 for an indefinite period. It is prohibited to buy wool, top, noils, wool waste, artificial wool and yarn if such purchases would necessitate payments that fall under the foreign exchange control restrictions. It is interesting to note that the wool buying restrictions were again prolonged despite a recent statement of the German Institute for Economic Research that wool is the weakest point in the German textile supplies. The cotton restrictions were eased although the stocks situation in the case of cotton is relatively the best in the whole textile picture.

As a result of the existing import restrictions, the German wool market has been completely isolated from the developments in foreign markets. Prices for wool, tops, and noils moved strongly upward during June, despite a noticeable decline in world market prices during the second half of the month. German price increases during June amounted to from 10 to 15 percent. It is also reported that the auctions of domestic wool were effected at increased prices, and inasmuch as these prices exceeded the fixed prices guaranteed

the producer by the Reichswollverwertung, the equalization fund 1/ received substantial contributions.

Active domestic buying interest for tops and noils as well as washed wool was reported from Germany throughout June, but offers were scarce, particularly in the case of washed wool. End of June stocks of tops with German commission combers were again reduced by about 2,200,000 pounds as compared with a month ago. This is about the same decline as during April; in May the decline amounted to only about 850,000 pounds. Top stocks with German commission combers at the present time are only about 55 percent of the high point reached at the end of October 1933. Commission washing establishments also reported a decline of 560,000 pounds in stocks of washed wool during June.

Supply Situation

Australia

The National Council of Wool Selling Brokers of Australia reports the coming clip at 3,146,000 bales averaging 300 pounds each or approximately 943,800,000 pounds. This is evidently grease and scoured wool combined as 300 pounds per bale, used in making the preliminary estimate for this season as well as for last, is lower than ever returned by the National Council of Wool Selling Brokers for the weight of a grease bale, whereas the average weight of all bales, grease and scoured, for the 11 months of the season 1933-34 was 299 pounds. The average weight of a bale when grease and scoured bales are added together is 3 or 4 pounds less than that of a grease bale.

Approximately 5 percent of the wool sold in Australia for the preceding years was scoured. Assuming that the percentage scoured this season will be about the same, converting the total quantity to a grease basis, production in 1934-35 would reach about 990,000,000 pounds and would exceed that of 1933-34 which was officially estimated at 950,000,000 pounds grease basis in March. In 1931-32 and 1932-33 production exceeded 1,000,000,000 pounds each season.

The quantity of wool to be received into store in Australia during the coming season is estimated at 2,860,000 bales or 858,000,000 pounds grease and scoured wool combined or an increase of 5 percent above that received during the season just closed which is estimated at 2,726,000 bales of 299 pounds or 815,000,000 pounds. The quantity to be shipped direct during the season 1934-35 is estimated at 286,000 bales or 85,800,000 pounds. Last season the original estimate of the quantity to be shipped direct was 267,500 bales or 80,250,000 pounds. It is reported from various sources, however, that the quantity shipped directly overseas last season without first going through wool selling brokers hands exceeded expectations and steps have been taken to check this method of selling by offering more of the spinning qualities at auction earlier in the season.

1/ The equalization fund as described in our last report is a fund from which differences between the auction sales prices (which should be approximately in line with world market prices) and the prices paid to producers are to be covered. Should sales prices at the auctions exceed prices paid to producers, the difference is to go into the equalization fund.

Wool receipts for the entire season ended June 30, 1934 amounted to 815,000,000 pounds grease and scoured wool combined, compared with record receipts amounting to 898,000,000 pounds last season. Receipts for the five seasons 1927-28 to 1931-32 averaged 799,000,000 pounds.

Despite the reduced clip of last season, disposals through February were 6 percent above the heavy disposals of 1932-33. Since that time, however, owing to the slackening in European demand aggravated by trade restrictions on imports in Germany and Italy, especially, disposals have fallen off. The quantity disposed of by brokers for the entire season was 751,000,000 pounds compared with 885,000,000 pounds last season. The 5-year average for the seasons 1927-28 to 1931-32 was 775,000,000 pounds.

The falling off in disposals and the advent of the fall clip on the market in April and May has caused stocks at selling centers to increase so that at the end of June they had reached 64,000,000 pounds compared with 13,000,000 pounds at the same time a year ago. The fact that the total quantity of wool available for the 1933-34 season was less than for several preceding seasons, however, indicates no over-supply and it is believed that the bulk of the stocks at selling centers will disappear before the opening of the new season.

Exports from Australia for the entire 1933-34 season amounted to 820,000,000 pounds, according to Dalgety and Company, compared with 932,000,000 pounds the preceding season. The average for the five seasons 1927-28 to 1931-32 was 796,000,000 pounds.

There appears to be some similarity between marketing conditions in 1933-34 and those of 10 years ago, in 1924-25, although the carry-over this season is much less than it was in 1924-25. The 1933-34 season began with supplies relatively low, most of the accumulation held over in Southern Hemisphere countries during the depression years having been disposed of in 1932-33. In 1924-25 the situation was similar. The heavy accumulation of wool stocks after the close of the World War, which had acted as a depressing factor on the market during the seasons immediately following the end of the war had practically all been disposed of by 1924-25. In 1933-34 there was a decrease in production from the high level reached in 1931-32 and 1932-33, whereas in 1924-25 production was just beginning to recover somewhat from the low post-war level. Therefore, supplies, i.e., carry-over plus production was lower in 1924-25 and in 1933-34 than in the seasons immediately preceding. In each case there was a revival in demand during the first 6 months of the season, with prices rising to relatively high levels. In 1924-25 the prices reached too high a level to last and it is believed that the same thing happened in the first part of the 1933-34 season also. During the last half of each season there was a decided slackening in demand with a consequent easing of prices and almost complete stagnation of the market. In 1924-25 as in 1933-34, the quantity offered after Christmas was greatly reduced and the auctions were finally cancelled before the close of the selling season. Stocks on hand at the end of the 1924-25 season amounted to 162,000,000 pounds, or a little over one-fifth of the clip. On June 30, 1934, stocks at selling centers reached approximately 48,000,000 pounds or about one-twentieth of the total clip.

The carry-over from the 1924-25 season had been greatly reduced by the beginning of the new selling season and the 1925-26 season was characterized

by regular disposals at prices somewhat below the high level reached in 1924-25. In 1925-26 the season's record price for greasy merino fleece was 42-1/2d. per pound compared with 53-1/4d. in 1924-25; 46-1/2d. in 1923-24; and 40-1/2d. in 1922-23. In 1933-34 the season's record price for the same type of wool was 39-1/4d. compared with 26-3/4d. in 1932-33 and 38-1/4d. in 1931-32.

New Zealand

The April 30, 1934 sheep returns for New Zealand show an increase in numbers for the first time since 1930 and indicate that the downward trend of the last 3 years has been checked. The number on hand this year on April 30 reached 28,600,000, an increase of 3 percent as compared with 1933, according to the Imperial Economic Committee's Bulletin for June. This indicates that there will be an increase in the coming New Zealand wool clip, which will probably be about the same as in 1932, when it reached 288,000,000 pounds. The final official estimate of the clip for the 1933-34 season is not available as yet, but a preliminary estimate based on sheep numbers placed it at about 280,000,000 pounds.

Export slaughter of both sheep and lambs from October 1 to April 15 decreased as compared with the preceding season. The number of wethers killed was 645,000 or 74 percent of last season; ewes, 703,000 or 91 percent, and lambs, 6,561,000, or 95 percent. It is believed, however, that by the end of the season lamb killings will show only a slight decrease, according to the May issue of Meat and Wool of New Zealand.

Exports of wool for the entire 1933-34 season ended June 30 amounted to 275,000,000 pounds, according to estimates of Dalgety and Company, and were approximately equal to the unusually heavy shipments of 1932-33 when they reached 276,000,000 pounds. Exports for the 5-year period, 1927-28 to 1931-32 averaged 219,000,000 pounds.

Offerings at auction during the 1933-34 wool selling season reached 231,000,000 pounds, an increase of 5 percent above 1932-33 and 22 percent above the 5-year average 1928-29 to 1932-33. Sales during the same period amounted to 216,042,000 pounds, an increase of 7 percent above 1932-33 and 26 percent above the 5-year average. The heavy increase above the 5-year average was largely on account of the reduced offerings and sales for the two seasons 1929-30 and 1930-31 as a result of low prices and lack of demand for crossbred wools. Stocks at selling centers at the end of the season 1933-34 are reported by Vice Consul Walter Orebaugh at approximately 15,000,000 pounds compared with 27,368,000 pounds officially estimated to be in wool brokers hands on June 30, 1933.

Argentina

Rain has improved grazing conditions in many districts, although western and southwestern districts of Buenos Aires Province and Pampa Territory were still very dry at the beginning of July (mid-winter). These parts of the Province of Buenos Aires and La Pampa, however, are not as densely populated with sheep as the south central and southeastern parts of Buenos Aires Province where sheep of the coarse crossbred type predominate.

Livestock from the southwestern part of Buenos Aires Province have been moved to the central part and the condition of the sheep is still good. There is abundant green pastures sprouting in the central and northern parts of Buenos Aires Province. In those other provinces adjacent to Buenos Aires, where sheep are numerous, pastures are now reported as reacting favorably as the result of the recent showers. Pasturage is reported as abundant and livestock in good condition.

Receipts of wool at Central Produce Market, near Buenos Aires, estimated at 84,000,000 pounds for the first 8-1/2 months of the season up to June 13, were still below those for the same period a year earlier by about 4 percent. This market handles between one-third and one-fourth of the total Argentine clip. Stocks at that market on June 13 amounted to 7,000,000 pounds compared with about 1,400,000 pounds at the same date last year.

The reduction in exports for the season up to June 13 was greater than that in receipts, being 14 percent. The local wool market was very quiet during most of June with prices showing a tendency to decline, but in early July there was some improvement with bids coming from foreign buyers at better prices. The Argentina shipping season extends until September 30.

There are reports to the effect that in Italy the question of increasing direct purchases of wool from Argentina is being studied by government officials. Since April 16, certain raw materials imported into Italy, including wool, have been subject to license, the issuing of which has been based on the balance of trade with the countries of origin of such products. Italy purchases more goods from Australia, New Zealand, and South Africa than she sells to them, but the reverse is true in the case of Argentina. Italian wool buyers have promised their full cooperation.

Uruguay

Receipts of Uruguayan wool at Montevideo for the first 8 months of the season, 1933-34 up to May 31, are estimated at only 85,693,000 pounds, a decrease of 28 percent as compared with 1932-33. The action of the Bank of the Republic in formulating a plan of compensated exchange to exporters of Uruguayan wool seems to substantiate the earlier reports that approximately 14,000,000 pounds of Uruguayan wool had been smuggled into Brazil and later exported through Uruguay as Brazilian wool en transit. Therefore, the 1933-34 Uruguayan clip is believed to show a reduction of only 5 percent instead of 28 percent as indicated by receipts at Montevideo which may be taken as a good index of the variations in the clip in years of normal marketing activity.

The Board of Directors of the Bank of the Republic in permitting the advantage of the compensated exchange to exporters of wool to become effective immediately (about June 1) instead of on October 1 may facilitate disposal of the wool still on hand before the advent of the new clip on the market in the last few months of 1934. This plan, designed to prevent smuggling of wool and other commodities across the Brazilian frontier has been described previously in these releases. The remainder of the 1933-34 clip held in Uruguay on June 1, was variously estimated at from 8,000,000 pounds to 13,000,000 pounds.

Exports from Uruguay for the first three-fourths of the season up to June 30 amounted to 93,700,000 pounds compared with 107,893,000 pounds during the same period last year. Average exports for this period of the 5 preceding years was 123,632,000 pounds. The smallest shipments during this period were 77,000,000 pounds in 1931-32 and the largest 148,455,000 pounds in 1930-31.

Union of South Africa

Sheep, which have been considerably reduced in number since June a year ago, and now, numbering about 40,000,000 head were reported at the beginning of the winter months (May) to be in fairly good condition generally, although parasites were causing considerable losses in some parts and had adversely affected flocks in Transvaal and Orange Free State. In other districts, i.e., Eastern Cape Province and Natal some losses of sheep were caused by rank grazing, the result of recent heavy rainfall. It is believed that with the advent of drier and colder weather in those districts the health of sheep will improve.

Winter (March-June) lambing was reported as very promising in the northwest district of Cape Province. This is the principal lambing of that district, approximately 85 percent of the total being born in the winter months.

Although conditions still point to a smaller wool clip in 1934 than the clip of 270,000,000 pounds produced in 1933, it seems probable that the carry-over of unsold wool on June 30 will exceed that of last year considerably, due to the falling off in European demand and the artificial barriers set up by Germany and Italy against imports of raw materials. Some quantities are being absorbed, however, and it is believed that the carry-over will be considerably reduced from present levels by the time the next selling season opens in September.

The quantity of short wools shorn was larger than expected, many farmers in the Karroo being forced to shear short wools on account of irritation caused by grass seeds. On the other hand, it is reported that the quantity of long wool still on hand is not excessive.

Exports of grease wool for the season amounted to only 229,553,000 pounds compared with the unusually heavy exports of 320,193,000 pounds in 1932-33, a decrease of 28 percent. The amount of scoured wool exported was 6,656,000 pounds compared with 6,455,000 pounds in 1932-33.

The South African Government recently announced its decision to continue payment of the export subsidy at full rates until June 1, 1935 and at two-thirds and one-third the full rate in the following 2 years after which the subsidy is to be discontinued.

Continental Europe

Indications are that wool production in 1934 in France and Germany decreased only slightly as compared with 1933, production being estimated at 42,700,000 pounds in France and 30,000,000 pounds in Germany. Production in other continental European countries, especially those of south-eastern Europe, however, increased. Recent sheep returns for Yugoslavia,

Greece, and Czechoslovakia show an increase in sheep numbers in 1934 with a probable increase in wool production also. Provisional estimates of this Bureau for these three countries, based on sheep numbers, average weight of fleece, and any other available information are as follows in millions of pounds, with figures for the preceding year given in parentheses: Yugoslavia, 31.1 (30.8); Greece, 15.6 (14.6); Czechoslovakia 2.1 (2.0).

There has been a steady increase in sheep numbers in Greece from 5,806,000 in 1929 to 7,427,000 in 1933, an increase in these 4 years of 28 percent. A number of factors have contributed to this increase, according to the International Institute of Agriculture, among them, the greater interest taken in the livestock industry by the Greek Government since 1928; the greater care taken by breeders themselves to protect herds and flocks from bad weather; the weather of the last few years, which has favored the industry and the recent setting up of shelters for the protection of livestock as a result of closer settlement. All of these factors have caused the mortality to fall considerably. Because of the preponderance of high mountains with high plateaus of varying heights, the absence of temporary meadows, and shortage of forage, sheep breeding is of necessity of the semi-nomadic type, with the consequent exposure to all kinds of weather conditions.

The Government has taken the following measures in the interest of the industry: (1) The establishment of the Central Microbiological Laboratory for the preparation of vaccines and serums; (2) The vaccination of a larger number of animals annually; (3) An increase in experiment stations; (4) Increase in loans to breeders; (5) Increase in importation of selected animals for crossbreeding with native stock; (6) Custom protection applied after 1932.

Turkey

The 1934 wool clip of Turkey, that of Roumelia and Anatolia, is expected to be from 15 percent to 20 percent less than that of 1933, according to information published in the May monthly publication of the Ottoman bank. Last season production was estimated at 14,000,000 pounds of good quality wool. The Turkish sheep are almost exclusively of the fat-tail type and are raised for wool, meat, and milk according to *La Turquie Agricole* written by Professor P. Zhukovsky, 1933. The wool is mostly carpet wool of the coarse or semi-course variety, the clip ranging from 15,000,000 to 18,000,000 pounds. An average flock of sheep is from 200 to 300 head, but there are also flocks of 10,000 and over. In 1932 the total number of sheep was 11,768,000.

Exports of wool, including goat hair, 1/ averaged 9,000,000 pounds for the 5-years 1927-1931, according to the Turkish *Annuaire Statistique*.

1/ Mohair not included.

Wool: Estimate of world production including Russia and China,
1900 to 1933

Year	Wool production	Year	Wool production
	<u>Million pounds</u>		<u>Million pounds</u>
1900	2,685	1917	2,790
1901	2,807	1918	2,809
1902	2,651	1919	2,894
1903	2,621	1920	2,965
1904	2,605	1921	3,003
1905	2,669	1922	2,704
1906	2,605	1923	2,978
1907	(2,650)	1924	3,184
1908	(2,700)	1925	3,342
1909	2,804	1926	3,586
1910	2,953	1927	3,600
1911	2,920	1928	3,747
1912	2,971	1929	3,723
1913	2,881	1930	3,670
1914	2,872	1931	3,677
1915	2,837	1932	3,632
1916	2,717	1933	3,456

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Figures in parentheses interpolated. Years 1900-1909-1922 from National Association of Wool Manufacturers. These totals show the latest estimates available for the various countries at the time of publication of the Annual Review of the National Association of Wool Manufacturers which gives a table of production for 1 year only. Therefore, the estimates for the different countries included are not always for the same year and revisions are not made from year to year. Years 1901-1906 and 1923-1933 estimates of the United States Department of Agriculture. The figures used for China and Russia for years 1923-1933 are as follows: China: Unofficial estimates based on sheep numbers in 1920 and in 1932 or 1933, i.e., 1923-1925, 89,000,000 pounds and 1926-1933, 78,000,000 pounds. Owing to poor marketing conditions in recent years exports were not a reliable index of production. Exports of sheep's wool only, are as follows in millions of pounds: 1923, 47; 1924, 65; 1925, 57; 1926, 28; 1927, 48; 1928, 65; 1929, 50; 1930, 26; 1931, 32. Russia: Estimates as published by official Russian sources for years 1923 to 1930. Years 1931-1933 estimated, on basis of sheep numbers and estimated yield per fleece. Figures used are as follows in millions of pounds: 1923, 256; 1924, 204; 1925, 315; 1926, 351; 1927, 371; 1928, 392; 1929, 394; 1930, 306; 1931, 212; 1932, 142; and 1933, 138.