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WORLD WOOL PROSPECTS

Summary

Trading in the Boston wool market has been fairly steady since the middle of December, but volume of sales has been less than was reported in November and early December. The rapid increase in mill consumption in the last quarter of 1934 made necessary considerable purchases of wool for current requirements, but reports indicate that manufacturers are not yet disposed to build up stocks. Price quotations on wool at Boston have shown little change since the middle of October and changes are expected to be small during the remainder of the 1934-35 season (to April 1, 1935). Since the margin of domestic prices over foreign prices is now about equal to the tariff, domestic price changes in the next few months will depend to some extent upon developments in foreign markets.

Prices of wool advanced slightly in Southern Hemisphere markets in the first half of January, and, at the opening of the new series at London on January 15, prices were generally equal to or slightly higher than the closing prices of the previous series on December 11. During the second half of the month slight declines were reported in some centers. Recent agreements effected by Germany with other countries have made it possible for German buyers to reenter the wool market to some extent and this has resulted in improved demand at London and at Southern Hemisphere sales.

Manufacturing activity in the United States wool textile industry increased greatly in the last quarter of 1934 and the improvement is expected to be maintained through the first quarter of this year. Mill consumption for the entire year 1934, however, was smaller than in any year

for which records are available (since 1920) and stocks of wool held by United States dealers and manufacturers at the beginning of 1935 were probably larger for that date than for several years. The Bureau of the Census reports that stocks of combing and clothing wool reported on December 31 amounted to 382,199,000 pounds in grease equivalent compared with 433,981,000 pounds on September 30. These figures cover practically all important holders of wool except growers.

Imports of wool into the United States in 1934 were smaller than in 1933, but did not decline to the low levels of 1932. Imports (for consumption) of combing and clothing wool were 23,156,000 pounds in 1934 compared with 31,051,000 pounds in 1933 and a yearly average of 51,200,000 pounds in the 5 years, 1929-1933.

Interest is now centered on prospects for disposal of the current Southern Hemisphere wool clip during the next few months. The bulk of the 1934-35 clip in the Southern Hemisphere has been shorn by this time. Shearing was delayed somewhat in some countries by rain. Receipts at selling centers have been much smaller than usual in most countries, except Australia, according to latest information, owing principally to uncertainty concerning German buying intentions. In Argentina and Uruguay, especially, owners appear to be holding for higher prices and thus receipts at selling centers so far have been small despite the fact that production is estimated to be larger than it was last season.

The recent trade agreements concluded by the Union of South Africa, Argentina, and Uruguay with Germany are expected to stimulate trade in wool considerably and the second part of the season will probably show a heavier movement of wool than was the case in 1934.

Apparent supplies of wool on January 1 in the three 1/ principal wool producing countries of the Southern Hemisphere were relatively large and were about 24 percent above the estimated quantity at the same date of 1934, but only 4 percent above the apparent supplies on January 1 of the 5 years 1929 to 1933.

Exports from the beginning of the current season up to December 31 for the same three countries for which exports are available amounted to approximately 181,000,000 pounds compared with 247,000,000 pounds for the same period of 1933 and 228,000,000 pounds during the same period of the 5 years, 1928 to 1932.

The 1934 wool clip in 22 countries, including new estimates for Poland and Latvia is estimated at 2,728,800,000 pounds, or about 1 percent above that of 1933. These 22 countries produced in 1933 over four fifths of the world total, exclusive of Russia and China. In Russia production for 1934 was approximately 142,000,000 pounds, mostly coarse carpet wool, an increase of 3 percent above the small clip of 1933. Prospects still point to a reduction in the shorn wool clip in the United States in 1935 as a result principally of the prolonged drought of 1934, which reduced the number of stock sheep. The reported feed shortage on western ranges at the present time combined with the below average condition of sheep is expected to result in further losses, especially if winter weather conditions are severe. (See World Wool Prospects-79, for table showing wool production in individual countries).

Marketing Situation

United States

Trading in the Boston wool market has been fairly steady since the middle of December, but the turnover has been lower than that reported in November and early December. The volume of sales, however, did not shrink to the discouragingly low levels that prevailed from last May to October,

1/ Union of South Africa, Argentina and Uruguay.

reports R. L. Burrus of the Boston office of the Bureau of Agricultural Economics. The greatest decline in demand was on 56s (3/8 blood) and lower grades.

Average and short combing fine western grown wools have made up the bulk of the sales in the Boston market in recent weeks. Average to good French combing 64s and finer territory wools in original bags had the largest call at 67-70 cents, scoured basis, with emphasis on ordinary lots which could be bought at 67-68 cents. Similarly on graded French combing 64s and finer territory wools quoted at 68-73 cents, demand was centered on lots available at 68-70 cents. Short French combing and clothing 64s and finer territory wools in original bags sold moderately well at 63-65 cents, scoured basis, and decidedly inferior lots moved at 60-62 cents.

Average 12-months Texas wools, spot Boston, had a moderate sale at 68-70 cents scoured basis. A little direct business on similar wools held in Texas was reported at 63-65 cents scoured basis, delivered East.

Demand was very light on Ohio and similar fleece wools. Sales comprised chiefly fine Ohio delaine or strictly combing 64s and finer fleeces at 27-28 cents in the grease. Short or French combing wools of similar grade sold mostly at 23-24 cents. Scattered lots of strictly combing staple 58s, 60s, and 56s sold at 28-29 cents in the grease. Clothing 56s sold at 26-27 cents.

Medium grades of scoured pulled wools were the principal woolen types sold during December and January. No important price changes were reported, but quotations are said to be firmer. Prices for noils have remained firm, although business has declined. Average quality fine noils have been sold mostly at 53-54 cents and short staple noils at 50-52 cents. Noils of 3/8 blood or bulk 56s grade sold largely in the range 40-45 cents a pound.

Spot business in foreign wools at Boston has been small. Some good combing 64s, 70s Australian wool was sold at 78-80 cents scoured basis, duty paid. These sales involved very moderate quantities and were at practically the same prices realized on similar wools in the previous 2 months.

Topmakers in recent weeks have received a smaller amount of new business than during November and early December, but they have been pressed for deliveries against old contracts for 64s and 60s grade tops. Deliveries on these grades have been exceptionally heavy. Lower grades on the other hand, have had little call. Prices for 64s and 60s were in the range of 85-87 cents for oil combed tops. Dry combed, short staple 64s tops sold at 86-89 cents.

Manufacturing activity in the United States wool textile industry increased greatly in the final quarter of 1934 after declining with little interruption from August 1933 to September 1934. The Bureau of the Census reports that after an adjustment for the variation in number of working days, the consumption of combing and clothing wool on a clean equivalent basis by 512 identical mills in the 4 weeks ended November 24 was 38.4 percent higher than in the 4 weeks ended October 27. The increase in October as compared with September was 91.1 percent. Total consumption on such wool by mills representing practically the entire industry was 17,584,000 pounds in clean equivalent in the 4 weeks ended November 24, compared with 12,708,000 pounds consumed in the 4 weeks ended October 27. Unofficial reports indicate a further increase in December. The New York Wool Top Exchange Service states that with respect to unfilled orders, the industry at present is in the best position in many years and the majority of mills are assured of a continued activity until March 31 at least. Mill consumption for the entire year 1934 was smaller than in any year for which records are available (since 1920). Consumption of carpet wool by United States mills was only 5,267,000 pounds (in condition reported) in the 4 weeks ended November 24, a decline of 14 percent as compared with October and was at the lowest level since the spring of 1934. Consumption of carpet wool was maintained at a relatively higher level than consumption of combing and clothing wool during most of 1934.

Receipts of domestic wool at Boston in the calendar year 1934 were smaller than in any year since 1926. Only 184,000,000 pounds were reported to the Boston Grain and Flour Exchange compared with 268,000,000 pounds in 1933 and an average of 237,000,000 pounds annually from 1929 to 1933.

Because of the low activity in the United States wool industry in 1934 imports of wool showed a decline as compared with 1933. Imports did not, however, decline to the low levels of 1932. Imports for consumption from January to December 1934 were 23,156,000 pounds of combing and clothing wool and 85,181,000 pounds of carpet wool, compared with 31,051,000 pounds of combing and clothing wool and 119,934,000 pounds of carpet wool in 1933. Annual imports for consumption averaged 51,200,000 pounds of combing and clothing wool and 107,600,000 pounds of carpet wool in the 5 years 1929-1933.

Receipts of foreign combing and clothing wool at New York, Philadelphia, and Boston, including also Massachusetts subports and other New England ports from January 1 to December 31, 1934 amounted to 18,000,000 pounds according to weights reported on consular invoices and compiled by the Boston office of the Bureau of Agricultural Economics. Classified according to broad quality groups this total was comprised of the following grades: Over 60s - 2,700,000 pounds; 56s/60s - 2,600,000 pounds; 44/46s/54s - 4,600,000 pounds; finer than 40s, not finer than 44s - 3,200,000 pounds and not finer than 40s - 4,900,000 pounds. Similar figures for the years 1925 to 1933 were published in World Wool Prospects, March 15, 1934.

The Bureau of the Census, in cooperation with the Code Authorities of the wool textile industry and the national wool trade reports that stocks of combing and clothing wool in the hands of dealers, manufacturers, topmakers, commission houses and pullers reporting as of December 31 amounted to 382,199,000 pounds in grease equivalent compared with 433,981,000 pounds reported as of September 30. On a clean equivalent basis stocks on December 31 were 164,115,000 pounds compared with 186,229,000 pounds on September 30. In addition dealers, topmakers, and manufacturers held 27,442,000 pounds of tops and 10,942,000 pounds of noils made from combing and clothing wool compared with 30,165,000 pounds of tops and 11,440,000 pounds of noils reported on September 30. The decline in stocks as compared with September was almost entirely due to smaller stocks reported by dealers. On a clean equivalent basis stocks held by dealers were 15 percent smaller on December 31 than on September 30, while stocks held by manufacturers showed a decline of only 3 percent. Stocks of carpet wool reported on December 31 were 51,846,000 pounds in grease equivalent compared with 59,490,000 pounds on September 30 and stocks of tops and noils made from carpet wool were 385,000 pounds on December 31 and 674,000 pounds on September 30. These figures are believed to include stocks held by all dealers, topmakers, and manufacturers who usually hold significant stocks of wool, tops, or noils. Wool still in the hands of growers, however, is not covered by the report. Similar figures for earlier years are not available for comparison, but stocks are believed to be larger than for several years.

United Kingdom

The first series of London wool sales for 1935 opened on January 15. In keeping with the recent advancing tendency in Australian centers prices in English currency at the London opening were generally equal to or slightly higher than the closing prices of the previous series on December 11. Because of the increase in the exchange value of the dollar in terms of the English pound in January the increase in prices at London was not fully reflected in United States currency.

Prices of superior quality wools, both merino and crossbred, showed the greatest advance at the opening, highest quality new clip crossbreds often being as much as 10 percent above the December levels. Good average quality wools showed little change in price. Opening prices were maintained with little change during the first week of the sales. Average prices of all qualities sold in the opening days of the sale, at current rate of exchange, were as follows: 70s, 40.7 cents a pound clean cost (tops and noil in oil); 56s, 29 cents and 46s, 16.3 cents. The corresponding quotations on the closing day of the previous series were 70s, 40.2 cents; 56s, 27.9 cents and 46s, 16 cents. Present prices of greasy merino wools are about 40 percent below prices received for similar wools at this time last year.

About 162,000 bales (average weight per bale about 330 pounds) were available for this series at London. Of this quantity 84,100 bales were Australian wool and 67,300 bales New Zealand wool, remainder being South African, Puntas, English, and sundries.

Bradford buyers purchased freely during the first week of the sales and it was reported that considerable quantities were needed by Bradford manufacturers to cover current orders for shipments of scoured wool and semi-manufacturers to Germany. Special facilities were made available to English dealers and manufacturers in respect to exports to Germany following the recent Anglo-German credit agreement and this has made possible a resumption of trade in wool and wool products between these countries. German buyers have also been active at the London sales, but other continental buyers have not operated to any extent.

Bradford reported an excellent demand for scoured wools and semi-manufacturers for export during January, particularly for the German market. Demand for the home trade was not strong. Prices, which had declined slightly in December, were firm to slightly higher during the first half of January, as a result of the good export demand. Stocks of wool, of semi-manufactures, and of by-product have been materially reduced in recent weeks. Turnover in the Bradford conditioning house in 1934 was smaller than in 1933 except in the case of wool. Only 52,238,000 pounds of tops were conditioned in 1934 compared with 60,577,000 pounds in 1933 and 56,403,000 pounds in 1932.

A slight improvement in activity was reported in the worsted combing and weaving section of the English wool manufacturing industry in December, but this was more than offset by declines in other branches of the worsted industry and in all departments of the woolen industry. The Ministry of Labor reports that 13.9 percent of insured workers in the woolen and worsted industry were registered as unemployed on December 17 compared with 13.2 percent on November 26 and 24.3 percent at the high point in 1934. Only 9.2 percent were registered in December 1933.

Imports of wool into the United Kingdom showed an increase in December as compared with November, but were smaller than the December imports of 2 previous years. Reexports were also smaller, however, so that net imports for the month were about the same as in 1933 and 1932. Retained imports for the entire year 1934 were only 531,000,000 pounds compared with approximately 600,000,000 pounds in both 1933 and 1932. Exports of domestic wool were 47,000,000 pounds in 1934 compared with 61,000,000 in 1933 and 36,000,000 in 1932. Exports of woolen and worsted tissues increased to 102,000,000 square yards in 1934, the largest quantity since 1930. Exports of tissues were 94,000,000 square yards in 1933 and 82,000,000 in 1932. Exports of tops were slightly smaller in 1934 than in 1933 while yarn exports showed little change.

Continental Europe 1/

Trading in tops, noils, and washed wool in continental European countries was somewhat less active during the year-end holiday period, but the improved sentiment reported for the past 2 months was largely maintained throughout the industry. Prices were generally firm except in Germany where a continued gradual downward adjustment of prices to levels more nearly corresponding to world market parity was observed. Mill occupation was well maintained in the chief manufacturing centers.

Stocks of wool tops in commission combing establishments of France, Germany, Belgium, and Italy showed a further decline in December. Combined stocks reported from the four countries on December 31 totaled only 52,979,000 pounds of which 21,612,000 pounds were of merino wool and 31,367,000 pounds crossbred. On December 31, 1933 total stocks reported for these countries were 65,644,000 pounds of which 26,949,000 were merino and 38,695,000 were crossbred. The total reported at the end of December 1934 was the lowest monthly total since March 1932. Italy is the only country reporting larger stocks of tops at the close of 1934 than at the close of 1933 and the increase is only 1,500,000 pounds. Very substantial reductions are shown by Germany and France.

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

France

Conditions in French wool textile centers were slightly more favorable in December and at the beginning of January. Trading in tops and noils was quite active and an increase in orders was reported by worsted spinning mills. Mill occupation picked up somewhat at the beginning of January.

The low level of activity in the French industry is reflected in the annual returns from the conditioning houses of Roubaix, Tourcoing, Mazamet and Reims in 1934 as compared with 1933. Only 112,446,000 pounds of tops were treated in these centers in 1934 compared with 159,293,000 pounds in 1933 and 131,486,000 in 1932. The quantity of wool conditioned was 85,186,000 pounds compared with 104,952,000 pounds in 1933 and 78,841,000 in 1932.

Belgium

The Belgian wool district at Verviers reported a more favorable outlook in December and early January as a result of larger sales to Germany. Home demand for noils for hatmaking purposes was also reported improved. The worsted spinning and weaving sections indicated as influx of new orders during the month and as a result, a somewhat increased mill occupation.

Conditioning house figures for 1934 clearly reflect the dislocation of the industry at Verviers as a result of the long continued strike of textile workers during the spring and summer months. Only 14,312,000 pounds of wool were reported for 1934 compared with 29,857,000 in 1933 and 22,405,000 in 1932. Conditioning of tops was 2,423,000 pounds in 1934 compared with 4,226,000 in 1933 and 4,491,000 in 1932.

Italy

Active trading in noils was reported from Italy in December, but other business on the domestic market was of limited extent. Italian purchases of wool in primary markets increased considerably during December. Some improvement was reported in mill activity in the final quarter of 1934 after a decline which lasted from July to October.

Germany

Fears of the German industry being greatly handicapped by inadequate wool supplies have been considerably relieved by credit and exchange agreements with other countries. Fine wools will now be obtained from South Africa and the United Kingdom while arrangements with South America provide for a supply of coarse wools. As a result of these developments there has been more activity in semi and fully manufactured textiles and more interest has been displayed in offers from abroad. Trading in tops was quite active in the first half of December, but slowed down during the second half of the month as a result of the holiday period. However, the improved tone of the market has been maintained despite the further tendency of prices to decline to levels more closely approaching foreign parity.

The Berlin Institute of Economic Research in a survey of trade during the last quarter of 1934 reports that the production of cloth from wool in combination with synthetic fibers is not so extensive as is generally assumed. This is accounted for by the fact that most of the orders worked off in recent months were issued before wool substitutes had been introduced on a large scale. Present imports and domestic raw material cover about three quarters of home requirements and the remaining quarter must either be imported or met by substitutes. The Institute reports that with respect to the textile industry in general, turnover in German raw and semi-manufactured products has expanded and, thanks to the substantial supplies of raw material that were carried forward manufacturers have found no serious difficulty in meeting demand. The wholesale and retail trades have profited from a greater domestic turnover, which in some measure has compensated for the contraction of export business.

Southern Hemisphere

Conditions have been fairly favorable in the wool markets of the Southern Hemisphere since the year end holidays. Competition was very good at the opening sale at Sydney, Australia on January 7 with Bradford buyers particularly active. It is reported that the keen demand from Bradford was due in part to the heavy purchases of Australian scoured wool, tops, etc., by German buyers at Bradford. Germany is not yet able to operate directly with Australia to any great extent because she has no free sterling balance in that country. Prices at the opening in Sydney were as much as 5 percent higher than those reported at the previous sales in December with well grown descriptions showing the greatest improvement. The average price received for greasy wool at all Australian selling centers in December was 15.4 cents per pound (current rate of exchange) compared with 16.3 cents in November and 28 cents in December 1933. The average price for the first 6 months of the current selling season (July-December 1934) was about 15.7 cents a pound compared with an average of 22.8 cents for the first half of the previous season.

The market at Durban, South Africa opened strong after the holiday period, due chiefly to German competition. It has been officially announced that a wool agreement has been signed between the Governments of the Union of South Africa and Germany concerning credit facilities which will enable German importers to purchase wool in South Africa to a value not exceeding £ 2,400,000 to May 30 of this year. Union importers are expected to purchase German goods to an equivalent value before September 30. Special exchange accounts will be opened on behalf of South African importers in German banks in the name of the three South African commercial banks. All foreign exchange from the purchase of German goods for South Africa will be set aside for the use of the South African banks and will be automatically offset against German purchases of wool. The pact is described by the Government as "merely an exchange clearing agreement and is intended in no wise to interfere with ordinary commercial practice".

Strong competition was reported as a feature of the sales at Wellington, New Zealand on January 7. Offerings consisted of 26,000 bales and of this quantity, 90 percent was sold. Prices were reported to be 1/2 cent to 1 cent higher than December quotations on most good quality wools. Bradford was the chief buyer and France, Japan, and Germany were also buying. Prices were not fully maintained at later sales in New Zealand markets during January.

The South American wool markets have been greatly influenced by German buying orders in the last few months. During December the market was generally quiet with French and German houses doing most of the buying. Owners continued difficult to deal with during the month as they continued to hold their wool in the hope of larger orders from German buyers. A general rise in prices (in Argentine currency) was reported in the third week of December with lambs wool, which was the firmest, gaining as much as 10 percent. Conditions now governing the wool trade between the South American countries and Germany are explained under the supply situation, see pages 10 to 15.

Supply Situation

United States

Prospects for the 1935 wool clip in the United States have not improved in recent months. So far, however, the mild weather on western ranges has prevented further serious losses such as occurred during last summer's drought.

Although a slight improvement was shown in sheep and range conditions in the United States on January 1, 1935 compared with a month earlier, the supply of feed on western ranges is still very short and will not be sufficient to carry even the present reduced stock until shearing time if winter and early spring conditions are severe. Considering the present short feed situation, the advent of severe weather conditions would result in losses of breeding ewes, states the Western Livestock and Range Review of the Division of Crop and Livestock Estimates. The sheep situation has been greatly helped by the government purchases of old ewes.

The only states where feed supplies are ample are in Washington, western Montana, northern Idaho, western and northern Oregon, parts of southern Idaho, and in some of the irrigated sections of Colorado. In California and southern Arizona prospects are good for early feed as a result of recent rains.

The condition of sheep on western ranges on January 1 was 76 percent of normal compared with 75 percent at the beginning of December, 82 percent last January, and a 10-year average of 89 percent. The condition of sheep during the 7-month period from July 1 to January 1 was only 75 percent of normal compared with an average for this period for the preceding 5 years of 87 percent.

Range conditions on January 1, 1935 were 60 percent of normal compared with 58 percent the preceding month, 74 percent last January, and a 10-year average of 81 percent. During the period from July 1 to January 1, conditions averaged only 58 percent of normal compared with the preceding 5-year average for the same period of 80 percent.

On January 1, 1935, the total number of sheep and lambs on feed in the United States was smaller than for the preceding 3 years. The number this year was estimated at 4,915,000, a decrease of 5 percent as compared with the same date of 1934, 14 percent as compared with 1933, and 20 percent as compared with 1932. The decrease was in the Western States, as only 2,128,000 were on feed there in January, this year, compared with 2,402,000 in 1934, 2,786,000 in 1933, and 2,947,000 in 1932.

In the Corn Belt the number on feed on January 1, 1935 was 2,787,000, or approximately the same as on that date of 1934.

European countries

Preliminary estimates of wool production have now been made for Poland and Latvia for 1934 based on the latest sheep estimates. According to these, wool production in Poland remained practically stationary in 1934, being estimated at 9,550,000 pounds, or approximately the same as in 1933. Production in that country has apparently not varied to any extent during the past 3 years. In 1931, however, production was estimated at 9,850,000.

In Latvia, on the contrary, there was a substantial increase in wool production in 1934, according to this provisional estimate based on sheep numbers and an official average weight per fleece. The 1934 clip is estimated at 6,480,000 pounds compared with 4,070,000 pounds in 1933. Wool production has shown an increase for each of the last 3 years in Latvia.

Including preliminary estimates of production for Poland and Latvia wool production in 13 European countries for 1934 is now estimated at 278,500,000 pounds, a decrease of 4 percent compared with 1932 and 1933 when production in the same countries reached 288,000,000 pounds for each year. These 13 countries produce about three-fifths of the quantity produced in Europe exclusive of Russia.

Australia

Weather and feed conditions in the late spring (November) were reported as very satisfactory practically throughout Australia, with prospects of plenty of summer feed, provided the swarms of grasshoppers are controlled.

However, despite the prospects for a good summer season (December-February), the poor lambing during 1934, combined with worm troubles which have caused some losses of sheep, indicate a decrease in the 1935 wool clip, according to present prospects.

In New South Wales, the Department of Agriculture is reported to be combatting the grasshopper plague, and graziers have appealed to the government scientific experts for a special investigation of the worm troubles which are causing losses of sheep.

At the beginning of 1934 sheep numbers in four States, Victoria, Queensland, Southern, and Western Australia, where about 50 percent of the total number in Australia are found, numbered 54,698,000 and showed a decrease of about 4 percent compared with the same date of 1933. Official estimates for New South Wales, which alone carried 53,698,000 on March 31, 1933, are not yet available, but unofficial estimates place the number on that date at 55,000,000. An estimate for total Australia at the beginning of 1934 based on the number in five States, using this unofficial estimate for New South Wales, would be approximately 111,798,000 or 1 percent below 1933.

The first half of the 1934-35 wool season in Australia has been characterized by heavier than average receipts, smaller disposals, and an accumulation of stocks. Receipts for the first 6 months ended December 31, 1934 aggregated 744,000,000 pounds, an increase of 8 percent above the same period the preceding season and 3 percent above the average for that period of the preceding 5 years. However, in 1932 receipts during the same 6 months reached 775,000,000 pounds.

Chiefly as a result of the German exchange situation, disposals for the first half of the season amounted to only 343,000,000 pounds and were 24 percent smaller than for the same period of the 1933-34 season and 8 percent smaller than this period of the five preceding seasons. The percentage of disposals to receipts during the first half of the current season was only 46 compared with 65 percent a year ago, and an average of 52 percent for the same period of the preceding 5 years. However, during the same period of 1929 the percentage of disposals to receipts was only 44 percent. December was the first month this season in which disposals exceeded those of a year ago.

The slow disposals during the first half of the season have resulted in unusually heavy stocks of current clip wool at selling centers. On December 31 they reached 401,000,000 pounds, exceeding the quantity on hand at the same date of 1933 by 69 percent. However, they were only 20 percent larger than the average for that date the preceding 5 years.

Export figures for the first 6 months of the current season are not yet available. Statistics of exports by countries of destination for the first 5 months of the season show a falling off in the total of 36 percent. Exports to Germany and Austria alone were less than one-fifth of those for the same period of 1933 amounting to only 11,399,000 pounds. The quantity exported to the various other principal countries for the 5-month period ended November 30, 1934 are as follows in millions of pounds with percentages of the preceding season given in parenthesis: United Kingdom, 118 (87.5); Japan, 50 (61); Holland and Belgium, 46 (81); France, 22 (65); Italy, 7 (28). The United States and Canada took only 747,000 pounds or between one-fifth and one-sixth of last season's takings for the same period.

New Zealand

The number of sheep owners in New Zealand in 1934 was 29,800 and the total number of sheep was 28,649,000. The largest number of owners had small sized flocks, as 21,570 sheep owners or 72 percent of the total had flocks carrying from under 500 to 1,000 sheep. In 1929 before the slump in wool prices the number of owners of small flocks was only 18,228 or 68 percent of the total.

There was a corresponding decrease during the same period in the percentage of owners with flocks of average size, i.e., those carrying 1,001 to 5,000 sheep between 1929 and 1934, from 29 percent to 25 percent. This average sized group, however, is the only one which has made gains as compared with earlier years. In 1886, 1896, and 1906, the percentage of owners of flocks of this size was 14 percent, 13 percent, and 17 percent of the total number respectively, whereas since 1916 the percentage has exceeded 24 percent. Despite the gain since 1929 in the percentage of owners having small sized flocks, there has been a decrease since pre-war years of approximately 25 percent from 68 percent in 1896 to 51 percent in 1934, and also a decrease in the percentage of owners of large sized flocks, i.e., 5,001 to 20,001 and over from 7 percent in 1886 to 2 percent in 1934, or 5 percent. (See table at end of this issue.)

Union of South Africa

Since the October rains were followed by heavy rainfall in the northern Province of the Union in November, it appears that South Africa will go into the summer (December-February) with feed fairly plentiful. A cold snap during October is reported as having caused heavy mortality of shorn sheep in some localities.

During the first half of the 1934-35 season, i.e., up to December 31, receipts of wool by rail at South African ports totaled only 102,000,000 pounds, a decrease of 27 percent compared with the same period a year ago. In 1931-32 receipts for the corresponding period amounted to 140,000,000 pounds and in 1932-33 to 183,000,000 pounds. The estimated decrease in total production this season is 11 percent as compared with that of 1933-34. Receipts during the past 2 months (November and December) have not been much below the same 2 months of 1933, but for the first 4 months of the season there was a heavy falling off each month.

Now that a satisfactory trade agreement has been concluded with Germany, it is expected that both receipts and disposals will show an increase. The total value of South African wool which Germany has agreed to take in exchange for German goods is £2,500,000. The first section of the agreement covering wool to the value of £500,000 was put in operation on November 30.

The quantity of unsold wool on hand at Union ports at the end of December 1934 was 50,000,000 pounds, and was almost three times as great as on the same date of 1933. On December 31, 1931, however, unsold stocks reached 71,000,000 pounds. The average quantity on hand at that date of the 4 years, 1929-1932, was only 42,000,000 pounds.

Exports of wool from the Union of South Africa so far this season have been unusually small. Only 68,400,000 pounds of greasy and scoured wool had been shipped up to December 31. This is a decrease of 40 percent compared with the same period last season and a decrease of 48 percent compared with the average for that period of the 5 years, 1928-1932.

Exports by countries of destination for the 5 months up to the end of November show that of the 43,400,000 pounds of grease wool shipped, the quantity going to France was the largest, being estimated at 14,000,000 pounds or 62 percent of last season's quantity. The amount shipped to the United Kingdom during the same period was only 11,000,000 pounds, or less than half of the quantity exported to that country during the corresponding period of 1933. Germany took only 2,000,000 compared with 16,000,000 during the corresponding period a year earlier. The only country showing an increase was Italy, which took 5,600,000 pounds during the first 5 months of the current season compared with 4,000,000 pounds a year earlier.

Argentina

Although pastoral conditions as a whole in Argentina are now reported as satisfactory, a severe storm during the early part of December along the south coast of Buenos Aires Province is reported to have caused losses among newly shorn animals, especially milking ewes. There is practically no shelter in that part of the country and with the excessively cold wind and rain it is natural that there should have been losses of sheep.

Shearing of the current clip in the Province of Buenos Aires has been delayed by rain and night frosts in many districts. The condition of the clip is considerably varied in different districts, that of the Buenos Aires low crossbreds from certain districts being good, whereas those from other parts of the Province carry more burr than for the past two seasons. The Concordia clip is reported as sound and well grown, being slightly longer in staple than the clips of the last two seasons.

As a result of the German-Argentine agreement which came into effect at the end of October, Germany is now operating on a monthly quota. Up to that time Germany had been buying on a barter basis and also by liquidating frozen assets in Argentina. Even before the new agreement came into effect, Germany was prepared to import wool from South America on a higher basis of values than any other importing country. After the German quota for November was filled the market was quieter and prices, especially for fine and medium crossbreds, which the Germans were buying, fell about 10 percent. The majority of owners, however, were hopeful, feeling confident that the German quota for December would have a hardening influence on the market. Germany has shown interest chiefly in Concordia wools and so far has neglected low crossbreds. Holders of low crossbreds, however, have based their ideas of values on prices ruling for other classes, and this has practically excluded English buyers. It is reported that recently some sales of low crossbreds have been made to Bradford at a relatively low price, but these are of a speculative nature and under market quotations.

Receipts of wool at Central Produce Market near Buenos Aires from October 1 to December 26 reached 35,073,000 pounds this season, a reduction of 38 percent compared with the corresponding period a year earlier. The small receipts are attributed partly to the fact that owners are holding for higher prices and partly to delayed shearing.

Exports from Argentina from October 1 to December 27 amounted to 51,459,000 pounds, a decrease of 21 percent compared with the same period of 1933. The largest increase in quantity exported went to Germany, the total amounting to 16,227,000 pounds. This was over twice the quantity exported to that country during the same period last season. The United Kingdom took 17,193,000 pounds which was a decrease of 35 percent compared with the same period a year ago. There was also a decrease in exports to the United States, the quantity during this period being only 2,091,000 pounds compared with about 6,000,000 pounds a year earlier.

Sales at Buenos Aires from October 1 to December 26 are reported at 56,000,000 pounds, or only half the quantity disposed of during the same period last season.

Uruguay

Notwithstanding reports of extensive shearing operations, receipts of wool at Montevideo up to the end of November were much smaller than for the same period last season, despite an estimated 10 percent increase in the clip, at least. Recently, however, arrivals have increased considerably. It is reported generally that owners were holding back their wool for higher prices in anticipation of orders from Germany as a result of the German-Uruguayan agreement. This agreement went into force on December 1.

Sales of wool at Montevideo from October 1 to December 26 aggregated only 18,000,000 pounds compared with the unusually heavy disposals of 60,000,000 during the same period a year ago and an average for this period for the 5 years 1928 to 1932 of 33,000,000 pounds.

Unofficial estimates show that wool exports up to December 13 were about 7 percent smaller than for the same period of 1933-34. The largest quantity went to Germany. Of the 11,415,000 pounds exported during October and November, the first 2 months of the wool season, only 7,334,000 pounds was of the current season's clip. The remainder or 4,081,000 was wool carried over and exported to Germany in accordance with a special agreement for the purpose of liquidating the deferred exchange owed German firms. Very little space for shipments of wool to the United States had been contracted for among the steamship lines up to the end of November, contrary to expectations a few months ago.

In spite of the encouragement to wool exporters given by the Uruguayan Government whereby they might cash in 65 percent of the exchange received in payment at the free rate of exchange, prices do not compare with those quoted a year ago although the average drop is only about 20 percent whereas the decline in other primary markets is still greater. Certain merchants consider that it would be wise to raise the percentage of free exchange to 80 percent.

Stocks of wool on hand on December 26 were unofficially reported at 40,000,000 pounds, or over 6 times the small quantity reported on hand at the same time a year ago. The average stocks at the end of December for the 4 years, 1929 to 1932, were 30,000,000 pounds.

New Zealand: Number of sheep owners in New Zealand according to size of flocks, decennially from 1886 to 1926, and 1929, 1931 and 1934

Size of flocks	1886	1896	1906	1916	1926	1929	1931	1934
	Number	Number	Number	Number	Number	Number	Number	Number
Under 500	6,024	12,028	11,793	11,818	12,332	11,915	15,438	15,09[illegible]
501-1,000	1,189	2,605	3,431	4,911	5,732	6,313	6,692	6,475
Total under 500 to 1,000	7,213	14,633	15,224	16,729	18,064	18,228	22,130	21,570
1,001-2,000	747	1,480)	3,340	5,643	6,310	7,699	7,916	7,518
2,001-5,000	532	892)						
5,001-10,000	263	340	394	566	532	613	571	544
10,001-20,000	228	231	213	202	120	146	146	142
20,001 & over	166	147	94	41	19	26	26	26
Total number of owners	9,149	17,703	19,265	23,181	25,045	26,712	30,789	29,800
	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands
Total number of sheep	15,174	19,138	20,108	24,788	24,905	29,051	29,793	28,[illegible]49

Division of Statistical and Historical Research.
Compiled from New Zealand Official Yearbooks, 1910, 1920, 1926, 1934 and Annual Sheep Return, 1934.