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WORLD WOOL PROSPECTS

Summary

The outstanding feature of the wool situation in early July was the great reduction in stocks of raw wool in the Southern Hemisphere and the United States as compared with the heavy supplies held on January 1. As a result of the great improvement in demand in the latter part of the 1934-35 season, stocks at Southern Hemisphere markets on July 1, the close of the season in a majority of the Southern Hemisphere countries, were well below expectations in the early part of the season. Incomplete returns indicate, however, that stocks were still larger than at the same time last year when they were slightly above the average for the 5 preceding years. The stocks are principally crossbred wools in New Zealand and Argentina. It is unofficially estimated that stocks of merino wool in Australia and the Union of South Africa constitute only a little over one-tenth of the total quantity remaining on hand.

Stocks of apparel class wool in the United States exclusive of all wool held by growers reported to the Bureau of the Census as of June 29 were 141,923,000 pounds, scoured basis, compared with 134,455,000 pounds reported on March 30 and 176,292,000 pounds on June 30, 1934. Stocks held on January 1 and April 1 of this year were considerably above average but due to the heavy consumption in recent months and the reduction in the new domestic clip, stocks on July 1 were probably below the average for the same date in recent years. Supplies of most grades, however, will probably be sufficient for the needs of domestic mills for the remainder of 1935.

In view of the heavy consumption of wool by United States mills since November, it hardly seems probable that consumption in the last half of 1935 will be maintained at as high a rate as in the first half of the year.

The weekly average consumption from January 1 to May 25, 1935 was about 5,328,000 pounds, scoured basis, compared with a weekly average of 4,395,000 pounds for the 10 years 1925 to 1934. Consumption in the 4 weeks ended May 25 was 6,361,000 pounds, scoured basis, compared with 5,454,000 pounds in April. This was the highest average for any similar period since 1923. Government orders for wool goods have provided an outlet for a considerable quantity of raw wool in 1935.

The wool textile situation in foreign consuming countries did not show any significant changes during June as compared with May. A somewhat less favorable tone was evident in continental European centers in June as compared with the rather spirited improvement during the month previous. On the whole, trading and industrial activity in the European wool industry remained fairly satisfactory.

Wool prices (in English currency) at the opening of the London sales on July 9 were generally 5 to 10 percent above the closing prices of the previous series on May 23. The greatest advance was shown on merino wools. Prices of crossbred wools continued firm to slightly higher as the sales progressed, but slight declines were reported on most merino grades. Prices of wool in the domestic market showed little change in June and the first half of July.

As reported last month, wool production prospects for the 1935-36 season are for reductions in four countries which produce about 48 percent of the world total exclusive of Russia and China. An expected increase in the Union of South Africa is not likely to be sufficiently large to offset the decrease in Australia, the United States, the United Kingdom, and France. No estimates of the coming clips are as yet available for the South American countries and New Zealand.

The Market Situation

United States

The domestic wool market was fairly active during the latter part of June and the beginning of July. After July 4, however, trade slackened considerably and to the middle of the month trading had not regained the June level, reports R. L. Burrus of the Boston office of the Bureau of Agricultural Economics in his report on the Boston wool market for the month ended July 12. July is seasonally a month of low activity in the raw wool and wool goods markets.

The active buying in the Boston market in the latter part of June resulted in slightly higher prices on some lines of wool, but the advance was halted by the slackening in trade early in July. Prices of all wool averaged definitely higher in June than in May. The average farm price of wool as of June 15 was 19.8 cents a pound compared with 16.1 cents for May 15 and 21.9 cents in June 1934. Fine (64s, 70s, 80s) strictly combing territory wool averaged 74 cents a pound, scoured basis, at Boston in June compared with 67.2 cents in May while similar 56s averaged 62.2 cents in June compared with 56.2 cents in May.

An outstanding development in the market late in June was the renewed buying of medium grade fleeces in the Middle West. With the renewed buying, prices on these lines regained the late May levels. Country graded and packed wools of 56s and 48s, 50s grades of mixed combing and clothing length sold at 28.5 to 30 cents in the grease, delivered East. Sales of Ohio and similar fleece wools at Boston in July included 64s and finer and 48s, 50s at 30-31 cents in the grease and 56s at 31-32 cents, all of strictly combing length.

Demand was fairly good in all states of the Far West and was very good in Texas in June and the first half of July. Much of the business in Texas consisted of direct buying by mills. Prices of Texas wools strengthened slightly in July. Twelve months clips brought 70-72 cents scoured basis for average wools and 73-75 cents for choice lines the middle of July. Prices for 8-months Texas wools advanced from 60-65 cents scoured basis to 65-67 cents.

Moderate buying of fine and 1/2 blood (58s, 60s) territory wools strengthened prices in July. Trading in territory wools below these grades was somewhat slow. Original bag lines of average to good French combing 64s and finer staple brought 68-70 cents scoured basis the middle of July while short French combing brought mostly 65-67 cents scoured basis.

There was no spot business of importance on foreign wools in Boston except on the coarse grades. Prices were very firm on these wools. Americans were reported to be buying small quantities in Australia and New Zealand but this was largely for mills rather than for dealers to resell.

Wools suitable for woolen manufacturers were quite active until the second week of July. Scoured pulled wools advanced about 2 cents a pound late in June and quotations have remained quite firm despite some slackening in trade. Demand was fairly steady on noils, and prices strengthened slightly. Fine noils sold at 55-58 cents the middle of July and noils of 56s grade at 45-58 cents.

New business in wool tops was much smaller in June than in May. Prices were slightly irregular around the middle of June but since then they have been firm. Average staple oil combed 64s were fairly firm at 89-90 cents the middle of July. Choice staple 64s were quoted at 93-95 cents. Quotations were mostly 86-88 cents on 60s; 75-80 cents on 56s and 68-70 cents on 50s in the first half of July. Deliveries of tops on old contracts were maintained at a fairly high rate in the latter half of June, but began to decline somewhat in July.

Consumption of wool by United States mills showed a further increase in May. The weekly average consumption of apparel class wool in the 4 weeks ended May 25 was 6,361,000 pounds, scoured basis, compared with 5,454,000 pounds in April. This was the highest average for any similar period since May 1923. Consumption of apparel class wool from January 1 to May 25 was 200,340,000 pounds of shorn wool, greasy shorn basis, and 40,118,000 pounds of pulled wool, greasy pulled basis. Consumption in the first 5 months of 1935 was higher than in the same months of any year since 1923. Consumption was reported to be well maintained in June and mills were reported to have sufficient orders on hand to maintain a good rate of activity through September.

Consumption of apparel class wool by the United States wool manufacturing industry since November 1934 has been considerably above the average for recent years. The weekly average consumption from January 1 to May 25, 1935 was about 5,328,000 pounds, scoured basis, compared with a weekly average of 4,395,000 pounds for the 10 years 1925-1934. During the last 10 years the highest weekly average consumption for any calendar year was 4,960,000 pounds in 1927 and the lowest was 3,240,000 pounds in 1934.

In view of the high rate of consumption since November it seems probable that consumption in the last half of 1935 will be lower than in the first half of the year. However, government orders for wool goods accounted for the consumption of a considerable quantity of wool in the first half of 1935. Additional contracts are expected to be awarded in the near future and these orders are an important factor in the wool manufacturing outlook for the new few months. The great improvement in the worsted branch of the industry as compared with 1934 is also favorable to the larger consumption of virgin wool in proportion to the quantity of reworked wool and wool substitutes used by the industry.

The 1935 clip is rapidly passing out of growers' hands. Receipts of domestic wool at Boston in the first 3 months of the current season beginning April 1 were 66,200,000 pounds compared with 48,400,000 pounds in the same months of 1934 when shipments were unusually small. Average receipts for the April-June period in the 5 years 1929 to 1933 were 71,000,000 pounds. July is usually the month of heaviest receipts at Boston. The New York Wool Top Exchange Trade Report states that the rather heavy buying by manufacturers, direct and through brokers in the West this season may tend to lower the amount of wools that would normally come to the Boston market.

Stocks of apparel class wool, exclusive of all wool held by growers, reported to the Bureau of the Census as of June 29 were 141,923,000 pounds scoured basis compared with 134,455,000 reported on March 30 and 176,292,000 pounds on June 30, 1934. In addition dealers, manufacturers and topmakers held 20,675,000 pounds of tops and 9,833,000 pounds of noils (apparel class) on June 29 compared with 19,197,000 pounds of tops and 10,175,000 pounds of noils reported on March 30. The outstanding feature of the report is the unusually small increase in stocks held on June 30 as compared with March 30. Stocks held on March 30 were considerably above average for that time of the year but due to the high rate of consumption in the second quarter of the year stocks on July 1 were probably below the average for that date in recent years and were considerably smaller than on June 30, 1934. Stocks held by dealers on June 30, 1935 were 33,000,000 pounds smaller than at the same date in 1934 while manufacturers reported a reduction of 1,500,000 pounds as compared with the previous year. Stocks of tops and noils held by all factors were much smaller than in June 1934.

Stocks of raw wool, top and noil held by dealers, topmakers and manufacturers in the United States, scoured basis, 1934 and 1935

Stocks	June 30, 1934	Sept. 29, 1934	Dec. 31, 1934	Mar. 30, 1935	June 29, 1935
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Apparel class: 1/					
Raw wool, total	176,292	192,345	170,004	134,455	141,923
Dealers 2/	118,329	142,090	121,030	83,287	85,500
Manufacturers and topmakers	57,963	50,255	48,974	51,168	56,423
Top total	31,878	30,165	27,442	19,197	20,675
Dealers	987	1,176	829	812	786
Topmakers	7,775	7,202	5,429	3,574	3,444
Manufacturers	22,586	21,437	21,034	14,786	16,420
Top exchange	530	350	150	25	25
Noil total	14,913	11,440	10,942	10,175	9,833
Carpet class: 3/					
Total, incl. tops and noils	4/	4/	4/	28,957	30,560
Dealers	4/	4/	4/	5,524	2,829
Manufacturers	4/	4/	4/	23,433	27,731

Compiled from Bureau of the Census Quarterly Wool Stock Reports. June statistics believed to include over 96 percent of the total held by all dealers, topmakers, and manufacturers; March, 97 percent; December, 96 percent; September, 97 percent.

1/ Wools suitable for apparel purposes; formerly "combing and clothing".
2/ Includes "Grade not stated".
3/ Foreign wools such as Donskoi, Smyrna, East Indian, Chinese, etc., particularly suitable for floor coverings.
4/ Not available on scoured basis.

United Kingdom

Prices of merino wools at the opening of the fourth series of London wool auctions on July 9 were generally 5 to 10 percent higher in English currency, than at the close of the previous series on May 30. Some greasy combing merino wools were as much as 15 percent higher than in May. The advance on crossbred wools in most cases did not exceed 5 percent. During the series prices for merino wools declined slightly while prices of crossbreds were firm to slightly higher.

Quotations for average 70's were 52.7 cents a pound clean content, at current rate of exchange when the series closed on July 25 compared with 53.7 cents in the opening week and 48.2 cents at the close of the previous series on May 23. Average 56's were 30.5 cents a pound on July 25 compared with 29.9 cents at the opening of the series and 29.7 cents in May.

England was by far the heaviest purchaser. German purchases of merino wools increased during the series and Russia took some medium crossbreds. Competition from other continental countries was relatively small.

The Weekly Wool Chart (Bradford) index number for raw wool prices for June was 73 (English currency basis, July 1914 = 100) compared with 69 in May and 62 at the low point in March. The index for merino wools had advanced to 84 in June compared with only 62 for crossbred wools. The index for tops was 79 in June compared with 76 in May and 68 in March while the yarn index advanced to 96 in June, compared with 95 in May and 88 in March.

No new developments were reported from the Bradford market in June. New business in tops and yarn was not large. Deliveries on old contracts went forward steadily and topmakers and spinners continued to advance quotations in line with the raw wool market. The advance in prices in June was chiefly on merino grades. Following the opening of the London sales prices of crossbred tops also became much firmer. A report that licenses had been obtained in Germany for the importation of both merino and crossbred scoured wool also influenced prices. Neither topmakers nor spinners were willing to grant price concessions for future deliveries. Spinners of merino yarns were reported to be better employed in early July than is usual at this season of the year. The piece goods section is now experiencing a seasonally quiet period particularly the worsted section. The decline which began later than usual this season is expected to continue until mid-August when the winter buying season commences.

The Ministry of Labour reports that 14.4 percent of insured workers in the woolen and worsted industry were registered as unemployed on June 24 compared with 14.5 percent on May 20 and 21.3 percent in June 1934. Improved activity was reported in the combing section of the worsted industry but activity in other branches of the worsted industry declined. The woolen industry reported improvement in all except the sorting section.

Imports of wool into the United Kingdom have increased rapidly since the early part of 1935. In contrast to the first quarter of the year, total net imports for the first 6 months of 1935 were well above imports in the same months of 1934 and were also slightly larger than the average for the corresponding period in the 5 years 1930 to 1934. Net imports from January to June of this year were 402,000,000 pounds compared with 378,000,000 pounds in the first half of 1934 and an average of 396,000,000 pounds for the January to June period in the years 1930 to 1934.

The Weekly Wool Chart, Bradford, estimates that consumption of imported wool in the first half of 1935 was more than 20,000,000 pounds greater than in the first half of 1934 and about 80,000,000 pounds greater than the average consumption for the 6 months period in the years 1930 to 1934. On the basis of these unofficial estimates the surplus of imports over consumption in the first half of 1935 was approximately 65,000,000 pounds which was about the same surplus retained in 1934. In the 5 years 1930-1934 however, the surplus of imports over consumption in the first 6 months of the year averaged about 140,000,000 pounds. Imports greatly exceed consumption during the months of heavy importation from December through May and the surplus thus acquired is used for machinery requirements during the months of light importation from June through November.

The Continental European Wool Situation in June, 1935, 1/

The continental European wool textile situation did not show any significant changes during June as compared with May. Further price advances overseas and some European price advances helped to maintain satisfactory market sentiment, but a somewhat less favorable tone was evident in June as compared with the rather spirited improvement experienced during the month previous. Demand for wools continued firm in Germany and Italy, but somewhat reduced trading activity in both tops and washed wool was reported in France in the first half of the month incident to the early June political disturbances in that country. Belgium also reported a quieter tone in new business, but the industrial situation remained greatly improved in that country. Continued difficulties were experienced in the Dutch and Czechoslovakian wool textile industries, although there was some temporary pick-up in the latter notwithstanding.

Industrial occupation on the Continent on the whole does not seem to have undergone much change as compared with May. Satisfactory tendencies in mill activity were reported from western Europe and Italy, the industry in the latter country benefiting from military deliveries.

Stocks of tops in commission combing establishments of France and Belgium at the end of June were larger than at the end of May. In Germany and Italy on the other hand stocks continued to decline. Stocks of merino tops in the four countries combined were 22,987,000 pounds or practically the same quantity reported at the end of May. At the end of June 1934 stocks of merino tops in commission combing establishments amounted to 31,790,000 pounds. Stocks of crossbred tops were 27,919,000 pounds on June 30 compared with 26,512,000 on May 31 and 35,206,000 pounds on June 30, 1934.

1/ Conditions in continental European wool centers were reported by L. V. Steere, Agricultural Attache at Berlin.

The total stocks of tops in commission combing establishments on June 30 were considerably smaller than at that date of the 3 preceding years (1932 to 1934).

France

The political uncertainty experienced in France during the first half of June caused a hesitant attitude on the part of buyers, and trading in tops and washed wool was rather quiet. Noils, on the other hand, continued firm and in active demand for most of the month. Mill occupation of worsted spinners was satisfactory, with neworders being received both for domestic delivery and for foreign account. Weaving and knitting mills, on the other hand, were less favorably supplied with unfilled orders than were the worsted spinners.

Belgium

The great improvement which has been reported from the Belgian industry since April was maintained during June and worsted spinners as well as woolen spinners and weavers maintained their favorable position; worsted spinners worked three shifts in some plants. On the other hand, trading in wool and tops during June was somewhat quieter than in the month previous. Germany as well as Italy was not in the market. Noils for hat-makers were in active demand at firm prices.

Italy

Active demand for by-products and rags at firm prices was reported from Italy throughout the month and it is said that mill occupation, notably in the woolen spinner section, has risen as a result of increased new orders for military deliveries. Acquisition of foreign wool and tops, on the other hand, has been much restricted as a result of the import regulations.

The following table gives revised figures on machinery activity in the Italian wool industry, 1933 to 1935.

Occupation of the Italian wool industry

(Active machinery in percent of machinery in place)

End of month	Worsted spinners		Woolen spinners		Weavers	
	1932-33	1933-34	1932-33	1933-34	1932-33	1933-34
	Percent	Percent	Percent	Percent	Percent	Percent
Oct.	89.8	77.6	73.2	73.0	70.5	62.8
Nov.	90.4	78.6	78.1	75.9	71.2	69.3
Dec.	89.4	78.4	72.5	77.2	73.5	71.2
Jan.	88.4	80.2	70.5	75.3	73.1	72.2
Feb.	89.3	78.4	72.0	76.0	71.7	72.6
Mar.	87.2	76.1	69.1	75.1	67.2	70.6
Apr.	87.4	75.3	71.8	77.4	63.6	71.0

Germany

Lack of raw material of the fine grades was reported in Germany during June, but the slightly reduced mill activity indicated in the German wool textile industry seems due not only to certain stringencies in the raw material supply, but to a considerable slackening in textile retail sales in recent months. Trading in tops and washed wool was relatively quiet in June and business in noils, while maintained at favorable levels throughout the month, was also below the previous month.

The Supply Situation

The latest aspect of the supply situation is the marked reduction of stocks on hand during June in Southern Hemisphere countries. Incomplete returns for the season, however, indicate that stocks at selling centers of the Southern Hemisphere were still larger on that date than at the same time last year when they were slightly above the average for the preceding 5 years. The larger stocks are principally crossbred wool in New Zealand and Argentina. It is unofficially estimated that stocks of merino wool in Australia and Union of South Africa constitute only a little over one-tenth of the total quantity remaining on hand.

As a result of the fact that demand for wool became active in the latter part of the 1934-35 season, and still continues to be good stocks of wool at selling centers of the Southern Hemisphere have been reduced below expectations in the earlier part of the season. The South American selling season extends until September 30 and it is expected that the carry-over by that time will be lower than it was a year ago. Stocks in the Union of South Africa are negligible and present prospects indicate that stocks in Australia and New Zealand will be further reduced between now and the opening of the new selling season.

Wool production prospects for the 1935-36 season are for a reduction in four countries producing about 48 percent of the world total, exclusive of Russia and China. The revised preliminary estimate for Australia is 948,000,000 pounds, a reduction of 6 percent compared with 1933-34. The expected increase in the Union of South Africa is not likely to be sufficiently large to offset the decrease in Australia, United States, the United Kingdom and France. No estimates of the coming clips are as yet available for the South American countries and New Zealand.

If the severe drought in Queensland continues unabated throughout the winter months (June-August) or even if winter rains are received, it seems unlikely that sufficient feed will be available to prevent further heavy losses of sheep. Feed and weather conditions appear to be about normal in other parts of Australia, with the exception of a few districts of New South Wales and also in New Zealand and Uruguay. In Argentina drought conditions have developed in part of Buenos Aires Province and surrounding territory. Few losses of sheep have been reported so far but if the condition persists there may be further losses in the coming winter months (June-August) thus adversely affecting the 1935-36 clip.

United States

Shearing of the 1935 spring wool clip was practically finished by the end of June in the western range States. The clip was expected to be the smallest for some years owing to the poor condition of sheep and ranges throughout the greater part of 1934 as a result of the drought. The preliminary estimate of wool production will be issued by the Bureau of Agricultural Economics on August 2.

On July 1 the condition of both sheep and ranges in the western range States was much better than at the same date of the past two years and also better than the average on July for the preceding 10-year period, according to the Western Livestock and Range Report of the Division of Crop and Livestock Estimates. Sheep conditions began to improve in May, which was too late to affect materially the current clip, however.

The condition of sheep on July 1 this year was 90 percent of normal or about the same as on the same date of 1932. Range condition on July 1 had risen to 88 percent of normal compared with only 66 percent last year, 78 percent in 1933 and 92 percent in 1932.

Feed was reported as generally good in all sheep sections except eastern New Mexico. Ewes have made very good gains and in Texas, where feed conditions were unusually unfavorable last year, sheep have recovered and there is sufficient moisture to make feed.

Australia

As further details of the preliminary estimate of the 1935-36 Australian wool clip have now become available, the production figure published in World Wool Prospects last month is being revised to agree with the latest information received. This additional information, however, changes very slightly the earlier estimate. Using the estimated weight per bale as reported by the National Council of Wool Selling Brokers of Australia and converting all wool to a grease equivalent, the preliminary estimate of the 1935-36 clip is now placed at 948,000,000 pounds or 6 percent below that of 1934-35. It was estimated at the meeting of Wool Selling brokers and growers that 18 percent of the coming clip will be crossbred.

The quantity to enter Australian brokers' hands at selling centers during the coming season is estimated at 2,665,000 bales or 821,000,000 pounds grease and scoured wool combined compared with 884,000,000 pounds for the 1934-35 season ended June 30, 1935. This is about the quantity received into store in 1928-29 when the wool clip totaled 968,000,000 pounds. Crossbred wool sold that season amounted to 18 percent of the total clip.

Approximately 82,000,000 pounds are expected to be shipped directly overseas without first entering brokers' stores in Australia, compared with the corresponding estimate of 85,800,000 last season. Offerings before Christmas are not to exceed 1,420,000 bales or 437,000,000 pounds. During the 1934-35 season, the quantity disposed of before Christmas was only 342,000,000 pounds compared with a preceding 5-year average of 385,000,000 pounds.

The 1935-36 wool selling season is scheduled to extend 10 months. The season proper will extend until April 1936 with winter sales in May and June. Sales open at Sydney on September 2.

The severe drought in Queensland centered in the region around Charleville covers an area embracing 70 to 75 percent of the sheep country of the State. Although storm rain was received in isolated parts of the drought stricken area in late fall (May) no widespread relief was afforded and rain is urgently needed. Even if winter rains occur the temperature will not be high enough to raise sufficient grass for feeding. Sheepmen in this area have already suffered losses and with the advent of the winter season (June-August) further heavy losses appear to be inevitable. It is unofficially estimated that between 5,000,000 and 6,000,000 sheep have perished in the dry creeks and in the plains in the drought area of central Queensland. The total number of sheep in Queensland on January 1, 1934, was 20,073,000, the smallest number since 1929. The largest number reported since 1915 was 22,542,000 in January, 1931. Between January 1915 and January 1916 sheep numbers decreased from 23,130,000 to 15,950,000 or 7,180,000 due to the severe drought in 1914-15.

Weather conditions are fair to good in other parts of Australia and it is stated that there has been little mortality of sheep in the west or northwest of New South Wales due directly to dry conditions.

Stocks of wool at selling centers on June 30, 1935 are estimated at 26,000,000 pounds, a decrease of 59 percent below the same date of 1934. However, with the present strong demand for wool this quantity will probably be sold before the new selling season opens in September.

The total quantity of the 1934-35 wool clip disposed of in Australia in the 1934-35 season was 858,000,000 pounds. This is an increase of 14 percent compared with 1933-34 and about 7 percent from the 5-year average.

New Zealand

Conditions in New Zealand are favorable for carrying sheep through the winter months (June-August). Feed is abundant and sheep are in good condition generally. The number on April 30, 1934 was 28,649,000 or 3 percent above 1933. As ewes constituted a large percentage of the total in 1934, i.e., 61 percent, and the lamb crop was also large, there was probably some increase in numbers in 1935. Slaughter for export, which is a large percentage of total slaughter, amounted to 9,269,000 head from May 1934 to April 30, 1935, a decrease of 9 percent compared with last season.

An estimate of wool exports for the total season 1934-35 based on 11 months' statistics places them at 201,000,000 pounds, a decrease of 28 percent compared with the unusually large shipments last season. Exports for the season just closed, however, were probably about 12 percent below the preceding 5-year average judged by the total for 11 months ended May 31.

It is unofficially estimated that stocks on hand in New Zealand at the end of the season, June 30, amounted to approximately 76,000,000 pounds, an increase of 70 percent above the same date of 1934, but only 3 percent larger than the 5-year average 1929-1933.

Union of South Africa

The recent widespread rains practically insure sufficient feed to carry sheep through the winter (June-August) and give promise of an increased wool clip next season. The 1934-35 clip, provisionally estimated at only 205,000,000 pounds, was the smallest since 1923-24, when it was 198,000,000 pounds. Final returns will probably show a slight upward revision of this estimate.

Stock are reported in good condition in the Union with prospects of a good lambing season. Sheep have improved considerably in Orange Free State and winter feed will be abundant.

Argentina

The feed situation in central Argentina, including the provinces of Buenos Aires, Santa Fe, Cordoba, Entre Rios, Santiago del Estero and La Pampa had not improved much by mid-June (early winter). These six provinces supported a little over one-half of the total number of sheep in Argentina in 1930, Buenos Aires alone having about 31 percent of the total.

Although pasturage is scarce in the province of Buenos Aires, livestock in general has not been affected greatly. Pastures were dry and stock in poor condition with some losses in northern Cordoba and Santa Fe and in southern Entre Rios and south eastern Santiago del Estero. The predominating type of wool grown in Buenos Aires province is coarse crossbred. This type furnishes about 40 percent of the total Argentine clip, 90 percent of which is grown in Buenos Aires province. "Criollo" or carpet wool constitutes only about 5 percent of the total Argentine clip and a large percentage of this type is produced in Cordoba, Santiago del Estero and Santa Fe. The predominating type grown in Entre Rios is fine crossbred although 60 percent of this type comes from the southern territories of Santa Cruz and Tierra del Fuego. The parts of Cordoba and Santa Fe most adversely affected by the present drought do not appear to be heavily stocked sheep country.

Latest reports indicate favorable weather and feed conditions in Patagonia where about 36 percent of the total number of sheep in Argentina are found, mostly of the fine wooled type.

It is estimated that about 296,000,000 pounds of Argentina wool had been sold by the end of June. This is slightly larger than sales a year ago. Owing to the fact that buyers are operating more and more at ranches, the movement at Central Produce Market is not such a good indication of conditions now as formerly. However, up to July 5, receipts at that market amounted to 76,000,000 pounds or about 7,000,000 pounds less than a year ago. Stocks on hand amounted to only 6,175,000 pounds compared with 7,200,000 pounds a year earlier.

Exports of Argentine wool from the beginning of the season to June 20 aggregated 278,000,000 pounds, an increase of 1 percent above the same period of 1933-34. The wool market had become quiet toward the end of June after the activity of recent months. Not only was demand by local mills unusually brisk but export demand was also good with buying for the United States carpet trade quite active. The European demand for washed wool also improved.

Owing partly to the difficulties experienced by the sheep men and farmers in the southern territories of Argentina during the depression years, Colonel Jose Maria Sarobe made a study of Patagonia recently which contains some interesting information on sheep raising in that country.

Patagonia, which consists of the provinces of Neuquen, Rio Negro, Chubut, Santa Cruz and Tierra del Fuego, is divided into two distinct regions, according to this study, the semi-arid and dry region of the coast and tablelands, and the variable, fertile and humid region of the mountainous section. The dry country of the tablelands, except in the small areas suitabl[e] for irrigation, is used for livestock, especially sheep. About 80 percent of the total area of Patagonia or about 660,000 square kilometers is of this kind of land. In the mountainous region the abundant percipitation and fresh water courses permit free development of the natural fertility of the land which produces all kinds of fruit and grains. As large areas are covered with woods and the pasturage is good, cattle are raised. This area comprises about 15 percent of the total area or 120,000 square kilometers.

Sheep are raised chiefly on the Patagonian tablelands and on the coast on a large scale, although the quantity of pasture and water is scant. The sheep carrying capacity of ranches varies. Thus on certain poor lands of Chubut and Santa Cruz, only 8 sheep can be carried per 100 acres, and on the more fertile plains of Tierra del Fuego 100 sheep and 13 cattle may be fed on a similar area. On the tablelands nearest to the mountains 13 to 16 sheep can be carried per 100 acres. On the coast, generally, only 8 to 10 sheep can be carried on the same area. In the South of Santa Cruz the carrying capacity is increased to 20 to 26 sheep as this territory is more favored by rain.

The Patagonia tablelands today feed 16,000,000 sheep. Almost all the land of Neuquen, Rio Negro, Chubut, Santa Cruz and Tierra del Fuego is devoted to sheep raising. The number in these States according to the 1930 Census was as follows in thousands, figures in parentheses show the number in 1914: Neuquen 914 (792); Rio Negro 2,316 (2,802); Chubut 5,004 (2,047); Santa Cruz 6,880 (3,941) and Tierra del Fuego 843 (784). Santa Cruz has undertaken above all to make sheep raising the basis of its economic life and the almost exclusive occupation of its inhabitants.

The main cause for the lack of profit of the ranches, particularly in Santa Cruz, is the inconvenient subdivision of the land. The land is divided in regular geometric forms, following the line of parallels and meridians, with the exception of the territory comprised of lakes which are considered natural limits. Thus the division of land according to natural conditions, distribution of drinking water and local climate is ignored and thus the non-economical exploitation of certain divisions and the depreciation of others because a rational and logical utilization of the same would result in a convenient combination of these conditions as ranches for summer and winter.

Under the present division of land it is found that the ranches begin to diminish in value at a certain distance from ports and that a limit is reached where it is no longer possible to bear the costs of transportation to freezing companies, and the freights for the transportation of wool absorbs a large proportion of the profits of operating. These adverse factors could be compensated by an increase in the area of the subdivisions or with the combination of two or more divisions which unite the conditions mentioned.

Uruguay

Weather and feed conditions in Uruguay continue to be favorable for the coming wool clip, according to latest reports. Pasture lands are well grassed and flocks are reported to be in good condition.

It now appears that the entire 1934-35 wool clip will be sold by the end of the season, i.e., September 30, with stocks completely exhausted. Disposals of wools were unusually heavy during the month of June this season. June exports reached 14,311,000 pounds compared with only 1,379,000 pounds exported in June 1934, 6,362,000 in June 1933 and 5,679,000 in the same month of 1932.

During June France was the largest single purchaser, taking 3,550,000 pounds, the total going to that country for the first three fourths of the season being 10,489,000 pounds or 68 percent more than a year ago. The next most important customer in June was Italy taking 2,628,000 pounds, which brought total purchases for the season up to 21,991,000 pounds against only 10,195,000 last season for the corresponding period. Germany which has been a consistently good purchaser throughout most of the current season as a result of a trade agreement made with Uruguay, bought 2,409,000 pounds of wool in June, the total for the season so far reaching 27,165,000 pounds or 11 percent above a year ago. The United Kingdom which ranks third as a purchaser of Uruguayan wool this season took 1,306,000 pounds in June compared with only 8,000 pounds in the same month of 1934. The total for this season, so far, however, is only 16,843,000 pounds or 40 percent below the same period las season. The United States so far has taken only 2,335,000 pounds compared with 5,091,000 pounds a year ago. Exports to all countries for the first three fourths of the season reached 96,163,000 pounds, an increase of 3 percent above a year ago, but 19 percent below the preceding 5-year average for this period.

Apparent supplies of wool on hand in Uruguay at the end of June are estimated at about 26,000,000 pounds or over twice the quantity on hand a year ago, according to the same method of calculating. It is stated, however, that most of this wool on hand has already been sold. The market has been very active in recent months with prices firm.

By the end of June, receipts of wool at Montevideo amounted to 116,000,000 pounds and exceeded those of a year ago by about 5,000,000 pounds. Receipts so far this season have exceeded the same period of the past 3 years. However, last season it was reported that in the neighborhood of 13,000,000 pounds of Uruguayan wool did not enter the Montevideo market but was smuggled into Brazil. As entries into the Montevideo market in May and June amounted to 18,448,000 pounds, it seems likely that stocks in producers' hands are of negligible proportions. On April 31 such stocks were reported at 15,000,000 pounds.

Transactions were continuing at the Montevideo market in early July, according to a report of the Revista Semanal de la Camara Mercantil del Pais furnished by Vice Consul Wells. The reduced stocks of fine crossbreds were being easily sold, a few sales of merino wool had been made while trading in coarse crossbred wool was not so active.