UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

WOOL-102 October 1936

WORLD WOOL PROSPECTS

Summary

Stocks of raw wool in the United States during the remainder of the present wool-marketing season (to April 1, 1937) probably will continue to be much below average, and the carry-over into the new season may be smaller than a year earlier. Stocks of apparel wool held by dealers and manufacturers in the United States on September 26, totaled 125,940,000 pounds, scoured basis. This represents a decline of 20 percent as compared with the same date in 1935.

Domestic mill consumption of wool for the final quarter of this year is likely to be considerably smaller than in the same months of 1935. Consumption for the entire year 1936 is expected to show a substantial decline as compared with 1935 but will be well above the average of recent years. Consumption of apparel wool by United States mills from January through August of this year was 8.5 percent smaller than in the same months of last year but was larger than in the corresponding period of any previous year since 1923.

Wool prices in the domestic market were firm during September and early October although trading was limited. The fact that supplies of wool in this country and in foreign countries are small probably will prevent any material decline in domestic prices during the remainder of the present wool-marketing season even with some decline in domestic consumption. On the other hand domestic prices are reported to be close to import parity on many grades of wool and unless foreign prices for wool continue to advance, domestic prices cannot advance much further

without attracting larger imports. No material change in foreign prices is expected in the next few months.

Wool prices advanced in the Australian markets after the middle of September but, through the first week in October, the advance was largely offset by the decline in the exchange rate of the British pound. Japan remains out of the Australian market but is buying rather heavily in South Africa and wool prices in that market are reported to be higher than in Australia.

The recent currency changes in France and Italy may result in some readjustment of wool textile activity in the principal foreign consuming countries. The devaluation of the franc is expected to improve the competitive position of France in the export markets for manufactured wool products and may enable the French industry to regain some of the export business in wool textiles lost during recent years.

Preliminary production estimates recently received from Argentina and Uruguay have not changed the supply situation materially. It appears that supplies for disposal in the five principal Southern Hemisphere wool producing countries during the 1936-37 selling season will differ very little from those of the 1935-36 season but will be about 5 percent smaller than the average for the five seasons, 1930-31 to 1934-35. Present prospects are for an increase over last year of about 1 percent in supplies from Southern Hemisphere countries producing mostly merino wool and a decrease of about 2 percent from countries producing principally crossbred wool.

Receipts of new clip wool into store in both Australia and the Union of South Africa were larger in September than in the same month of 1935. The increase in receipts at selling centers so far appears to be an indication of favorable marketing conditions rather than an increase in potential supplies of wool. Exports from Australia, New Zealand and the Union of South Africa for the 3 months ended September 30 amounted to 138,000,000 pounds compared with 149,000,000 pounds in the same period of 1935 and 146,000,000 pounds the preceding 5-year average.

Market Situation

United States.- Sales of wool on the Boston market in September continued the downward trend which started late in August. Business was also slow during the first week of October, but in the 2 following weeks sales gradually increased. The hesitation in September was caused by growing uncertainty over the foreign situation and the failure of the domestic goods market to show the expected fall improvement. Increased sales of wool goods at higher prices were reported early in October.

The decline in wool sales in September had little effect on prices of domestic wool at Boston. Prices declined slightly on some sales of odd lots during the month but on regular offerings prices remained firm. Prices of Ohio and similar fleece wools were unchanged through October 17 at 35-36 cents a pound, grease basis, for fine delaine, 38-39 cents for 3/8 blood combing, and 34-36 cents for low 1/4 blood combing.

Sales of graded territory wools were greater than those of ungraded lots as manufacturers, rather than topmakers, were the principal buyers. Prices were mostly unchanged on graded territory wools through October 17. Quotations for combing 3/8 blood (56s) advanced 1-2 cents a pound in September but the advance was not fully maintained in October. The average price of territory fine (64s, 70s, 80s) staple remained at 89 cents a pound, scoured basis, in September compared with 78.8 cents a year earlier. Combing 3/8 blood (56s) averaged 78.8 cents in September, 75.9 cents in August and 65.2 cents in September 1935 while low 1/4 blood (46s) averaged 64 cents in September, 63.5 cents a month earlier, and 54.2 cents a year earlier.

Good quality original bag fine territory wools sold in September and early October at 83-84 cents, scoured basis, for bulk short French combing length; 85-86 cents for average to good French combing length; and 87-88 cents for lines containing good French combing and staple length wools. Twelve month Texas wools of average length sold at 85-86 cents, scoured basis, and good to choice length at 87-88 cents.

Sales of spot foreign wools at Boston were limited. Prices of Australian fine merino wools declined slightly in keeping with lower import prices of comparable new clip wools. Spot quotations on Australian wools became firmer, however, as prices rose in Australia during October.

Prices of pulled wools remained generally firm during the last month. Noil prices declined slightly as a result of smaller sales. Average fine noils sold at 67-68 cents in the middle of October compared with 68-70 cents a month earlier. Asking prices of choice fine noils were 70 cents.

New business in wool tops was small in September and early October, but prices remained firm. Average length staple 64s tops, combed in oil, sold at $1.07 - $1.08 cents a pound, and oil combed 60s at $1.06.

Stocks of apparel wool held by dealers and manufacturers reporting to the Bureau of the Census as of September 26 were 125,940,000 pounds scoured basis compared with 147,057,000 pounds on June 27 and 156,694,000 pounds on September 28, 1935. About 79 percent of the total stocks held on September 26 was domestic wool compared with 88 percent in September 1935. In June of this year 75 percent of the total stocks was of domestic wool. Stocks of foreign wool held on September 26 were much smaller than those reported in June but were somewhat larger than a year earlier.

Dealers' stocks of apparel wool on September 26 were 10,800,000 pounds smaller than a year earlier and were only half as large as 2 years earlier. Manufacturers' stocks on September 28 were 16 percent smaller than on June 27 and 25 percent smaller than on September 28, 1935 and were the smallest stocks reported by manufacturers since June 30, 1935. The stocks of apparel wool reported on September 26 were equivalent to 222,491,000 pounds of shorn wool, greasy shorn basis, and 37,270,000 pounds of pulled wool, greasy pulled basis, compared with 310,216,000 pounds and 34,593,000 pounds respectively on the same date in 1935. Stocks of carpet wool were smaller on September 26 than on June 27 and were also smaller than a year earlier.

In view of the relatively small stocks of wool now on hand it appears probable that stocks of wool in the United States on April 1,1937 the beginning of the new wool marketing year, will continue to be much below average and may be smaller than a year earlier.

Stocks of raw wool, tops, and noils, held by dealers, topmakers, and manufacturers in the United States, scoured basis, September 26, 1936, with comparisons

Item	1935	1936	
	Sept. 28 1/	June 27 1/	Sept. 26
	1,000 pounds	1,000 pounds	1,000 pounds
Apparel wool, total	156,694	147,057	125,940
Dealers	77,445	76,794	66,629
Domestic	69,190	62,652	57,220
Foreign on hand	(8,255	13,255	8,578
Foreign afloat	(	887	831
Manufactures and topmakers..	79,249	70,263	56,311
Domestic	68,632	48,246	42,381
Foreign on hand	(10,617	21,993	15,661
Foreign afloat	(	24	1,269
Carpet wool, total	36,435	34,230	32,998
Dealers	3,080	2,211	3,216
Manufacturers	33,355	32,019	29,782
Tops	20,662	22,257	26,240
Noils	9,936	10,978	10,693

Compiled from Bureau of the Census Quarterly Wool Stock Report, September 26,1936. Statistics for September 1936 believed to include over 96 percent of the total stocks held by and afloat to all dealers, topmakers, and manufacturers in the United States on that date. For September 1935 and for June 1936, 97 percent. 1/ Revised.

After showing a marked increase in the first 3 months of the current season, receipts of domestic wool at Boston since July have been below those of the same months last year. Receipts in September were 13,153,000 pounds compared with 19,385,000 pounds in September 1935. Receipts from April to September of this year were 176,000,000 pounds compared with 187,000,000 pounds reported in the same months of 1935, a decline of 6 percent. Domestic production for 1936 is estimated to be about 1 percent smaller than in 1935. Arrivals of foreign wool, including carpet wool, at Boston increased in September to 3,004,000 pounds compared with 1,592,000 pounds in August and 4,446,000 pounds in September 1935.

United States imports of apparel wool for consumption were 6,063,000 pounds in August compared with 6,895,000 pounds in July and 1,629,000 pounds in August 1935. In the first 8 months of this year imports of apparel wool for consumption totaled 75,000,000 pounds compared with 14,000,000 pounds imported in the same months of 1935.

As a result of the high level of mill consumption in recent months and the small stocks of domestic wool, stocks of wool in bonded customs warehouses have been substantially reduced since April. Stocks of apparel wool in such warehouses were reduced from 32,000,000 pounds at the end of April to 22,000,000 pounds at the end of August, and a further decline was indicated for September. Stocks at the end of August 1935 were only 13,000,000 pounds.

Mill activity in the domestic wool manufacturing industry increased rather sharply in August. The increase in the average number of hours worked per week in August as compared with July in the various divisions was as follows: Combs 13 percent, worsted spindles 15 percent, woolen spindles 8 percent, broad looms 6 percent, and narrow looms 18 percent. Activity was lower than in August 1935 in all but the worsted spindles and narrow looms sections.

The weekly average consumption of apparel wool by United States mills was 5,751,000 pounds, scoured basis, in August compared with 4,939,000 pounds in July and 6,639,000 pounds in August 1935. The increase in August was somewhat greater than seasonal. After adjustment for usual seasonal change consumption showed an increase for the fourth consecutive month.

Consumption of apparel wool by United States mills from January through August was 8.5 percent smaller than in the same months of last year but was larger than in the corresponding period of any previous year since 1923. Total mill consumption of apparel wool in the first 8 months of this year was 179,000,000 pounds scoured basis compared with 190,000,000 pounds in the same months last year and an average of 135,000,000 pounds for those months in the 5 years 1930-34.

Trading in the wool goods market was reported to be slow in September. Unfilled orders for men's wear were smaller in September than a year earlier and the decline was only partly compensated by larger orders for women's wear. Stocks of manufactured goods in the hands of distributors on September 1 were reported to be much larger than a year earlier.

Consumption for the last 4 months of 1936, therefore, is likely to be considerably smaller than in the same period of 1935. Consumption for the entire year 1936 will probably show a substantial decline as compared with 1935 but will be well above the average of recent years.

United Kingdom.- Prices of merino wools at the September sales in London showed little change compared with prices at the July sales, but prices of crossbred wools were higher than in July. At current rate of exchange the average price of 70s for September was 56.1 cents a pound, scoured basis, compared with 56.5 cents in July and 50.3 cents in September 1935. The average for 56s was 33.8 cents in September, 31.9 cents in July, and 29.3 cents in September 1935. Advances were somewhat greater on half blood wools and on wools grading below 50s.

Average prices of tops and yarn at Bradford advanced in September. In the first week of October the price of 64s average tops at Bradford was 66.1 cents a pound (current rate of exchange) compared with 65.8 cents the first week in September and 61.2 cents in the first week of October 1935.

Employment in the woolen and worsted industry of the United Kingdom reported as of September 21 showed an improvement over the previous month in all departments with the greatest improvement in the worsted weaving section. The percentage of insured workers registered as unemployed on September 21 was 9.2 compared with 10.9 on August 24 and 10.7 in September 1935.

Raw wool stocks at public warehouses in the principal ports and at railway and canal depots in Yorkshire at the end of August showed a further slight decline as compared with a month earlier and were smaller than at the same date of the 2 previous years, chiefly because of the decline in stocks at London. These figures are not complete, but changes in stocks in railway and canal depots in Yorkshire are considered to indicate roughly the trend of stocks in the hands of manufacturers. The Yorkshire stocks were 74,000,000 pounds at the end of August compared with 83,000,000 pounds a month earlier and 75,000,000 pounds a year earlier. Stocks in public warehouses at the principal ports at the end of August were 61,000,000 pounds compared with 58,000,000 pounds a month earlier and 76,000,000 pounds a year earlier.

The Weekly Wool Chart of Bradford estimates that consumption of foreign wool in the United Kingdom in the first 9 months of 1936 exceeded retained imports by about 65,000,000 pounds and in the same months of 1935, by about 40,000,000 pounds. In the years 1930-34 imports exceeded consumption for the first 9 months of the year by an average of about 75,000,000 pounds. On the basis of these figures stocks of foreign wool in the United Kingdom at the end of September were smaller than a year earlier and were considerably below the average for that date in the 5 years 1930-34.

The wool manufacturing industry of the United Kingdom has operated at an exceptionally high rate during the past year. Consumption was greater in 1935 than in any year since 1927 for which statistics are available. Although consumption for the first 9 months of 1936 was unofficially estimated to be about 9 percent larger than in the same months of 1935, consumption in August and September failed to show an increase above the same months of the previous year.

The marked improvement in wool consumption by the English wool textile industry since 1931 has been largely due to increased domestic consumption made possible by the general improvement in industrial employment and increased buying power in the United Kingdom. Part of the improvement, however, has been due to the decline in imports and the increase in exports of wool products which followed the devaluation of the British pound in 1931. The recent devaluation of the French franc is likely to result in increased competition from the French textile industry in both the British and the foreign markets. Imports of yarns and tissues into the United Kingdom, however, are now subject to duties of 10 and 20 percent respectively.

The quantity of imported wool retained in the United Kingdom in September was slightly above the average for that month in recent years. Imports minus reexports for the first 9 months of 1936 were 486,000,000 pounds compared with 459,000,000 pounds in the same months of 1935 and an average of 446,000,000 pounds for those months in the 5 years 1930-34.

The export trade of the United Kingdom in wool tops and yarns in the first 9 months of 1936 showed a decline of about 9 percent compared with the same period last year. Exports of woolen and worsted tissues, however, continue to show an increase over the same months of last year and from January to September tissue exports were larger than in the same months of any year since 1929.

France.- Trading in tops, noils, and washed wool on the French market was active in September, particularly under the influence of expected devaluation of the franc. New orders for yarns and cloth were also reported to be good with worsted spinning mills particularly favored. Unsettled economic conditions, however, continued to hamper the manufacturing industry. If sharp advances in manufacturing costs can be avoided it is believed that devaluation of the franc will enable the wool textile industry to regain some of the export trade lost in recent years.

Retained imports of wool from January to July 1936 were about 5 percent smaller than in the same months of 1935. Imports in July were only about half as large as in July 1935. Exports of tops, yarns, and tissues in July continued well below the same month of the previous year.

Stocks of tops at commission combers in France were 26,400,000 pounds at the end of September compared with 26,900,000 at the end of August and 31,300,000 in September 1935.

Germany.- Imports of greasy and scoured wool into Germany in the first 8 months of 1936 were 185,000,000 pounds compared with 239,000,000 pounds imported in the same months of 1935. Since July, however, imports have exceeded those of the same month in 1935. German buyers purchased wool at recent Australian sales and at the London auctions in September. The buying agreement between Germany and the Union of South Africa has been renewed, but it is reported that the high prices paid by Japan at the early sales in South Africa restricted German purchases in that market.

Stocks of tops at commission combing establishments in Germany were 4,000,000 pounds at the end of September compared with 4,500,000 pounds a month earlier and 10,300,000 pounds a year earlier. Stocks of merino tops were particularly limited.

There has been little change in activity in the German wool textile industry in the last 2 months, shortage of raw material being the chief limiting factor. The demand for substitute fiber for use in the wool and cotton industries has increased and the present producing capacity is not sufficient to supply requirements. In order to spread the supply equally among all manufacturers the purchase and delivery of "Zellwolle", (staple fiber) has been placed under supervision.

Further regulations have recently been issued concerning the use of raw wool in the manufacture of uniforms for the military and semi-military units as well as for certain civil branches of the Government. Only such proportions of raw materials may be used in the manufacture of cloth for uniforms as are stipulated by the Reich War Minister, Reich Economic Minister or Party Treasurers, subject to the approval of the Economic Minister.

The proportion of raw wool to be used in uniform cloth for the civil branches of the Government service, including the Labor Service, Police, Customs, and Forestry Service, will vary from 50 to 85 percent. of which 25 percent must be of German origin. The remaining 15 to 50 percent will be of reclaimed wool or "Zellwolle" (staple fibers). The proportion of pure wool in uniforms for the Federal Post and Railroads is to be slightly lower. The percentage of pure wool to be allowed for military and semi-military uniforms is higher than that allowed for civil branches of the Government service.

Use of substitute fibers in wool textiles has become so general in the German industry that an agreement has recently been concluded with the retail trade and tailors' organizations whereby the designation of textile materials as "pure", "guaranteed" or "mixed" wool is prohibited. Goods containing not more than 20 percent of artificial fibers will be designated as "woolen goods". Textiles which contain more than 20 percent of other fibers must be marked as "wool with -----" (indication of at least one of the additional fibers used). The purpose of the new marking is to prevent consumer discrimination against mixed textiles.

Belgium.- Activity in the Belgian wool-textile industry continued good in September. Worsted spinners were working two shifts but activity in the woolen spinning mills was somewhat irregular. Some fear is expressed regarding the effect on the Belgian industry of increased competition which is likely to result from the devaluation of the French franc.

Net imports of wool into Belgium in the first 8 months of 1936 were 97,700,000 pounds compared with 80,800,000 pounds imported in the same months of 1935. Net imports of wool into Belgium have been relatively high since the devaluation of the Belgian currency early in 1935. Since May, however, the trend of imports has been downward.

Stocks of wool tops at combing establishments were 7,700,000 pounds at the end of September compared with 7,300,000 pounds at the end of August and 8,200,000 pounds in September 1935.

Italy.- Shipments of wool to Italy in the first 8 months of 1936 from the principal sources of supply were only 20,000,000 pounds compared with 77,000,000 pounds shipped in the same months of 1935 and 79,000,000 in 1934. Import control of wool is still enforced and purchases are being limited in value, as far as possible, to the foreign currency proceeds of wool-textile exports. It is possible, however, that the devaluation of the lira and the apparent tendency to loosen import restrictions - which has already resulted in the reduction of certain import tariffs - may also bring about some changes in the import control for essential raw materials, including wool. The currency adjustment may also facilitate the resumption of wool textile exports. Internal production costs have been somewhat increased as a result of the rise in wages which took effect on September 1.

Japan.- Imports of wool into Japan in July were only 6,300,000 pounds compared with 20,200,000 pounds in June and 19,600,000 pounds in July 1935. Imports from January to July were 185,000,000 pounds compared with 151,000,000 pounds imported in the first 7 months of 1935. Since purchases by Japan have been relatively small since May, imports during the remainder of 1936 are likely to be considerably smaller than a year earlier.

Stocks of raw wool in warehouses in Japan at the end of July were about 10,000,000 pounds smaller than a month earlier but were 38 percent larger than a year earlier and 20 percent larger than 2 years earlier. Since the beginning of the year stocks have been much higher than ever before, but consumption has also been larger.

Supply Situation

(With special reference to primary producing countries of the Southern Hemisphere)

Interest was keen at the opening of the new selling season in the Southern Hemisphere. New-clip wool was rushed into store for the opening of the auction season, September receipts being larger in both Australia and the Union of South Africa than in the same month of 1935. Prices for September averaged generally higher than in the same month a year earlier in both of these countries. In Argentina it was reported that buyers were purchasing wool before it was shorn, for delivery during the period October-

December. The increase in receipts at selling centers, so far, appears to be an indication of favorable marketing conditions rather than an increase in potential supplies.

Argentina.-It seems probable from preliminary unofficial estimates that apparent supplies of wool for disposal for the season beginning October 1, 1936, will be about 364,000,000 pounds, an increase of 6 percent compared with 1935-36 but a reduction of 4 percent compared with the average for the 5 seasons 1930-31 to 1934-35. The coming Argentine wool clip is expected to show an increase of about 6 to 10 percent compared with that of 1935. This is the clip shorn or to be shorn mostly in the last few months of 1936 for export during the season beginning October 1, 1936.

The provisional estimate of production for 1936, furnished by Agricultural Attache' Paul O. Nyhus, is 353,000,000 pounds. Estimates available for 1935 range from 320,000,000 to 340,000,000 pounds. Exports for the season, combined with preliminary estimates of carry-over and consumption, suggest that production in 1935 may have exceeded the highest figure mentioned, or 340,000,000 pounds. The early figures of production for 1936 furnished by Paul O. Nyhus, United States Agricultural Attache', are those of one of the important firms submitting estimates to the Buenos Aires Branch of the First National Bank of Boston. The estimates of this bank is considered a reliable index of changes in production and will be available a little later.

Conditions have been favorable to wool growing in Buenos Aires Province where over three-fourths of the low crossbreds originate, and they are reported to be in much better condition this year than last. The clean content is expected to be higher than a year ago, with less burr, longer staple and better color. Conditions have been good for wool growing in the districts and provinces where about 70 percent of the fine crossbred wool is grown, that is, the southern provinces of Chubut and Samta Cruz, and the province of Buenos Aires. In the provinces of Entre Rios, Corrientes, and the Pampa and Patagonia districts where the remaining 30 percent of fine crossbred wool is grown, wool has suffered somewhat from disease and lack of rain. In all of these provinces and districts there will be a higher clean content than in 1935. As the bulk of the merino and medium crossbred is grown in the provinces of Buenos Aires, Santa Cruz, and Tierra del Fuego, where conditions this year have been better than last, this type of wool is also expected to be of better quality than the clip of 1935.

Low crossbred wool will constitute a larger percentage of the new clip than was the case last season, whereas the percentage of fine crossbred will be smaller. The different kinds of wool as percentages of total production in 1936 are estimated as follows, with percentages for 1935 given in parentheses: Low crossbred, 30 (25); fine crossbred, 29 (37); medium crossbred, 24 (24); merino, 12 (14).

Argentina exported larger quantities of wool to France and to the United States in the 1935-36 season and smaller quantities to the United Kingdom, Germany, Italy, and Belgium. Exports for the entire season ended September 30, were as follows in millions of pounds with corresponding quantities for the 1934-35 season given in parentheses: United Kingdom, 75.9 (81.7); North America (principally the United States) 55.0 (42.8); France 52.3 (44.5); Germany 42.9 (67.2); Belgium 19.3 (14.7); Italy 11.4 (37.8); total 278.3 (306.4).

Exports to North American ports, mostly to the United States, were 33 percent above last season, and amounted to about one-fifth of the total quantity exported from Argentina. This was a larger percentage than went to any other country except the United Kingdom.

Exports for the season, with washed and scoured wool converted to a grease basis, amounted to 300,729,000 pounds, a decrease of 8 percent from the 1934-35 season, but an increase of 6 percent above 1933-34. The percentage distribution according to kind exported in a grease condition was as follows: Low crossbred 37 percent; medium crossbred 10 percent and fine crossbred 33 percent. Approximately 77 percent of the total was exported in a grease condition.

Uruguay.-Present prospects in Uruguay are for slightly larger supplies of wool for disposal this season than last. It is provisionally estimated that apparent supplies for disposal during the entire season beginning October 1, 1936, will amount to about 121,000,000 pounds, that is, carry-over from preceding season plus production, an increase of 2 percent compared with 1935-36 but a reduction of 3 percent compared with the average for the 5 seasons 1930-31 to 1934-35.

Wool production this season is provisionally estimated at 112,400,000 pounds, according to information supplied by Mr. Nyhus, which would be about 3 percent larger than in 1935-36, as judged by receipts into store for the season. Stocks of carry-over wool are estimated at approximately 9,000,000 pounds compared with a little over 10,000,000 pounds at the same date of 1935. The greater part carried over is described as inferior wool with burr.

Domestic consumption of wool in Uruguay is estimated at about 4,400,000 pounds or about 4 percent of the total clip, the remainder or 96 percent being exported.

It is unofficially estimated that approximately 55 percent of the clip will be fine crossbred and about 14 percent medium crossbred. Low crossbred will constitute only about 8.5 percent of the clip. Very little merino wool is produced in Uruguay, the percentage being about 5 percent of the total clip. The wool of the new clip is expected to give a good clean yield with far less burr than in 1935-36.

Receipts of wool at Montevideo for the entire 1935-36 season ended September 30 amounted to 109,700,000 pounds, a decrease of 8 percent from 1934-35. Receipts in 1935-36, however, were approximately the same as the average for the 5 seasons 1930-31 to 1934-35.

Exports of wool for the season ended September 30, 1936, amounted to 114,000,000 pounds, a decrease of 4 percent compared with 1934-35. The outstanding feature of the export season was the large increase in exports to the United States, which rose from 5,214,000 pounds in 1934-35 to 23,240,000 pounds in 1935-36. During the 5-year period 1930-31 to 1934-35 exports to the United States from Uruguay averaged only 4,094,000 pounds. Germany took the largest quantity exported to any one country, as was the case also a year earlier, but the amount in 1935-36 was only 28,344,000 pounds or 13 percent smaller than in 1934-35. The United Kingdom took 25,779,000 pounds of Uruguayan wool, an increase of 8 percent above 1934-35. Japanese takings in 1935-36 increased to 6,070,000 pounds compared with only 1,819,000 pounds in 1934-35. Japan has increased her purchases in Uruguay in each of the past 5 seasons and is expected to purchase more in South America this year than formerly as a result of the recently adopted Australian trade policies considered by the Japanese as unfavorable to them.

Australia.- At the close of the first quarter of the new season, supplies available for disposal were somewhat smaller than at the same time a year earlier. Receipts into store for the first 3 months of the season exceeded those of a year ago by about 5 percent, although approximately the same percentage had been sold during this period as in 1935-36 despite Japan's deflection from the market. The larger receipts at selling centers in the early part of the season appear to be a reflection of increased demand causing growers to market earlier rather than an indication of increased supplies available for the season.

Apparent supplies of wool for disposal at the end of the first 3 months, that is, on October 1, 1936, amounted to 901,000,000 pounds and were about the same as supplies at the same date of 1935 and 2 percent below the average quantity available on that date of the 5-year period 1930-34. Wool production in 1936 is still provisionally estimated at 983,000,000 pounds. Last season's production, according to official returns recently released, is estimated at 992,000,000 pounds. This estimate is still subject to revision. An estimate based on receipts into store for the season had placed production at 980,000,000 pounds. The pre-shearing estimate was 948,000,000 pounds.

The wool-selling season in Australia began in August but did not get fully under way until about the middle of September. Only a little over 100,000,000 pounds had reached selling centers by the end of August but by the end of September over 300,000,000 pounds had been received. This season the volume of September receipts of new-clip wool was greater than usual. The total for the month reached 204,000,000 pounds, an increase of 3 percent above September a year ago and 8 percent above the average for that month of the 5 years, 1930-34. Receipts for the first 3 months of the season up to September 30 were approximately 311,000,000 pounds this season, an increase of 5 percent above the same period of 1935 but 8 percent below the preceding 5-year average for that period.

Disposals of new clip wool amounted to 82,000,000 pounds in the first 3 months of the new season and constituted 26.5 percent of receipts or approximately the same percentage as a year ago, whereas in the preceding 5 seasons disposals during the first 3 months constituted only 24 percent of receipts. Notwithstanding the fact that Japan has been purchasing wool elsewhere, there has been no falling off in disposals in Australia so far this season.

Stocks of old and new clip wool at selling centers amounted to 235,000,000 pounds at the end of September, 3 percent larger than on the same date a year earlier, but 15 percent smaller than on the same date of 1934. Stocks of new-clip wool, estimated at 229,000,000 pounds, were 5 percent larger than a year earlier, whereas stocks of old-clip wool, reduced to only 6,200,000 pounds, were 33 percent below the same date of 1935.

Exports of wool from Australia in the first 3 months of the new season amounted to 105,000,000 pounds, according to records of Dalgety and Company, a decrease of 9 percent as compared with a year earlier. Statistics of exports for the first 2 months of the new season show that the United Kingdom, as usual, took the largest quantity going to any one country, amounting to 21,500,000 pounds, an increase of 30 percent above the same period of 1935-36. Japan, the second most important purchaser of Australian wool in recent years took only 300,000 pounds in the first 2 months of the new season compared with 15,500,000 pounds a year earlier. Japan has not operated to any extent in Australia so far this season as a protest against the trade policies recently adopted in that country.

Union of South Africa.- Wool production in the Union of South Africa in 1936-37 is officially estimated at 262,200,000 pounds, an increase of 10 percent above the revised estimate for 1935-36. The upward revision in the 1935-36 clip was the result of heavy shearing of short wools in the fall (April-May 1936). The increase in the 1936-37 clip is expected to be in shorts and short combings also, as the supply of long combings is expected to be about the same as last season. The new-clip wool is clean and light and free of vegetable matter, and is sound and well grown. Although the new clip shows an increase of 25 percent above the low point reached in 1934-35, it is smaller than in the 5-year period 1928-32, when production averaged 309,000,000 pounds.

As compared with a year earlier, there will be an increase this year of 9 percent in Cape Province, where about 50 percent of the total clip originates. Orange Free State and the Transvaal also show increases of 12 percent and 11 percent respectively.

Available supplies for disposal on October 1 were still about 10 percent greater than at the same date of 1935. Receipts at ports during the first 3 months of the new export season, up to September 30, amounted to 26,700,000 pounds and were about 4 percent larger than in the same period of 1935-36 and 10 percent greater than average receipts for the same period of the seasons 1930-31 to 1934-35. Exports during the same 3 months of 1936-37, amounting to 12,300,000 pounds, exceeded those of a year ago by 58 percent and were about the same as in the corresponding period of the preceding 5 seasons. As there were considerably larger stocks of sold wool on hand awaiting shipment on June 30, 1936, than a year earlier, the larger exports probably represent a clearance of wool already sold rather than sales of new-clip wool.

Auction sales began toward the end of September with Japan one of the principal operators. Japan is expected to purchase wool in South Africa and South America this year as a protest against trade policies recently adopted in Australia.

There was probably an increase in sheep numbers in the Union of South Africa during the season ended August 1936 although official estimates are not yet available. The 10-percent increase in wool production in 1936 indicates some increase in sheep numbers as well as better wool-growing conditions, which resulted in a larger yield of wool per head. There was not much change in the number of wooled sheep on occupied farms of the Union of South Africa in 1935 compared with 1934. The agricultural census for August 1935 placed numbers of sheep and lambs on occupied farms at 30,207,000, or approximately the same as on that date of 1934. As the total number of sheep, estimated at 35,845,000, was 2 percent above the number on the same date of 1934 there was obviously an increase of over 800,000 in non-wooled sheep on occupied farms. In August 1934 the number of non-wooled sheep was reported as 4,754,000 according to the agricultural census.

Losses of sheep and goats in the season ended August 1935 numbered only 3,285,000 compared with 4,489,000 in 1933-34 and 7,451,390 in 1932-33, the year of the prolonged drought. Assuming that sheep bear the same relation to the total as in the preceding 2 seasons or 90 percent of the total, the losses of sheep and lambs in 1934-35 were about 2,957,000 compared with 4,059,000 in 1933-34 and 6,739,000 in 1932-33. In normal seasons losses averaged around 2,000,000 head.

New Zealand.- Apparent supplies of wool in New Zealand on October 1 are estimated to be about 348,000,000 pounds or 8 percent smaller than at the same date of 1935. The New Zealand wool-auction season begins in November.

The new wool clip in New Zealand, that is, that shorn in the last few months of the calendar year 1936, is estimated to be about 4 percent larger than that of last year, which has recently been revised upward to to 316,500,000 pounds or about 45,000,000 pounds above the pre-shearing estimate.

Exports of wool from New Zealand in the first quarter of the new season up to September 30 amounted to 21,200,000 pounds, according to estimates of Dalgety and Company, compared with 26,000,000 pounds in the same period of 1935 and 21,000,000 the average for the first quarter of the preceding 5 seasons.

The decrease of 3,000,000 pounds in shipments in the first 2 months of the new season were almost entirely in exports to the United Kingdom as shown by statistics of exports by countries of destination. There was an increase from 100,000 pounds to 900,000 pounds in shipments to Japan during the same period.

Wool: Price per pound in specified markets in September 1936, with comparisons

Market and description	Average 1934	Average 1935	Sept. 1935	Aug. 1936	Sept. 1936
	Cents	Cents	Cents	Cents	Cents
Boston:					
Territory combing scoured basis-					
64s, 70s, 80s (fine)	81.6	74.8	78.8	89.0	89.0
56s (3/8 blood)	74.2	63.6	65.2	75.9	78.8
46s (Low 1/4 blood)	59.6	51.4	54.2	63.5	64.0
Farm price (15th of month)-					
Grease basis	21.7	19.4	20.9	27.2	26.5
London: 1/					
Average quality clean cost 2/-					
70s	54.3	47.5	50.3	56.5	56.1
56s	37.2	29.0	29.3	33.2	33.8
46s	19.9	18.6	19.3	25.4	26.2
Bradford: 3/					
Scoured wool-					
64s warp	54.9	47.7	51.4	60.1	59.8
50s "	26.6	23.2	24.2	25.3	28.3
Australia:					
Average price at all selling centers- 4/					
Greasy wool			20.0	20.8	20.9
Sydney- (Delivered Bradford) 5/					
Clean basis-					
70s warp			58.3		61.5
Union of South Africa:					
Average export price-					
Greasy wool			17.8	20.2	22.3
Price at selling centers- 6/					
Clean cost ex-warehouse-					
70s warp			7/ 50.9		7/ 59.1

Foreign prices have been converted at prevailing rates of exchange.

1/ Average of quotations for each series of London sales as reported by the London office of the Bureau of Agricultural Economics. For months when no sales were held figures are interpolations of nearest actual prices.
2/ Top and noil in oil.
3/ Quotations reported about the 25th of the month by the London office of the Bureau of Agricultural Economics.
4/ National Council of Wool Selling Brokers.
5/ Wool Record and Textile World, Bradford.
6/ South Africa Ministry for Agriculture.
7/ Two weeks.

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