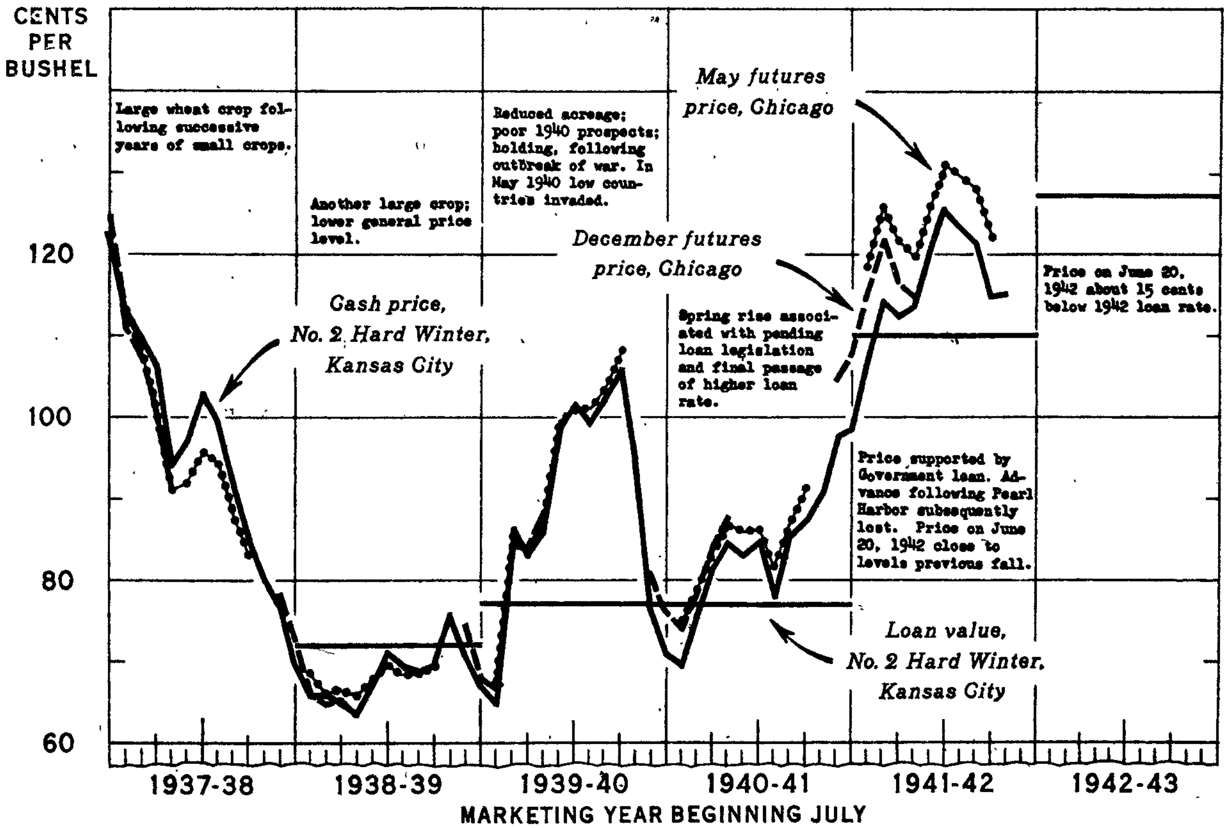
THE Wheat SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

WS-67 BAE JUNE 1942

WHEAT: LOAN VALUE AND CASH PRICE AT KANSAS CITY, AND FUTURES PRICES AT CHICAGO, 1937-41



U. S. DEPARTMENT OF AGRICULTURE NEG. 42343 BUREAU OF AGRICULTURAL ECONOMICS

IN EACH YEAR SINCE THE LOAN PROGRAM CAME INTO OPERATION WHEAT PRICES IN THE SPRING HAVE BEEN SUBSTANTIALLY ABOVE THE LEVELS OF THE PRECEDING FALL. THE GENERAL CONDITIONS RESPONSIBLE FOR THIS PRICE PATTERN ARE PRESENT AGAIN THIS YEAR, ALTHOUGH THE WAR SITUATION MAY BRING NEW DEVELOPMENTS.

THE WHEAT SITUATION
Including rye

Summary

Wheat prices recently recovered slightly from the decline started in mid-March which took prices to the lowest levels since last October. The downward trend reflected plentiful supplies of "free" wheat, promising crop prospects, and a crowded storage situation in prospect when the new crop is marketed. Recent strength in prices is attributed largely to the increase in storage facilities provided by the Commodity Credit Corporation which will permit a larger quantity of wheat to be placed under loan. In past years in which the loan was in effect, prices declined considerably below loan values early in the marketing season, then later rose gradually so that prices in most markets were above loan values. The general conditions responsible for this price pattern are present again this year, although the war situation may bring new developments.

Wheat prices in the United States still are high compared with levels in other exporting countries, reflecting the price-supporting influence of the loan program. Prices at Buffalo of United States wheat compared to Canadian wheat remain higher by more than the 42-cent duty.

Large crops in 1940 and 1941 and reduced opportunities to export will result in an increase in the July 1 carry-over of wheat from 282 million bushels in 1940 to a record of about 630 million bushels in 1942. A total crop of 868 million bushels was indicated by the official crop report of June 10, consisting of 647 million bushels of winter wheat and 221 million bushels of spring wheat. With a crop this size and a carry-over of about

630 million bushels, total supplies for the year beginning July 1, 1942 would be approximately 1,500 million bushels. The total in 1941-42 was 1,331 million bushels, including a carry-over of 385 million bushels and a crop of 946 million bushels.

-- June 24, 1942

THE DOMESTIC WHEAT SITUATION

BACKGROUND.- In the 10-year period 1931-40, the carry-over of old wheat in the United States averaged about 230 million bushels, and domestic disappearance about 688 million bushels.

In May 1940, following the turn of events in Europe, earlier price gains due to the war were largely lost. The effect of this decline, however, was about offset by a rise beginning in March 1941, influenced by legislation affecting loan rates, so that prices to growers for the year beginning July 1940 averaged 68 cents - only 1 cent lower than a year earlier. Prices for the year beginning July 1941 have averaged considerably higher as a result of the higher loan rates in effect and our participation in the war.

The average national loan rate to farmers for 1942 wheat is 1.14 cents per bushel. In 1938-39 the loan averaged 53 cents, in 1939-40, 64 cents, in 1940-41, 65-1/2 cents, and in 1941-42, 98 cents. At important terminal markets the loan values for 1942 are as follows (1941-42 values in parentheses): No. 2 Hard Winter at Kansas City $1.27 ($1.10) and at Chicago $1.32 ($1.15), No. 2 Red Winter at St. Louis and at Chicago $1.32 ($1.15), No. 1 Dark Northern Spring at Minneapolis $1.32 ($1.15), and No. 1 Soft White at Portland $1.21 ($1.05).

United States Prospective 1942-43 Supplies 170 Million Bushels Above Last Year

The domestic wheat supply for the 1942-43 marketing year is indicated at about 1,500 million bushels compared with 1,331 million bushels in 1941-42. The condition of the wheat crop for 1941 indicates a probable outturn of about 868 million bushels, and available data as to the utilization and supplies of old wheat continue to indicate a carry-over of old wheat on July 1, 1942 of about 630 million bushels.

Annual disappearance in the United States during the years 1931-40 averaged 688 million bushels, and it is likely that disappearance in the year beginning July 1942 will be above this average. A 700 million bushel-disappearance from a total supply of 1,500 million bushels would leave 800 million bushels for exports during the year and carry-over at the end of the year. The total supply figure for 1941-42 was 1,331 million bushels. Unless exports are increased substantially from the low levels which have existed since the beginning of the war, or some program is worked out to increase domestic use of wheat for such purposes as feed or alcohol, the stocks on July 1, 1943 will be even greater than in July 1942.

The total wheat production of 868,059,000 bushels indicated June 1 is 8 percent less than the 945,937,000 bushel-crop last year, but is substantially above the 10-year (1930-39) average of 747,597,000 bushels.

Production of winter wheat in 1942 was indicated by condition on June 1 at 646,931,000 bushels, unchanged from a month earlier. A crop of this size would be about 4 percent less than last year's crop of 671,293,000 bushels, but 14 percent above the 10-year average of 569,417,000 bushels. The indicated probable yield was 17.8 bushels per acre, which compares with 17.0 bushels last year, and the 10-year average of 14.4 bushels. As a result of scant surface moisture during May yield prospects declined 0.5 bushel per acre in Texas, Oklahoma and Colorado and 0.6 bushel in Kansas. In spite of the declines, June 1 indicated yields were above average in all winter wheat States, except Illinois, Missouri and Arizona. In most of the soft red winter wheat States, east of the Missouri River, indicated yields were above those forecast May 1 by 0.5 to 1.5 bushels per acre. In the Northwestern States increases in yields ranged from 0.5 to 2.0 bushels per acre.

During the first half of June precipitation was considerably above average. Some lodging by wind and rain is reported from many scattered areas, but in general progress of the crop continued satisfactory. Moisture conditions in early June were favorable in the Southwestern hard red winter wheat States, where the soil in May had become dry. Harvesting now is well advanced in Oklahoma and is general in south-central Kansas.

Production of spring wheat in 1942 on the basis of prospective seeded acreage reported in March and June 1 condition, weather factors and soil moisture, was indicated at 221,128,000 bushels. The sharp decrease from last year's production of 274,644,000 bushels is largely a result of reduced acreage, but 1942 production is well above the 10-year average of 178,090,000 bushels. The yield indicated by June 1 condition was 14.4 bushels per seeded acre - the highest in 14 years. Condition was 89 percent, the highest for June 1 in 19 years. On the same date last year condition was 87 percent, and the 10-year average is 74 percent. Although cold, wet weather delayed spring wheat seeding somewhat and early growth was slow, the moisture situation in the principal spring wheat States has been unusually promising and has continued so during the first half of June.

Prices Below Month ago but Continue Considerably Above Export Levels

Wheat prices recently have recovered slightly after a general downward trend which started in mid-March. While the decline took prices to the lowest levels since last October, prices nevertheless continued relatively high compared with levels in other exporting countries, as a result of the price-supporting influence of our loan program (table 4). Prices at Buffalo of United States wheat compared to Canadian wheat remains higher by more than the 42-cent duty (table 4). The downward trend reflected plentiful supplies of "free" wheat, promising crop prospects, and a crowded storage situation in prospect when the new crop is marketed. 1/ Recent strength may be attributed partly to the increase in storage facilities provided by the Commodity Credit Corporation which will permit a larger quantity of wheat to be placed under loan and to current discussions of proposed changes in the loan program.

Table 1.- Weighted average cash price of wheat, specified markets and dates, 1941-42

Month and date	All classes and grades six markets 1941	All classes and grades six markets 1942	No. 2 Hard Winter Kansas City 1941	No. 2 Hard Winter Kansas City 1942	No. 1 Dk.N.Spring Minneapolis 1941	No. 1 Dk.N.Spring Minneapolis 1942	No. 2 Hard Amber Durum Minneapolis 1941	No. 2 Hard Amber Durum Minneapolis 1942	No. 2 Red Winter St. Louis 1941	No. 2 Red Winter St. Louis 1942	Soft White Portland 1/ 1941	Soft White Portland 1/ 1942
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Month-												
Mar.	89.0	119.2	85.1	121.0	90.0	123.7	98.1	125.5	89.5	129.6	75.8	101.0
Apr.	90.3	114.1	87.2	114.6	94.8	119.1	94.8	121.1	92.6	120.9	75.7	98.0
May	93.8	115.7	90.4	114.9	98.4	120.1	94.9	121.8	96.7	120.2	79.4	97.0
Week ended												
May 2	88.9	113.9	87.0	114.6	94.8	119.3	91.0	119.5	92.6	119.5	75.8	96.7
9	92.1	118.3	90.6	117.4	98.1	123.8	94.0	123.6	96.7	120.5	77.6	98.7
16	94.6	117.4	92.4	115.7	99.3	121.0	95.8	122.2	98.3	124.0	80.6	98.3
23	96.4	114.5	92.6	113.1	99.8	119.2	97.6	121.2	100.6	120.4	81.6	96.0
30	92.5	113.0	88.0	112.6	96.3	119.2	94.6	119.9	94.6	119.4	79.6	94.5
June 6	94.4	110.1	92.7	110.2	97.6	112.9	98.4	115.4	96.0	117.0	83.9	91.2
13	99.0	111.0	97.7	112.2	102.1	113.8	100.7	117.3	101.1	119.0	89.6	91.2
20	96.6		93.9	114.0	100.5	116.0	99.5	116.8	100.5	120.7	88.8	92.5
High 2/	99.6	118.3	97.7	118.3	100.5	123.8	100.7	125.0	101.1	125.7	89.6	100.1
Low 2/	88.9	110.1	86.2	110.2	92.9	112.9	91.0	115.4	92.0	117.0	75.3	91.2

1/ Weekly average of daily cash quotations, basis No. 1 sacked.
2/ April 4 to June 20, 1942, and corresponding dates 1941.

1/ See The Wheat Situation for May 1942, pages 10-12. The Commodity Credit Corporation has now contracted to purchase 100 million bushels of bin space made of materials other than metals. Deliveries have already started and are to be completed before July 31. The bins have individual capacities of from 650 bushels to 3,500 bushels. In addition, about 33 million bushels of steel bin storage will be moved before July 1 from Corn Belt States into Minnesota, North Dakota, South Dakota, Nebraska, Kansas, and Oklahoma. Trucks moving these bins have been carrying a return load of feed wheat for storage in steel bins, which will remain in the Belt. To date practically all of the important terminal grain markets have submitted plans for the issuance of permits to embargo shipments of all grain for storage except by permit. All plans have not been approved as yet, but it is indicated that all of the leading terminal markets will be on a permit basis on grain for storage by July 1. The markets are still in the process of working out a system to regulate the movement of cash grain to be put into effect if and when any congestion developes at the receiving points.

In past years in which the loan was in effect, market prices declined considerably below loan values early in the marketing season, then later rose gradually so that prices in most markets were above loan values (table 7, and figure on cover page). The general conditions responsible for this price pattern are present again this year, although the war situation may bring new developments.

The price of hard red winter wheat at Kansas City rose to 16 cents over the loan in January 1941. The price of soft red wheat at St. Louis rose even more, to 20 cents over the loan rate, reflecting limited quantities of this class of wheat available to the market. Reduced supplies of soft red wheat are also in prospect for 1942-43 (table 2). Because of large supplies, the price of hard red spring did not rise as much as hard red winter wheat. In the case of soft white in the Pacific Northwest, prices did not reach the loan level. In this area prices were held down by the large accumulation of stocks resulting from limited exports of wheat and flour, and by the great distance to eastern markets.

Table 2.- Supply and distribution of wheat by classes projected for 1942-43, and average for 1932-33 to 1941-42

Item	Hard red winter	Soft red winter	Hard red spring	Durum	White	Total
	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.
1942-43						
Stocks July 1, 1942	253	45	244	38	50	630
Production	414	175	171	31	77	868
Total supply	667	220	415	69	127	1,498
Domestic disappearance 1/	300	190	110	30	70	700
Available for carry-over or exports	367	30	305	39	57	798
Average 1932-33 to 1941-42						
Stocks July 1 2/	120	33	62	12	20	247
Production	292	204	125	28	91	740
Imports	0	0	7	2	0	9
Total supply	412	237	194	42	111	996
Domestic disappearance 1/	267	3/ 203	111	28	71	680
Available for carry-over or exports	145	34	83	14	40	316
Exports 4/	22	2	2	0	16	42
Stocks June 30	123	32	81	14	24	274

1/ Balancing item.
2/ New wheat in commercial and merchant mill stocks prior to July 1, 1932.
3/ Disappearances of soft red winter wheat for the 10 years beginning in 1932 were as follows: 187, 157, 192, 209, 219, 231, 239, 207, 188 and 205.
4/ Exports are regular exports plus shipments to Alaska, Hawaii, and Puerto Rico, and include wheat, and flour made wholly of domestic wheat.

The range in prices of No. 2 Hard Winter at Kansas City from the low month to the high in each season from 1938-39 through 1941-42 was as follows: 12.4 cents, 41.1 cents, 28.0 cents, and 27.3 cents, respectively (table 3). The seasonal low price frequently occurs in August, as in 1939 and 1940. In 1938 prices averaged slightly lower in November than in August. In 1941 the August price was higher than that in July reflecting the increase in the loan rates for the 1941 crop. With many of the loans maturing April 30 prices have been at high levels in April, but did not average the highest in April except in 1939. In 1938 prices averaged highest in May and in 1941 in June. In 1942 prices advanced following Pearl Harbor so that the highest monthly average occurred in January.

Table 3.- Price of No. 2 Hard Winter compared with loan value, Kansas City, 1938-42

(- Below loan; + above loan)

Year beginning July	Low month	High month	High above low	August	April	April above August	Loan above loan preceding year
	Cents	Cents	Cents	Cents	Cents	Cents	Cents
1938	- 8.7 (Nov.)	+ 3.7 (May)	12.4	- 6.5	- 2.4	4.1	---
1939	-12.4 (Aug.)	+28.7 (Apr.)	41.1	-12.4	+28.7	1/ 41.1	5
1940	- 7.7 (Aug.)	+20.3 (June)	28.0	- 7.7	+10.2	17.9	0
1941	-11.7 (July)	2/ +15.6 (Jan.)	27.3	- 3.4	+ 4.6	8.0	33
1942							17

1/ Hostilities began in September 1939.
2/ Advance following Pearl Harbor reached peak in Janu .

The quantity of wheat not under Government loans and not held off the market by producers' pools and Government ownership is of more importance as a price factor than total wheat stocks. As a result of the loan program, prices have not only been supported throughout the marketing seasons but spring prices have advanced to higher levels than they would have otherwise. It is likely this year that more than half of the carry-over on July 1 will be under Government control or in the loan program. In addition, if space can be obtained, a quantity approaching half of the new crop may be stored. 2/

2/ On June 13 the producers' pool, consisting of the 1939 and 1940 wheat, totaled 103 million bushels. Holdings from the 1941 crop, which are owned by the Government, totaled 208 million bushels. Of the 366-1/2 million bushels the total which went under loan of the 1941 crop, (slight upward revision from figure of last month), 97-1/2 million bushels were outstanding under loan, 55 million bushels had been redeemed, 1.6 million bushels sold to bidders at the expiration of the 1941 warehouse loan period, and about 212-1/2 million bushels delivered to the Commodity Credit Corporation. Of the 97-1/2 million bushels still outstanding under loan about 96-1/2 million bushels are stored on farms, of which a part will be resealed, and a little over 1 million bushels excess wheat under the marketing quotas stored in warehouses; loans on this wheat had been extended 1 year. There are also 1-1/2 million bushels of 1940 wheat resealed on farms. Under the program in which sales for feeding are made at prices fairly comparable to corn values, sales by June 13 totaled 32 million bushels, while sales for alcohol totaled about 2-1/2 million bushels.

NATIONAL ALLOTMENT ANNOUNCED AT 55 MILLION ACRES, SAME AS 1942

A 55 million acre national wheat allotment was announced for 1943 by Secretary Wickard on June 17. This is the minimum under the law and the same as the allotment in 1942 and in 1939. In 1940 and 1941 it was 62 million acres. Actual seedings in the last 3 years have been near the national allotment. 55 million acres with an average yield of 12 bushels result in a crop of 660 million bushels, or a quantity about equal to domestic requirements for 1 year.

The national allotment has been allocated among the States as in previous years. In areas where more urgently needed crops can be grown successfully, war production plans to be worked out for individual farms will call for a wheat acreage substantially below the allotment. In areas where wheat produces more feed grain per acre than other crops, however, farmers will be encouraged to plant their full allotment. In view of transportation and storage difficulties and continued need for livestock and dairy products, growers are urged to plan now to use as much wheat as possible for livestock feed.

THE WORLD WHEAT SITUATION

BACKGROUND.- Large world crops and restricted trade resulted in the largest world wheat supplies on record in the period 1938-41, and a new record is expected for 1942. The blockade and other war conditions reduced world exports of wheat and flour to 465 million bushels in 1940-41 compared with 638 million bushels in 1938-39 and 625 million bushels in 1939-40. Net exports from the United States in 1940-41 were down to 30 million bushels, compared with 106 million bushels in 1938-39 and 45 million bushels in 1939-40. Both world and United States exports continued small in 1941-42.

Large World Wheat Supplies Again in Prospect in 1942

As indicated in The Wheat Situation for May, wheat stocks in the four major exporting countries - the United States, Canada, Argentina, and Australia - on July 1, 1942 are expected to be about 1,450 million bushels, the largest on record, and 265 million bushels above the previous record in 1941. Allowing for some additional stocks in other countries, and considering the crop outlook, very large world supplies are again indicated for 1942-43.

World trade in wheat and flour is expected to continue restricted in 1942-43. Imports into the United Kingdom this year appear to be at about average size, but those of the Continent are far below average and insufficient to cover current needs. Oriental imports, which had previously been reduced, were virtually eliminated by the outbreak of the war in the Pacific.

Prospects are that the 1942 world crop, excluding the U.S.S.R. and China, may be slightly less than the 3,960 million bushels estimated for 1941. The prospective reduction in production in the United States may be about offset by an increase in Canada. Production in Europe and in North Africa is expected to be slightly smaller than last year; this would be the third consecutive year in which European production was below average. While it is early to estimate the situation in the Southern Hemisphere countries where seeding is not complete, it appears that production in Australia may be reduced from last year, since a substantial reduction in acreage is indicated and yields per acre last year were above average. Little reduction in acreage is expected in Argentina; yields last year were about average. In the U.S.S.R. as a whole, a net reduction in acreage is reported, the decrease in the west (occupied area) more than offsetting the increase in the east.

Table 4.- Wheat prices per bushel in four exporting countries, Friday nearest midmonth, Jan.-May, and weekly, June 1942

Date (Friday mid-month)	Hard wheat: U. S. No. 1 D.N.Sp.15 pct. protein Buffalo c.i.f.	Hard wheat: Canada No. 2 Man. Buffalo c.i.f duty paid	Hard wheat: Canada No. 1 Man. Montreal f.o.b. 1/	Hard and semi-hard wheat: U. S. No. 1 D.H.W. Galveston f.o.b. 2/	Hard and semi-hard wheat: Argentina Rosafe f.o.b. 3/	Soft wheat: U. S. No. 1 Portland f.o.b.	Soft wheat: Australia F.o.b. 4/
	Cents	Cents	Cents	Cents	Cents	Cents	Cents
1942							
monthly							
Jan. 16	141.1	119		137.9	57.1	101.5	69.4
Feb. 13	138.6	119	84.8	135.8	57.1	101.5	69.4
Mar. 13	138.6	118.2	83.9	135.1	55.8	102.5	69.4
Apr. 17	128.5	119	84.5	127.4	57.1	96.5	71.9
May 15	130.2	119	85.4	129.0	62.7	98.0	70.6
June 5	125.4	117.9	85.7	123.8	62.7	91.5	70.6
June 12	125.5	117.9	86.1	123.9	62.4	91.0	70.6
June 19	125.5	117.9	86.1	122.0	62.1	92.5	70.6

Current average farm prices are less than quotation about as follows:
1/ Canada 28 cents, 2/ United States 30 cents, 3/ Argentina 13 cents, and
4/ Australia 10 cents.

Table 5.- Average closing price of July wheat futures, specified markets and dates, 1941-42

Month and date	Winnipeg 1/ 1941	Winnipeg 1/ 1942	Buenos Aires 1941	Chicago 1941	Chicago 1942	Kansas City 1941	Kansas City 1942	Minneapolis 1941	Minneapolis 1942
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Month -									
Feb.	71.9	73.6	---	76.2	131.2	69.9	124.1	79.2	125.7
Mar.	72.1	73.0	---	83.7	129.6	76.5	122.3	85.3	123.2
Apr.	70.8	73.1	---	89.5	123.8	81.9	115.9	89.9	117.2
May	70.5	73.1	---	96.1	122.6	88.1	114.5	94.2	115.9
Week ended -									
May 2	70.5	73.1	2/ 55.8	90.3	122.3	82.6	114.6	89.9	116.0
9	70.5	73.1	2/ 55.8	95.4	125.0	87.6	117.3	93.8	119.0
16	70.5	73.1	2/ 55.8	97.2	123.4	89.6	115.4	95.1	116.4
23	70.5	73.1	2/ 55.6	98.8	120.7	90.7	112.4	96.1	114.0
30	70.5	73.1	54.9	95.6	120.2	86.6	112.0	93.3	113.0
June 6	70.5	73.1	54.8	98.3	117.1	90.2	109.3	96.0	110.2
13	70.5	73.1	2/ 54.8	101.6	118.2	93.3	111.2	98.4	111.1
20	70.5	73.1	2/ 54.6	100.3	119.7	91.6	112.6	96.9	113.5
High 3/	71.4	73.1	4/ 55.8	101.6	127.3	93.3	119.6	98.4	120.3
Low 3/	70.5	73.1	4/ 54.6	88.0	117.1	80.2	111.2	87.9	110.2

1/ Conversions at official rate, which is 90.909 cents. Any United States buyer of Canadian grain would be required to make settlement in terms of United States dollars through an agent of the Canadian Foreign Exchange Control Board at the official rate.
2/ August futures.
3/ April 4 to June 20, 1942, and corresponding dates, 1941.
4/ July and August futures.

Table 6.- Average price per bushel of wheat received by farmers, and parity prices, by months United States, 1935-41

Year beginning July	July 15	Aug. 15	Sept. 15	Oct. 15	Nov. 15	Dec. 15	Jan. 15	Feb. 15	Mar. 15	Apr. 15	May 15	June 15	Crop year average
	Prices received by farmers												
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
1935	76.4	80.8	85.1	94.8	87.5	88.9	92.0	91.1	89.3	85.4	81.6	79.9	83.2
1936	94.1	104.8	104.3	106.8	106.4	114.5	123.6	124.9	123.2	126.6	118.3	108.9	102.6
1937	112.8	99.4	93.0	88.7	81.9	83.6	88.6	86.6	80.3	75.0	71.4	69.7	96.3
1938 1/	60.8	50.7	52.5	52.2	52.0	53.6	57.1	56.9	56.7	57.8	63.0	62.5	56.1
1939 1/	55.7	54.5	72.7	70.3	73.1	82.4	84.5	84.1	85.0	88.9	80.7	67.4	69.2
1940 1/	61.4	60.1	62.6	68.2	72.5	71.5	73.0	67.8	71.8	76.0	79.4	83.1	69.2
1941 1/	85.6	88.5	95.8	91.0	93.4	102.2	106.1	104.9	105.1	99.7	99.8	95.7	2/95.6
1942	94.6												
	Parity prices												
1935	115.8	114.9	113.2	113.2	112.3	112.3	112.3	112.3	111.4	111.4	111.4	110.5	
1936	113.2	114.9	115.8	115.8	115.8	116.7	118.5	120.2	120.2	121.1	121.1	121.1	
1937	121.1	120.2	118.5	116.7	115.8	115.8	115.8	115.8	114.9	114.9	114.9	114.0	
1938	113.2	112.3	112.3	112.3	112.3	111.4	111.4	111.4	111.4	111.4	111.4	111.4	
1939	111.4	110.5	113.2	113.2	113.2	113.2	112.3	112.3	113.2	113.2	113.2	113.2	
1940	112.3	112.3	112.3	112.3	112.3	113.2	113.2	113.2	114.0	114.0	114.9	116.7	
1941	117.6	120.2	122.0	124.6	126.4	126.4	129.1	129.9	132.6	133.5	134.4		

Prices received by farmers are based on returns from special price reporters. Monthly prices by States weighted by production to obtain a price for the United States; average for the year obtained by weighting State price averages for the crop-marketing season. Computation of parity prices: Average price in base period (August 1909 to July 1914) x monthly index of prices paid by farmers, interest and taxes. Example: Base price of 88.4 cents x October index of 141 = 124.6 cents. For prices for earlier years, see November 1941, Wheat Situation.

1/ Includes unredeemed loans on wheat at estimated average loan value.
2/ Preliminary.

Table 7.- Wheat: Loan values and cash prices at Kansas City, and prices per bushel of December and May futures at Chicago, 1937-42

(Data for figure on cover page)

Year beginning July	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	Loan value at Kansas City 1/
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
	Weighted cash price of No. 2 Hard Winter Wheat at Kansas City 2/												
1937	122.5	111.8	109.5	106.0	94.2	96.5	102.7	99.6	91.5	84.6	79.7	76.7	
1938	70.0	65.5	65.7	64.7	63.3	66.9	70.9	69.2	68.7	69.6	75.7	70.9	72
1939	66.7	64.6	85.9	82.7	85.8	98.3	101.2	99.4	102.1	105.7	94.7	76.3	77
1940	70.7	69.3	75.8	81.6	84.5	83.0	84.7	77.8	85.1	87.2	90.4	97.3	77
1941	98.3	106.6	114.1	112.2	113.4	120.1	125.6	123.1	121.0	114.6	114.9	3/	110
1942													127
	December futures at Chicago												
1937	124.6	111.0	106.6	100.0	90.7	---	---	---	---	---	---	78.1	---
1938	72.9	65.8	64.6	65.0	63.3	---	---	---	---	---	---	74.6	---
1939	67.6	66.3	84.4	84.0	88.1	---	---	---	---	---	---	80.7	---
1940	76.2	74.0	78.1	84.3	87.8	---	---	---	---	---	---	104.4	---
1941	107.3	115.3	121.7	116.6	114.5	---	---	---	---	---	---	3/	---
	May futures at Chicago												
1937	---	113.0	108.3	100.4	90.8	92.1	95.5	94.1	88.1	83.1	---	---	---
1938	---	68.3	65.9	66.3	65.7	67.2	69.5	68.4	68.1	69.3	---	---	---
1939	---	66.9	85.3	83.6	86.3	99.3	100.9	101.0	103.5	108.1	---	---	---
1940	---	74.9	78.5	83.2	86.7	85.8	86.2	81.4	86.7	91.1	---	---	---
1941	---	118.3	125.6	121.3	119.9	125.8	130.7	129.6	127.8	121.5	---	---	---

1/ Loan value for No. 2 Hard Winter Wheat.
2/ Computed by weighting selling price by number of carlots sold as reported in the Kansas City Grain Market Review. Cash wheat price at Kansas City used instead of at Chicago because cash sales at the latter market are too limited. Ordinarily prices at Chicago are about 5 cents above that at Kansas City.
3/ See tables No. 1 and No. 3 for weekly average prices for June.

THE RYE SITUATION

Large Rye Crop in Prospect

A rye production of 54.4 million bushels was indicated on the basis of June 1 conditions. This would be the largest crop since 1938, 20 percent larger than last year, and 41 percent above the 10-year (1930-39) average. The estimated yield of 14.4 bushels per acre is the highest since 1927, and exceeds the 10-year (1930-39) average by more than three bushels per acre. Above average yields are expected for all States.

Record Rye Carry-over Expected

The United States stocks of rye at the beginning of 1942-43 marketing year are estimated at about 31 million bushels. A year ago the carry-over was 22-1/2 million bushels and the 5-year (1936-40) average 16-1/2 million bushels. With a crop indicated at 54 million bushels the total supply of rye for the 1942-43 marketing year, without allowing for imports, would amount to about 85 million bushels. This would be the largest rye supply since 1922, when a crop of 101 million bushels was harvested. Total supplies in 1941-42 were about 76 million bushels and the 5-year (1936-40) average 59-1/2 million bushels. The apparent domestic disappearance of rye in 1941-42 was 45-1/2 million bushels, and the 5-year (1936-40) average 41-1/2 million bushels. In 1941-42 the domestic disappearance was divided approximately as follows, in million bushels: feed 21-1/2, seed 8, flour 9, and distilled spirits 7. The use of rye for industrial alcohol has remained low, being only about 270,000 bushels in 1941-42. In 1942-43 it is expected that more rye will be used for feed, because of increased demand, but that the use by distilleries will be smaller. Rye distilleries are reducing the production of distilled spirits in order to cooperate with the Government in the manufacture of industrial alcohol to be used in synthetic rubber and high explosives. Little change is expected in the quantities used for food and seed.

Table 8.- Rye: Average price per bushel received by farmers, United States, 1935-41 1/

Year beginning July	July 15	Aug. 15	Sept. 15	Oct. 15	Nov. 15	Dec. 15	Jan. 15	Feb. 15	Mar. 15	Apr. 15	May 15	June 15	Crop year average
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
1935	36.0	35.5	36.5	42.1	40.4	40.0	41.4	44.4	42.9	40.8	40.6	43.8	39.5
1936	61.1	75.1	79.5	80.4	81.5	90.0	97.9	98.9	95.8	99.9	96.0	85.3	80.9
1937	81.0	70.6	68.1	63.8	60.8	59.2	64.1	63.4	58.7	52.2	49.8	46.0	68.6
1938	41.1	32.4	32.0	32.9	32.1	32.3	34.7	33.9	32.9	33.0	36.4	39.1	33.8
1939	34.3	34.2	44.0	45.1	44.6	52.3	56.7	55.7	55.6	57.1	52.4	40.3	44.0
1940 2/	38.3	36.8	38.3	40.5	42.8	41.3	43.6	41.2	43.1	46.5	48.1	47.1	41.6
1941 2/	46.4	49.4	57.3	51.3	54.2	57.8	65.2	66.0	64.3	60.7	59.4		3/ 53.1

Based on returns from special price reporters. Monthly prices, by States, weighted by production to obtain a price for the United States; average for the year obtained by weighting State price averages for the crop marketing season.
1/ Prices for 1908-34 in The Wheat Situation, February 1940, page 28.
2/ Prices include unredeemed rye at average loan values.
3/ Preliminary.

1942

Table 9.- Rye, No. 2: Weighted average price per bushel of reported cash sales, Minneapolis, by months, 1935-41 1/

Year beginning July	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	Wtd. av.
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
1935	48.1	45.0	46.5	51.9	48.6	49.0	53.5	56.9	52.1	49.7	51.7	58.2	50.2
1936	75.0	82.5	86.7	85.1	91.6	109.9	113.2	110.6	109.0	112.4	108.9	99.5	97.2
1937	85.2	77.3	77.9	74.0	68.5	69.8	75.9	74.4	66.9	61.0	58.0	55.5	73.8
1938	48.4	40.8	40.5	41.5	40.2	42.9	46.1	45.2	43.1	43.1	50.9	50.0	43.9
1939	43.1	41.7	52.7	52.1	51.0	66.9	70.3	66.5	66.5	69.5	58.8	44.9	55.9
1940	43.9	41.2	43.6	47.8	50.2	50.0	52.6	50.2	52.4	56.5	58.1	56.6	50.8
1941	54.9	61.7	67.8	60.0	64.1	67.8	80.3	78.1	75.5	71.8	69.3		

Compiled from Minneapolis Daily Market Record. Average of daily prices weighted by carlot sales.
1/ Prices for 1915-34 in The Wheat Situation, June 1937, page 18.

Table 10.- Rye: Production and farm disposition, United States, 1909-41

Crop of-	Production	Used for seed: Total 1/	Used for seed: Home grown 2/	Fed to livestock 2/	Ground at mills for home use or exchanged for flour	Sold
	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.
1909	30,083	4,611	2,447	5,556	583	21,497
1910	29,098	4,918	2,605	5,566	587	20,340
1911	31,396	5,353	2,886	6,375	604	21,531
1912	37,911	5,997	3,044	6,468	607	27,792
1913	40,390	6,132	3,275	7,803	652	28,660
1914	42,120	6,549	3,377	6,977	632	31,134
1915	46,752	6,813	3,627	7,170	649	35,306
1916	43,089	9,184	4,188	7,853	627	30,421
1917	60,321	11,768	5,920	8,777	683	44,941
1918	83,421	12,821	6,973	10,878	791	64,779
1919	78,659	9,064	5,668	10,997	847	61,147
1920	61,915	9,130	5,059	7,804	662	48,390
1921	61,023	12,259	6,130	8,795	616	45,482
1922	100,986	9,617	5,961	12,529	671	81,825
1923	55,961	7,519	4,614	11,921	522	38,904
1924	58,445	7,410	4,078	7,289	399	46,679
1925	42,316	7,093	3,826	4,771	363	33,356
1926	34,860	6,718	3,604	6,206	333	24,717
1927	51,076	6,873	3,563	5,894	299	41,320
1928	37,910	6,493	3,290	5,955	289	28,376
1929	35,282	7,318	3,534	7,355	311	24,082
1930	45,068	7,973	3,747	18,583	318	22,420
1931	33,378	8,130	3,616	14,476	389	14,897
1932	39,424	7,065	3,509	18,117	366	17,432
1933	21,418	8,275	3,152	7,153	339	10,774
1934	17,070	9,352	2,338	6,274	359	8,099
1935	58,597	9,498	4,804	20,523	471	32,799
1936	25,319	10,917	3,726	9,496	322	11,775
1937	49,830	9,898	4,757	15,797	400	28,876
1938	55,564	10,534	4,897	19,206	269	31,192
1939	39,049	8,107	3,963	15,117	260	19,709
1940	41,149	8,182	3,461	15,537	223	21,928
1941 3/	45,191	8,286	3,650	16,060	212	25,269

1/ Does not include rye used for seed in those States for which production estimates of rye for grain are not made.
2/ Relates to quantities used on farms where produced. Additional quantities of purchased rye are so utilized.
3/ Preliminary.

WHERE TO FIND STATISTICS ON THE WHEAT SITUATION NOT INCLUDED IN THIS ISSUE: 1/

	Page	Issue		
THE DOMESTIC WHEAT SITUATION				
Supply and distribution				
All wheat, 1923-41	11	Feb.	1942	WS-64
Classes, July-June, 1929-39	22	Aug.	1941	WS-58
Classes, July-June, 1940-41	6	Dec.	1941	WS-62
Supplies for export and carry-over, 1923-39 ...	13	July	1941	WS-57
Acreage, yield, and production				
Acreage seeded by regions, 1919-39	13	Sept.	1941	WS-59
Acreage yield, and production, all wheat, durum and other spring	16-17	Mar.	1942	WS-65
Production by classes, 1919-41	17	Dec.	1941	WS-62
Exports and imports				
Exports of wheat including flour to specified countries, 1910-39	27	Aug.	1940	WS-46
Imports into the United States, 1923-40	23	Aug.	1941	WS-58
Sales and income, and prices				
Production and farm disposition, 1909-41	13	May	1942	WS-66
Sales, price, and cash income	12	Feb.	1942	WS-64
Percentage monthly sales, average 1929-38, and 1928-40	18	Dec.	1941	WS-62
THE WORLD WHEAT SITUATION				
Supply and distribution				
1922-40	15	Mar.	1941	WS-53
1938-40	10	Mar.	1941	WS-53
Averages 1924-28, 1928-37, annual 1914, 1937 ..	6	Sept.	1939	WS-35
Acreage and production				
Acreage of wheat, world and specified countries, 1909-40	17	June	1941	WS-56
Production of wheat, world and specified countries, 1909-40	18	June	1941	WS-56
Production by countries, 1938-41	13	Dec.	1941	WS-62
Acreage, yield, and production, world, excluding the U.S.S.R. and China	19	Mar.	1942	WS-65
Stocks, July 1				
1922-40	15	Mar.	1941	WS-53
Major exporting countries, 1922-42	14	May	1942	WS-66
International trade				
International trade in wheat including flour, calendar years, 1937-40	20	Mar.	1942	WS-65
International trade in wheat flour, calendar years, 1938-40	21	Mar.	1942	WS-65
World shipments and to Europe and non-Europe, averages 1910-14, 1930-34, and annual 1914-16, 1937-38	7	Sept.	1939	WS-35

1/ Selected tables used most frequently.