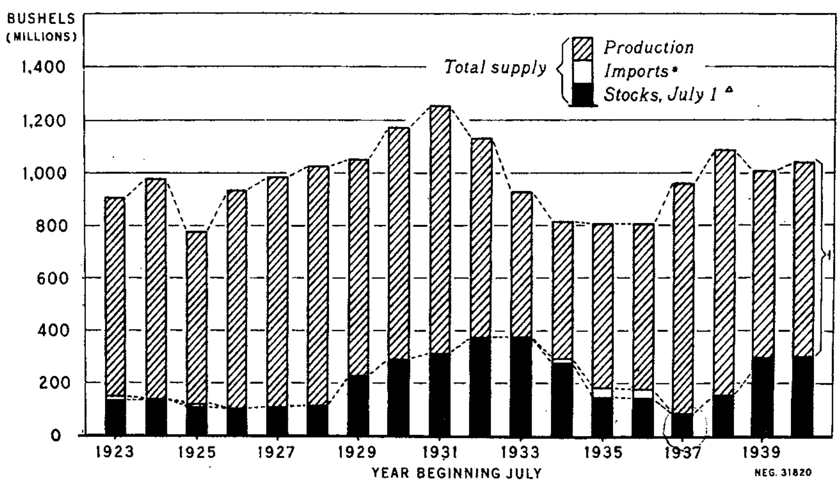
THE Wheat SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

WS-46 BAE AUGUST 1940

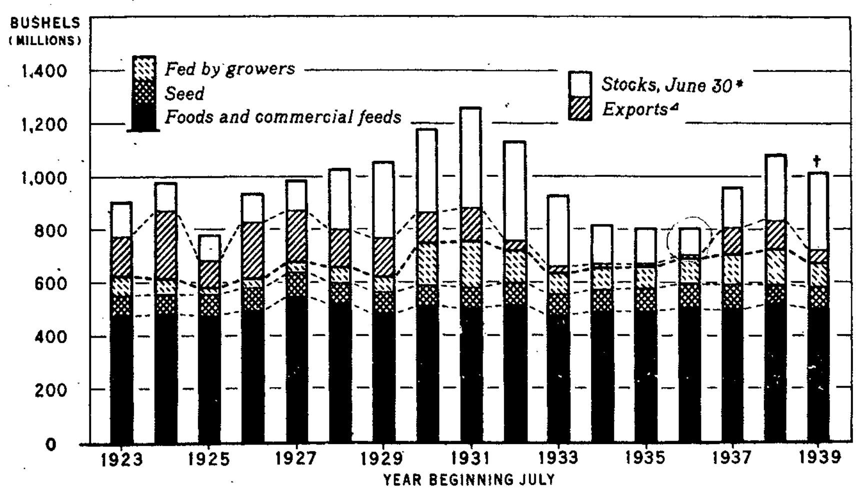
WHEAT: SOURCES OF U. S. SUPPLY, 1923-40



*IMPORTS FOR DOMESTIC UTILIZATION †PRELIMINARY Δ 1923-36 INCLUDES SOME NEW WHEAT

United States production in 1939 and 1940 was materially less than in 1937 and 1938, but only about 15 million bushels above the 1930-39 average. Carry-over stocks, after reaching a low point in 1937, have increased in the last 3 years. The carry-over of 284 million bushels in 1940 is about 50 million bushels larger than the 1930-39 average.

WHEAT: DISTRIBUTION OF U. S. SUPPLY, 1923-39



*1924-37 INCLUDES SOME NEW WHEAT
Δ INCLUDES FLOUR MILLED FROM DOMESTIC WHEAT ONLY
† PRELIMINARY

Wheat exports declined from about 100 million bushels in 1937-38 and 1938-39 to about half that quantity in 1939-40. Because of higher wheat prices relative to corn prices, the quantity of wheat fed in 1939-40 was about one-fourth less than a year earlier. This item largely accounts for the variations in total domestic disappearance.

Wheat: Supply and distribution in continental United States, 1923-40

SUPPLY

Year beginning July	Stocks July 1: On farms	Stocks July 1: In country elevators and mills	Stocks July 1: Commercial stocks 1/	Stocks July 1: In merchant mills and elevators and stored for others 2/	Stocks July 1: Total	New crop	Imports (flour included) 3/	Total supply
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
With new wheat in commercial and merchant mill stocks:								
1923	35,239	37,117	28,956	31,000	132,312	759,482	14,578	906,372
1924	29,349	36,626	38,112	33,000	137,087	841,617	304	979,008
1925	28,638	25,287	28,900	25,576	108,401	668,700	1,747	778,848
1926	27,071	29,501	16,148	27,505	100,225	832,213	77	932,515
1927	26,640	21,776	21,052	40,038	109,506	875,059	188	984,753
1928	19,588	19,277	38,587	34,920	112,372	914,373	91	1,026,836
1929	45,106	41,546	90,442	51,279	228,373	823,217	53	1,051,643
1930	60,216	60,166	109,327	59,170	288,879	886,470	354	1,175,703
1931	37,867	30,252	203,967	41,202	313,288	941,674	7	1,254,969
1932	93,769	41,585	168,405	71,714	375,473	756,927	10	1,132,410
1933	82,882	64,293	123,712	107,052	377,939	551,683	153	929,775
1934	62,516	48,128	80,648	83,114	274,306	526,393	4/ 15,569	816,268
1935	44,339	30,894	21,951	49,524	146,708	626,344	34,617	807,669
1936	43,988	21,908	25,202	50,590	141,688	626,766	34,455	802,909
1937	21,851	11,530	16,197	52,899	102,477	875,676	634	978,787
1938	59,113	30,620	28,333	54,214	172,280	931,702	271	1,104,253
1939	90,372	36,631	81,334	85,029	293,366	754,971	274	1,048,611
1940	85,521	33,730	87,327	90,964	297,542	5/ 760,623	---	1,058,165
With only old wheat in all stocks positions:								
1937	21,851	11,530	9,022	6/ 40,399	82,802	875,676	634	959,112
1938	59,113	30,620	22,190	6/ 40,791	152,714	931,702	271	1,084,687
1939	90,372	36,631	64,103	6/ 61,054	252,160	754,971	274	1,007,405
1940	85,521	33,730	84,189	6/ 80,650	284,090	5/ 760,623	---	1,044,713

DISTRIBUTION

Year beginning July	Exports and shipments 3/: Exports (wheat only)	Exports and shipments 3/: Exports flour as wheat	Exports and shipments 3/: Shipments (flour included) 7/	Exports and shipments 3/: Total	Domestic disappearance: Seed	Domestic disappearance: Feed (fed on farms of wheat growers)	Domestic disappearance: Foods and commercial feeds 8/	Domestic disappearance: Total	Stocks June 30 9/
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
With new wheat in commercial and merchant mill stocks:									
1923	78,793	67,213	2,973	148,979	74,111	69,670	476,525	620,306	137,087
1924	195,490	59,478	2,871	257,839	79,895	55,727	477,146	612,768	108,401
1925	63,189	31,428	2,741	97,358	78,828	28,214	474,223	581,265	100,225
1926	156,250	49,761	3,082	209,093	83,264	34,261	496,391	613,916	109,506
1927	145,999	45,228	2,692	193,919	89,864	44,507	544,091	678,462	112,372
1928	103,114	38,106	3,172	144,392	83,663	56,566	513,842	654,071	228,373
1929	92,175	48,179	2,983	143,337	83,353	58,769	477,305	619,427	288,879
1930	76,365	36,063	2,850	115,278	80,886	157,188	509,063	747,137	313,288
1931	96,521	26,376	2,757	125,654	80,049	173,991	499,802	753,842	375,473
1932	20,887	10,979	3,023	34,889	83,513	124,912	511,157	719,582	377,939
1933	18,800	6,798	2,779	28,377	77,832	72,261	476,999	627,092	274,306
1934	3,019	7,512	2,783	13,314	82,585	83,700	489,961	656,246	146,708
1935	311	3,896	2,889	7,096	87,555	83,168	488,162	658,885	141,688
1936	3,168	6,099	2,996	12,263	96,593	88,272	503,304	688,169	102,477
1937	83,740	16,320	3,321	103,381	94,146	112,860	496,120	703,126	172,280
1938	84,589	22,057	2,888	109,534	75,813	125,591	499,949	701,353	293,366
1939	23,636	21,232	3,490	48,358	74,401	91,964	536,346	702,711	297,542
With only old wheat in all stocks positions:									
1937	83,740	16,320	3,321	103,381	94,146	112,860	496,011	703,017	162,714
1938	84,589	22,057	2,888	109,534	75,813	125,591	521,589	722,993	252,160
1939	23,636	21,232	3,490	48,358	74,401	91,964	508,592	674,957	284,090

1/ 1923 to 1926 Bradstreet's, excluding country elevator stocks.
2/ Stocks in merchant mills and elevators - 1923 and 1924 estimated in absence of actual figures; 1925-40, Bureau of Census figures raised to represent all merchant mills. Stored for others - 1923-29, estimated in absence of actual figures; 1930-40, Bureau of Census figures raised to represent all merchant mills.
3/ From reports of Foreign and Domestic Commerce of the United States. Imports include full-duty wheat, wheat paying a duty of 10 percent ad valorem, and dutiable flour in terms of wheat; and exclude flour free for export as follows: 42,742 bushels in 1935-36; 108,095 bushels in 1937-38, 363,263 bushels in 1938-39, and 213,930, 1939-40. Exports include only flour made from domestic wheat; 1923-35 estimated on basis of total exports less wheat imported for milling in bond and export adjusted for changes in carry-over; beginning 1935 figures for exports and shipments of flour wholly from United States wheat.
4/ Includes durum wheat returned from Montreal, estimated at 1,500,000 bushels.
5/ August estimate.
6/ For 1937 excludes new wheat estimated at 12,500,000 bushels; for 1938 excludes 13,423,000 bushels; for 1939, 23,975,000 bushels and for 1940, 10,314,000 bushels reported as new wheat by Bureau of Census.
7/ Shipments are to Alaska, Hawaii, Puerto Rico, and Virgin Islands (Virgin Islands prior to December 31, 1934, included with domestic exports).
8/ Balancing item.
9/ For individual items, see supply section of this table.

THE WHEAT SITUATION

(Summer Outlook Issue)

> Farmers are now making plans for the seeding of winter wheat to be harvested in 1941. This issue of The Wheat Situation, therefore, has been prepared with particular reference to the outlook for the wheat crop to be seeded this fall.

Summary of the Outlook for the 1941 Wheat Crop

Present indications are that the acreage seeded to wheat for harvest in 1941 for the country as a whole will be about the same as was seeded for harvest in 1940. Wheat prices in the United States are expected to continue above the level which would induce exports without subsidy payments, so long as the Government loan and export subsidy programs continue. In other words, prices in this country may remain independent, to a considerable extent, of prices in other countries.

World acreage, excluding Soviet Russia and China, is expected to remain close to the 275 million acres harvested in 1939. Unless the acreage is materially smaller than this expectation, or yield per acre is small, large world supplies will continue during the 1941-42 season.

The acreage allotted for seeding the 1941 crop under the Agricultural Adjustment Act is 62 million acres. This is the same as the allotment for the 1940 crop, when actual seedings amounted to 64.4 million acres. If the total wheat seedings for harvest in 1941 are about the same as last year, and average yields are obtained, production will total about 750 million bushels. This would leave about 50 million bushels for export or addition to carry-over after deducting a 10-year average disappearance of about 700 million bushels. On this basis, the carry-over at the close of the 1941-42 season would be very little different from that at the beginning, when it is expected to be 300 million bushels or more. Large prospective carry-over stocks on July 1, 1941 assure ample supplies of milling wheats for the year beginning at that time.

Summary of the Situation for the 1940 Wheat Crop

With the turn of events in Europe in May, wheat prices in the United States became largely independent of the European situation. The dominant price influence is now the loan program. The price decline toward the new crop basis appears to be about complete, with prices now averaging close to the levels of a month ago. Prices are also at about the levels of a year ago, and continue considerably above export parity.

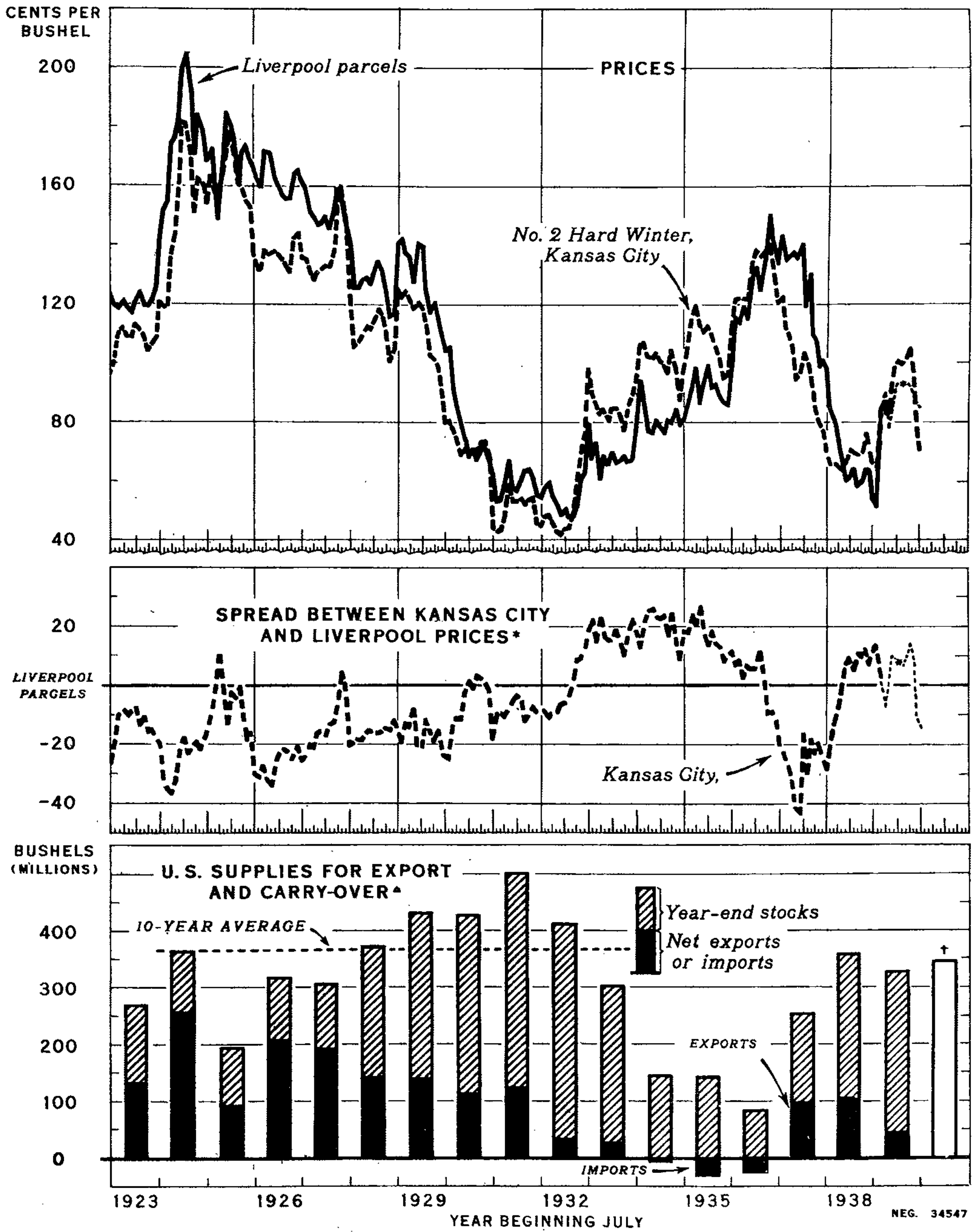
The estimate of the domestic wheat crop was raised 32 million bushels (August 1 basis) and that of the carry-over 4 million bushels, compared with a month ago. The crop is now indicated to be about 761 million bushels and the carry-over 284 million bushels. The total wheat supply in 1940-41, accordingly, is expected to be about 1,045 million bushels. With domestic disappearance expected to be about 700 million bushels, this would leave about 345 million bushels available for export in 1940-41 or for carry-over on July 1, 1941. Export prospects for 1940-41 are very uncertain. In 1939-40 about 45 million bushels of United States wheat and flour were exported.

World wheat supplies 1/ for the year beginning July 1, 1940 may be 100 to 150 million bushels smaller than a year earlier, when they totaled about 5,445 million bushels, the largest supply on record. Information on which to base an estimate of supplies is scantier than usual this year, but it appears that the world carry-over on July 1, 1940 was about 215 million bushels larger than the 1,175 million bushel carry-over on July 1, 1939, and the 1940 world crop may be reduced by about 350 million bushels from the large 1939 crop estimated at 4,270 million bushels.

August 26, 1940

1/ References to world stocks and production exclude Soviet Russia and China.

WHEAT: PRICES AT KANSAS CITY AND LIVERPOOL, AND U.S. SUPPLIES FOR EXPORT AND CARRY-OVER, 1923-40



* LIVERPOOL PRICES SINCE SEPT. 2, 1939, WHEN LIVERPOOL MARKET CLOSED, COMPUTED ON BASIS OF PRICES IN EXPORTING COUNTRIES AND CONVOYED OCEAN FREIGHT RATES

▲ CARRY-OVER PLUS PRODUCTION LESS DOMESTIC UTILIZATION † PRELIMINARY

Figure 1

The prospective supply for export and carry-over in the United States is below the 1924-33 average. With the likelihood that very large quantities of wheat will be stored, domestic wheat prices may be expected to continue higher relative to values at Liverpool than they were during the 1924-33 period.

Wheat: Average price per bushel, Liverpool and Kansas City, and spread between these prices, by months, 1922-40

Month	Parcels Liverpool 1/	No. 2 Hard Winter Kansas City	Margin Kansas City relative to Liverpool	Parcels Liverpool 1/	No. 2 Hard Winter, Kansas City	Margin Kansas City relative to Liverpool	Parcels Liverpool 1/	No. 2 Hard Winter, Kansas City	Margin Kansas City relative to Liverpool
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
		1922-23			1923-24			1924-25	
July	141.8	112.7	-29.1	122.8	95.8	-27.0	140.8	120.5	-20.3
Aug.	129.1	104.3	-24.8	119.6	100.6	-19.0	151.5	119.0	-32.5
Sept.	122.0	104.5	-17.5	118.9	109.1	- 9.8	154.7	119.5	-35.2
Oct.	134.3	113.3	-21.0	120.8	111.9	- 8.9	173.8	136.9	-36.9
Nov.	136.9	117.4	-19.5	118.9	108.8	-10.1	176.3	143.1	-33.2
Dec.	140.8	117.4	-23.4	117.2	108.7	- 8.5	182.9	161.6	-21.3
Jan.	137.8	114.5	-23.3	121.0	112.9	- 8.1	199.3	181.5	-17.8
Feb.	135.7	115.1	-20.6	124.4	110.9	-13.5	204.8	181.2	-23.6
Mar.	134.7	115.6	-19.1	119.6	108.7	-10.9	191.8	170.9	-20.9
Apr.	140.7	120.4	-20.3	119.6	104.3	-15.3	170.3	150.9	-19.4
May	138.6	116.2	-22.4	121.2	106.3	-14.9	184.2	162.9	-21.3
June	131.4	104.2	-27.2	125.8	108.1	-17.7	178.3	160.2	-18.1
		1925-26			1926-27			1927-28	
July	168.4	153.9	-14.5	166.9	136.5	-30.4	161.4	135.6	-25.8
Aug.	172.2	163.9	- 8.3	162.4	131.0	-31.4	159.5	135.3	-24.2
Sept.	158.9	157.5	- 1.4	159.6	132.0	-27.6	150.9	130.6	-20.3
Oct.	148.5	158.2	9.7	171.3	138.6	-32.7	149.4	128.2	-21.2
Nov.	164.3	162.8	- 1.5	170.9	136.9	-34.0	147.0	130.6	-16.4
Dec.	184.7	171.6	-13.1	163.5	137.7	-25.8	147.5	131.8	-15.7
Jan.	180.6	178.1	- 2.5	160.2	137.2	-23.0	149.5	132.7	-16.8
Feb.	175.1	171.0	- 4.1	157.1	135.4	-21.7	145.8	132.6	-13.2
Mar.	160.8	160.5	- 0.3	155.5	132.8	-22.7	151.0	138.2	-12.8
Apr.	170.9	159.1	-11.8	155.9	130.7	-25.2	159.0	152.4	- 6.6
May	173.1	154.8	-18.3	164.6	142.1	-22.5	155.1	160.0	4.9
June	168.8	152.9	-15.9	165.2	144.1	-21.1	146.9	147.5	0.6
		1928-29			1929-30			1930-31	
July	140.8	120.4	-20.4	140.8	125.3	-15.5	104.3	80.0	-24.3
Aug.	125.8	105.9	-19.9	142.1	122.6	-19.5	105.6	80.6	-25.0
Sept.	125.8	107.5	-18.3	137.4	124.4	-13.0	91.4	77.6	-13.8
Oct.	128.6	109.8	-18.8	136.0	121.7	-14.3	85.7	74.4	-11.3
Nov.	128.9	112.4	-16.5	127.4	118.7	- 8.7	80.6	69.0	-11.6
Dec.	126.3	111.2	-15.1	140.8	120.7	-20.1	73.5	70.6	- 2.9
Jan.	130.6	114.5	-16.1	139.8	118.9	-20.9	68.1	69.5	1.4
Feb.	134.7	118.3	-16.4	124.6	112.6	-12.0	70.2	69.3	- 0.9
Mar.	131.4	115.8	-15.6	117.5	102.3	-15.2	67.0	70.2	3.2
Apr.	124.9	110.5	-14.4	120.1	101.4	-18.7	70.7	73.0	2.3
May	115.7	100.6	-15.1	114.6	99.1	-15.5	72.2	73.1	0.9
June	116.8	105.0	-11.8	109.9	88.7	-21.2	66.6	68.2	- 1.6
		1931-32			1932-33			1933-34	
July	62.0	43.8	-18.2	53.9	44.9	- 9.0	79.2	98.0	18.8
Aug.	52.8	42.7	-10.1	57.4	47.7	- 9.7	67.3	89.7	22.4
Sept.	53.0	43.1	- 9.9	59.2	48.0	-11.2	72.8	87.1	14.3
Oct.	58.3	47.5	-10.8	54.7	45.2	- 9.5	60.5	83.0	22.5
Nov.	66.9	58.6	- 8.3	52.0	42.6	- 9.4	68.3	84.1	15.8
Dec.	57.5	52.4	- 5.1	48.6	41.8	- 6.8	65.4	80.4	15.0
Jan.	56.1	52.6	- 3.5	50.2	43.6	- 6.6	69.3	84.4	15.1
Feb.	59.9	53.8	- 6.1	47.2	43.7	- 3.5	66.2	85.0	18.8
Mar.	63.6	51.2	-12.4	47.5	48.1	0.6	67.0	82.0	15.0
Apr.	63.7	53.2	-10.5	51.7	60.4	8.7	68.0	77.7	9.7
May	61.3	53.6	- 7.7	61.0	70.0	9.0	66.7	85.7	19.0
June	54.7	45.6	- 9.1	62.7	75.9	13.2	67.1	89.1	22.0
		1934-35			1935-36			1936-37	
July	76.1	93.2	17.1	80.6	99.2	18.6	99.9	111.0	11.1
Aug.	93.9	106.6	12.7	86.0	104.1	18.1	115.3	122.0	6.7
Sept.	85.8	107.5	21.7	91.2	115.1	23.9	113.6	122.1	8.5
Oct.	76.7	102.2	25.5	98.6	119.0	20.4	119.3	122.0	2.7
Nov.	76.0	101.8	25.8	86.3	112.6	26.3	115.1	121.9	6.6
Dec.	80.8	104.2	23.4	93.1	110.8	17.7	128.6	134.2	5.6
Jan.	78.3	100.9	22.6	99.2	112.6	13.4	132.4	138.0	5.6
Feb.	76.0	99.6	23.6	91.4	110.0	18.6	125.0	136.5	11.5
Mar.	80.2	96.8	16.6	92.4	105.9	13.5	136.1	138.6	2.5
Apr.	80.0	104.6	24.6	89.1	102.0	12.9	149.9	140.0	- 9.9
May	84.0	98.8	14.8	86.8	94.9	8.1	141.4	132.0	- 9.4
June	79.0	87.7	8.7	85.9	96.0	10.1	133.4	120.8	- 12.6
		1937-38			1938-39			1939-40	
July	143.1	122.5	-20.6	98.2	70.0	-28.2	54.0	66.7	12.7
Aug.	134.8	111.8	-23.0	84.7	65.5	-19.2	51.0	64.6	13.6
Sept.	136.0	109.5	-26.5	79.0	65.7	-13.3	2/ 86.0	85.9	- 0.1
Oct.	137.2	106.0	-31.2	73.4	64.7	- 8.7	90.0	82.7	- 7.3
Nov.	135.2	94.2	-41.0	66.5	63.3	- 3.2	78.0	85.8	7.8
Dec.	140.3	96.5	-43.8	59.9	66.9	7.0	89.0	98.3	9.3
Jan.	119.4	102.7	-16.7	61.8	70.9	9.1	93.0	101.2	8.2
Feb.	130.6	99.6	-31.0	64.7	69.2	4.5	93.0	99.4	6.4
Mar.	109.8	91.5	-18.3	57.5	68.7	11.2	93.0	102.1	9.1
Apr.	107.7	84.6	-23.1	60.6	69.6	9.0	92.0	105.7	13.7
May	99.0	79.7	-19.3	63.6	75.7	12.1	87.0	94.7	7.7
June	100.7	76.7	-24.0	64.2	70.9	6.7	87.0	76.3	- 10.7
		1940-41			1941-42			1942-43	
July	85.0	70.7	-14.3						
Aug.									
Sept.									
Oct.									
Nov.									
Dec.									
Jan.									
Feb.									
Mar.									
Apr.									
May									
June									

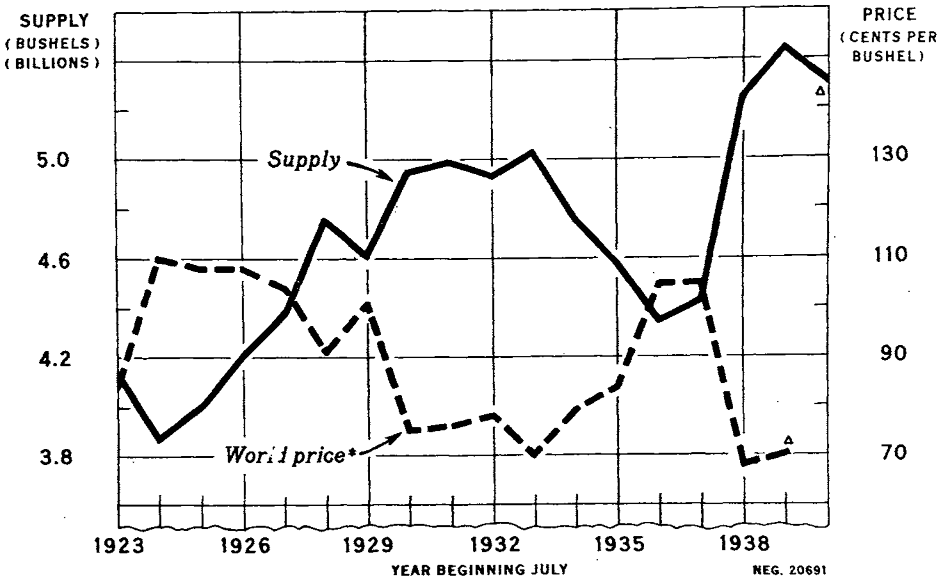
1/ Parcels are less than cargo lots. 2/ Liverpool prices since September 2, 1939 computed on basis of prices in exporting countries and convoyed ocean freight rates.
Compiled as follows: Kansas City: - Kansas City Grain Market Review. Average of daily prices weighted by carlot sales. Liverpool: Broomhall's Corn Trade News. Simple average of daily prices. Since September 2, 1939, when Liverpool market was closed, computed on basis of prices in exporting countries and convoyed ocean freight rates. Converted from shillings per parcel of 480 pounds to cents per bushel of 60 pounds as follows: July 1922 - December 1925, current monthly average rates of exchange. January 1926 - August 1931, at par. Par (Shilling)= 24.3328 cents. September 1931 - October 1939, current monthly average rates of exchange. Official rates for shillings beginning September 1939 are as follows: September 20.1763 cents, October-December 20.1000 cents, January 1940, 20.1202 cents, and February to date 20.1250 cents.

Wheat: Supplies for export and carry-over, 1/ United States, 1923-40

Year beginning July	Net exports or imports	Stocks at end of year	Year beginning July	Net exports or imports	Stocks at end of year	Year beginning July	Net exports or imports	Stocks at end of year 2/
	1,000 bushels	1,000 bushels		1,000 bushels	1,000 bushels		1,000 bushels	1,000 bushels
1923	131,428	137,087	1929	140,301	288,879	1935	3/ - 30,410	141,668
1924	254,664	108,401	1930	112,074	313,288	1936	3/ - 25,188	2/ 82,802
1925	92,870	100,225	1931	122,890	375,473	1937	99,426	152,714
1926	205,934	109,506	1932	31,856	377,939	1938	106,375	252,160
1927	191,039	112,372	1933	25,445	274,306	1939	44,594	284,090
1928	141,129	228,373	1934	3/- 5,038	146,708	1940	345,000	

1/ Carry-over plus production less domestic utilization. 2/ Contains some new-crop wheat June 30, 1924 to 1936; only old crop wheat June 30, 1937 and thereafter. 3/ Minus sign indicates that imports are greater than exports.

WHEAT: WORLD SUPPLY AND PRICE, 1923-40



**AVERAGE BRITISH PARCELS DEFLATED BY STATIST. INDEX NUMBERS (1910-14=100). PRICES SINCE SEPT. 2, 1939 COMPUTED ON BASIS OF PRICES IN EXPORTING COUNTRIES AND CONVOYED OCEAN FREIGHT RATES.*

ΔPRELIMINARY

Figure 2

With world wheat supplies for the 1940-41 year likely to be only moderately smaller than supplies a year earlier, world prices may be expected to remain at low levels. The closing of most Continental markets to exporting countries is also a depressing factor.

Wheat: Estimated world supply, disappearance and prices, 1922-39

Year beginning July	Stocks about July 1 1/	Production 2/ United States	Production 2/ Canada, Argentina and Australia	Production 2/ Europe, excluding U.S.S.R.	Production 2/ All other	Production 2/ World 1/	Net exports from U.S.S.R.	Total supply 3/	Total disappearance 3/	British Parcels, average price per bushel 4/
	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Cents
1922	647	847	705	1,050	616	3,218	1	3,866	3,289	92
1923	577	759	847	1,263	666	3,535	21	4,133	3,410	84
1924	723	842	619	1,064	618	3,143	—	3,866	3,293	110
1925	573	669	701	1,404	622	3,396	27	3,996	3,343	108
1926	653	832	798	1,215	659	3,504	49	4,206	3,519	108
1927	687	875	880	1,275	653	3,683	5	4,375	3,624	104
1928	751	914	1,076	1,409	606	4,005	—	4,756	3,736	91
1929	1,020	823	595	1,449	715	3,582	7	4,609	3,666	101
1930	943	886	867	1,360	781	3,894	112	4,949	3,903	75
1931	1,046	942	732	1,436	767	3,877	70	4,993	3,950	76
1932	1,043	757	898	1,490	731	3,876	17	4,936	3,792	78
1933	1,144	552	745	1,746	805	3,848	34	5,026	3,833	70
1934	1,193	526	650	1,548	837	3,561	2	4,756	3,804	79
1935	952	626	568	1,576	832	3,602	29	4,583	3,816	84
1936	767	627	620	1,481	856	3,584	4	4,355	3,816	105
1937	519	876	552	1,539	885	3,852	39	4,410	3,811	105
1938 5/	1/ 599	932	851	1,859	963	4,605	37	5,241	4,066	68
1939 5/	1/1,175	755	818	1,719	978	4,270	-2	5,443	4,053	6/ 70
1940 5/	1/1,390									

1/ Excludes U.S.S.R. and China. 1922-36 stocks in United States contained some new wheat; 1937-39 new wheat, in million bushels, deduced in United States stocks as follows: 20 in 1937 and 1938, 41 in 1939, and 14 in 1940. 2/ Year of harvest. Harvests of the Northern Hemisphere countries are combined with those of the Southern Hemisphere which immediately follow; thus the crop harvested in the Northern Hemisphere countries in 1939 is combined with the Southern Hemisphere harvest which begins late in 1939 and ends early in 1940. 3/ Excludes production and stocks in U.S.S.R. and China but includes net exports from U.S.S.R. 4/ Deflated by Statist Index (1910-14 = 100) and converted at par. 5/ Preliminary. 6/ Prices since September 2, 1939 computed on basis of prices in exporting countries and convoyed ocean freight rates.

Production and export figures from official sources. Prices compiled from daily prices in the London Grain, Seed and Oil Reporter.

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ALL WHEAT: ACREAGE SEEDED, YIELD PER ACRE, AND PRODUCTION, UNITED STATES, 1919-40

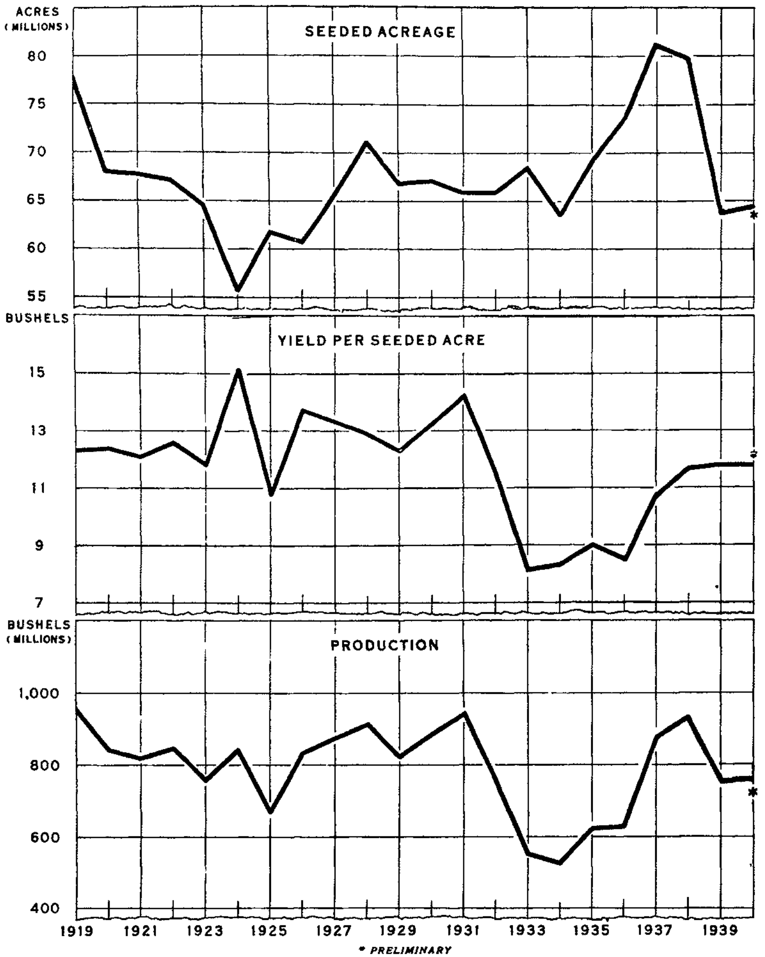

Figure 3

The total wheat acreage seeded for harvest in 1940 was about the same as a year earlier, and only slightly below the 66.9 million acres seeded for the 5-year period 1929-33, when acreages changed little. Acreages in the last 2 years have been materially below those for 1937 and 1938.

All wheat: Acreage seeded, yield per acre, and production, United States, 1919-40

Year of harvest	Seeded acreage	Yield per seeded acre	Production
	1,000 acres	Bushels	1,000 bushels
1919	77,440	12.3	952,097
1920	67,977	12.4	843,277
1921	67,681	12.1	818,964
1922	67,163	12.6	846,649
1923	64,510	11.8	759,482
1924	55,706	15.1	841,617
1925	61,738	10.8	668,700
1926	60,712	13.7	832,213
1927	65,661	13.3	875,059
1928	71,152	12.9	914,373
1929	66,840	12.3	823,217
1930	67,150	13.2	886,470
1931	65,998	14.2	941,674
1932	65,913	11.5	756,927
1933	68,485	8.1	551,683
1934	63,562	8.3	526,393
1935	69,207	9.1	626,344
1936	73,724	8.5	626,766
1937	81,072	10.8	875,676
1938	79,565	11.7	931,702
1939	63,896	11.8	754,971
1940 1/	64,388	11.8	760,623

1/ Preliminary.

WINTER WHEAT: ACREAGE SEEDED, YIELD PER ACRE, AND PRODUCTION, UNITED STATES, 1919-40

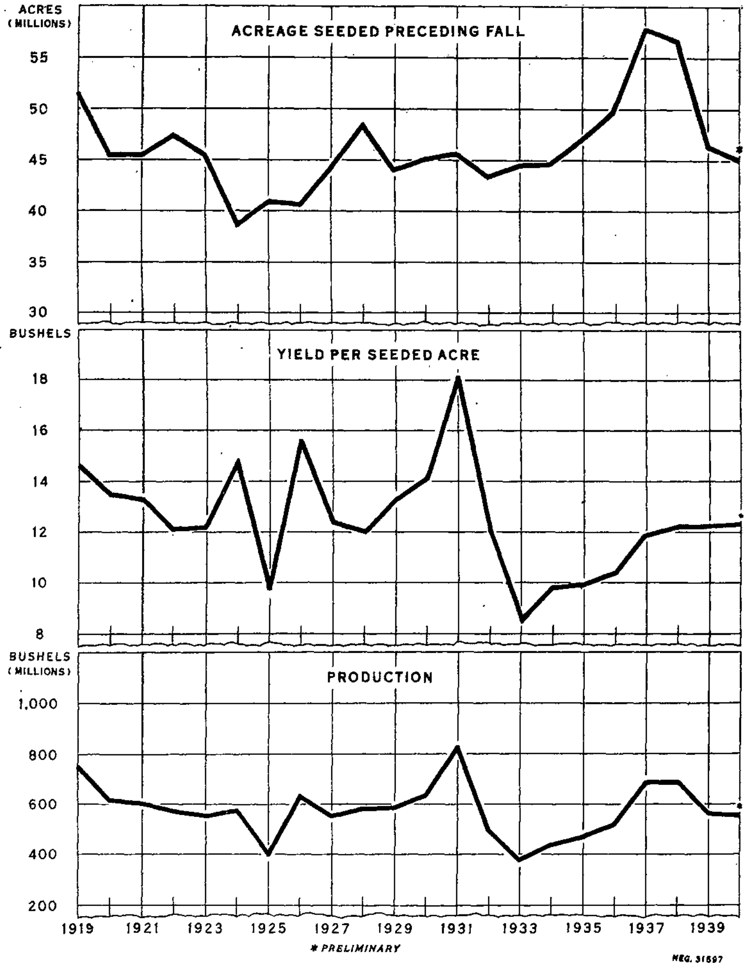

Figure 4

The winter wheat acreage seeded for the 1940 crop (45.0 million acres) was only slightly smaller than the 46.4 million acres seeded a year earlier, and about the same as the average (44.5 million acres) for the 5-year period 1929-33, although materially less than the acreage seeded for the 1937 and 1938 crops. The acreage for harvest in 1941 is expected to be little different from that for 1940.

Winter wheat: Acreage seeded, yield per acre, and production, United States, 1919-40

Year of harvest	Seeded acreage	Yield per seeded acre	Production
	1,000 acres	Bushels	1,000 bushels
1919	51,391	14.6	748,460
1920	45,505	13.5	613,227
1921	45,479	13.3	602,793
1922	47,415	12.1	571,459
1923	45,408	12.2	555,299
1924	38,638	14.8	573,563
1925	40,922	9.8	400,619
1926	40,604	15.6	631,607
1927	44,134	12.4	548,188
1928	48,431	12.0	579,066
1929	43,967	13.3	586,239
1930	45,032	14.1	633,605
1931	45,647	18.1	825,396
1932	43,371	12.0	491,795
1933	44,445	8.5	376,518
1934	44,585	9.8	437,963
1935	47,064	9.9	465,319
1936	49,765	10.4	519,874
1937	57,656	11.9	685,824
1938	56,539	12.2	688,133
1939	46,364	12.2	563,431
1940 1/	45,014	12.3	555,839

1/ Preliminary.

WHEAT: ESTIMATED ACREAGE, YIELD, AND PRODUCTION, WORLD
(EXCLUDING SOVIET RUSSIA AND CHINA), 1923-39

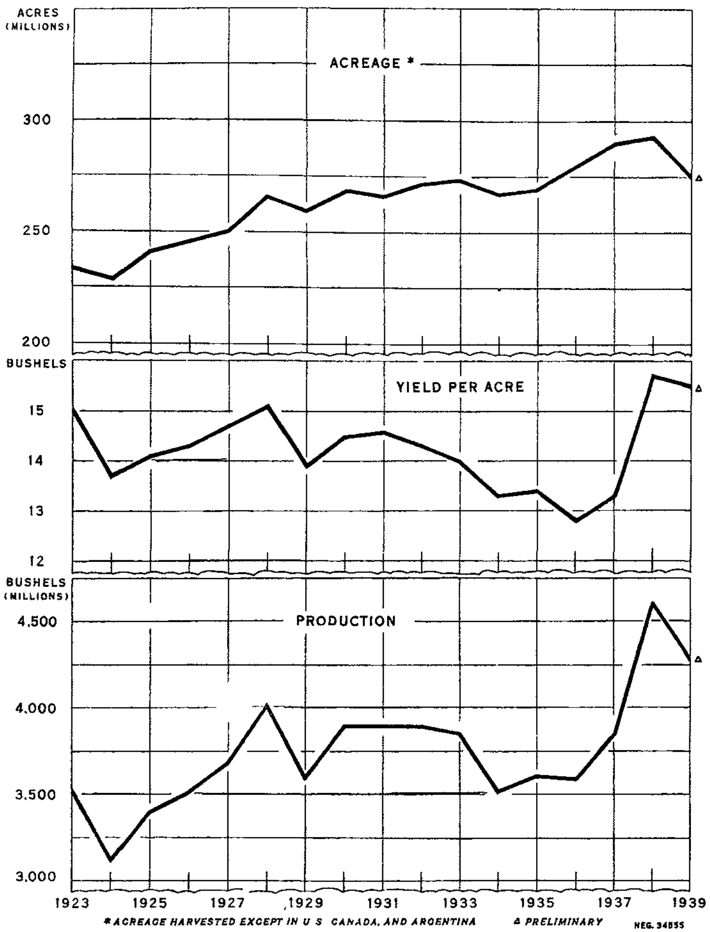

Figure 5

World wheat acreage has been steadily increasing over a period of years, culminating in the largest acreage on record in 1938. In 1939, the acreage was somewhat reduced but still large. World production was not large in 1934-36 because yields per acre were considerably below average. In 1937, with more normal yields, production was again large, and in 1938 and 1939, with very high yields per acre, record crops were produced. The acreage in 1941 is expected to be about the same as in 1939.

Wheat: Estimated acreage, yield and production, world (excluding Soviet Russia and China) 1923-39

Year of harvest 1/	Acreage 2/	Yield per acre	Production
	Million acres	Bushels	Million bushels
1923	236	15.0	3,535
1924	229	13.7	3,143
1925	241	14.1	3,396
1926	245	14.3	3,504
1927	250	14.7	3,683
1928	266	15.1	4,005
1929	259	13.8	3,582
1930	268	14.5	3,894
1931	266	14.6	3,877
1932	272	14.3	3,876
1933	274	14.0	3,848
1934	267	13.3	3,561
1935	269	13.4	3,602
1936	279	12.8	3,584
1937 3/	289	13.3	3,852
1938 3/	293	15.7	4,605
1939 3/	275	15.5	4,270

1/ Refers to year of harvest in Northern Hemisphere, although it includes data for the Southern Hemisphere where the harvest ends early the following year.
2/ Acreage harvested except the United States, Canada and Argentina.
3/ Preliminary.

WHEAT: ESTIMATED STOCKS IN MAJOR EXPORTING COUNTRIES AS OF JULY 1, 1922-40

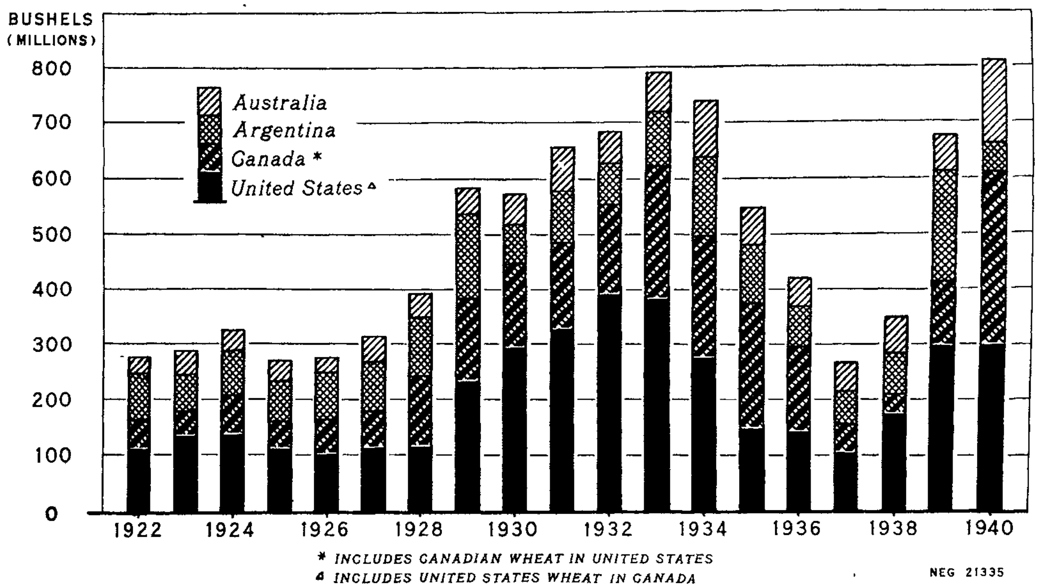

Figure 6

A net increase of about 160 million bushels in the July 1 stocks in the 4 major exporting countries largely accounts for the estimated increase of about 215 million bushels in the total world carry-over. Very large increases in stocks in Canada and Australia, together with a small increase in the United States, much more than offset a decrease in Argentina.

Wheat: Estimated stocks in major exporting countries, as of about July 1, 1922-40

Year	United States grain 1/	Canadian grain 2/	Argentina	Australia	Total
	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels
1922	110	52	82	29	273
1923	134	47	67	42	290
1924	137	71	79	38	325
1925	111	50	73	37	271
1926	101	64	85	27	277
1927	111	69	89	46	315
1928	115	128	107	43	393
1929	232	152	155	47	586
1930	294	153	70	57	574
1931	328	157	94	77	656
1932	391	160	73	58	682
1933	382	237	98	70	787
1934	274	221	143	101	739
1935	147	225	105	68	545
1936	142	155	72	52	421
1937	103(83)	52	59	53	267(247)
1938	174(154)	35	72	63	344(324)
1939	294(253)	118	198	70	680(639)
1940 3/	298(285)	313	54	144	809(796)

1/ Includes United States wheat in Canada. 2/ Includes Canadian wheat in United States. 3/ Preliminary.

Compiled as follows:
United States - Stocks on farms, in country mills and elevators, commercial, in merchant mills and elevators, and stored for others by merchant mills. ( ) = all new wheat excluded.
Canada - 1922 - 1923, carry-over August 31, plus net exports and estimated retention of flour during July and August, 1924 to date, carry-over July 31, plus net exports and estimated retention of flour for July.
Argentina - Carry-over on December 31, plus exports and estimated domestic consumption, July 1 to December 31.
Australia - 1922 - 1924, exports only plus estimated domestic consumption, July 1 to December 31. 1925 to date, carry-over on December 1, plus net exports and estimated domestic consumption, July 1 to November 30.

OUTLOOK FOR THE 1941 WHEAT CROP

BACKGROUND 2/.- The acreage seeded to wheat for harvest in 1940 in the United States was 64.4 million acres, which is only slightly more than the 63.9 million acres seeded for harvest in 1939, and compares with an average of 66.9 million acres for the period 1929-33, when acreages changed little (figures 3 and 4). However, the 1939-40 acreages represented a very large reduction from seedings for the 1937 and 1938 crops, when 81.1 and 79.6 million acres, respectively, were seeded - the largest in the history of the country.

World wheat acreage 3/ has been steadily increasing, culminating in the last 3 years in the largest acreages on record. The acreage for the 1939 crop was moderately smaller than for the 1937 or 1938 crops (figure 5). World production 3/ for a number of years preceding 1938 did not increase with the upward trend in acreage, however, because of small yields per acre. In 1938 and 1939 yields per acre were very high and the largest world crops in history were produced. In both of these years production exceeded consumption, and world carry-over stocks 3/ on July 1, 1940 were the largest in history (table, figure 2).

World trade in wheat and flour declined sharply following the peak year 1928-29, largely as the result of drastic restrictions on imports and increased production in major importing countries. In the early part of this period exports from the United States declined with those from other surplus-producing countries. During the period 1934-35 to 1936-37, small crops in the United States were followed by net imports (table, page 2). World wheat and flour exports in 1937-38 were about 518 million bushels, in 1938-39 about 638 million bushels, and in 1939-40 about 620 million bushels. Net exports from the United States in 1937-38 were 99 million bushels, in 1938-39 they were 106 million bushels, and in 1939-40 they were 45 million bushels.

The acreage allotted for seeding the 1941 crop under the Agricultural Adjustment Act is 62 million acres. This is the same as the allotment for the 1940 crop, when actual seedings amounted to 64.4 million acres (figure 3). This year there do not appear to be any circumstances which might induce growers in the country as a whole to make important changes in acreage from last year.

If the total wheat seedings for harvest in 1941 are about the same as those of last year, and the 20-year (1920-39) average yield per seeded acre of 11.71 bushels is obtained, production will total about 750 million bushels. This would leave about 50 million bushels for export or addition to carry-over after deducting the average 1930-39 domestic disappearance of about 700 million bushels. On this basis, the carry-over at the close of the 1941-42 season would be very little different from that at the beginning, when it is expected to be 300 million bushels or more. Large prospective carry-over stocks on July 1, 1941 assure ample supplies of milling wheats for the year beginning at that time.

2/ See also background statements on pages 13 and 18.
3/ All references to world acreage, yield, production, and stocks in this report exclude Soviet Russia and China.

The annual average yields per seeded acre in the United States usually vary between about 10 and 14 bushels. A 10-bushel yield and an acreage the same as that of last year would result in a crop about 50 million bushels short of average annual domestic disappearance, and thereby reduce the moderately large carry-over. On the other hand, a yield of 14 bushels would result in a crop materially above domestic disappearance and export probabilities and would add to the carry-over stocks. In the latter event, the carry-over at the close of the 1941-42 marketing season might possibly be increased by about 150 million bushels, depending upon export opportunities.

Present indications are that insect pests will affect the coming crop to about the same extent as they did the 1940 crop. Somewhat more than normal grasshopper and chinch bug injury may again occur in the North Central States, while injury from hessian fly and other insects are likely to be about normal or less in all areas.

The wheat acreage in Europe in 1941 is expected to be larger than the reduced acreage harvested in 1940, - if weather and war activities permit it should be equal and possibly exceed the 1939 acreage. It is too early to appraise the probabilities for the 1941 Canadian wheat crop or the 1940-41 wheat crops of Australia and Argentina, but there is no reason to expect a material reduction in the total acreage for these countries from the 1939 levels, the last year for which complete figures are available. World acreage in 1941, therefore, may not be greatly different from the 275 million acres in 1939 (figure 5). Average yields on such an acreage would result in a crop almost equal to probable world consumption, and thus would not significantly reduce the large world carry-over stocks.

Unless the acreage is materially smaller than is now expected, or yields per acre are small, large world supplies will continue during the 1941-42 season. Wheat prices in the United States, on the other hand, are expected to continue above the level which would induce exports without subsidy payments, so long as the Government loan and export subsidy programs continue. In other words, prices in this country may remain independent, to a considerable extent, of prices in other countries. The large quantities of wheat held under loan in 1938-39 and 1939-40 operated to support domestic prices. With prospective large supplies in other surplus producing countries, exports from the United States in 1941-42 are expected to be of only moderate size even with a subsidy program when some unusual developments occur.

THE DOMESTIC WHEAT SITUATION FOR THE 1940 CROP

BACKGROUND.- The carry-over of old wheat in the United States averaged about 230 million bushels in the 10-year period 1930-39, during which period a record peak of about 360 million bushels was reached in 1933 and a low in 1937 of about 83 million bushels (lowest since 1919). The domestic disappearance during the 10 years 1930-39 averaged about 695 million bushels, with the highest of about 755 million bushels in 1931 and the lowest of about 625 million bushels in 1933 (chart and table, pages 1 and 2).

Domestic wheat prices from the spring of 1933 to the spring of 1937 were unusually high in relation to world prices, as the result of small crops in the United States. During this same period, prices in other countries also moved upward, reflecting a world-wide recovery in commodity price levels, currency depreciation, and reduced production. The average prices received by United States producers for the 1931 and 1932 crops were 39 and 38 cents, respectively, compared with average prices for the four crops, 1933 to 1936, of 74, 85, 83, and 103 cents per bushel, respectively.

In 1937 United States production was large and prices to growers declined to an average of 96.0 cents. In 1938, with domestic production again large, with a record world crop and with lower commodity prices generally, prices received by producers declined to an average of 55.4 4/ cents, and would have averaged still lower had it not been for the loan and export-subsidy programs which held domestic prices above export parity.

Prices received by growers for wheat during the year beginning July 1939 are tentatively estimated at 70.2 4/ cents. This also is relatively high compared with the usual relationship to prices in other countries, as a result of only a moderately large carry-over, reduced acreage, poor prospects for 1940 yields, and the holding of wheat in expectation of higher prices. Prices advanced sharply in September 1939, following the outbreak of the European War, and again in December, influenced by war developments and by poor crop prospects in Argentina and the United States. In the middle of May 1940, following the turn of events in Europe, selling became heavy and most of the gains were lost.

United States wheat crop estimate increased 32 million bushels

A total 1940 wheat crop of 760,623,000 bushels was indicated by August 1 reports on yield per acre and condition. This is an increase of 31,979,000 bushels over the production indicated a month earlier, with practically all of the increase accounted for by the unexpected outturn of the winter wheat crop. The August 1 indicated production is nearly 1 percent above both last year's crop and the 10-year (1929-38) average of 754,971,000 bushels and 754,685,000 bushels, respectively. The indicated yield per harvested acre at 14.4 bushels for all wheat is somewhat above last year's yield and well above the 10-year average of 13.2 bushels.

The preliminary estimate of 1940 winter wheat production was 555,839,000 bushels, compared with 563,431,000 bushels produced last year and the 10-year average production of 571,067,000 bushels. The August 1 estimate showed an increase of about 6 percent over the production indicated on July 1, and was accounted for by the extremely favorable filling, maturing, and harvesting weather of late June and July in most of the Central States. With the increased use of combines, harvesting and threshing were largely completed by August 1 excepting in the more northern areas and in some eastern sections where harvesting was delayed by late July rains. For the country as a whole, the preliminary 1940 yield is 15.9 bushels per harvested acre, compared with 14.9 bushels last year and the 10-year average of 14.3 bushels.

The 1940 spring wheat crop (including durum) was estimated at 204,784,0[illegible] bushels on the basis of August 1 conditions. This estimate is only slightly

4/ Includes loan wheat at average loan values.

higher than the July 1 forecast and compares with 191,540,000 bushels produced in 1939 and the 10-year (1929-38) average of 183,619,000 bushels. Prospects for production of durum wheat were lower than on July 1, but production of other spring wheat increased enough to more than offset the decline. Production of durum wheat in 1940 was estimated at 34,179,000 bushels compared with 34,360,000 bushels produced in 1939 and 29,619,000 bushels, the 10-year (1929-38) average. Production of other spring wheat in 1940 was estimated at 170,605,000 bushels, compared with 157,180,000 bushels produced in 1939 and the 10-year average of 154,000,000 bushels.

United States old-wheat stocks estimated at 284 million bushels

Stocks of old wheat in the United States on July 1, 1940, at the beginning of the new marketing year, are estimated at 284,090,000 bushels, which includes 12.6 million bushels in the insurance reserve (chart and table, pages 1 and 2). This carry-over is 4 million bushels larger than the preliminary estimate of 280 million bushels made in June, and compares with a revised estimate of 252,160,000 bushels a year earlier. This is the fourth time that old and new wheat were reported separately in commercial stocks, and the third time in merchant mill stocks. New wheat stocks in the latter position were estimated for 1937 5/, making a new series including only old wheat beginning July 1937. New wheat always has been reported separately in farm, and in interior mill and elevator stocks, and is not included in any of the carry-over estimates. When the new wheat in commercial stocks and in merchant mills is included, July 1, 1940 stocks total 297,542,000 bushels, compared with 293,366,000 bushels a year earlier (table, page 2).

Table 1.- Estimated prospective wheat supplies and probable distribution by classes for 1940-41

Item	Hard red winter	Soft red winter	Hard red spring	Durum	White	Total
Carry-over July 1, 1940 (old wheat):	Mil.bu.	Mil.bu.	Mil.bu.	Mil.bu.	Mil.bu.	Mil.bu.
Farms and interior mills and elevators	44	16	37	10	13	119
Commercial	39	4	34	5	2	84
Merchant mills 1/	52	5	14	3	6	81
Total carry-over	135	25	85	18	21	284
Production 2/	286	216	140	35	84	761
Total supply	421	241	225	53	105	1,045
Prospective utilization	270	212	115	35	68	700
Available for carry-over, insurance stocks, and export	151	29	110	18	37	345

1/ Bureau of Census figures raised to represent all merchant mills. Includes stored for others as well as owned wheat in merchant mills and elevators.
2/ August estimate.

5/ Estimated on the basis of: (1) the percentage of new wheat in total wheat stocks in important winter wheat States in 1938, and (2) the percentage of new wheat reaching market centers in 1937 compared with 1938 as represented by commercial stocks.

Supplies of all classes of wheat abundant

Table 1 shows the estimated July 1 carry-over of old wheat, current crop estimates and probable prospective utilization, by classes for 1940-41. Total domestic disappearance in 1940-41 is expected to be larger than in 1939-40 as a result of increased use of wheat for feed. The actual utilization by classes will depend, of course, on a number of factors, two of which are the prices of wheat relative to feed grain prices and supplies in the various sections of the country, and the relative prices of the different classes of wheat. It will be observed that stocks of commercial bread milling types - hard red winter and hard red spring - are abundant. Table 2 shows the estimated supply and distribution by classes for 1939-40, using stocks of old wheat. Table 8 shows the analysis by classes beginning with 1929.

Table 2.- Estimated prospective wheat supplies and distribution by classes for 1939-40

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.
Carry-over July 1, 1938 (old wheat):						
Farms and interior mills and elevators	44	19	38	11	15	127
Commercial	29	5	24	4	2	64
Merchant mills 1/	41	5	10	2	3	61
Total carry-over	114	29	72	17	20	252
Production	307	203	130	35	80	755
Total supply	421	232	202	52	100	1,007
Exports and shipments 2/	22	3	5	--	18	48
Carry-over June 30, 1940 (old wheat)	135	25	85	18	21	284
Apparent disappearance 3/	264	204	112	34	61	675

1/ Bureau of Census figures raised to represent all merchant mills and elevators. Includes stored for others as well as owned wheat in merchant mills and elevators. Excludes 10,314,000 bushels reported as being new wheat.
2/ From reports of Foreign and Domestic Commerce of the United States. Exports include only flour made from domestic wheat. Shipments are to Alaska, Hawaii, Puerto Rico, and Virgin Islands.
3/ Balancing item.

Price decline appears nearing completion

The price decline toward the new crop basis appears to be about complete, with prices averaging about the same as a month ago. Prices are currently close to the levels of a year ago and they continue to remain considerably above export parity. For the week ended August 17, the average of all classes and grades was about the same as for the week ended July 20, and also for the week ended August 19, 1939. Whereas prices in winter wheat markets were about the same as a month earlier, prices of hard spring wheat were about 7 cents lower. Compared with a year ago hard winter wheat prices were about 5 cents higher whereas hard spring was about 4 cents lower (table 3).

Table 3.- Weighted average cash price of wheat, specified markets and dates, 1939 and 1940

Month and date	All classes and grades six markets		No. 2 Hard Winter Kansas City		No. 1 Dk.N.Spring Minneapolis		No. 2 Hard Amber Durum Minneapolis		No. 2 Red Winter St. Louis		Soft White Portland 1/	
	1939	1940	1939	1940	1939	1940	1939	1940	1939	1940	1939	1940
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Month-												
May	80.2	96.8	75.7	94.7	85.6	100.7	79.1	88.6	82.7	104.3	72.3	78.1
June	74.5	78.3	70.9	76.3	84.4	82.3	76.4	73.9	73.4	87.4	73.1	72.4
July	67.5	72.4	66.7	70.7	77.8	78.8	73.3	77.4	68.5	75.8	69.8	73.5
Week ended												
July 6	69.0	73.8	68.8	72.5	80.9	80.5	72.3	79.2	70.4	77.1	71.3	72.8
13	66.7	72.2	65.2	70.3	80.7	80.4	69.3	79.8	68.3	75.8	70.6	72.9
20	67.0	71.3	64.9	68.1	75.2	78.5	68.3	76.4	67.7	75.2	69.4	74.1
27	65.4	71.5	62.3	68.3	73.8	76.7	76.3	75.5	65.5	74.8	68.1	73.8
Aug. 3	69.7	74.0	66.7	70.9	76.7	77.8	78.5	75.8	68.6	77.2	69.9	74.5
10	70.7	73.1	62.8	70.1	74.8	75.4	77.9	72.3	66.8	77.0	69.6	74.7
17	71.3	71.2	64.4	68.4	76.1	72.0	79.8	74.5	69.4	75.5	69.7	72.5
High 2/	71.3	74.0	68.8	72.5	80.9	80.5	79.8	79.8	70.4	77.2	71.3	74.7
Low 2/	65.4	71.2	62.3	68.1	73.8	72.0	68.3	72.3	65.5	74.8	68.1	72.5

1/ Weekly average of daily cash quotations, basis No. 1 sacked. Seattle series discontinued June 1940. 2/ July 6 - August 17, 1940, and corresponding dates, 1939.

Figure 1, page 5 shows that since September 1938, United States prices have been relatively high compared with values at Liverpool. In 1937-38 No. 2 Hard Winter at Kansas City averaged 26.5 cents below prices of parcels at Liverpool, and over the 6 years, 1926-27 to 1931-32, they averaged 15 cents below prices at Liverpool. From October 1938 to June 1939 No. 2 Hard Winter at Kansas City averaged 5.3 cents above prices of parcels at Liverpool. Prices at Liverpool for the 1939-40 year are not available, because British markets have been closed since September 2, 1939. However, using values computed on the basis of prices in exporting countries and convoyed ocean freight rates, it is estimated that prices of No. 2 Hard Winter at Kansas City have averaged about 6 cents 6/ above the price of wheat parcels at Liverpool.

Computed on the basis of export price values, the export indemnity which would be required to export wheat to Europe is now about 28 cents per bushel from the Pacific Coast and about 20 cents from the Gulf compared with about 35 and 25 cents, respectively, a year ago.

With the turn of events in Europe in May, wheat prices in the United States have become independent, to a considerable extent, of prices in other countries. The dominant price influence is now the loan program. A large proportion of receipts at markets has been placed in storage. This is reducing the quantity of wheat which is available at prices materially below loan values. At present, white wheat at Portland is about at the loan, red at St. Louis and hard winter at Kansas City about 6 and 9 cents, respectively, below, and hard spring at Minneapolis about 14 cents below the loan.

6/ Revised from 4 cents, "The Wheat Situation," July 1940, page 14.

THE WORLD WHEAT SITUATION 7/

BACKGROUND.- Total world supplies of wheat increased sharply from 1924 to 1933, largely as a result of increased acreage (figures 2 and 5). From 1934 to 1936, world supplies declined, following successive years of small yields and increased world demand. Supplies increased slightly in 1937. With above-average yields on the large acreage, supplies in 1938 and 1939 were the largest on record.

World wheat prices declined in the period 1924-33 with the increase in world supplies (figure 2). The sharp decline in prices after 1929 was caused largely by the general decline in industrial activity and commodity prices. From the spring of 1933 to the summer of 1937, world wheat prices moved upward, reflecting world-wide recovery in commodity price levels, currency depreciation, and reduced production. The world price for the 1937 crop remained practically unchanged from that of a year earlier. In 1938, world prices again declined sharply as a result of record world production and weakness in demand. Prices in 1939-40 averaged higher than a year earlier, influenced by general expectations of increased demand for wheat as a result of the war, and by poor crop prospects in Argentina and the United States.

World production indicated to be about 8 percent below 1939 crop

The 1940 world wheat production 7/, based largely on preliminary unofficial forecasts, is estimated at 3,925 million bushels. This is about 8 percent below that of 1939, and about 15 percent below the record 1938 crop. Table 4 gives estimates for different parts of the world. These unofficial estimates, which are necessarily based on fragmentary data, are given as an indication of expected production. The Northern Hemisphere total is indicated at about 3,500 million bushels, which is about 9 percent below that of last year.

According to the Dominion Bureau of Statistics at Ottawa, the total acreage sown to wheat in the Prairie Provinces of Canada was placed at 27,750,000 acres, which is a 11 percent increase over the 25,813,000 acres last year. The condition of spring wheat in Canada on July 31, placed at 87 percent of the long-time average yield per acre, was 5 points lower than on June 30, but only 2 points under the comparable figure for last year. Recent weather has been favorable, however, and with the larger acreage, another good crop is expected. The 1940 crop of winter wheat in Canada was placed at 22,880,000 bushels from 775,400 acres, as compared with 22,271,000 bushels from 735,000 acres in 1939. The increase in production was the result of the larger acreage sown, since yields per acre were smaller this year than last. On the basis of present indications, it seems reasonable to expect a total crop about the same as last year when 490 million bushels were harvested.

7/ All references to world acreage, production and stocks in this report exclude Soviet Russia and China except where noted.

Table 4.- Wheat: Production, in specified countries, 1937-40

Country	1937	1938	1939	1940 1/
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
Northern Hemisphere				
North America:				
United States	875,676	931,702	754,971	761,000
Canada	180,210	360,010	489,623	490,000
Mexico	10,955	11,845	14,771	13,000
Total (3)	1,066,841	1,303,557	1,259,365	1,264,000
Europe:				
Europe, excl. Danube Basin and Soviet Russia (26)	1,178,000	1,393,000	1,263,000	1,060,000
Danube Basin (4)	361,000	466,000	453,000	300,000
Total (30)	1,539,000	1,859,000	1,716,000	1,360,000
North Africa (4)	119,000	121,000	151,000	125,000
Asia (6)	678,000	741,000	738,000	750,000
Total 43 countries	3,402,841	4,024,557	3,864,365	3,499,000
Estimated Northern Hemisphere total, exluding Soviet Russia and China 2/	3,406,000	4,029,000	3,869,000	3,502,000
Southern Hemisphere				
Argentina	184,801	336,201	119,453	200,000
Australia	187,256	155,369	210,110	150,000
Union of South Africa	10,157	17,093	15,310	14,000
Estimated world total, excluding Soviet Russia and China 2/	3,852,000	4,605,000	4,270,000	3,925,000

Compiled from official data.
1/ Data are, in most instances, unofficial forecasts and should be interpreted as preliminary indications only.
2/ Includes, besides countries listed, estimates for wheat-producing countries for which reports are not available.

Production in Europe, other than the Danube Basin and Soviet Russia, is still tentatively indicated at 1,060 million bushels. This is about 16 percent below the total estimate for these countries in 1939. Production in all Europe, excluding Soviet Russia, appears to be about 20 percent below that of last year. Harvesting is now general over the greater part of Europe, and completed in southern areas.

The crops in Belgium, The Netherlands, and parts of France are expected to be sharply reduced from last year and average. Some reduction in the crop in French North Africa is reported, largely as a result of a prolonged spring drought. The first official estimate for Spain is 121,253,000 bushels. This is some increase over the harvests of recent years, which were reduced by war activities, but it is still below normal consumption needs of the country. The first official estimate for Italy is 268,226,000 bushels. Though this is a reduction of nearly 10 percent from the large harvests of the past 3 years, it closely corresponds to the average for the 5 years 1933-37. The first official estimate for Greece is placed at 34,170,000 bushels, which compares with 38,290,000 bushels harvested in 1939. An increase in the wheat acreage for this season of around 8 to 10 percent has been estimated, so that yields per acre appear well below those of a year ago. The crop in Germany is expected to be below the large crops of the past 2 years, although not much below average. In the Scandinavian Countries the crop is reported below normal as the result of unfavorable weather. Reports indicate that the crop in Sweden will be considerably below a year ago. The British Isles are expecting a better than average crop, largely as a result of increased acreage.

Production in the Danubian countries estimated at 300 million bushels is also unchanged from a month ago. This is a reduction of 34 percent from the large 1939 harvest. The estimate of 300 million bushels includes Bessarabia and northern Bukovina - territory now ceded to Soviet Russia. This area normally produces about 20 percent of the Rumanian crop but this year it appears to account for a much larger share of that country's total.

The harvest in Soviet Russia is well advanced, but information on yields remains meager. Trade sources continue to indicate only moderate prospects, even though official comment shows optimism. In general, the most favorable reports have come from the Black Sea region.

The latest official estimate of the wheat crop in Japan was 61,308,000 bushels compared with 61,086,000 bushels in 1939. The acreage was reported at 2,064,000 acres compared with 1,827,000 acres a year ago. The preliminary forecast of the wheat crop in China by the United States Agricultural Attache is 700 million bushels, as compared with an estimate of 667 million bushels for 1939.

Conditions in Argentina and Australia have been unfavorable, a situation which makes an early estimate of the crop more uncertain than usual. At present below-average conditions in Argentina and probably a reduced acreage indicate a crop not to exceed 200 million bushels. The weather has been generally rainy and mild since the latter part of June. Recent weather however, has been clear and cold, which was needed to check the growth especially in the central zone, where growth had been too rapid for plants to be hardy enough to withstand adverse conditions later in the season. In Australia the season has been very dry, and immediate rains are needed in all States. Much of the wheat has failed to germinate, and that which had already germinated is reported in a precarious condition. Production is tentatively placed at only about 150 million bushels.

The official estimate for India is 402.6 million bushels, compared with the 1939 harvest of 370.6 million bushels.

World wheat carry-over July 1, 1940 about 215 million bushels larger than a year earlier

The world carry-over July 1, 1940 is now tentatively indicated at 1390 million bushels, which is about 42 million bushels less than the preliminary figure previously carried. This would be 215 million bushels larger than a year earlier (table 5). On the basis of a carry-over of this size, apparent disappearance in 1939-40 was 4,053 million bushels, compared with 4,066 million bushels a year earlier. As pointed out in previous issues, with information from European countries on imports, stocks, and mill output almost entirely discontinued, any figures on stocks and disappearance are at best only indications.

Table 5.- Estimated world supply and distribution, year beginning July 1, 1938-39

Item	Year beginning July 1		Increase or decrease
	1938 estimates	1939 indications	
	Million bushels	Million bushels	Million bushels
Carry-over July 1 1/	599	1,175	+ 576
Production 1/	4,605	4,270	- 335
Total supply	5,204	5,445	+ 241
Net exports from Soviet Russia	37	2/ - 2	- 39
Total of above	5,241	5,443	202
Disappearance	4,066	4,053	- 13
Carry-over June 30	1,175	1,390	215

1/ Excluding stocks and production in Soviet Russia and China.
2/ Net imports.

Estimated total stocks on July 1 in the four major exporting countries (figure 6) show a net increase of about 157 million bushels compared with a year earlier. Outstanding are the large Canadian stocks, which alone increased about 195 million bushels. While stocks in Australia 8/ increased by about 74 million bushels, those in Argentina decreased by about 144 million bushels.

Carry-over stocks in the Danubian countries were probably about the same as a year earlier, perhaps slightly larger, while those in European importing countries were probably moderately larger than in July 1939.

World trade in wheat and flour will be greatly restricted if blockade continues

On the basis of the indicated poor wheat crop in Europe, world trade in wheat and flour probably would be well above that of any recent year, were it not for European military and political conditions. A continuation of the blockade and present governmental policies in surplus countries, however, will greatly restrict the movement in 1940-41. Takings by European countries probably may total between 250 to 275 million bushels and those by non-European countries perhaps 150 million bushels. Trade figures for recent years and months are shown in tables 9 to 14.

8/ Australian wheat growers, it is reported, have been urged by the Commonwealth Government to restrict sowings for 1940-41 and to convert part of their wheat lands to pasture. No definite action appears to have been taken by the Government, but it has been announced that the Government would later consider a plan whereby a percentage of the wheat acreage on each farm should be cut for hay instead of grain.

The Canadian wheat supply remaining as carry-over in Canada and the United States on August 1 is 301 million bushels (table 6). This is larger than expected on the basis of total supplies less exports and domestic consumption. A year ago the carry-over was 103 million bushels. If the 1940 Canadian crop turns out to be about 490 million bushels, after deducting 130 million bushels for domestic consumption, there would remain an additional 360 million bushels, making total supplies available for export or carry-over of about 660 million bushels. On this basis the Canadian surplus supplies would be sufficient to take care of total world trade under war conditions and still leave a large carry-over. Of the stocks remaining in Canada on August 1, 60 to 70 million bushels are owned by the British Government, according to an announcement made by the Hon. J. A. MacKinnon, Minister of Trade and Commerce. During the last month, a sale of 100 million bushels would bring total British ownership up to 160 to 170 million bushels. This sale, however, was in the form of futures, which will be exchanged into actual cash wheat from time to time through ordinary trade channels.

Table 6.- Estimated wheat surplus for export or carry-over for three exporting countries, August 1, 1937-40 1/

Position	1937	1938	1939	1940
	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.
Canada				
In Canada	32	23	95	273
In the United States	4	1	8	28
Australia	31	42	43	2/ 112
Argentina	18	30	154	3/ 4
Total	85	96	300	417

1/ Carry-over at the beginning of the year (Canada, July 31; Argentina, January 1; Australia, December 1 of the previous year) plus production minus domestic utilization for the year, minus monthly exports to date.
2/ Based on official exports through February, and unofficial estimates for succeeding months.
3/ See text.

The supply for export or carry-over in Australia on August 1 is estimated at 112 million bushels compared with 43 million bushels a year earlier. High shipping costs and the great distance from European markets greatly reduced export outlets for Australian wheat.

Supplies available for export or carry-over in Argentina are very small. Computed on the basis of total supplies less domestic consumption until the new crop next January less exports through July, the surplus is negligible. However, in the decree restricting further exports 9/, the

9/ Effective July 29 the Argentine Government prohibited further exports of wheat and flour without permits. It is indicated, however, that permits for exportation would still be issued for sales already made to whatever destination, and for future sales to neighboring countries, provided remaining supplies were adequate for domestic requirements.

Argentine Government placed its exportable surplus at 31 million bushels. If this quantity is available it would appear that either the carry-over or crop, or both, was underestimated. The Argentine surplus a year ago was 154 million bushels (table 6).

Prices at Buenos Aires decline;
at Winnipeg remain at peg

The October futures at Buenos Aires averaged about 6 cents lower for the week ended August 17 than for that ended July 20. Minimum prices in Argentine markets were abolished on August 19, and prices declined from the peg of 70 cents to 62 - 1/2 cents on August 23. Prices at Winnipeg have remained at the pegged level during the past month.

Table 7.- Average closing price of September wheat futures, specified markets and dates, 1939 and 1940

Period	Winnipeg 1/		Liverpool 1/		Buenos Aires		Chicago		Kansas City		Minneapolis	
	1939	1940	1939	1940	1939	1940	1939	1940	1939	1940	1939	1940
	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.
Month												
Apr.	62.8	84.7	63.3	---	---	---	69.0	106.9	64.7	102.0	71.4	103.4
May	66.6	76.0	64.6	---	---	---	74.8	93.6	70.8	89.1	78.3	91.9
June	61.8	68.5	60.4	---	---	---	73.5	79.8	69.0	74.8	77.2	78.0
July	54.3	66.9	55.0	---	---	---	66.3	75.1	61.7	69.3	70.0	74.1
Week ended												
July 6	58.8	66.9	58.1	---	2/ 59.5	---	69.2	77.0	64.7	70.9	73.0	76.8
13	54.6	66.9	56.0	---	2/ 59.5	1/ 76.5	66.7	74.8	62.2	69.2	70.6	74.4
20	53.3	66.9	53.2	---	2/ 59.5	1/ 77.1	65.6	74.4	60.8	68.7	69.0	73.4
27	51.5	66.9	52.4	---	2/ 59.5	1/ 76.4	63.4	74.0	58.9	68.3	67.0	72.7
Aug. 3	53.2	66.9	53.9	---	59.5	1/ 72.6	64.8	75.6	59.9	69.6	68.6	73.5
10	52.1	66.9	52.1	---	59.5	1/ 70.5	64.1	74.4	58.5	68.0	67.1	71.4
17	51.7	66.9	50.9	---	59.5	1/ 71.5	65.9	71.8	59.6	65.9	68.1	68.3
High 3/	58.8	66.9	58.1	---	4/ 59.5	1/ 77.1	69.2	77.0	64.7	70.9	73.0	76.8
Low 3/	51.5	66.9	50.9	---	4/ 59.5	1/ 70.5	63.4	71.8	58.5	65.9	67.0	68.3

1/ October futures. Conversions at noon buying rate of exchange 1939; 1940 Winnipeg figures 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/ July 6-August 17, 1940 and corresponding dates, 1939.
4/ August and September futures.

FEATURES OF CANADA'S WHEAT POLICY

The storage of the 1940 wheat crop in Canada will be difficult. With the prospect of a wheat crop in the neighborhood of 490 million bushels added to a 300 million-bushel August 1 carry-over of old wheat, Canada's regular storage space is considerably short of being adequate. The present net storage space, after deducting 10 percent for working space, is estimated at about 380 million bushels. To this can be added temporary facilities for handling 30 million bushels and the storage of about 20 million bushels in United States terminal elevators. The 430 million-bushel total of these items is far short of being able to take care of the situation, and in order that an equitable use of available storage space may be made by all producers, early deliveries will be limited to 5 bushels per acre. This will also permit all farmers to get full payment for at least a part of their crop before the elevators are filled. Then, as the season advances and the situation is eased, deliveries in larger quantities will be permitted. The Board is authorized to pay farm storage at rates not to exceed 1/45 cent per day.

Other features of the present wheat policy of Canada are: (1) Removal of the 5,000-bushel limitation on deliveries to the Board. (2) The Winnipeg wheat futures market to remain open with pegged prices to continue at or about the present levels. (3) A processing tax of 15 cents per bushel to apply on all wheat used for flour or other wheat products entering domestic human consumption in Canada. (4) Continuation of the payment of minimum prices for carlots of wheat, basis Fort William-Port Arthur, or Vancouver. These are as follows:

	Cents per bushel
No. 1 Hard	70
No. 1 Northern	70
No. 2 Northern	67
No. 1 Amber Durum	62
No. 2 Amber Durum	59
No. 3 Amber Durum	56
No. 1 Alberta Red Winter	63
No. 2 Alberta Winter	62
No. 3 Alberta Winter	60

A REVIEW OF WHEAT PRICES IN 1939-40

Domestic wheat prices in 1939-40 averaged higher than a year earlier, influenced by generally expected increased demand for wheat as a result of the war, and by poor crop prospects in Argentina and the United States. Prices received by growers in the United States in 1939-40 averaged 75 cents. 10/ This is 19 cents higher than a year earlier and is a greater increase than was the case in British markets. The price of parcels at Great Britain estimated at about 82 cents 10/, converted at current rates of exchange, was only about 11 cents higher than a year earlier. 11/

With the 1939 domestic crop only a little larger than the annual domestic disappearance, with a large proportion of the wheat held off the market

10/ Simple average of 12 months for both United States and British prices. British prices computed on the basis of prices in exporting countries and convoyed ocean freight after September 2, 1939, when British markets were closed. The weighted average price to United States growers was 70.2 (see page).

11/ British Parcels in shillings per 480 pounds computed for 1939-40 were 31.80 compared with 24.01 in 1938-39; in cents per bushel converted at par adjusted by Sauerbeck index they were 70 in 1939-40 and 68 in 1938-39.

under loan, and the export-aid program continued, domestic wheat prices in 1939-40 held well above world export levels. The export indemnity necessary to move round lots of wheat to Europe varied from about 20 to 35 cents.

Wheat prices advanced with war and poor crop prospects

Wheat prices in both the United States and other export countries advanced precipitously the first of September 1939 following the declaration of war in Europe. During September, October, and November prices in Canada declined as a result of free selling of the large Argentine surplus by the Grain Board. While prices in Canada lost more than one-half of their early September grain by early October (after which they continued at about the same level until late November), prices in the United States by early October lost only about one-third of their early September gain, and this was regained by the last of October and November as a result of serious deterioration which had been developing in United States winter wheat prospects.

From late November to the middle of December prices in both the United States and Canada again advanced as a result of severe crop damage in Argentina and a change in the Argentina selling policy, and also as a result of continued drought in the United States winter wheat area. In January prices reacted to the extreme advance in December, but from then until about the middle of April prices tended gradually upward, influenced by the waning of hopes for an early peace and by pessimistic crop news from Europe. During the last half of April and early May domestic winter wheat prospects improved and prices weakened. Following the invasion of Belgium and Holland on May 10, there was a very temporary price advance but then prices broke precipitously. Capitulation was so rapid that traders who had been holding for war gains liquidated their large holdings. Price levels then were moderately higher than a year earlier. Total world prospective supplies had been decreased, and the price effect of export supplies in Australia and India has been diminished because of difficulties involved in shipping. From the middle of May on, prices declined toward the new domestic crop basis. Improvement in winter wheat prospects in the United States contributed to the extent of the decline, but a part of the effect of this development was offset by the stabilizing effect of fixed prices in Winnipeg and Buenos Aires

Prices in 1939-40 advantageous to those who held wheat

Price developments in 1939-40 were generally advantageous to growers who stored their wheat 12/. In July and August wheat prices at Kansas City and Minneapolis averaged 9 to 12 cents below loan values. In September, October, and November, prices at Kansas City averaged about 8 cents above loan values while those at Minneapolis averaged about 4 cents above loan values. After the sharp advance in December, prices at Kansas City for the 5 months, December-April, averaged 24 cents above loan values, and those at Minneapolis for the same period averaged about 18 cents above loan values.

12/ Except for farm wheat resealed or taken over by the Commodity Credit Corporation April 30, all wheat loans were liquidated by April 30, 1939.

Wheat: Estimated supply and distribution, by classes, averages 1929-33 and 1937-39, and annual 1929-40

Item	Average 1/ 1929-33	Average 1/ 1937-39	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940 2/ 1941
	Year beginning July													
	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.
All wheat														
Stocks, July 1 3/	317	162	228	289	313	375	378	274	147	142	83	153	252	284
Production	792	854	823	887	942	757	552	526	626	627	876	932	755	761
Imports	0	0	0	0	0	0	0	16	35	34	0	0	0	0
Supply	1,109	1,016	1,051	1,176	1,255	1,132	930	816	808	803	959	1,085	1,007	1,045
Exports 4/	90	87	143	115	126	35	29	13	7	12	103	109	48	
Carry-over	325	229	289	313	375	378	274	147	142	3/ 103(83)	153	252	284	
Domestic disappearance 5/	694	700	619	748	754	719	627	656	659	688	703	724	675	
Hard Red Winter														
Stocks, July 1	161	70	94	120	153	238	201	125	68	57	37	60	114	135
Production	349	357	371	404	514	281	177	208	203	260	373	390	307	286
Supply	510	427	465	524	667	519	378	333	271	317	410	450	421	421
Exports 4/	52	53	82	65	85	22	4	3	2	3	69	68	22	
Carry-over	167	103	120	153	238	201	125	68	57	3/ 57(37)	60	114	135	
Domestic disappearance 5/	291	271	263	306	344	296	249	262	212	257	281	268	264	
Soft Red Winter														
Stocks, July 1	32	27	20	26	23	59	31	36	32	27	15	37	29	25
Production	185	232	164	180	262	159	162	188	204	207	258	236	203	216
Supply	217	259	184	206	285	218	193	224	236	234	273	273	232	241
Exports 4/	2	4	4	4	3	0	0	0	0	0	5	5	3	
Carry-over	35	30	26	23	59	31	36	32	27	15	37	29	25	
Domestic disappearance 5/	180	225	154	179	223	187	157	192	209	219	231	239	204	
Hard Red Spring														
Stocks, July 1	79	40	73	89	85	49	98	74	26	34	18	31	72	85
Production	135	130	146	157	73	190	107	53	108	51	102	157	130	140
Imports	0	0	0	0	0	0	0	9	31	25	0	0	0	0
Supply	214	170	219	246	158	239	205	136	165	110	120	188	202	225
Exports 4/	1	4	3	1	0	0	0	0	0	0	3	4	5	
Carry-over	79	63	89	85	49	98	74	26	34	18	31	72	85	
Domestic disappearance 5/	134	103	127	160	109	141	131	110	131	92	86	112	112	
Durum														
Stocks, July 1	24	8	27	32	30	14	16	9	5	7	3	5	17	18
Production	40	35	57	60	22	42	18	7	25	9	29	42	35	35
Imports	0	0	0	0	0	0	0	7	4	9	0	0	0	0
Supply	64	43	84	92	52	56	34	23	34	25	32	47	52	53
Exports 4/	7	1	16	13	5	2	0	0	0	0	0	2	0	
Carry-over	20	13	32	30	14	16	9	5	7	3	5	17	18	
Domestic disappearance 5/	37	29	36	49	33	38	25	18	27	22	27	28	34	
White														
Stocks, July 1	21	17	14	22	22	15	32	30	16	17	10	20	20	21
Production	83	100	85	86	71	85	88	70	86	100	114	107	80	84
Supply	104	117	99	108	93	100	120	100	102	117	124	127	100	105
Exports 4/	28	25	38	32	33	11	25	10	5	9	26	30	18	
Carry-over	24	20	22	22	15	32	30	16	17	10	20	20	21	
Domestic disappearance 5/	52	72	39	54	45	57	65	74	80	98	78	77	61	

1/ Years 1934-36 omitted in averages because supplies were abnormally small. 2/ Preliminary.
3/ New wheat in commercial and merchant mill stocks prior to July 1, 1937 in figures for years and in the average.
4/ From reports of Foreign and Domestic Commerce of the United States. Exports are regular exports plus shipments to Alaska, Hawaii, and Puerto Rico, and include wheat, and flour made wholly of domestic wheat. 5/ Balancing item.

Table [illegible].-Exports of wheat, including flour, from the United States, by countries of destination, 1910-39

Year beginning July	Total exports 1/	France	Germany	Greece	Italy	Netherlands	United Kingdom	Other Europe	Total Europe	Central & South America 2/	China & Japan 3/	Philippine Islands	Other countries
	Mil.bu.	Mil.bu.	Mil.bu.	Mil.bu.	Mil.bu.	Mil.bu.	Mil.bu.	Mil.bu.	Mil.bu.	Mil.bu.	Mil.bu.	Mil.bu.	Mil.bu.
1910	71	4	2	4/	4/	5	24	6	41	9	10	1	10
1911	82	4/	2	4/	1	7	27	8	45	11	15	1	10
1912	145	5	13	4/	7	19	43	18	105	11	15	2	12
1913	148	6	12	4/	2	24	41	22	107	11	15	1	14
1914	336	60	3	10	48	40	85	37	283	14	4	1	34
1915	246	35	0	14	36	22	68	30	205	20	2	2	17
1916	206	23	0	7	18	22	82	27	179	14	4/	4/	13
1917	133	26	0	4/	22	4/	60	15	123	6	4/	4/	4
1918	287	31	0	1	43	9	115	51	250	7	4/	4/	30
1919	222	40	2	1	39	1	62	42	187	12	1	4/	22
1920	369	24	35	7	59	27	103	66	321	17	2	1	28
1921	283	6	29	4/	36	24	64	42	201	15	23	2	42
1922	225	15	13	2	34	17	37	28	146	12	20	2	45
1923	160	2	9	2	9	13	24	11	70	14	44	3	29
1924	261	14	17	8	26	25	50	30	170	14	8	3	66
1925	108	1	3	2	3	7	20	13	49	15	11	3	30
1926	219	16	11	6	10	25	47	25	140	20	14	3	42
1927	206	5	8	3	11	19	42	25	113	17	15	3	58
1928	164	2	3	4	5	10	20	20	64	21	18	4	57
1929	153	2	7	7	1	11	31	20	79	21	20	3	30
1930	131	8	3	3	4	13	24	18	73	17	16	3	22
1931	136	6	4	11	2	10	19	16	68	23	28	3	14
1932	41	1	4/	3	1	1	2	6	14	15	3	3	6
1933	37	4/	4/	4/	4/	4/	1	5	6	7	16	2	6
1934	22	4/	4/	4/	4/	4/	1	3	4	7	3	2	6
1935	16	4/	4/	4/	4/	1	4/	1	2	7	4/	1	6
1936	22	4/	4/	4/	4/	3	4/	2	5	8	4/	2	7
1937	107	1	1	3	1	14	24	29	73	12	2	3	17
1938	116	1	3	4/	1	18	30	24	77	11	14	5	9
1939	54	4/	4/	4/	4/	8	4	15	27	9	6	5	7

1/ Includes flour milled from Canadian wheat. 2/ Includes Mexico, Panama, Cuba, Brazil, Chile, Peru, and Venezuela for all years, and Haiti and Colombia from 1931 to 1938. 3/ Includes Hong Kong, Kwantung, and Chosen. 4/ Less than 500,000 bushels.

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Table 10.-United States domestic exports of wheat by specified countries, semi-annually, beginning July 1937

Country	1937-38		1938-39		1939-40	
	July-Dec.	Jan.-June	July-Dec. 1/	Jan.-June 1/	July-Dec. 1/	Jan.-June 1/
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
Belgium	5,981	6,451	6,003	7,776	5,018	1,499
Denmark	144	1,580	236			
France	523	307	560	290	74	40
Germany 2/	669	644	2,570	178	201	
Greece	622	1,851	302	40	30	
Ireland	3,395	8,103	3,056	3,548	296	
Italy	410	778	616	59	11	123
Netherlands	6,318	5,281	10,219	4,811	3,042	914
Norway	149	466	205	120	159	699
U. S. S. R.				1,988	1,618	2,782
United Kingdom	6,560	16,063	8,829	20,366	2,510	932
Other Europe	541	2,134	206	303	34	604
Total Europe	25,312	43,658	32,802	39,479	12,993	7,593
Canada	5,425	3,949	2,018	947	1,426	6
Mexico	995	2,275	619	1,870	100	45
Panama	1	1	3/	1	3/	
Salvador	114	66	143	157	112	46
Brazil	356	3/			3/	
Colombia	56	193	169	123	231	6
Peru	587		55			
China			619	5,168	167	663
Japan	42					
Other countries	525	185	151	268	172	75
Total exports	33,413	50,327	36,576	48,013	15,201	8,434

1/ Preliminary.
2/ Trade data for Germany include Austria beginning May 6, 1938; Sudeten area as far as ascertainable beginning November 10, 1938; Czecho-Slovak provinces occupied by Germany, beginning March 18 or 19, 1939, and Memel beginning March 25, 1939.
3/ Less than 500 bushels.

Compiled from official records of the Bureau of Foreign and Domestic Commerce.

Table 11.- United States exports of wheat flour, made wholly from United States wheat, to specified countries, semi-annually, beginning July 1937

Commodity and country	1937-38		1938-39		1939-40	
	July-Dec.	Jan.-June	July-Dec. 1/	Jan. June 1/	July-Dec. 1/	Jan. June 1/
	1,000 barrels	1,000 barrels	1,000 barrels	1,000 barrels	1,000 barrels	1,000 barrels
Wheat flour 2/						
Netherlands	258	240	201	268	480	152
Norway	24	40	20	9	98	74
United Kingdom	70	123	52	14	51	9
Costa Rica	22	41	29	20	26	13
Guatemala	53	44	49	47	49	34
Nicaragua	15	10	20	25	31	32
Panama 3/	39	40	45	38	51	47
Salvador	15	11	11	10	10	9
Mexico	13	3	2	3	4	3
Cuba	208	303	241	221	299	261
Haiti, Republic of	18	22	21	22	25	15
Ecuador	65	60	42	77	102	49
Venezuela	32	66	45	28	70	25
China	8	81	144	1,099	245	243
Hong Kong	184	98	131	337	54	134
Philippine Islands	294	429	450	529	531	487
Other countries	233	311	278	165	655	150
Total	1,551	1,922	1,781	2,912	2,781	1,737

1/ Preliminary.
2/ To convert to wheat equivalent multiply by 4.7.
3/ Includes Republic of Panama and Canal Zone.

Table 12.- Wheat: Imports into the United States for domestic utilization and for grinding in bond and export, 1923-38

Year beginning July	Full duty wheat (tariff 42 cents)	Wheat unfit for human consumption (tariff of 10 percent ad valorem) 1/	Total imports for domestic utilization (total of first 2 columns)	Flour in terms of wheat 2/	For grinding in bond and export 3/
	Bushels	Bushels	Bushels	Bushels	Bushels
1923	13,783,423	---	13,783,423	794,920	13,904,837
1924	272,548	---	272,548	31,575	5,813,353
1925	1,664,843	---	1,664,843	81,804	13,421,480
1926	48,808	---	48,808	28,463	13,171,683
1927	161,297	---	161,297	26,926	15,043,679
1928	79,136	---	79,136	12,234	22,480,962
1929	44,607	---	44,607	8,004	12,903,364
1930	40,756	307,336	348,092	5,461	19,013,090
1931	6,057	---	6,057	1,278	12,878,851
1932	5,767	1,354	7,121	3,201	9,372,151
1933	143,646	5,739	149,385	3,882	11,341,052
1934	5,905,380	8,146,044	14,051,424	18,048	11,064,092
1935	25,288,519	9,205,128	34,493,647	123,366	11,978,659
1936	30,205,430	4,057,016	34,262,446	192,606	13,468,667
1937	597,776	4,150	601,926	31,683	2,819,031
1938	39,086	206,969	246,055	25,399	8,988,542
1939	66,595	4/ 86,284	152,879	121,481	9,939,089

Imports for consumption from United States Tariff Commission, July 1923 to December 1933, and from Bureau of Foreign and Domestic Commerce, January 1934 to date.

1/ Beginning June 18, 1930, a new classification, wheat unfit for human consumption, was introduced by the 1930 Tariff Act.
2/ Wheat for grinding in bond for export, which enters duty free. Beginning June 18, 1930, includes wheat ground into flour in bond for export to Cuba, a new classification in the 1930 Act. From June 18, 1930 to September 3, 1936 the duty on this wheat equaled the reduction in Cuban duty and the reduction in the consumption tax applicable by treaty to such flour imported into Cuba. On September 3, 1936 the consumption tax was repealed.
3/ General imports prior to July 1934, subsequently imports for consumption. Beginning July 1934, excludes flour imported free for export in manufactured foods.
4/ Effective January 1, 1939, the new trade agreement with Canada reduced the tariff to 5 percent ad valorem on "wheat unfit for human consumption."

Table 13.- Movement of wheat, including flour, from principal exporting countries, 1936-37 to 1940-41

Country	Exports as given by official sources						Date
	Total			July 1 to date shown			
	1936-37	1937-38	1938-39	1937-38	1938-39	1939-40	
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	
United States 1/	21,584	107,194	115,784	107,194	115,784	54,274	June 30
Canada	213,028	94,546	159,885	94,546	159,885	210,212	June 30
Argentina	162,977	69,670	116,116	69,670	116,116	177,336	June 30
Australia	97,712	123,453	96,685	60,875	58,949	41,711	Feb. 29
Soviet Union	4,479	43,354 2/	38,000				
Hungary	27,428	9,368	27,650	6,994	18,442	30,219	Feb. 29
Yugoslavia	17,954	5,012	5,346	4,536	4,079	6,660	Dec. 31
Rumania	36,258	32,210	43,940	28,902	31,247	27,037	Mar. 31
Bulgaria	7,275	8,489	2,633	5,632	179	4,749	Jan. 31
British India	16,571	19,677	10,097	12,762	8,900 3/	2,368	Jan. 31
Total	605,266	512,973	616,136				

Country	Shipments as given by trade sources						
	Total		Week ended - 1940			July 1 - Aug. 17	
	1938-39	1939-40	Aug. 3	Aug. 10	Aug. 17	1939-40	1940-41
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
North America 4/	245,296	207,352	3,430	2,319	3,598	29,984	23,367
Argentina	114,272	173,776	3,648	2,230	2,906	21,840	21,029
Australia	102,116		5/	5/	5/	9,052	5/
Soviet Union	39,824		0	0	0	1,344	0
Danube & Bulgaria 6/	52,848	39,616	0	0	0	5,304	560
British India 7/	10,097		0	0	0	0	0
Total above	564,453					67,524	44,956
Total European shipments 4/	450,784						
Total ex-European shipments 4/	146,760						

1/ Includes flour milled in bond from foreign wheat.
2/ From official sources, through December, supplemented by unofficial estimates for the following 6 months.
3/ Excludes land trade for January.
4/ From Broomhall's Corn Trade News.
5/ Official exports reported through February 1940 only. Not available subsequently.
6/ Black Sea shipments only.
7/ Official.

Table 14.- Shipments of wheat, including flour from principal exporting countries for the fiscal year 1938-39 and specified dates 1939 and 1940

Period	Argentina 1938-39	Argentina 1939-40	Australia 1938-39	Australia 1939-40	Danube 1938-39	Danube 1939-40	North America 1938-39	North America 1939-40
	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.
July-June	114,272	173,776	102,116	1/41,684	52,848	39,616	245,296	207,352
Week ended -	1939	1940	1939	1940	1939	1940	1939	1940
July 6	4,372	3,409	1,468	2/	624	232	5,368	3,185
13	3,660	2,726	1,860	2/	1,240	216	2,840	4,194
20	2,276	2,771	1,108	2/	736	64	4,056	2,683
27	2,076	3,339	1,696	2/	2,072	48	3,112	3,958
Aug. 3	3,240	3,648	880	2/	312	0	3,920	3,430
10	3,544	2,230	880	2/	152	0	4,856	2,319
17	2,672	2,906	1,160	2/	168	0	5,832	3,598

Compiled from Broomhall's Corn Trade News.
1/ Official exports, July-February, compared with 58,949,000 bushels in the same period of 1938-39.
2/ Not available.

Table 15.- Percentage of hard red, and soft red winter wheat in specified grades, 1939-40
(Based on inspected receipts at representative markets, July 1 to July 31)

Item	Hard Red Winter wheat Sub-class	Hard Red Winter wheat 1939	Hard Red Winter wheat 1940	Soft Red Winter wheat Sub-class	Soft Red Winter wheat 1939	Soft Red Winter wheat 1940
		Percent	Percent		Percent	Percent
	Dk.Hd.	44	58			
	Hard	55	42	Red		
	Yellow Hd.	1	0			
Grade						
1		12	47		2	22
2		45	25		45	51
3		37	14		43	20
4		4	8		6	4
5		1	5		1	1
Sample		1	1		3	2
Special grades						
Tough		4	1		17	8
Light Smutty		0	0		1	1
Smutty		0	0		1	1
Light Garlicky					3	3
Garlicky					17	20

THE RYE SITUATION

A rye crop of 37.5 million bushels is indicated for this year, according to the estimate of the Crop Reporting Board on August 1, compared with 39.2 million bushels last year and the 10-year (1929-38) average production of 38.1 million bushels. The current estimate is .6 million bushels larger than the estimate in July. The acreage for harvest is 3.1 million acres, which is 19 percent less than last year and 5 percent below the 10-year average. All of the States with large acreages show declines from a year ago. Both the acreage and production of rye this year are the lowest since 1936. The indicated yield per harvested acre is 12.1 bushels compared with 10.3 bushels last year and 11.4 bushels the 10-year (1929-38) average. A large proportion of the crop reached maturity in advance of the severe heat wave that occurred during the latter part of July. In Montana and other States of the Rocky Mountain region, where the crop reaches maturity a little later, yields were reduced slightly by the high temperatures. In that area, yields per acre as reported are near the 10-year average. Elsewhere throughout the rye-producing area they are well above average except in Nebraska and Kansas. The quality of the grain is generally very good in the important States from North Dakota and South Dakota eastward.

The United States stocks of rye at the beginning of the 1940-41 marketing year are estimated at 21 million bushels. A year ago the carry-over was 23 million bushels. With a crop indicated at 37 million bushels, the total supply of rye for the 1940-41 season will amount to 58 million bushels, compared with 62 million bushels a year earlier, and the 1935-39 average of 61 million bushels (table 16). The apparent disappearance of rye in 1939-40 was 41 million bushels, or about the same as a year earlier and about 3 million bushels less than the 1935-39 average. During 1935-39, of the average total disappearance of 43 million bushels, it is estimated that 9 million bushels were used for food, 9 million bushels for distilled spirits, 10 million bushels for seed, and 15 million bushels for feed.

Exports of rye from the United States in 1939-40 totaled less than 1 million bushels (figure 7). Exports in 1940-41 will be even less if the European countries, including Belgium, Denmark, The Netherlands, and Norway, which usually import rye from the United States, continue to be blockaded.

Although supplies of rye in 1939-40 were about the same as a year earlier, prices were considerably higher. This was largely the result of the strength of wheat prices, and the placing of about 1.5 million bushels of rye under loan. Prices in July 1940 were above those of a year ago, largely because the rye loan was not announced until July 26 last year, whereas this year it was announced May 22. Recent prices are about the same as a year ago. Average prices received by farmers are shown annually 1900-1939 in the table accompanying figure 7, monthly, July 1935 to July 1940 in table 17, and weighted average prices of No. 2 rye at Minneapolis July 1935 to July 1940 in table 18.

RYE ACREAGE, YIELD PER ACRE, PRODUCTION, NET EXPORTS OR IMPORTS, AND PRICE RECEIVED BY FARMERS, UNITED STATES, 1900-1940

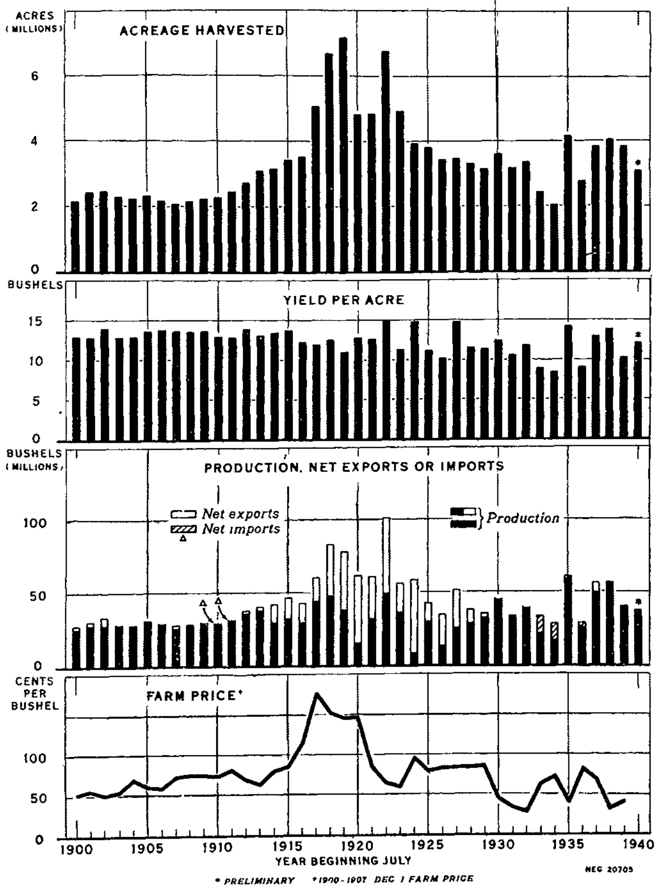

Figure 7

Rye production in 1940 was only slightly less than in 1939, somewhat above average yields, compared with relatively low yields a year earlier, offsetting a reduction in acreage. Reduced production in 1939 compared with a year earlier was associated with an improvement in price.

Rye: Acreage, yield per acre, production, net exports or imports, and price received by farmers, United States, 1900-40

Year beginning July	Acreage harvested	Yield per acre	Production	Net exports 1/	Price received by farmers 2/
	1,000 acres	Bushels	1,000 bushels	1,000 bushels	Cents per bushel
1900	2,127	12.9	27,413	2,345	51.2
1901	2,409	12.8	30,773	2,712	55.7
1902	2,444	13.9	33,862	5,444	50.8
1903	2,260	12.8	28,932	751	54.5
1904	2,205	12.9	28,461	9	68.8
1905	2,297	13.6	31,173	1,387	61.1
1906	2,154	13.7	29,609	769	58.9
1907	2,073	13.6	28,247	2,443	73.1
1908	2,130	13.5	28,650	1,295	2/ 74.5
1909	2,212	13.6	30,083	212	74.6
1910	2,262	12.9	29,098	3/ - 187	73.4
1911	2,452	12.8	31,396	3/ - 103	81.0
1912	2,724	13.9	37,911	1,854	68.7
1913	3,089	13.1	40,390	2,236	62.9
1914	3,144	13.4	42,120	12,880	83.3
1915	3,417	13.7	46,752	14,684	85.0
1916	3,528	12.2	43,089	13,275	113.0
1917	5,059	11.9	60,321	16,352	176.4
1918	6,694	12.5	83,421	35,829	152.1
1919	7,168	11.0	78,659	40,454	145.9
1920	4,825	12.8	61,915	46,885	146.4
1921	4,851	12.6	61,023	29,244	84.0
1922	6,757	14.9	100,986	51,564	63.9
1923	4,936	11.3	55,961	19,900	59.3
1924	3,941	14.8	58,445	50,241	95.2
1925	3,800	11.1	42,316	12,646	79.1
1926	3,419	10.2	34,860	21,697	83.0
1927	3,458	14.8	51,076	26,345	83.5
1928	3,310	11.5	37,910	9,487	83.6
1929	3,130	11.3	35,282	2,599	85.7
1930	3,621	12.4	45,068	139	44.5
1931	3,162	10.6	33,378	908	34.1
1932	3,351	11.8	39,424	304	28.1
1933	2,418	8.9	21,418	3/-11,994	62.7
1934	2,035	8.4	17,070	3/-11,249	71.8
1935	4,141	14.2	58,597	3/- 2,257	39.5
1936	2,774	9.1	25,319	3/- 3,694	80.5
1937	3,846	13.0	49,830	6,578	67.4
1938	4,021	13.8	55,564	784	32.4
1939	3,811	10.3	39,249	732	41.2
1940 4/	3,086	12.1	37,452		

1/ From reports of Foreign and Domestic Commerce of the United States. Includes flour.
2/ December 1 farm price, 1900-1907.
3/ Net imports.
4/ Preliminary.

Table 16.- Rye: Supply and distribution, United States, 1935-40

Year beginning July	Supply: Stocks: Commercial July 1	Supply: Stocks: Farm June 1	Supply: Stocks: Total	Supply: Production	Supply: Imports	Supply: Total supply	Distribution: Exports	Distribution: Stocks	Distribution: Apparent disappearance
	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.
1935	8,560	2,723	11,283	58,597	2,266	72,146	9	22,299	49,838
1936	6,379	15,920	22,299	25,319	3,943	51,561	248	5,886	45,427
1937	1,406	4,480	5,886	49,830	1/	55,716	6,578	9,699	39,439
1938	1,000	8,699	9,699	55,564	1/	65,263	784	23,196	41,283
1939	7,384	15,812	23,196	39,249	1/	62,445	732	20,774	40,939
1940	9,506	11,268	20,774	37,452		58,226			

1/ Less than 500 bushels.

Table 17.- Average price per bushel of rye received by farmers, United States, 1935-40 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
	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.
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	67.4
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	~~32.4~~ 33.8
1939 2/	34.3	34.2	44.0	45.1	44.6	52.3	56.7	55.7	55.6	57.1	52.4	40.3	3/~~41.2~~ 43.9
1940 2/	38.4												

Compiled from reports of the Agricultural Marketing Service 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 1908-1934 in The Wheat Situation, February 1940, page 28.

2/ Prices include unredeemed rye at average loan values.

3/ Preliminary; final figure will be somewhat higher.

Table 18.- Rye, No. 2: Weighted average price per bushel of reported cash sales, Minneapolis, by months, 1935-40 1/

Year beginning July	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	Wtd. av.
	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.
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												

Compiled from Minneapolis Daily Market Record. Average of daily prices weighted by car-lot sales.

1/ Prices for 1915-34 in The Wheat Situation, June 1937, page 18.

WHERE TO FIND STATISTICS ON THE WHEAT SITUATION NOT INCLUDED IN THIS ISSUE: 13/

13/ This issue contains tables used most frequently.