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FOREIGN NEWS ON WHEAT

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WORLD WHEAT CROP AND MARKET PROSPECTS

The world's supply of wheat for the remainder of the 1929-30 marketing season is considerably less than for the corresponding period of the past season and prices are expected to improve within the next two months, according to the United States Department of Agriculture.

The world's crop appears likely to be about 3,400,000,000 bushels, 530,000,000 bushels less than last year and 120,000,000 bushels less than the average of the past five years. The reduction in production is offset to some extent by an increase in carryover. Stocks accounted for at the beginning of the season amounted to 593,000,000 bushels, or 170,000,000 bushels more than on July 1, 1928. The increase in carryover, however, leaves the world supply 360,000,000 bushels short of last year. The total supply is but slightly larger than the average for the past five seasons, when British parcels prices averaged about 160 cents per bushel.

The world visible supply is about 250 to 300 million bushels greater than would normally be expected from the present world crop, but the world will consume this amount in one month and it is to be spread over nine months.

In looking at the large world visible supply of about 500 million bushels, the fact that the supply remaining to come forward has been greatly reduced must not be overlooked. Practically all of the increase in visible supply over what might normally be expected is in the United States and Canada. The visible supply of Canadian wheat amounts to over 200 million

bushels, but there is only about 50 million bushels more to come forward from the farms of that country. The visible supply in the United States amounts to about 200 million bushels, but receipts are declining and the wheat remaining on farms in the United States is now less than last year. Australia and Argentina have about cleaned up old wheat stocks and the prospect is that the new crops will be about 150 million bushels less than in the past season.

Shipments from surplus producing countries July 1 to November 9 are reported to be 72 million bushels behind shipments from the same countries in the past season, but the total supply from which the shipments for the season are to be drawn is about 400 million bushels short of the available supply for the past season.

The elevators of many European ports are reported to be about full. Mr. Foley cables that the ordinary wheat storage space in Liverpool is filled but that ships and other space are being utilized to store grain. The Berlin office cables that the elevator space at Continental ports is scarce. Barges are used to supplement elevators in storing grain. The stocks at these European ports, however, are small. Ordinarily the grain moves from the ports about as rapidly as it is received without much accumulating. Any decline in shipments to these ports would result in a reduction in stocks in a very short time.

Evidences of relief from the effects of large visible stocks of wheat are beginning to appear. Receipts in the United States and Canada are declining. The visible supply in the United States has apparently reached its peak and has begun to decline. The weekly Argentine shipments of old wheat have been reduced and little remains to be shipped from Australia. Our

Agricultural Commissioner in Berlin reports smaller stocks of wheat on farms and a reduction of stocks in Berlin. Smaller shipments are in prospect from the Danube countries. All of these facts point to the possibility of a fairly rapid reduction in the visible supply through the next few months.

Apparently the decline in the price of stocks contributed to the recent decline in wheat prices. It is not to be expected, however, that the consumption of wheat will be affected adversely by the decline in the prices of stocks. A decline in the general price level of all commodities probably would reduce the wheat price level to some extent. It seems likely that after the futures markets become somewhat stabilized, wheat prices will readjust to a normal supply-price relationship for the season.

Taking into account developments in the season to date, it is estimated that the average price of wheat in British markets (British parcels) for the season July 1, 1929 - June 30, 1930 will average 150 to 160 cents per bushel as compared with 129 cents for the past season. In the United States the price of soft red winter will probably average about the same, and the prices of other classes of wheat about 20 cents per bushel higher, than in the past season. This will require the average prices for the remainder of the season to be from 10 to 15 cents per bushel higher than in the first week of November. Prices are likely to begin to improve within a few weeks and be considerably above the present level in January and February.

World Production and Crop Conditions

Forecasts and estimates in 35 countries to date indicate a production of 5,024,000,000 bushels, 403 million bushels less than last year when these countries produced over 85 per cent of the world's crop outside of Russia and China. Weather conditions to date seem to indicate a yield of about 11 bushels per acre in Argentina, which upon the acreage reported planted would result in a crop of about 215 million bushels compared with 340 millions last year. Australia indicates a crop of about 112 million bushels, compared with 160 millions produced last year. A private correspondent indicates a smaller crop in Australia. It seems likely that world production, outside of Russia and China, for the season will be about 530 million bushels short of last year.

Table 1. - WHEAT: World supply, price and disappearance, 1923-1929

Year	Production						Average price per bushel British parcels
	United States	Canada	Argentina	Australia	Europe a/	all other b/	
	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	Cents
1923-24	797	474	248	125	1,257	650	121
1924-25	854	262	191	165	1,058	610	179
1925-26	676	395	191	115	1,397	667	170
1926-27	831	407	221	161	1,210	596	164
1927-28	878	460	239	118	1,268	678	154
1928-29	902	567	340	160	1,409	652	129
1929-30 <sup>c/</sup>	792	294	(215)	112	1,397	590	150 - 160
	World production b/	Shipments from Russia	Stocks accounted for July 1	Total supply	Total disappearance		
	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels		
1923-24	3,551	21	505	3,877	3,528		
1924-25	3,150	1	349	3,500	3,209		
1925-26	3,441	27	291	3,759	3,484		
1926-27	3,426	49	275	3,750	3,403		
1927-28	3,861	5	347	4,013	3,592		
1928-29	3,930	0	421	4,351	3,758		
1929-30	3,400	0	593	3,993	(3,550)		

a/ Excludes Russia.

b/ Excludes Russia and China.

c/ Preliminary.

### Crops in the Southern Hemisphere

The outturn of the Australian and Argentine crops is still somewhat uncertain but it now seems reasonably certain that the crops of these two countries will be about 150 million bushels short of the past season. Private reports as to the probable outturn of the Argentine crop vary from around 200 to 240 million bushels. A cable from the International Institute reports an estimate of the Australian crop at 112 million bushels. A private correspondent in Australia, however, estimates the crop at about 90 to 100 million bushels. He says that in the latter part of September the eastern states had two weeks of very severe drought, accompanied by night frosts. This retarded the development of the crop and in some centers growers commenced to feed off the wheat with their sheep. Since September, however, there has been some rain. The crop of Western Australia was progressing satisfactorily until in August when a dry period materially affected the crop. He now reduces his estimate of the crop of Western Australia from 45 to 30 or 35 million bushels.

Shipments from the Southern Hemisphere have slowed up. Little remains of the old crop in Australia and shipments are averaging only about 500,000 bushels per week. A considerable amount of old wheat still remains in Argentina, but shipments have declined.

### Canada

The November official report makes practically no change in the estimates of the Canadian crop, leaving it 294 million bushels, compared with 567 millions produced last year. Autumn conditions are not favorable for the 1930 crop. The rainfall from the beginning of September to date has been heavier than a year ago but still below normal. It has been demonstrated that moisture in the ground from fall rains is an important factor in making the Canadian crop. Only about an average or less than average crop could be expected from the precipitation received this fall to date.

The Canadian crop has moved rapidly to market and only a small proportion of the crop remains in the hands of the producers. Adding estimated production to stocks on farms, August 1, indicates a total farm supply of about 300 million bushels, compared with 570 million bushels last year. Receipts at country elevators and platform loadings, August 1 to November 1, have amounted to about 175 million bushels, as compared with 250 millions last year, leaving in the hands of producers only about 125 million bushels as compared with 320 millions last year. A Canadian authority estimates that only about 50 million bushels more are to be marketed.

The Canadian visible supply, including country elevator stocks, is very large, amounting on November 2 to about 213 million bushels, as compared with 158 millions last year. The country elevator stocks were about 70 million bushels the same as a year ago. The increase in the visible supply is in terminal elevators and is due both to a more rapid movement in the grain from farm to market, and to a slower export movement than last year. There are larger supplies of Canadian wheat in the United States, in Canadian eastern seaboard points, in the Lake ports, and at Fort William and Port Arthur. Apparently the storage capacity at many points is about filled to the limit of working capacity.

## Canada: Exportable surplus of wheat

	<u>Bushels</u>
Production, 1929 .....	293,899,000
Carryover, July 31, 1929 .....	<u>104,426,000</u>
Total supply .....	398,325,000
Loss in cleaning and grain not merchantable....	10,000,000
Available supply.....	388,325,000
Seed and food.....	90,000,000
For export and carryover.....	298,325,000
Exports:	
August .....	13,051,000
September .....	9,626,000
October (rough estimate).....	<u>15,000,000</u>
	<u>37,677,000</u>
Balance November 1 .....	260,648,000
Carryover, July 31, 1930.....	<u>1/60,000,000</u>
Probable exports, Nov. 1-July 31.....	<u>1/200,000,000</u>
<u>1/</u> Approximate figure..	

Canadian exports have fallen far behind last year. Shipments from Port William, Port Arthur, Vancouver and Prince Rupert, from July 1 to November 8, have amounted to 85 million bushels, compared with 196 millions in the corresponding period of last season. Facing a large crop, Canada shipped large quantities of old wheat in July and August last year, to clear the way for the new crop. Facing a crop only about half as large at the beginning of the present season, she has shipped a little less than half as much old and new wheat. Much of the wheat shipped from the head of the Lakes is held in eastern elevators to be exported during the winter.

Last year Canada exported 408 million bushels of wheat including flour, and had a carryover of 104 million bushels at the end of the year. This year she can not export more than 200 million bushels without reducing the carryover. Taking into account the usual loss in cleaning, seed, and food, and allowing for a moderate carryover, Canada may be expected to export about 240 million bushels. About 40 million bushels having been exported leaves approximately 200 million bushels to be exported in the period November 1 to July 31, as compared with about 300 millions exported in the corresponding period of the past season.

The Canadian crop is grading considerably higher than last year. Inspections through October graded 87 per cent No. 3 and above, as compared with 39 per cent last year. The durum crop appears to be smaller than last year. In these three months inspections of durum amounted to 6,500,000 bushels as compared with 14,950,000 in the corresponding months a year ago.

Canadian prices are averaging higher than a year ago, and the prices of the different grades are closer together. The averages of prices during the last week of October are given below, in comparison with a year ago.

Table 2 - Winnipeg: Wheat prices.

Grade	Weekly average price per bu October 21-26, 1929	Weekly average price per bu October 22-27, 1928
:	<u>Cents</u>	<u>Cents</u>
No. 1 hard.....	136.0	No quotations
No. 1 northern....	135.8	122.4
No. 2 northern....	132.7	114.8
No. 3 northern....	128.8	109.7
No. 4 northern....	125.3	101.1
No. 5 northern....	115.1	89.4
No. 6 northern....	94.1	78.4
Feed.....	81.3	73.5

Canadian Grain Statistics.

The low grade and low priced wheat competition from Canada will be much less than in the past season.

The United States

The supply of wheat remaining in the United States to be marketed is probably not very different from that of a year ago. The total supply at the beginning of the season - production plus carryover - was about the same as at the beginning of the past season. Farmers, however, indicated intentions to sow a larger area of winter wheat and therefore used more seed. This accounted for exports to November 9 total 64 million bushels, compared with 73 millions in the corresponding period of a year ago. It is estimated that mill consumption for the first three months of the season totaled 151 million bushels as compared with 143 millions in the corresponding months of the previous season. Data as to October consumption are not yet available. Assuming that it equaled October last year, it would appear that the total amount of wheat remaining in the country available for carryover, consumption and export is about the same as a year ago.

The most striking feature of the wheat situation in the United States is the large visible supply, which according to reports to the Bureau of Agricultural Economics on November 9 totaled about 200 million bushels. This is nearly one-third of what farmers have to market from the 1929 crop. Beginning the season at a high level stocks increased rapidly through July and August, reaching a peak toward the end of October. During the past two weeks stocks have declined. Apparently this marks the beginning of the end of a period of heavy marketings and congested terminals.

Some questions have been raised as to what the United States will do with all the wheat on hand. Adding carryover and 20 million bushels of Canadian wheat to be ground in bond, there would be a total supply of 1,057,000,000 bushels to be utilized, exported and carried over into the next season. Assuming that 90 millions are used in seeding, 520 millions are utilized in mills for domestic consumption, and 50 millions are fed on the farm, there would be 397 million bushels for export and carryover. Last year carryover amounted to 245 million bushels. This can be reduced to 150 millions by exporting 247 million bushels of wheat including flour. Since we have already exported 64 million bushels, there would be 183 million bushels or about 23 millions per month, to be exported for the remainder of the season. This is a large amount but it can be moved as in the 1920-21 season 221 million bushels were exported in these months. Exports from the United States in the remainder of the season may not quite reach 180 million bushels but smaller supplies to come from Australia, Argentina and Canada will leave the way open for exporting large amounts from the United States.

## Grindings of wheat by Commercial Mills (for domestic consumption and export)

Months	1928	1929
	<u>1,000</u> bushels	<u>1,000</u> bushels
July	42,713	45,869
August	51,427	54,212
September	51,773	50,849
October	56,987	
November	48,760	
December	45,449	
January	49,170	
February	44,364	
March	45,130	
April	42,345	
May	45,782	
June	<u>43,678</u>	
Total:	567,578	

Report of stocks of all grain at principal markets as of  
November 9, 1929

Domestic wheat in store and afloat, as reported for markets in the United States, decreased 2,933,000 bushels during the week ended November 9, as compared with an increase of 177,000 bushels during the corresponding week a year ago. Stocks of grain at Kansas City decreased less than one per cent during the week. Both private and public elevators remain practically filled. Stocks in public elevators at Chicago decreased one per cent and in private elevators the decrease amounted to 1.7 per cent, making a decrease of 1.5 per cent in total stocks there during the week. At Minneapolis there was practically no change in public elevators but in private elevators there was a small increase of about two per cent, bringing the total increase to 724,000 bushels during the week. Stocks at Duluth and Superior remained unchanged. Receipts of wheat decreased to a small extent at Chicago, Kansas City, Minneapolis, and Duluth, with the greatest decrease at Minneapolis as compared with the previous week. The decrease at Minneapolis for the week was 389,000 bushels.

Table 3.- WHEAT, DOMESTIC: Stocks in store and afloat, United States markets, July 7, 1928 - January 27, 1929 and July 6, - November 9, 1929

Week ended	Stocks		Increase over previous week	
	1928	1929	1928	1929
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
July 6 .....	38,839	93,364	252	2,922
13 .....	38,837	98,763	- 02	5,399
20 .....	42,873	104,990	4,036	6,227
27 .....	52,421	116,149	9,548	11,159
Aug. 3 .....	65,241	135,813	12,820	19,664
10 .....	72,811	156,297	7,570	20,484
17 .....	82,590	171,508	9,779	15,211
24 .....	88,239	179,015	5,649	7,507
31 .....	93,870	186,051	5,631	7,036
Sept. 7 .....	97,377	187,991	3,507	1,940
14 .....	101,344	192,046	3,967	4,055
21 .....	109,187	195,025	7,843	2,979
28 .....	115,469	197,443	6,282	2,418
Oct. 5 .....	123,797	199,157	8,328	1,714
12 .....	128,989	200,517	5,192	1,360
19 .....	134,706	201,023	5,717	506
26 .....	138,486	202,620	3,780	1,597
Nov. 2 .....	139,493	202,461	1,007	- 161
9 .....	139,670	a/ 199,528	177	-2,933
16 .....	138,369		-1,301	
23 .....	138,908		539	
30 .....	140,172		1,264	
Dec. 7 .....	139,830		- 342	
14 .....	141,349		1,519	
21 .....	142,092		743	
28 .....	144,351		2,259	
Jan. 4 .....	142,326		-2,025	
11 .....	138,685		-3,641	
18 .....	134,804		-3,881	
25 .....	133,262		-1,542	

Compiled from commercial grain stocks in store in principal United States markets, as reported to the market news service of the Bureau of Agricultural Economics.

a/ Preliminary.

Prices

In the week ending November 14 future closing prices reached new lows for the season. Prices recovered some of the loss during the two days at the close of the week; however, on the strength of firmness at Liverpool and reports of a larger volume of exports at the lower prices.

The cash wheat markets did not reflect to a very great extent the drop in future closing prices during the week ended November 8, as the weekly average price of most classes of wheat made only moderate declines while that of hard red spring advanced slightly. The weighted average cash price of all classes and grades at six markets only declined one cent to 120 cents per bushel as compared with 108 cents a year ago. The class of durum made the greatest decline of the week and No. 2 amber at Minneapolis declined four cents to 118 cents. No. 2 red winter at St. Louis and No. 2 hard winter at Kansas City each declined one cent to 130 and 118 cents respectively, while the price of No. 1 dark northern spring at Minneapolis advanced two cents to 130 cents per bushel. The price of western white as indicated by the average of daily cash quotations at Seattle declined two cents to 119 cents as against 115 cents a year ago. Cash prices have become weaker since November 8. The spread between cash closing prices at Minneapolis and Winnipeg narrowed three cents during the week to six cents in favor of Winnipeg as compared with a spread of one cent in favor of Minneapolis last year.

It now seems necessary to reduce our previous estimates of the probable average of prices for the season in markets of the United States. The world supplies for the present season and the past season are now indicated to be larger than they were estimated to be at the beginning of the season. The depression of prices in September and October by the heavy early marketings of grain in Europe and large stocks in the United States, together with a decline in the price level and some depression in speculative markets, indicates that the average for the season is not likely to reach the level indicated earlier in the year. The approximate average price for the season to date, the average for the week ended November 8, 1929, and the estimated average prices for the season by classes at principal markets, are as follows:

	Price per bushel :		
	Average of weeks July 5-Nov. 1	Average, week ended Nov. 8, 1929	Probable average prices for the season
	<u>Cents</u>	<u>Cents</u>	<u>Cents</u>
No. 2 hard red winter, Kansas City...	123	118	125-135
No. 2 red winter, St. Louis.....	133	130	135-145
No. 1 dark northern spring, Minneapolis.....	139	130	140-150
No. 2 amber durum, Minneapolis.....	129	118	130-140
No. 1 western white, Seattle.....	125	121	125-135

Prospects for new crops will, of course, have some influence upon these averages and will materially affect the course of prices in the latter part of the season.

Table 5 - WHEAT: Closing price of September and December futures

September futures												
Date	Chicago	Kansas City	Minneapolis	Winnipeg	Liverpool	Buenos Aires a/						
	1928	1929	1928	1929	1928	1929	1928	1929	1928	1929	1928	1929
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Aug 29:	110:	132:	103:	127:	109:b/134:b/111:b/154:b/131:b/140:	114:	115					
Sept 5:	110:	132:	103:	127:	108:b/134:b/111:b/152:b/130;b/142:	114:	120					
December futures												
12:	113:	144:	107:	137:	110:	145:	110:	158:	129:	149:b/110:c/122		
19:	115:	139:	109:	135:	112:	140:	118:	151:	131:	144:b/110:c/118		
26:	118:	137:	112:	131:	115:	141:	116:	148:	135:	138:b/113:c/113		
Oct 3:	118:	133:	112:	128:	114:	137:	118:	142:	136:	138:b/113:b/114		
10:	117:	135:	111:	130:	113:	137:	118:	148:	135:	141:	117:c/126	
17:	115:	130:	110:	125:	111:	133:	118:	144:	136:	136:	117:c/122	
24:	113:	120:	107:	114:	109:	122:	117:	132:	134:	130:	116:c/118	
31:	116:	128:	111:	122:	112:	131:	119:	140:	137:	134:c/116:c/119		
Nov 7:	114:	123:	108:	117:	110:	126:	118:	134:	134:	129:c/116:c/116		
14:	116:	116:	110:	111:	111:	120:	120:	128:	135:	120:c/115:c/114		
21:	117:	:	110:	:	112:	:	119:	:	135:	:c/116:		
28:	115:	:	109:	:	111:	:	117:	:	134:	:c/113:		
:	:	:	:	:	:	:	:	:	:	:	:	:

a/ Prices are of day previous to other prices.

b/ October futures.

c/ February futures.

Table 4 - WHEAT: Weighted average cash price at stated markets

Week ended	All classes	No. 2	No. 1	No. 2	No. 2	Western white						
	and grades:	hard winter:	dk.n.spring:	amber durum:	red winter:	white						
	six markets:	Kansas City:	Minneapolis:	Minneapolis:	St. Louis:	Seattle a/						
	1928	1929	1928	1929	1928	1929	1928	1929	1928	1929	1928	1929
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Aug 23:	108:	128:	104:	122:	123:	141:	109:	131:	127:	134:	112:	128:
30:	110:	123:	106:	120:	122:	134:	109:	137:	144:	130:	113:	125:
Sept 6:	110:	128:	106:	125:	125:	137:	104:	132:	147:	138:	113:	126:
13:	107:	130:	105:	126:	123:	140:	104:	131:	143:	137:	115:	126:
20:	108:	128:	107:	125:	126:	136:	107:	127:	145:	134:	116:	123:
27:	111:	125:	110:	123:	130:	133:	109:	121:	148:	135:	117:	120:
Oct 4:	107:	126:	110:	124:	125:	135:	109:	127:	145:	133:	118:	121:
11:	109:	128:	111:	125:	124:	137:	113:	131:	149:	136:	120:	122:
18:	105:	125:	109:	121:	121:	134:	108:	131:	147:	132:	120:	120:
25:	105:	119:	107:	117:	119:	127:	115:	122:	138:	128:	117:	118:
Nov 1:	110:	121:	112:	119:	124:	128:	121:	122:	140:	131:	117:	121:
8:	108:	120:	110:	118:	122:	130:	114:	118:	141:	130:	115:	119:
15:	109:	:	113:	:	123:	:	110:	:	146:	:	117:	
22:	110:	:	114:	:	125:	:	118:	:	145:	:	118:	
:	:	:	:	:	:	:	:	:	:	:	:	:

a/ Weekly average of daily cash quotations basis No. 1 sacked 30 days delivery.

Wheat markets in the Orient

Prospects for marketing American wheat in Japan this season are considered more favorable than last year, according to Commissioner Nyhus. American wheat prices are favorable to the importation of American wheat, whereas last year the price differential was decidedly in favor of Canadian wheat. Although Japanese wheat imports for the year beginning October 1 are expected to be about 25,000,000 bushels against 28,000,000 bushels last year, the imports of American wheat are expected to amount to about 15,000,000 bushels compared to only 3,800,000 bushels last year.

Japanese buying of foreign wheat has been slow this season but heavy purchasing is expected to follow the recent improvement in the exchange value of the yen as native supplies are short this season. The Chinese embargo on exports of wheat from Manchuria together with price considerations will practically eliminate Manchuria as a source of supply. Japanese flour millers, however, anticipate somewhat smaller operations than during the past season due to a general business depression and weak domestic market and a poor export demand as a result of American competition in the north China flour market.

Flour prices at Shanghai continue too low to warrant millers purchasing foreign wheat according to a cable from Mr. Nyhus. An early decline in the milling industry is expected as receipts of domestic wheat are small and quotations on foreign wheat are above the price at which contracts may be made profitably. An inactive demand from north China contributes to the weakness of the flour market. The largest flour milling company in Shanghai is planning to close down more than half of its present milling capacity at the close of November and one miller who had contracts for possible December wheat shipments has sold his space. Native wheat is quoted at \$1.12 per bushel and native flour at \$1.29 per bag. United States western red No. 2 was quoted at \$1.36 per bushel on November 11. Quotations for Canadian were higher than American wheat excepting for grade 6 and feed wheat and Australian wheat is materially higher than either American or Canadian wheat.

The Tientsin flour market is overstocked according to a report from Vice Consul Paschall at Tientsin. Stocks on September 30 were estimated at more than 5,000,000 bags or two and one-half times the normal supply.

Table 6a - TIENTSIN: Wheat flour cleared through the customs,  
July 1926 - August 1929

Month	1926-27	1927-28	1928-29	1929-30
	<u>1,000 pounds</u>	<u>1,000 pounds</u>	<u>1,000 pounds</u>	<u>1,000 pounds</u>
July .....	32,602	28,894	18,158	95,040
Aug .....	7,000	18,140	22,318	60,840
Sept .....	2,012	15,105	37,078	
Oct .....	3,474	16,887	33,284	
Nov .....	5,384	24,920	9,385	
Dec .....	5,362	38,477	30,984	
Jan .....	999	4,829	55,981	
Feb .....	3,195	28,797	23,064	
Mar .....	6,862	47,723	74,021	
Apr .....	29,216	50,148	97,115	
May .....	28,962	38,955	79,672	
June .....	24,864	49,451	69,882	
Total .....	149,832	362,326	550,942	

The Continental European wheat market situation during October 1929 a/

Price developments in the Continental European wheat market the past month have varied considerably with a somewhat firmer tone becoming evident as pressure due to the heavy movement from surplus areas and large farm marketings has lessened. Takings of overseas wheat increased to some extent, especially by the Belgian flour mills and the German mills of the lower Rhine. Business in the flour trade elsewhere, however, remained restricted. Trade stocks of wheat still appear rather large, because of heavy marketings of continental wheat but the reduced imports of overseas wheat have apparently reduced the weight of port stocks especially in some important countries. Antwerp stocks of wheat on October 15 appeared to be considerably below the previous month, and there is also reason to believe that larger import purchases in Italy will have resulted in a decline of port stocks, following a period of very small imports (July-September). Farm deliveries showed a declining seasonal tendency.

Business in Danubian surplus regions continued fairly good with price movements indicating that the surplus available for export is gradually becoming short. This development continued to the end of October when European prices generally became resistant compared with overseas prices, thereby approaching import parities in most sections.

a/ By Assistant Agricultural Commissioner Owen L. Dawson, Berlin, Germany, October 24, 1929. Supplemented by cable.

Rye prices in central Europe declined considerably, with a sustained tone in the Danubian countries. Marketings of rye became less pressing during October, with farmers occupied in autumn work.

Dealing in feed grains continued active as reported around the middle of September. Price developments were mixed, but feed barley prices appeared generally well maintained, while corn prices declined, as the trade points out, as a result of unfavorable relation to barley prices. As a result corn was somewhat neglected compared with barley, but still considerable quantities were taken by the Scandinavian countries and the Netherlands. Germany's demand for barley was also important, notably for Danubian. More overseas barley was purchased toward the end of October as farm deliveries in Rumania and Bulgaria are now much slower as farmers are busy with the corn harvest. Business in oats was quiet, but rather good demand for German oats developed for shipment to England and the Netherlands at sustained prices. Shrinking fodder crops stocks probably added to the maintenance of the revival in demand for feed grains.

There has been little revision in the estimates of the Continental wheat crop, the chief exception being Spain which shows a slight raise. It is to be noted that the distribution of this year's crop has changed materially compared with a year ago; the surplus countries show a decrease of about 20 per cent whereas the deficit countries show an increase of about 6 per cent. The quality of this year's crop is quite generally high compared with the average. In some cases the quality is said to be even superior to that of last year.

The Continental wheat crop would, on basis of the following figures, be about 1 per cent below 1928 or about 11 per cent above the average 1924-1928.

Autumn sowing on the European continent is progressing quite favorably, though earlier drought caused delay. The Danubian countries still complain of lack of rain and resultant delay in the sowing campaign.

#### Germany

The market for domestic wheat was comparatively active during the first half of October. The market for foreign wheat continued very quiet except for temporary periods of activity. During the first half of October flour mills in western Germany showed an increased demand for foreign wheat. Flour business as a rule was quiet with purchases mainly for current needs. Farm offerings of wheat which were pressing during August and the first half of September have decreased as usual this time of the year owing to farmers being busy with field work.

Prices of domestic wheat which showed a declining tendency toward the end of September recovered during the first ten days of October but following October 10 again declined. This increase of prices was attributed

to the new government order, effective October 1, which obliges flour mills to use a larger percentage of domestic wheat during the first part of the season than was required by the original order. According to the new order the minimum proportion of all wheat milled required to be domestic wheat still stands at 30 per cent for the whole year but was increased from 40 to 45 per cent for the period from August 1 to November 30 and specified at least 50 per cent for October and November.

The following table shows the development of domestic wheat and rye spot prices:

Table 7.- GERMANY: Price per bushel of domestic wheat and rye, August 14 - October 30, 1929

Date	Wheat			Rye
	Hamburg a/	Breslau b/	Berlin c/	Berlin d/
	Cents	Cents	Cents	Cents
Aug 14	180	159	160	114
21	174	158	157	117
28	165	152	147	111
Sept 4	165	152	152	119
11	160	150	147	114
18	159	147	146	111
25	155	145	144	109
Oct 2	156	145	145	109
9	164	148	153	112
16	163	148	151	106
23	161	147	149	107
30	160	145	147	104
Nov 6	159			97
13	154			96

a/ Wheat of any German district of at least 58.7 pounds per Winchester bushel.

b/ Wheat of any German district in carloads of 370 bushels of at least 58.7 pounds per Winchester bushel.

c/ "Märkischer" wheat of 58-59 pounds per Winchester bushel.

d/ "Märkischer" rye of at least 56 pounds per Winchester bushel.

Wheat imports in September were very small amounting to 3,564,000 bushels as compared with 5,266,000 bushels in August 1929 and 8,452,000 bushels in September 1928. Exports of wheat in September were very large, being 1,121,000 bushels, compared with 425,000 bushels in August and 584,000 bushels in September 1928. Visible stocks in the interior of the country have continued to increase during September. Wheat stocks in Berlin increased from 536,000 bushels on August 31, to 764,000 bushels on September 30 then declined to approximately 700,000 bushels on October 31 compared with a quantity of 625,000 bushels on October 31, 1928. Rye exports have increased considerably in September, but remained smaller

than in the corresponding months of last year. The rye stocks in the channels of trade are unusually large and this partly explains the depressed rye situation. Visible rye stocks in Berlin were 1,968,000 bushels on September 30, compared with 1,252,000 bushels on August 31, 1928, and 409,000 bushels on September 30, 1928.

The farm stock figures recently published by the German Agricultural Council show that total stocks and stocks available for sale indicate smaller reserves than last year for winter and spring wheat.

Table 8.- Total farm stocks and stocks available for sale on German farms (in per cent of total crop).

Crop	Total stocks		Available for sale	
	Oct. 15, 1928	Oct. 15, 1929	Oct. 15, 1928	Oct. 15, 1929
	Per cent	Per cent	Per cent	Per cent
Winter wheat	76.4	67	65.1	54
Spring wheat	90.0	86	80.7	73
Winter rye ..	71.1	72	46.1	43
Winter barley	50.4		30.6	
Spring barley	68.1	78	53.0	53
Oats .....	87.4		37.9	
Potatoes .....	84.0	81	42.1	29

The following table on the distribution of wheat and rye quality shows that the best qualities of both wheat and rye have somewhat larger shares than last year when a good quality crop was harvested. It appears that the quality of domestic bread grain is better than in normal years and that, therefore, somewhat less than the usual proportion of high quality wheat for mixing is required. However, the much smaller crop this year will result in increased net requirements over last year when the quality was also good.

Table 9.- GERMANY: Weight of wheat and rye per measured bushel, 1927-1929

Year	Winter wheat			Winter rye		
	Less than 57 pounds	57-59 pounds	Over 59 pounds	Less than 53 pounds	53-55 pounds	Over 55 pounds
	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent
1927 ..	28	43	29	31	46	23
1928 ..	7	36	57	7	38	55
1929 ..	10	29	61	6	33	61

France

Wheat markets in France which were rather firm and active toward the end of September and at the beginning of October weakened later on. Prices were about the same as a month ago. Takings of flour mills were much restricted as flour sales were slow. Farm deliveries remained small during the whole period because of the sowing campaign and the harvest of late crops which kept farmers busy. It is still hoped that the Government will take action on the relief measures discussed in our last report. Estimates of the quantity harvested are still greatly at variance, with the quality reported unusually good.

Weather conditions remained dry throughout September and the sowing campaign was, therefore, delayed. Abundant rainfall in October improved the situation greatly and it is hoped that no damage will result from this delay.

Italy

The Italian flour mills which had only very limited requirements for overseas wheat in recent months in October started to buy foreign wheat. It is evident that quantities of high gluten wheat have to be imported for mixing purposes despite the good domestic crop. The demand for Hungarian wheat has recently become rather active. Prices for domestic wheat increased somewhat but the price level remained mostly below the import parity.

The Netherlands and Belgium

Wheat markets in Holland and Belgium experienced a revival of business during the first half of October after a long period of business stagnation. Domestic as well as German flour mills were active buyers especially of spot grain and near positions. The visible wheat stocks of Antwerp which showed a considerable increase during September declined from 3,738,000 bushels on September 30 to 1,446,000 bushels on October 15 but at the end of the month were larger than at the beginning of the month. After October 15 transactions in wheat again became unimportant and prices tended downward.

Danube Basin

Active export business of wheat continued in the surplus producing countries of the Danube Basin, and prices showed a firm tendency through October, contrary to developments in foreign markets. With surplus supplies in these regions gradually being reduced, prices are improving their parity compared with overseas wheat. Danubian shipments

of wheat and wheat flour by sea continued heavy and railroad shipments to Austria, Czechoslovakia, and Italy also seem to have increased considerably during September and October.

Trading in Austria and Czechoslovakia was better than in surrounding import markets, interest centering chiefly around Danubian varieties.

Visible stocks of grain and flour held in public and cooperative warehouses in Hungary were as follows:

	<u>Wheat</u> 1,000 bushels	<u>Rye</u> 1,000 bushels	<u>Barley</u> 1,000 bushels	<u>Oats</u> 1,000 bushels	<u>Corn</u> 1,000 bushels	<u>Flour</u> 1,000 barrels
Sept. 18	4,117	1,111	259	370	121	398
Oct. 11	4,635	1,320	345	456	106	375

Business in corn, from the standpoint of the Danubian surplus regions was fairly good and the corn price improved in relationship to prices of overseas origin. Farm offerings are rather small at the present moment, and Danube shipments are hampered, as in the case of wheat, by the low water level in the river due to the long period of drought.

The Yugoslavian Government estimate of the corn crop amounts to 160,649,000 bushels compared with an estimate of only 71,612,000 bushels last year. Bulgaria estimates her corn crop at 41,612,000 bushels compared with 14,802,000 bushels harvested last year. It is considered quite likely that estimates of corn in the Danubian countries are too optimistic.

Negotiations between the Hungarian Export Institute and delegates from Rumania and Yugoslavia are under way aiming at the formation of a joint export syndicate to assure an orderly marketing of the crop.

#### Poland

Wheat markets in Poland continued weak throughout October with farm deliveries remaining abundant. Takings of flour mills were limited as a consequence of unsatisfactory flour sales. The high level of interest rates and the general shortage of capital is another reason for the hand-to-mouth policy of flour mills.

According to recent newspaper reports, a new export company will expand foreign markets for Polish grain. Farmers are asking for export bounties. The difficulties are much more pronounced in the rye market than in the wheat market.

### Soviet Russia

Soviet press reports indicate a smaller share of bread grains in total procurings. Developments during the first half of October seem to have been rather satisfactory in Ukraine, Lower Volga region and the consuming regions, but some declining tendency was reported from North Caucasus, Middle Volga, Crimea and central Fertile Region. A steady though slight decline occurred throughout the Union as a whole between October 5 and October 20. Transportation, storing and lately difficulties in providing the grain procurers with sufficient quantities of sacks and sack-cloth are continually reported and the press fears that these difficulties may hamper the further development of the campaign and also possibly result in damage to the quality of the procured grain.

In comparing estimates of this year's crop with last years it must be remembered that estimates of last year's crop were considerably higher in October of last year than in the later revisions. The estimate recently published placed the 1929 crop at 84 million short tons and simultaneously revised the estimate for the 1928 crop downward (from 81 to 80 million short tons). a/ It is interesting to note that estimates of the last year's crop were continually revised downward during 1928-29 from about 86 million short tons at the beginning of October 1928, 82 during the second half of October to the above mentioned figure of 80 million tons.

The foreign press has recently reported export offers of Russian barley, but no definite information as the quantity of the sales effected is as yet available. The question was also raised by some foreign trade papers whether or not exports of Russian barley may be followed by exports of wheat. However, a resumption of Russian wheat exports may be regarded as very unlikely under present conditions, unless the Soviet Government will have to resort to exportation of wheat in order to meet very urgent obligations.

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a/ Our August 30th statement indicated that "the crop of all grains will be not more than 5 per cent above that of 1928 and is more likely to be only 2 to 3 per cent above".

Table 10. - WHEAT: Consumption in specified European countries  
1923-1929

Year	Domestic Production	Net Imports	Consumption
	1,000 bushels	1,000 bushels	1,000 bushels
<u>United Kingdom</u>			
1923.....	57,270	210,000	267,000
1924.....	51,746	216,069	267,815
1925.....	52,918	187,893	240,811
1926.....	51,000	216,616	267,616
1927.....	55,764	211,089	266,853
1928.....	49,762	203,982	253,744
1929.....	(47,500)		
<u>Italy</u>			
1923.....	224,836	70,000	295,000
1924.....	170,144	96,259	366,403
1925.....	240,845	63,870	304,715
1926.....	220,644	87,150	307,794
1927.....	195,809	86,685	282,494
1928.....	228,596	82,000	310,596
1929.....	259,628		
<u>Germany</u>			
1923.....	106,448	30,000	136,000
1924.....	89,199	71,016	160,215
1925.....	118,213	56,158	174,371
1926.....	95,429	93,517	188,946
1927.....	120,522	91,759	212,281
1928.....	141,593	68,493	210,086
1929.....	115,584		
<u>France</u>			
1923.....	275,569	51,000	327,000
1924.....	281,179	41,172	322,351
1925.....	330,340	34,023	364,363
1926.....	231,767	53,286	285,053
1927.....	276,128	53,855	329,983
1928.....	281,285	51,437	332,722
1929.....	319,863		

Table 11.- WHEAT INCLUDING FLOUR: Net imports from principal exporting countries, year beginning July 1 1924-1929

Country	1924-	1925-	1928-	Prel. est.	Net imports reported	1928-	1929-
	25	26	29	1929-30	July 1 to	29	30
	Million bushels	Million bushels	Million bushels	Million bushels		Million bushels	Million bushels
United Kingdom	216	188	204	195-210	Sept. 30	50	60
Italy	96	64	82	60-70	Sept. 30	19	9
Germany	71	56	68	80-90	Sept. 30	21	23
France	41	34	51	20-30	Aug. 31	8	13
Belgium	39	39	41	42-45	Aug. 31	7	9
Netherlands	26	27	29	33-35	Sept. 30	7	7
Czechoslovakia	23	19	17	18-17	Aug. 31	3	2
Greece	23	18	22	16-18	Aug. 31	3	3
Irish Free State	19	18	18	18-19	Aug. 31	3	3
Austria	16	15	14	14-17		-	-
Switzerland	14	14	15	16-18	Sept. 30	4	7
Sweden	11	6	8	7-9	Sept. 30	2	3
Norway	5	6	9	7-9	Aug. 31	1	1
Denmark	6	6	17	10-12	Aug. 31	2	1
Finland	4	5	6	6-7	Aug. 31	1	1
Poland	7	a/ -2	4	2-6	Aug. 31	b/	b/
Spain	a/ -1	1	15	0-1		-	-
Estonia	1	1	1	1-2	July 31	b/	b/
Latvia	2	2	3	2-3		-	-
Total	619	517	624			131	142

a/ Net exports.

b/ Less than 500,000 bushels.

Table 12 - WHEAT, INCLUDING FLOUR: Net exports from principal exporting countries, year beginning July 1, 1924-1928 and estimate 1929-30

Country from which exported	1924-25	1925-26	1926-27	1927-28	1928-29	Preliminary estimate 1929-30
	Million bushels					
United States ...	255	92	206	191	142	200-250
Canada .....	194	320	305	305	422	225-260
Russia .....	0	27	49	5	0	0
British India ...	45	8	10	13	a/ -22	0
Hungary .....	15	19	21	22	24	20- 24
Rumania .....	4	8	11	7	2	10- 15
Bulgaria .....	a/b/ -2	4	2	2	1	0
Yugoslavia .....	9	12	10	1	8	10- 20
Algeria .....	a/ -1	5	a/ -1	5	4	0- 5
Argentina .....	125	100	138	178	218	150-175
Australia .....	124	77	97	73	113	55- 65
Total .....	768	672	848	802	912	670-814

a/ Net imports.

b/ Year ended December 31.

Table 13. - WHEAT, INCLUDING FLOUR: Shipments from principal exporting countries

Country	Total shipments or exports	1928-29	Shipments, week ended	Net movement from
	1927-28	a/	Oct 26	July to and including November 9
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
Canada:				
Shipments, four markets b/....	333,335	458,649	6,607	5,312
United States ..	206,259	163,687	2,747	2,466
Argentina .....	178,135	217,903	4,644	1,158
Australia .....	72,962	114,272	472	744
Russia .....	5,408	8	0	0
Danube and Bul. c/	32,847	33,842	816	360
British India ..	15,668	d/ 21,739	0	0
Total .....	844,614	966,622	15,286	10,040
				12,092
				330,266
				258,318

Compiled from official and trade sources.

a/ Preliminary.

b/ Shipments from Ft. William, Port Arthur, Vancouver and Prince Rupert.

c/ Yugoslavia, Rumania, Hungary and Bulgaria.

d/ Net imports.

Table 14.- WHEAT: Production in specified countries, average  
1909-1913, annual 1926-1929

Country	Average 1909-1913	1926	1927	1928	1929 prel.
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
Canada .....	197,119	407,126	479,665	566,726	293,899
United States..	690,108	831,040	878,374	902,191	791,768
Mexico .....	a/ 11,481	10,333	11,890	11,031	11,559
Total (3)...	898,708	1,248,509	1,369,929	1,479,948	1,097,226
EUROPE					
England and Wales.....	50,770	48,683	53,125	47,264	45,472
Sweden .....	8,103	12,153	15,835	19,155	18,724
Netherlands...	4,976	5,487	6,157	7,336	3,766
Belgium.....	15,199	12,801	16,277	17,986	15,995
Luxemburg.....	615	622	702	713	441
France .....	325,644	231,767	276,128	281,285	319,863
Spain .....	130,446	146,599	144,825	119,884	149,251
Italy .....	184,393	220,644	195,809	228,596	259,628
Switzerland ..	3,314	4,244	4,119	4,270	5,791
Germany .....	131,274	95,429	120,522	141,593	115,558
Austria .....	12,813	9,438	11,960	12,915	11,582
Czechoslovakia..	37,879	34,130	40,385	51,499	48,065
Hungary .....	71,493	74,908	76,923	99,211	71,833
Yugoslavia .....	62,024	71,427	56,568	103,294	94,982
Greece .....	b/ 16,273	12,403	12,970	13,085	13,981
Bulgaria .....	37,823	36,544	42,121	50,691	34,465
Rumania .....	a/ 158,672	110,883	96,734	115,544	99,758
Poland.....	63,675	52,490	61,093	59,219	60,259
Lithuania .....	3,264	4,180	5,273	6,327	8,818
Malta .....	196	310	294	289	293
Latvia .....	1,475	1,860	2,636	2,499	2,205
Finland .....	137	924	1,064	998	1,077
Total Europe (22).....	1,325,458	1,187,926	1,241,530	1,383,653	1,381,807
AFRICA					
Morocco .....	( 17,000)	16,174	24,618	24,746	28,049
Algeria .....	35,161	23,551	28,323	30,302	20,025
Tunis.....	6,224	13,044	8,267	12,125	12,125
Total (3).....	58,385	52,769	61,208	67,173	60,199
ASIA					
India .....	351,841	324,651	334,992	290,864	317,595
Syria & Lebanon:	(4,000)	13,940	14,582	6,490	14,499
Japan .....	25,088	30,188	31,018	30,812	31,101
Chosen .....	6,898	10,517	9,043	8,595	9,963
Total (4).....	387,827	379,296	389,635	336,761	373,158
Australia .....	90,497	160,762	118,200	159,725	112,000
Total all coun: (33).....	2,760,875	3,029,262	3,180,502	3,427,260	3,024,390
Est.world total ex. Russia and China :	3,401,000	3,426,000	3,661,000	3,930,000	3,400,000

Compiled from official sources and International Institute of Agriculture.  
a/ Four-year average      b/ One year only.

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