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FOREIGN NEWS ON WHEAT

WORLD WHEAT CROP AND MARKET PROSPECTS

The world wheat supply situation has not changed materially in the past month. The estimate of the Australian crop has been increased and of the Argentine crop reduced, making no material change in the world's total crop. The world's visible supply continues large but the visible supply in the United States has been reduced by about 40 million bushels since October. Stocks are large in Liverpool but small at many of the Continental European ports, and the amount of wheat afloat is much smaller than a year ago.

The takings of European importing countries continue small. In many of the European countries, particularly Germany, Italy and Austria, prices have risen in relation to prices in the United States, and it seems likely that the imports of these countries will increase during the remainder of the season. Chinese markets may also become more active toward the end of the season.

Areas seeded for the 1930 crop reported to date total slightly less than the estimates of winter seedings or harvestings in the same countries in the past season. Average abandonment would reduce the area to be harvested in the United States. No data are available as to average abandonment in other countries. It is practically impossible to estimate the condition of winter-sown crops in Europe. To date the winter has been mild and reports from some European countries indicate rank growth which may be more than usually susceptible to freezing or disease. It is interesting to note that

Italy reports reduced acreage. Average yields on the reported acreage would produce a crop nearly 60 million bushels less than the official estimate of the 1929 crop.

Reports of sporadic shipments or sales from Russia have aroused much interest. Total sales and shipments to date have not been large and are not likely to become large. The government failed to secure any increase in winter wheat seedings and seems to be struggling against odds to secure a material increase in spring seedings.

Prices

The improvement in prices expected in February has not materialized. The foreign demand for wheat from the United States continues disappointingly weak. Low prices of feedstuffs and rye have tended to weaken the demand for wheat in many European countries. Other important factors in the situation have been a declining general price level, difficult financial conditions and business depressions, which have tended to force early marketings in many countries and to encourage hand-to-mouth buying on the part of consumers and importers. These conditions continue to be a factor in the situation. There is some hope for wheat prices on account of reduced supplies available from the Southern Hemisphere and a tendency for credit conditions to improve.

It still seems likely that the European demand for foreign wheat will increase and that larger quantities will be taken from the United States in the latter part of the season. The world carryover of old wheat at the end of the season probably will be fairly large but smaller than a year ago, with very small supplies in the Southern Hemisphere. These conditions point to the possibility of a more favorable market in May, June and July unless conditions in Europe should become favorable for another large wheat crop and an early harvest.

World Production and Crop Conditions

Changes in the estimates of Argentina and Australia do not require any change in the estimate of world production, which is still placed at 3,415 million bushels, as compared with 3,943 millions last season.

The Australian crop is now officially estimated to be 125 million bushels; an increase of 13 million bushels over the first estimate but still 35 million bushels less than the harvest of the previous crop. This official estimate is exactly in line with the outturn indicated by weather conditions in October. It may be recalled that in October we published an analysis of the relation of the weather to yields, indicating that the outturn of the crop should fall between 115 and 135 million bushels. Apparently the Australian crop was harvested under favorable conditions and a large part of it is now in the visible supply.

The second official Argentine estimate was 140 million bushels, slightly less than the first official estimate and 200 million bushels less than the outturn of the previous crop. While the official estimate is nearly in line with the outturn indicated by an analysis of the relation of weather to yields, we are still inclined to expect a somewhat larger outturn. In the past few years the outturn of the crop has been somewhat higher than would be indicated on the basis of reported area and calculated yields. We are inclined, therefore, to add about 15 million bushels to the calculated figure 145 millions and expect the Argentine crop to turn out to be about 160 million bushels, as compared with about 340 millions harvested in the past season.

These changes in estimates indicate that the new crop supplies from Argentina and Australia are about 215 million bushels less than the amount available from the previous crops. Argentina may have had on hand, January 1, about 20 million bushels of old wheat. In Australia, on the other hand, the old crop had been well cleaned up. It is apparent that these countries cannot ship large amounts weekly through the next three or four months without exhausting their surpluses early in the season.

Fall and winter seedings of wheat reported to date in eight countries total about 100,208,000 acres as compared with 103,052,000 acres seeded or harvested in the same countries a year ago. The only significant increase is the two per cent increase in the United States, and average abandonment would reduce the winter wheat area to be harvested below the area harvested a year ago. Last year the estimated abandonment in May was only 6.4 per cent, about half the average of the past ten years. India, Canada, Rumania and Italy have all reduced winter seedings.

India will soon begin harvesting a new crop from an area which may be less than last year. The first estimate of area is 29,319,000 acres, 4 per cent below the first estimate in 1929. Good rains have fallen and the second estimate, which is issued in March, may show some increase over the first estimate. The condition of the wheat crop in India on the irrigated areas is reported to be average or above and on the unirrigated areas, average or below.

The early estimates of the North African crops are not very dependable. The first estimate of the Algerian acreage is slightly below the corresponding estimate of 1929, and the wheat area of Tunis is estimated to be the same as a year ago. In so far as it is possible to draw any conclusion from available reports, it seems that the preparations for the North African crop are not any better than a year ago.

The area seeded in Rumania, Bulgaria and Italy totals 21,900,000 acres, about 700,000 acres or 3 per cent less than the estimates of areas harvested in 1929. Bulgaria increased the area seeded but Rumania cut hers materially. It is doubtful that these countries will produce any significant amounts for exports next season. Italy reports 11,752,000 acres seeded, which is 51,000 acres less than the estimate of the area harvested in 1929. A reduction in Italian yields to normal would be more significant than this curtailment in area. In the past season the yields were large and average yields on the estimated area sown would result in a crop 60 million bushels less than the official estimate of the 1929 crop.

Wheat was seeded in Europe under generally favorable conditions. The winter has been mild in contrast with the hard winter of a year ago. Mild weather has left the winter areas for the most part without snow cover and reports contain some complaints of the growth being too rank. Austria reports some winter damage, with conditions, however, being above average. Europe has had good yields for some years and a return to average yields would reduce the available home supplies in some of the important European countries.

The Russian Government is planning to secure an increase in spring seedings. Reports to date indicate that winter rye seedings were increased but that the Government failed to secure an increase in the fall-sown wheat area. Reports now indicate difficulty in securing seed and machinery for carrying out the Government program for spring seeding.

Statistics of the area and production of wheat and rye in Europe are presented below for reference in connection with reports concerning Russian surpluses and plans for spring seedings. It will be noted that a large proportion of the wheat area is sown in the spring, whereas practically all of the rye is seeded in the fall. A successful spring seeding campaign, therefore, has more significance in relation to wheat than to rye,

The condition of the winter crops is reported to be satisfactory. More moisture is needed in the southeastern part of European Russia. Recent severe frosts have extended south into Ukraine and middle Volga region.

The Government plans an increase of 20 per cent in the spring wheat area but it planned an increase of 7 per cent in winter seedings and secured no increase in the winter wheat area. Some increase in spring seedings may be realized but, considering all the difficulties involved in carrying out the Government plan, it seems doubtful that an increase of 20 per cent can be realized.

Table 1. - RUSSIA: Acreage, production and exports of wheat and rye, average 1909-1913, annual 1920-1929.

Crop and year	Acreage			Production			Net exports
	Total	Winter	Spring	Total	Winter	Spring	year beginning July 1
	Million acres	Million acres	Million acres	Million bushels	Million bushels	Million bushels	Million bushels
WHEAT							
Ave. 1909-1913:	74	--	--	759	--	--	164
1920	48	11	37	320	103	217	a/
1921	38	10	28	205	69	136	b/
1922	22	8	14	243	110	133	c/ 7
1923	39	a/	a/	419	a/	a/	21
1924	53	16	37	472	180	292	c/
1925	61	19	42	757	262	495	27
1926	72	22	50	889	313	576	49
1927	77	26	51	752	312	440	5
1928	68	16	52	783	159	625	c/
1929	74	16	58	--	--	--	d/ 1
RYE							
Ave. 1909-1913:	61	--	--	736	--	--	29
1920	47	46	1	368	359	9	a/
1921	48	47	1	411	395	6	b/
1922	45	45	1	568	563	5	a/
1923	64	a/	a/	784	a/	a/	53
1924	69	67	2	737	722	15	3
1925	71	69	2	889	871	18	7
1926	70	69	1	926	907	19	17
1927	69	68	1	945	926	19	--
1928	64	63	1	756	740	16	--
1929	60	--	--	--	--	--	--

Compiled from official and trade sources.

a/ Not available.

b/ Commercial source.

c/ Less than 500,000 bushels.

d/ July 1, 1929-February 7, 1930.

Table 2.--WHEAT PRICES

Closing prices of May futures

Week ended	Chicago	Kansas City	Minneapolis	Winnipeg	Liverpool	Buenos Aires <u>a/</u>						
	1929	1930	1929	1930	1929	1930						
	Cents	Cents	Cents	Cents	Cents	Cents						
Jan 2:	119	135	111	127	112	134	121	146	132	148	b/110	b/127
9:	121	132	114	125	115	132	124	141	134	142	b/109	b/120
16:	123	127	116	120	118	127	126	132	135	138	b/110	b/117
23:	128	128	121	121	122	128	129	135	136	137	b/112	b/117
30:	127	120	120	114	121	120	129	126	135	132	115	118
Feb 6:	127	121	119	113	121	120	129	126	136	126	115	114
13:	133	123	124	116	126	123	134	128	136	129	117	113
20:	133		125		127		135		136		116	

a/ Prices are of day previous to other prices. b/ February futures.

Weighted average cash prices at stated markets, United States

Week ended	All classes and grades six markets	No. 2 Hard winter: Kansas City	No. 1 Dk.n.spring: Minneapolis	No. 2 Amber durum: Minneapolis	No. 2 Red winter: St. Louis	Western white: Seattle <u>a/</u>						
	1928	1929	1928	1929	1928	1929						
	Cents	Cents	Cents	Cents	Cents	Cents						
Dec 6:	109	130	113	125	124	138	117	128	143	138	116	128
13:	107	122	111	120	121	130	107	124	141	132	117	124
20:	107	120	111	118	123	128	110	119	137	132	118	122
27:	106	123	110	122	120	132	109	122	135	135	116	124
	1929	1930	1929	1930	1929	1930	1929	1930	1929	1930	1929	1930
Jan 3:	105	126	108	125	123	136	111	124	135	137	115	126
10:	108	123	108	121	125	133	---	122	141	136	116	126
17:	115	121	114	118	130	131	122	118	141	134	118	123
24:	118	122	119	118	132	131	138	119	142	133	120	123
31:	117	118	117	114	131	127	132	115	144	129	118	120
Feb 7:	117	117	117	112	134	125	132	111	139	123	118	116
14:	119		118		136		129		141		121	

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

Table 2.--WHEAT PRICES, Cont'd.

Liverpool prices

Week ended	Near futures: close	No.1 N. Manitoba	No.3 N. Manitoba	No.2 hard winter shipping	Rosafe 63 ¹ / ₄ lb
	Cents	Cents	Cents	Cents	Cents
1929-30					
Dec 6	137	162	156	143	140
13	133	158	152	136	186
20	132	156	149	135	132
27	134	157	151	136	135
Jan 3	144	162	157	146	139
10	139	156	a/ 153	142	137
17	130	152	a/ 147	137	133
24	132	151	145	136	131
31	123	146	140	132	132

a/ Afloat.

Exports

Shipments from exporting countries continue to be relatively small. Both Argentina and Australia are moving their new crops at a fairly rapid rate considering the size of the supplies to be moved. Russia has shipped small amounts in the past few weeks. Shipments from the Danube countries have declined. North American wheat is moving in moderate volume. Exports of wheat from the United States in the six weeks, January 4 to February 8, amounted to nearly 10 million bushels as compared with 4 millions in the corresponding weeks of the past season. Including flour, exports amounted to 15 million bushels against nearly 10 millions in the first six weeks of 1929.

Considering the slowness of the movement of wheat from North America we again made slight reductions in our estimates of net exports for the season and correspondingly increase our estimates of carryover in surplus producing countries. It now seems likely that surplus stocks in the principal exporting countries on July 1, 1930 will be about 150 million bushels less than on July 1, 1929.

Table 3.--WHEAT, INCLUDING FLOUR: Shipments from principal exporting countries.

Country	:Total shipments:		Shipments, week			:Net movement from July	
	: or exports		: ending			: as far as reported	
	:1927-28:	:1928-29:	Jan 25:	Feb 1:	Feb 8:	: ¹⁰ and	:1928-29:1929-30
	: bushels:	: bushels:	: bushels:	: bushels:	: bushels:	: incl.:	: bushels: bushels
North America ^{b/} :	452,423:	499,942:	5,619:	6,212:	6,136:	Feb 8:	344,394:186,419
Canada 4 mkts. ^{c/} :	333,335:	458,649:	1,143:	2,140:	1,414:	" "	355,503:127,673
United States	206,259:	163,687:	1,786:	2,970:	2,775:	" "	102,369:101,527
Argentina.....	178,135:	216,722:	4,216:	2,742:	2,339:	" "	94,758:117,225
Australia.....	72,962:	107,937:	2,728:	1,216:	2,056:	" "	53,664: 34,072
Russia.....	5,408:	8:	0:	256:	456:	" "	8: 712
Danube & Bul. ^{d/} :	32,847:	33,842:	80:	128:	16:	" "	2,048: 15,440
British India..	15,668:	^{e/} 21,739:	0:	0:	0:	" "	5,584: 273
Total ^{f/}	757,443:	836,712:	12,643:	10,554:	11,003:		500,456:354,141

Compiled from official and trade sources.

^{a/} Preliminary. ^{b/} Bradstreet's, weeks ending Thursday, includes flour converted at 4.5 bushels per barrel. ^{c/} Fort William, Port Arthur, Vancouver and Prince Rupert. ^{d/} Hungary, Yugoslavia, Rumania and Bulgaria. ^{e/} Net imports. ^{f/} Total of trade figures, including North America as reported by Bradstreets.

Table 4.-- World quantities of wheat and flour on passage, by weeks, 1928-1930

Week	: 1928	: 1929	: 1930
	: <u>1,000 bushels</u>	: <u>1,000 bushels</u>	: <u>1,000 bushels</u>
Jan 7	46,080	53,160	28,208
" 14	45,096	57,560	32,672
" 21	48,712	60,416	33,272
" 28	55,224	63,024	35,800
Feb 4	59,264	64,768	37,632
" 11	65,520	71,424	39,464

Table 5.--WHEAT, INCLUDING FLOUR: Net exports from principal exporting countries

Country	: Preliminary :		: Net exports :		
	: 1928-29 :	: estimates :	: July 1 :	: 1928-29 :	: 1929-30 :
	: :	: 1929-30 :	: to :	: :	: :
	: Million :	: Million :		: Million :	: Million :
	: bushels :	: bushels :		: bushels :	: bushels :
United States	: 142 :	: 190 - 210 :	: Feb 8 :	: 102 :	: 102 :
Canada	: 421 :	: 200 - 220 :	: Dec 31 :	: 279 :	: 110 :
Hungary	: 24 :	: 20 - 24 :	: Oct 31 :	: 7 :	: 13 :
Yugoslavia	: 8 :	: 15 - 25 :	: Dec 31 :	: 6 :	: 19 :
Argentina	: 217 :	: 180 - 190 :	: Feb 8 :	: 95 :	: 117 :
Australia	: 108 :	: 65 - 75 :	: Feb 8 :	: 54 :	: 34 :
Total	: 920 :	: 670 - 744 :		: 543 :	: 395 :

Table 6.--WHEAT: Carryover or stocks accounted for July 1, 1928 and 1929, and probable carryover or stocks, July 1, 1930

Position	: 1928 :	: 1929 :	: 1930 :
	: Million bushels :	: Million bushels :	: (Probable) Million bushels :
United States	: 128 :	: 245 :	: 200 - 220 :
Canada <u>a/</u>	: 114 :	: 125 :	: 90 - 110 :
Argentina <u>a/</u>	: 78 :	: 114 :	: 30 - 50 :
Australia <u>a/</u>	: 30 :	: 33 :	: 20 - 30 :
United Kingdom, port stocks & floating supply:	: 60 :	: 61 :	: 50 - 60 :
Total	: 410 :	: 578 :	: 390 - 470 :

a/ Only surplus for export or carryover at end of season.

The United States

Consumption of wheat in the United States during the first half of the season has probably been about equal to that of the corresponding period of the past season. A two per cent increase in winter seedings of wheat would consume a small additional amount of wheat. Commercial mill grindings from July 1 to December 31 amounted to about 296 million bushels, compared with 297 millions in the corresponding period of the previous season. With a fairly large carryover of old wheat on hand and wheat prices low through a part of the season, the consumption of wheat on farms has probably been about equal to that of the corresponding period of the past season. The report of wheat stocks on farms and in country mills and elevators as of March 1 will provide a basis for checking upon the disappearance of wheat in the United States to that date.

It may be interesting to note the position of the wheat and wheat flour mills as of December 31 or January 1. Mills reporting to the United States Department of Commerce held on December 31, 1929, 150 million bushels of wheat, as compared with 154 millions on December 31, 1928. Flour stocks were a little larger, being 4,700,000 barrels, as compared with 4,600,000 barrels.

According to reports to the Millers' National Federation, ^{a/} the mills had unfilled orders to the equivalent of about sixty 24-hour days' grind, and the wheat stocks were 10 per cent in excess of amounts needed to fill the orders on the books. A year previous the unfilled orders amounted to 63 days' run, but on December 31, 1927 amounted to only 47 days of capacity.

It may also be of interest to analyze the location of the mill stocks. Wheat in transit and bought to arrive is much smaller than a year ago, being about 10 million bushels as compared with 23 millions on December 31, 1928. The holdings in public terminal elevators amounted to only 15 million bushels compared with 28 millions. The holdings in country elevators amounted to only 11 million bushels, one million in excess of a year ago, and in private terminal elevators not attached to mills 14 millions, or 9 millions in excess of a year ago. The big increase is in mills and mill elevators attached to mills, an increase of 22 million bushels. In adding mill stocks to visible supply it should be observed that the stocks in public terminal elevators and possibly some of the wheat in private terminal elevators are already included in the visible supply. The increase in the holdings of mills and mill elevators is partially offset by the reduction in quantities in transit and bought to arrive.

In summary, it appears that the mill stocks report to the Bureau of Census, Department of Commerce, indicates that the invisible supply in commercial channels on December 31, 1929 was probably about 10 million bushels larger than on December 31, 1928. In this connection it will be of interest to note also that according to reports to the Department of Agriculture farm stocks were about 50 million bushels less and the visible supply was about 40 million bushels in excess of the previous year, making the total of accounted for stocks in the United States on December 31, 1929 about the same as a year ago.

Apparently flour sales were good in the second quarter of the season. Flour sold in the three months, October, November and December, by the mills reporting to the National Federation represented 63 per cent of the capacity of those mills, as compared with 53 per cent in the corresponding period a year ago and 55 per cent in 1927. The exports of flour in the season to date have amounted to almost 8 million barrels, the equivalent of 39 million bushels, as compared with slightly under 8 million barrels or 36 million bushels in the corresponding period a year ago.

^{a/} Report on wheat and flour stocks as of December 31, 1929, issued February 6, 1930. Mills reporting manufactured approximately 61 per cent of the total in 1928.

Wheat stocks - 11 -

Period	Days	Number 24-hour	Unfilled flour orders	Percentage of flour
		days grind for capacity represented	number 24-hour days output for capacity represented	sold to capacity for the period
				Per cent

Six months ending

December 31, 1924	41	32
December 31, 1925	42	32

Three months ending

December 31, 1926	47	55	55.4
December 31, 1927	47		54.8
December 31, 1928	59	63	52.8
December 31, 1929	66	60	63.1

Millers' National Federation, Supplement "B" to Bulletin No. 745, February 6, 1930.

Table 7.--WHEAT, DOMESTIC: Stocks in store and afloat, United States markets.

Week ended	Stocks	
	1928	1929
	Million bushels	Million bushels
Oct 5	123	199
12	128	201
19	134	201
26	138	203
Nov 2	139	202
9	140	200
16	138	198
23	139	193
30	140	190
Dec 7	140	189
14	141	188
21	142	188
28	144	185
Jan 4	142	182
11	139	179
18	135	175
25	133	^{a/} 171
Feb 1	130	168
8	127	164
15	126	164

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.

Table 18.--UNITED STATES: Exports of wheat, wheat flour and wheat including flour by weeks 1929 and 1930

Week ended	Wheat		Wheat including flour	
	1929	1930	1929	1930
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
Jan 5	976	1,996	1,878	2,635
12	420	1,382	1,553	2,656
19	506	1,578	1,535	2,513
26	260	1,001	1,021	1,786
Feb 2	975	1,593	1,783	2,970
9	896	2,380	2,024	2,775
Total	4,033	9,930	9,794	15,335

Table 9. - WHEAT, INCLUDING FLOUR: Exports from the United States by countries, July-December, 1928 and 1929

Country to which exported	Wheat incl. flour		Wheat		Wheat flour	
	July-December		December		December	
	1928	1929	1928	1929	1928	1929
	bushels	bushels	bushels	bushels	barrels	barrels
United Kingdom	12,312	19,836	712	1,682	80	125
Irish Free State	2,308	2,217	0	105	5	14
Netherlands	7,352	5,538	101	392	79	69
Italy	4,771	505	335	114	3	3
Greece	2,943	5,625	837	558	2	1
Belgium	2,148	4,497	405	168	2	1
Germany	1,935	4,470	104	594	21	39
France	1,746	1,347	244	48 ^{a/}	^{a/}	
Denmark	1,208	1,529	0	0	24	33
Gibraltar	1,156	1	0	0 ^{a/}		0
Finland	1,109	854	0	0	23	11
Norway	555	896	0	0	8	19
Sweden	337	440	0	24	6	12
Malta, Gozo and Cyprus	101	282	0	0	4	1
Other Europe	3,022	543	409	348	4	5
Total Europe	43,003	48,586	3,147	4,033	261	333
Canada	30,426	12,417	2,168	811	6	7
Panama	3,635	2,961	886 ^{a/}		8	13
Cuba	2,609	2,907	3	4	95	101
Mexico	1,284	1,704	164	409	10	11
Haiti, Republic of	1,234	551	0	0	35	20
Brazil	1,906	1,671	0	0	58	53
Peru	962	210	142	0	6	5
Colombia	604	508	35	51	5	8
Japan	2,444	3,949	645	1,827 ^{a/}		6
China	2,251	1,817	133	0	70	37
Hongkong	2,164	2,010	0	3	78	111
Kwantung	746	2,941	0	0	54	161
Philippine Islands	1,810	1,744	0	0	59	59
Other countries	6,457	6,219	318	11	194	198
Total exports	101,535	92,195	7,641	7,149	939	1,123
Total imports	11,009	4,273	1,087	1,145 ^{a/}	^{a/}	^{a/}
Total reexports	20	48	5	6 ^{a/}		0
Net exports	90,546	87,970	6,559	6,010	939	1,123

Compiled from official records of the Bureau of Foreign and Domestic Commerce.
^{a/} Less than 500.

The Orient

Agricultural Commissioner Nyhus reports that the spread between the price of American flour and Shanghai flour has narrowed sufficiently to make it possible that future price developments may encourage the purchasing of American flour in the next few months.

Only one-third of the flour mills in Shanghai are in operation and supplies for these are limited to one or two months. Flour prices at local markets have strengthened due to an improvement in the situation at Tientsin and low silver exchange rates. An advance in the price of wheat bran bought chiefly by Japan is strengthening the prices of domestic wheat at Shanghai.

At the beginning of the season the Tientsin market was overstocked with flour. Now the excess of stocks has about disappeared on account of smaller arrivals and withdrawals for consumption. American Consul Streeper reports that further decline in arrivals and further withdrawals from warehouse caused the local flour market to assume a more healthy tone. In December stocks on hand had declined to about a normal basis. The decline in the silver exchange rate was reported to be another strengthening factor in the immediate situation. The reduction in the exchange rate raised the replacement costs in terms of Chinese currency and thus increased the nominal value of the stocks in hand so that they could be sold at higher prices relative to what had been paid for them.

It is of interest to note that 65 per cent of the flour stocks on hand in Tientsin at the beginning of January was Canadian flour, 20 per cent of Chinese origin and 15 per cent from the United States and Japan. However, no Canadian or Japanese flour arrived in Tientsin during December when small amounts were imported from the United States and Shanghai. Arrivals of wheat from the interior also contributed in a small amount to the local flour supply.

Consul Sturgeon at Tokyo cables that the prospects for Japan importing from the United States continue fairly good but that at present there is a seasonal lack of domestic demand and a poor export demand for Japanese flour. Mill stocks of flour on February 1 were above normal and prices were about 2 per cent lower than at the beginning of January. Japanese imports from July 1 to December 31 were about a million bushels less than in the same period in 1928, but imports from the United States were 1,632,000 bushels larger than a year ago. Imports during December were 1,302,000 bushels from the United States, 308,000 from Canada, and 59,000 from Australia. New Australian wheat was being offered cheaper than United States wheat, but to satisfy market requirements mills have to mix some American old winter wheat with other wheats and this tends to maintain a demand for American wheat.

Table 10.--WHEAT, INCLUDING FLOUR: Net imports into principal European importing countries

Country	: Preliminary :		: Net imports :		
	: 1928-29 :	: estimates :	: July 1 to :	: 1928-29 :	: 1929-30 :
	: Million :	: Million :		: Million :	: Million :
	: bushels :	: bushels :		: bushels :	: bushels :
United Kingdom.....	204	: 195 - 210	: Dec 31	: 100	: 116
Italy.....	90	: 55 - 60	: " "	: 42	: 13
Germany.....	68	: 75 - 80	: " "	: 38	: 35
France.....	51	: 20 - 30	: Nov 30	: 20	: 23
Belgium.....	41	: 42 - 45	: " "	: 18	: 19
Netherlands.....	29	: 33 - 35	: Dec 31	: 15	: 16
Czechoslovakia.....	17	: 15 - 16	: Nov 30	: 9	: 6
Greece.....	22	: 20 - 25	: " "	: 7	: 8
Irish Free State...	18	: 18 - 19	: " 30	: 7	: 7
Austria.....	15	: 14 - 17	: Oct 31	: 4	: 5
Switzerland.....	15	: 16 - 18	: Dec 31	: 8	: 10
Sweden.....	8	: 7 - 9	: " "	: 4	: 4
Norway.....	9	: 7 - 9	: " "	: 5	: 4
Denmark.....	17	: 10 - 12	: Nov 30	: 6	: 4
Finland.....	6	: 6 - 7	: " "	: 3	: 3
Poland.....	4	: 2 - 6	: " "	: 2	: <u>a/</u>
Estonia.....	1	: 1 - 2	: " "	: 1	: 1
Latvia.....	3	: 2 - 3	: Oct 31	: 1	: 1
Spain.....	b/(15)	: 0 - 1			
Portugal.....	b/(8)	: 5 - 6			
Total.....	641	: 538 - 610		: 290	: 275

a/ Less than 500,000 bushels.
b/ Unofficial.

The Continental European wheat market situation during January 1930 a/

January revealed increasing European interest and dependence on overseas wheat, but failed to bring the marked increase in purchases that the Continent, sooner or later, is expected to be forced to make. Buying activity in the big importing markets was fair in volume but generally quiet in character.

Continued weakness in overseas prices has been probably the chief, immediate cause of the lack of demand. Domestic wheat supplies, however, are still important, and, with the numerous compulsory milling regulations, increased tariffs, and other measures to aid European farmers, have helped to postpone larger trade buying from abroad.

a/ By Agricultural Commissioner Loyd V. Steere, Berlin, Germany, January 31, 1930. Supplemented by cable February 13.

The movement of Continental wheat prices during January was generally downward in the large import markets, but to a less extent than overseas so that the spread has become more favorable for import purchases. In the Danube Basin, prices have been fully maintained and even strengthened as a result of increased buying activity by Czechoslovakia, Austria and Italy. These indications tend to confirm reports that the Danubian surplus has been heavily reduced, in fact, Hungary appears to be the only country likely to figure as an exporter from now on.

With the exception of France, there is no important importing country whose stocks of domestic wheat have not been reduced to the level of a year ago at this time or below that level. German stocks are considerably smaller than a year ago, Italy's increased crop has now been fully offset by reduced importation, and the same situation is evident in other lands. The Danube Basin now has much less wheat left for export than last year, possibly not over 4,000,000 bushels, and that largely in Hungary. France, however, has large stocks of domestic wheat still left, practically enough for her own requirements for the balance of the season.

Stocks of foreign wheats at the ports are now much reduced as compared with two months ago, and appear generally light to moderate. The decline at Antwerp has been particularly marked. Supplies in other trade hands and in consumptive channels are also reported to be modest, as hand to mouth buying has been the rule in the Continental grain trade for months past.

Table 11.--Wheat stocks at certain Continental points

Date	Antwerp	Rotterdam	Hamburg	Berlin	Hungarian warehouses
	1,000	1,000	1,000	1,000	1,000
	<u>bushels</u>	<u>bushels</u>	<u>bushels</u>	<u>bushels</u>	<u>bushels</u>
<u>1929-30</u>					
Oct 31....	3,800	2,800	---	700	4,800
Jan 15....	1,500	1,300	900	700	4,200
Jan 31....	880	1,200	900		
Feb 8....		900			3,900

in view of the continued small import movement of grain, it now appears that the Continental wheat deficit will be even smaller than previously estimated, in fact, about 12,500,000 bushels less. Crop or market developments this spring may result in larger purchases and imports than now anticipated, but the actual import requirements do not now seem to exceed 308,000,000 bushels as compared with 376,950,000 bushels in the season 1928-29. This means a deficit 18 per cent below last year's as compared with 15 per cent estimated a month ago. The reduction in the deficit estimate includes 7,000,000 bushels for Germany, 4,000,000 for Italy and 2,000,000 for Czechoslovakia.

There is as yet no reason to revise estimates of the Danubian surplus, although exports to date have been unusually high, since reports indicate approaching exhaustion of exportable grain. Hungary appears to be the only country with any real surplus left. Bulgaria is reported to be importing from Yugoslavia this year, and recently Yugoslavia is said to have been buying from Hungary, with indications that imports from now on may exceed her exports. Rumania is said to have little if any wheat left for export.

The continued low rate of wheat importation into Europe - imports from July 1 to December 15, 1929 have averaged 4,887,000 bushels weekly as compared with 7,496,000 bushels in the same period last year - means that a large increase in the rate of importation must take place during the remainder of the season, if the estimated deficit for 1929-30 is to be covered. In terms of imports the above deficit indicates takings of 6,834,000 bushels weekly from December 15 to the end of June 1930 as compared with 7,055,000 bushels in the same period last year. In other words, weekly imports from December 15 to the end of this season should average only 220,000 bushels below last year's, while from the first of the season to December 15 they averaged 2,609,000 bushels below the figures of the past season.

	1928-29 1,000 bushels	1929-30 1,000 bushels
Continental deficit	376,950	308,277
Net imports of deficit countries		
5½ months	a/ 199,700	a/ 153,624
Estimated share of Danube	20,209	36,743
Net imports minus share of Danube	b/ 179,491	b/ 116,881
Estimated net imports of deficit countries, 6½ months, ending June 30	c/ 213,589	c/ 195,070
Estimated share of Danube	16,130	3,674
Net imports minus share of Danube	197,459	191,396

a/ Actual data, with estimates for Spain and Portugal included; these estimates assume, for 1928-29, the same percentage distribution of net imports over the year as in the case of the other 16 continental countries, for 1929-30, 50,000 tons for Portugal.

b/ World shipments for these 5½ months, with a lag of one month behind imports, were 174,163,000 bushels in 1928-29 and 113,537,000 bushels in 1929-30, thus approximating very closely the above figures; movements into and out of free port stocks account for most of the difference.

c/ With rough estimates for Spain and Portugal included.

Non-European shipments of wheat to the Continent up to the middle of January, however, indicate that the imports will continue at a much slower rate than last year at least to the middle of February, in fact, imports promise to average only around 3,564,000 bushels weekly between December 15 and February 15. This means that after February 15 imports must average around 8,451,000 bushels weekly up to June 30 as compared with about 6,614,000 bushels in the same period last season if the deficit estimated above for the Continent is to be covered.

This points to a sharp and heavy increase of European imports during the last four months of the season. The figures on world shipments up to the latest date, however, are by no means sufficient to enable imports of this size, and suggest that there will be a much heavier concentration of shipments and imports in the last few months of the season or that estimates of European requirements will have to be further reduced. Careful analysis of the wheat requirements of individual European countries gives no reason for lowering import requirements at the present time unless crops have been under estimated or consumption of wheat has been unduly influenced by such factors as the large corn crop in Southern Europe and the large rye crop in Northern Europe.

The following is a tabulation of the price spread between Chicago and certain European markets:

Table 12. - PRICE PER BUSHEL + SPREAD CHICAGO - EUROPE a/

Date	BERLIN		PARIS		GENOA		VIENNA	HUNGARY
	"Markischer": Domestic		Domestic		Domestic		Vienna	"Tisza"
	wheat		wheat nearest		wheat nearest		wheat	wheat
	spot	month	month	month	month	month	spot	spot
	1928	1929	1928	1929	1928	1929	1929	1929
	Cents		Cents		Cents		Cents	Cents
Sept 6	+29.75	+17.69	+53.96	+21.89	+23.41	-13.14	+ 5.36	- 5.86
Nov 8	+20.43	+23.65	+50.89	+31.84	+ 9.98	- 4.26	- 1.82	+ 3.50
Jan 10	+17.64	+31.14	+48.04	+21.15	+13.54	+ 1.43	- 5.50	+ 0.09
Jan 17	+17.50	+35.94	+41.66	+22.87	+ 9.95	+ 3.44	+ 0.75	+ 7.00
Jan 24	+17.50	+35.98	+40.86	+18.89	+ 8.97	+ 2.54	- 0.47	+ 9.13
Jan 31	+15.84	+39.70	+44.00	+26.15			- 0.85	+ 8.75
Feb 11	+16.50	+37.00	+45.00	+19.50	+ 7.00	+ 4.00	<u>b/</u> +10.00	<u>b/</u> +18.00

a/ Above (+) or below (-) Chicago.

b/ February 7.

Germany

The German wheat and flour market was generally reluctant throughout the latter part of December and in January, although buying was active on some days. There was an increasing interest in foreign wheat partially on account of the increase in the wheat tariff which is to become effective in the near future, but considering the size of the tariff increase, the increase in buying activity has been relatively small.

German wheat prices weakened in sympathy with world market developments during January, but have shown considerably more resistance than prices in overseas markets, with the result that margins are more favorable for import business. The comparative strength of the domestic market has been due to the increase in grain duties and to the compulsory 50 per cent domestic wheat milling regulation which has recently been extended to the end of February. Marketing from the farms has slowed, however, and this is doubtless also an important factor in the market.

The relative strength of the wheat market has contrasted sharply with the extreme depression in rye, prices for which have fallen considerably since the middle of December, and in the latter part of January reached a point of about 66 cents per bushel below wheat prices in Berlin. A year ago wheat was only 25 cents per bushel above rye. The extreme weakness in rye has continued in spite of higher tariffs and efforts by the Getreide-Handelsgesellschaft to regulate the market by open market purchases. The new tariff rates have proved to be unfavorable for rye because the rate has been above the value of the import certificate. Germany's efforts to export her surplus of rye have been seriously hampered by competition from Poland and Russia.

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

Table 13 - GERMANY: Price per bushel of domestic wheat and rye, November 6, 1929-February 12, 1930

Date	Wheat			Rye
	Hamburg a/	Breslau b/	Berlin c/	Berlin d/
	Cents	Cents	Cents	Cents
1929-30				
Nov 6	159	143	144	97
13	154	144	144	96
19	160	146	149	100
27	167	154	157	108
Dec 4	168	154	158	106
11	163	152	153	100
18	163	152	157	105
24	165	---	158	103
31	167	---	---	103
Jan 8	167	154	159	98
15	169	157	160	96
22	168	156	161	95
29	168	159	159	98
Feb 5	165	---	---	97
12	165	149	155	97

See notes on following page.

- 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/ "Markischer" wheat of 58-59 pounds per Winchester bushel.
- d/ "Markischer" rye of at least 56 pounds per Winchester bushel.

German imports of wheat showed a good increase in December, and in January rose to 10,656,000 bushels. This improvement is due to some extent to the fact that duties are to be increased, but also seems to be the beginning of greater dependence on foreign grain.

Stocks of wheat in the hands of the trade and flour mills in Germany seem to be very moderate as a result of the continued hand-to-mouth buying. The same is also true for port stocks. Supplies of rye in the hands of the trade, however, are reported to be much larger than last year.

Stocks of wheat on farms in Germany on December 15 were about 18,000,000 bushels smaller than a year previous or almost exactly the amount that this year's crop was below last year's. The disappearance of domestic wheat during the first half of the season, therefore, appears to have been practically identical with that of the previous season, with the difference, however, that disappearance this year is thought to have been almost entirely for human consumption whereas last year there was considerable feeding of wheat, probably from 4,000,000 to 5,500,000 bushels in the first half of the season. This calculation checks quite closely with the import figures for the period, as imports to the end of December have been smaller than those of last year by roughly 4,000,000 bushels. The actual consumption of domestic wheat in Germany up to December 15, therefore, does not appear to have been much more rapid than in the previous season. The increased demand for domestic grain which has been reported as resulting from the milling regulations appears to be chiefly of a psychological character and has probably affected only a certain percentage of the mills, as Germany on the average mills a proportion of 60-65 per cent domestic to 35-40 per cent of foreign grain. The influence of this milling regulation would seem likely to increase as domestic supplies decline.

Stocks of grain on German farms on December 15 were estimated by the German Agricultural Council to be as follows:

Table 14 - Grain stocks on German farms

Grain	: Farm stocks		: Available for sale		: To be kept	
	: Jan 15, : : 1929	: Jan 15, : : 1930	: Jan 15, : : 1929	: Jan 15, : : 1930	: Jan 15, : : 1929	: Jan 15, : : 1930
	: Million : : bushels					
Winter wheat	: 57.2	: 43.9	: 44.6	: 36.1	: 12.6	: 7.8
Winter rye	: 152.8	: 152.2	: 83.3	: 85.6	: 69.5	: 66.6
Spring barley	: 55.0	: 63.0	: 31.8	: 38.6	: 23.2	: 24.4
Oats	: 303.2	: 325.5	: 95.4	: 122.1	: 207.8	: 203.4
Potatoes	: 824.9	: 751.0	: 288.1	: 206.2	: 536.8	: 544.8

Based on the percentage estimate of the German Agricultural Council.

The German duties on wheat and rye were increased on January 20 from 42.14 and 36.30 cents per bushel, respectively, to 61.59 and 54.46 cents for non-treaty nations. The duties will be raised for most-favored nations as soon as the German-Swedish supplemental treaty is ratified by the Swedish Parliament. If the Swedish Parliament refuses the bill then the new rates can be put into force on February 15.

France

The French wheat market was firm and active in the second half of December and during the first week of January, when farm offers were comparatively small, but since January 10 the market has been weak and prices declined considerably as a result of very large offers from farmers and provincial dealers. The very large offers of farmers seem to bear out calculations that there are still considerable stocks on French farms and that the crop was actually larger than indicated by the official French estimate.

The price spread between French wheat in Paris and overseas wheat has been unfavorable for overseas grain since the end of December, and the export market for French wheat has become more active. According to newspaper reports, about 4,000,000 bushels of wheat were sold to foreign countries between the beginning of December and the middle of January and there is about an equal amount still available for export. The main export markets for French wheat are Holland, Belgium and England, but some has also gone to Germany. The export of wheat is encouraged by a Government premium, as previously reported.^{a/}

Italy

The Italian wheat import market remained quiet in January but import business revived somewhat during the last few days. Wheat imports during the period July 1 - December 31, 1929, amounted to 12,566,000 bushels as compared with 41,585,000 bushels in the corresponding period of 1928-29. It seems now sure that the total import requirements of 1929-30 will remain much below 1928-29, but nevertheless large quantities will have to be imported from now on.

Italian wheat prices remained almost stable in January and are above December levels in spite of the decline of prices overseas since the end of December. Prices of overseas wheat have become much more attractive for Italian buyers during the past two months, and it seems likely that the Italian import demand will improve in the near future.

Netherlands and Belgium

The import markets for wheat in Holland and Belgium were active and firm in the second half of December, with a good demand prevailing, especially from German flour mills. Since the beginning of January, however, the market has again become quiet and weak as a consequence of overseas developments, though on a few days the volume of business was fairly large. At the close of the month a slight improvement has been evident. The demand for spot wheat and near positions during the past two months has been generally better than in the future market.

^{a/} The exports officially reported to date have been unimportant.

Port stocks at Antwerp and Rotterdam have continued to decline since December. The port stocks in both places have decreased by more than 50 per cent since September-October when stocks were very large.

Danube Basin

January was a month of fairly steady buying in the Danubian deficit countries, where business underwent a good revival and flour sales showed a general pick-up. It is to be expected that imports during January will reflect the improved business tendency, particularly in Czechoslovakia where imports to date have been very low, though December showed great improvement over previous months.

The Danubian surplus areas also reported lively home and export business, chiefly Hungary where most of the remainder of the Danubian surplus is located; Rumania and Bulgaria reported very little doing. Hungary exported fair quantities to Austria and Czechoslovakia as well as Italy. Price-spreads for Danubian wheat fluctuated somewhat, but on the whole maintained a tendency in favor of American wheat purchases.

Price-spread per bushel

Hungarian Tisza Wheat, 79/80 kg., spot, above (+)
or below (-) Chicago Futures, nearest month 1929-30

	<u>Cents</u>		<u>Cents</u>		<u>Cents</u>
Sept 6	- 5.86	Nov 8	+ 3.50	Dec 20	+ 9.91
Sept 20	- 6.05	Nov 22	+ 3.95	Jan 10	+ 0.09
Oct 4	-10.70	Dec 6	+ 3.38	Jan 17	+ 7.00
Oct 25	+ 6.37	Dec 13	+ 7.50	Jan 24	+ 9.13
				Feb 7	+18.00

Wheat supplies in the Danube surplus regions are small. Trade reports generally indicate unusually low stocks for this time of the year. Hungarian wheat stocks public and cooperative warehouses showed a declining tendency since early November. There were available:

	<u>1,000 bushels</u>
on Sept 1, 1929	2,400
Oct 7, 1929	4,500
Nov 4, 1929	4,800
Dec 2, 1929	4,700
Jan 13, 1930	4,200
Jan 20, 1930	4,150
Feb 8, 1930	3,900

Rumania recently revised her estimates of the 1929 crop downward considerably. The wheat crop is now estimated at only 84,510,000 bushels compared with the earlier estimate of 99,752,000. The corn crop is reported to amount to only 186,997,000 bushels compared with an earlier estimate of more than 240,000,000 bushels. These downward revisions are so large as to justify some doubt as to what the actual crop results are: we rather believe that they are higher than now indicated, at least for barley and corn.

Table 15. - Danube shipments to Europe. a/

Four week period b/	1924-25	1925-26	1926-27	1927-28	1928-29	1929-30
	: 1,000 bu					
Aug 1 - 29	: 1,029:	367 :	808:	294:	73:	698:
Aug 30 - Sept 26	: 294:	845 :	845:	1,323:	257:	3,013:
Sept 26 - Oct 24	: 294:	772 :	1,580:	808:	588:	3,821:
Oct 25 - Nov 21	: 110:	220 :	1,800:	331:	625:	3,160:
Nov 22 - Dec 19	: 73:	441 :	478:	404:	184:	3,160:
Dec 20 - Jan 16	: 37:	919 :	551:	147:	184:	808:
Since Aug. 1	1,837:	3,564 :	36,062:	3,307:	1,911:	14,660:

a/ i.e. shipments down the Danube.

b/ For 1929-30, other years nearest comparable period.

Poland

Wheat and rye prices in Poland were slightly firmer around the New Year, but prices weakened thereafter. Farmers are very much disappointed with the export policy of the export syndicate established in November 1929. The provisional agreement between the Polish export syndicate and the main German rye exporters (Getreidenauweis-Gesellschaft and the so-called Scheuer-Konzern), which was reported last month, has not yet led to satisfactory cooperation. Negotiations are continuing between the two parties. Recent newspaper reports indicate that a new agreement has been reached on an export policy, but it remains doubtful whether much success can be attained during this campaign.

Soviet Russia

Scattered lots of Russian grain, mostly barley, oats, corn and rye, and to a lesser extent wheat, appeared on the European grain market during January. Larger quantities of Russian wheat have arrived during February. Foreign trade estimates of possible Russian exports of wheat vary greatly (4,800,000 to 16,000,000 bushels), but it seems likely that the net exports from Russia this year a/ will not be significant even though more or a/ viz. during the current agricultural year (to June 30, 1930), later developments depending greatly upon the 1930 crop outlook.

less important lots may at times appear on the international wheat market because of foreign exchange considerations. It is not at all improbable that such exports of wheat a/ might be followed later on by imports into the Soviet Union herself as no quantity of wheat actually exported is justified by the crop outturn or conditions on the domestic grain market. In this connection, the seeming success of the grain procuring campaign is rather misleading. Even though total procurings were greatly above those of the previous year, it should not be forgotten that the 1928-29 campaign was a failure and that both this fact and the yearly increasing population call for an increase of procurings.

In view of the great importance of the coming Spring sowing campaign, both because of the large scope of collectivization and also because of the non-execution of the Autumn sowing plan preparations have begun earlier than usually. The press, however, is sounding alarm at the slow pace with which certain phases of the preparation are being carried on and it has even been hinted at that the success of the campaign is at stake. Points of particular weakness seem to be: the production and distribution of tractor parts, draft power in general, and the problem of seeding material. These latter two seem to be particularly acute, as propaganda of the better-to-do peasants, the acknowledged enemies of the Government and its collectivization scheme, calls for utilization of seeds and livestock belonging to peasants about to enter the collective farms. The argument brought forward is that the Government will have to see to equipping the collective farms with necessary tools of production. The Government evidently expects increased opposition of the better-to-do circles of the peasantry because stipulations have been made providing serious penalty to those opposing Government measures and plans. Thus, for example, land as well as all equipment belonging to peasants who reduce their acreage in the Spring will be confiscated and utilized collectively. It remains to be seen to what extent the Government will be able to cope with difficulties arising from the rapid rate of collectivization. However, there is no doubt that it will exert all its energy, influence and power in order to bring about the largest possible execution of its plans.

a/ The situation being somewhat different in the case of the other crops, particularly barley.

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