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FOREIGN NEWS ON WHEAT

WORLD WHEAT CROP AND MARKET PROSPECTS

The supply of wheat in foreign surplus producing countries as of January 1 was about 275 million bushels less than on January 1 a year ago. The visible supply in the United States was about 40 million bushels greater but the amount of wheat remaining on farms was about 50 million bushels less than a year ago. The Canadian visible supply is about equal to that of a year ago, but the amount remaining on farms for sale is probably about 55 million bushels less than a year ago. The available supply in the Southern Hemisphere has been reduced over 200 million bushels by short crops. The Balkan countries which shipped heavily early in the season have but very little left for export.

Some European countries, particularly Italy and Germany, probably will import more wheat in the second half than they exported in the first half of the marketing season. It seems likely that the international trade in wheat will be about 200 million bushels less than in the past season, but the carryover of wheat in surplus producing countries is likely to be reduced below the large carryover at the beginning of the present season.

The smaller world supplies tend to strengthen the wheat price situation but a world-wide reduction in the general price level and an almost world-wide tightening of credit and business recession tend to hold down the price of wheat. It still seems likely, however, that prices will move to a higher level before the end of the season.

New crop prospects are becoming increasingly important in determining the price level. Toward the end of the season indications of an average world crop would tend to maintain or strengthen prices. Heavy winter killing or other indications of another small crop would result in relatively high prices in May or June, but indications of a good crop would tend to weaken prices. The outlook report on wheat is summarized briefly as follows:

The wheat outlook

There is little in the wheat situation at present to indicate that prices for the 1930 crop of the United States will be much different from the average for the 1929 crop, unless fall-sown wheat suffers severe winter damage or the spring wheat acreage is reduced. World stocks on July 1 are likely to be somewhat smaller than at the beginning of the present season, but the world acreage probably will not be materially changed and yields per acre are not likely to be so low as in 1929, when they were below average.

Looking farther ahead, the world demand for wheat appears to be increasing by growth of population and the tendency to shift from other breadstuffs to wheat. World production of wheat, however, is keeping pace with the increasing demand, and the wheat producers of the United States must plan to meet continued keen competition in export markets from Canada, Australia, Argentina and later on, possibly Russia.

During the past five years there has been a tendency to increase acreage in all important exporting countries but this tendency may be checked temporarily by low prices and low yields in the last two seasons. Fall seedings in Russia have been about the same as last year,

notwithstanding efforts to increase the area. The Russian Government hopes to increase the spring wheat area, but it is not likely that Russia will be in position to export appreciable quantities next year.

World production in 1929 was reduced by low yields. The average yield per acre for all countries was 14 bushels, as compared with 16 bushels in 1928, and a five-year average of 15 bushels per acre. With average yields the world supply of wheat for the 1930-31 season may be about equal to the supply available for the present season. With a smaller carry-over, world prices might average slightly higher, but any great improvement in prices could result only from yields below average. Similarly a season of yields higher than average might result in lower prices.

Another large crop of winter wheat in the United States is in prospect unless adverse conditions develop between now and harvest time. If yields and abandonment are equal to the average of the last ten years, the crop would be only slightly less than the large production of each of the past two years. This production would keep us on a level far above domestic requirements for hard winter wheat and slightly above our domestic consumption of soft winter wheat.

Any expansion in the area of hard red spring wheat would probably result in lower prices, if average or better than average yields are obtained, unless the protein content of hard winter wheat is lower than in 1929. In fact, growers may find it profitable to reduce their present acreage somewhat and turn to flax, particularly if the growing conditions of the hard winter crop continue favorable.

Durum wheat prices probably will continue relatively low for another season unless acreage in the United States is further curtailed or production in other competing countries is reduced. Prices for red durum especially are likely to be low unless there is a good export demand as a result of smaller crops in other countries.

A 19 per cent reduction in the area of durum, with average yields, would result in a crop as large as that harvested in 1929. Whether such a reduction will be advisable will depend largely upon the outturn of durum production in foreign countries. Further information concerning the outlook for the crop in Northern Africa and Southern Italy will be available before planting time and spring wheat growers should take this into account in planning their acreage of durum wheat.

Table 1.-- WHEAT: Acreage, yield per acre and production, average 1921 - 1925, annual 1924 - 1929

Year	Estimated totals								
	United States	Canada	Australia	Argentina	Europe ^{a/}	North Africa	North-ern Hemisphere	South-ern Hemisphere	World ^{b/}
ACRE AGE:	Million acres	Million acres	Million acres	Million acres	Million acres	Million acres	Million acres	Million acres	Million acres
Average:									
1921-25:	58	22	10	17	66	9	195	31	226
1923:	60	22	10	17	66		199	31	230
1924...	53	22	11	18	67	9	191	33	224
1925...	52	21	10	19	69	9	193	34	227
1926...	56	23	12	19	70	10	198	35	233
1927...	59	22	12	20	71	9	203	37	240
1928...	58	24	15	21	71	10	204	41	245
1929...	61	25	14	19	70	10	206	39	245
YIELD									
PER ACRE:	Bushels	Bushels	Bushels	Bushels	Bushels	Bushels	Bushels	Bushels	Bushels
Average:									
1921-25:	13.9	13.6	12.8	13.0	16.1	10.8	15.0	12.6	14.6
1924...	16.5	11.9	15.2	10.7	15.8	9.9	14.3	12.7	14.1
1925...	12.9	19.0	11.2	10.0	20.2	11.3	15.9	10.9	15.2
1926...	14.8	17.8	13.6	11.5	17.3	9.3	15.1	12.6	14.7
1927...	14.9	21.4	9.6	12.1	17.9	11.9	15.8	12.5	15.3
1928...	15.7	23.5	10.8	14.7	19.8	10.5	16.5	14.0	16.1
1929...	13.2	11.6	7.7	7.4	20.3	12.1	14.9	(9.2)	13.9
PRODUCTION:	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels
Average:									
1921-25:	804	366	129	203	1,194	94	2,917	390	3,307
1924...	864	262	165	191	1,056	87	2,737	413	3,150
1925...	676	395	115	191	1,397	106	3,073	368	3,441
1926...	831	407	131	221	1,211	91	2,984	442	3,426
1927...	878	480	118	239	1,238	107	3,200	461	3,661
1928...	915	537	160	340	1,409	106	3,376	567	3,943
1929...	807	300	112	c/175	1,415	120	3,072	357	3,415

a/ Excludes Russia.

b/ Excludes Russia and China.

c/ The official estimate is 143 millions but many believe this to be too low.

World Production and Crop Conditions

Reports during the past month have not made any material change in the estimate of world production outside of Russia and China. Reports from 43 countries indicate a production of 3,289 million bushels, a decrease of 14 per cent from production in the same countries in 1928 when these countries represented 97 per cent of the estimated world crop outside of Russia and China.

Prospects for the new crop are beginning to be of some importance in considering the wheat situation. Winter seedings have been reported from a few countries. An increase in seedings in the United States has been about offset by a reduction in fall seedings in Canada and Rumania. The winter wheat area of Russia appears to be about the same as a year ago.

The conditions of crops in countries reporting condition in the fall were fairly good. Recent weather conditions in Europe threaten some injury to the winter crop. The Russian Government hopes to increase spring seedings but recent reports indicate that the Government is experiencing some difficulty in obtaining seed and machinery for the spring seeding. Droughty conditions have prevailed in some parts of North Africa. Autumn rainfall in Canada was again below normal but much more satisfactory than a year ago. It is, of course, too early to make definite forecasts, but it now seems possible that the 1930 crops of North Africa and Europe will be somewhat less than in 1929 when they were large, and that the Canadian crop will be better than in 1929 when it was short.

Table 2. - WHEAT: Winter acreage, average 1909 - 1913, annual 1927 - 1930

Country	Harvest year					Percentage
	Average 1909-1913:	1927	1928	1929	1930	1930 is of 1929
	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 acres	Per cent
United States	a/ 32,702	43,373	47,517	42,820	43,690	102.0
Canada	a/ 1,019	979	1,033	885	809	91.4
Bulgaria	b/ 2,409	2,633	2,744	2,619	2,875	109.8
Rumania	a/b/ 9,515	7,017	7,281	7,462	6,549	87.8
Tunis	1,310	1,377	2,011	1,730	1,730	100.0
Punjab, India	c/ 9,692	10,407	9,978	10,747	10,782	100.3
Total	56,647	65,786	70,364	66,263	66,435	100.3

a/ Four year average.

b/ Total acreage.

c/ Punjab represents about one-third of the wheat acreage of India.

Exports

Shipments from exporting countries in the first half of the season have continued to fall far behind those of the corresponding period of the previous season. Argentina, after shipping the large volume of old wheat remaining on hand, has begun to move new wheat. With low freight rates and unsatisfactory financial conditions Argentina may press the new wheat crop to market, shipping a large part of it in the next six months. Reports generally indicate that the Danubian countries have snipped the bulk of their exportable surpluses and will not ship large quantities during the remainder of the season. Australia is beginning to move her moderate size crop. The weekly shipments from North America are larger but are not yet large enough to make a great impression upon the surpluses available for export. It seems quite likely that the exports from North America will increase toward the end of the season and that the surplus stocks on July 1 will be reduced below those at the beginning of the present season. Revised estimates of shipments and carryover or stocks at the end of the season are submitted below.

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

Country	Total shipments or exports		Shipments, week ending			Net movement from July as far as reported	
	1927-28	1928-29	Jan 4	Jan 11	Jan 18	incl. 1928-29	1929-30
	a/					To and:	
	1,000 bush.	1,000 bush.	1,000 bush.	1,000 bush.	1,000 bush.	Date	1,000 bush.
North America b/	452,423	499,842	4,868	5,678	6,230	Jan 18	316,224
Canada; 4 mar-							
kets c/.....	333,335	458,649	1,310	1,550	702	" "	345,086
United States...	206,259	163,687	2,635	2,656	2,513	" "	95,478
Argentina.....	178,135	216,722	1,512	2,282	2,940	" "	77,683
Australia.....	72,962	107,937	1,180	1,768	2,072	" "	44,002
Russia.....	5,408	8	0	0	0	" "	8
Danube & Bul. d/	33,847	33,842	200	328	144	" "	2,048
British India...	15,668	e/21,739	0	0	0	" "	e/- 974
Total f/	757,443	836,612	7,760	10,056	11,586		438,991
							318,928

Compiled from official and trade sources.

e/ 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, Ygoslavia, Rumania and Bulgaria.

e/ Net imports.

f/ Totals of trade figures, including North America as reported by Bradstreet's.

Table 4.-- WHEAT, INCLUDING FLOUR: Net exports from principal exporting countries

Country	Preliminary estimates		Net exports	
	1928-29	1929-30	July 1 to	1928-29 : 1929-30
	Million bushels	Million bushels		Million bushels : Million bushels
United States.....	142	200 - 220	Jan 11	95 : 94
Canada.....	421	210 - 230	Dec 31	279 : 110
Hungary.....	24	20 - 24	Sept 30	5 : 10
Yugoslavia.....	8	15 - 25	Oct 31	6 : 15
Argentina.....	217	195 - 210	Jan 11	73 : 105
Australia.....	108	65 - 75	Jan 11	40 : 26
Total.....	920	705 - 784		498 : 360

Table 5.-- WHEAT: Carryover or stocks accounted for July 1, 1928 and 1929, and probable carryover or stocks, July 1, 1930

Position	1928	1929	1930 (Probable)
	Million bush.	Million bush.	Million bush.
United States.....	128	245	190 - 210
Canada <u>a/</u>	114	125	80 - 100
Argentina <u>a/</u>	78	114	25 - 45
Australia <u>a/</u>	30	33	20 - 30
United Kingdom, port stocks: and floating supply.....	60	61	50 - 63
Total.....	416	578	365 - 445

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

Canada

The Canadian Government has revised its estimate of the Canadian crop from 294 to 300 million bushels. This is the smallest crop since 1924, being 267 million bushels less than the record crop of the past season, and 123 million bushels less than the average for the five years, 1924-1928. The crop, however, is of high quality. Inspections through December graded 89 per cent No. 4 and above, as compared with about 53 per cent of the previous crop. Only one-tenth of one per cent graded feed, compared with 5.9 per cent last year. The weight per measured bushel (Imperial measure) is 60.8 pounds, compared with 59.7 in the past season and an average of 59.4 pounds. The protein content is also high.

The western wheat crop came to market early. Receipts at Country elevators and platform loadings to December 31 accounted for 207 million bushels from a crop estimated at 277 million bushels. Allowing for local milling, seed and other uses on the farm, it is probable that only about 25 million bushels more are to be marketed as compared with 82 millions delivered from January 1 to August 1 last season.

Canadian prices have averaged considerably higher in the season to date than in the corresponding months of the past season. Spring wheat prices to growers have averaged 115 cents per bushel compared with 78 cents a year ago and an average of 106 in the past five years. The higher prices, however, are not sufficient to make up for the reduced production. According to the Canadian Government, the total wheat crop of Canada is valued at \$347,000,000, compared with \$451,000,000 in the past season, and an average of \$436,000,000 in the past five years. More significant perhaps is the change in the value of the marketings. The Winnipeg Free Press estimates the value of the marketings of the Prairie Provinces in the season through December at \$182,000,000, compared with \$320,000,000 in the past season. Since the amounts remaining to be marketed in the remainder of the season are proportionately much less than a year ago, it is evident that the producers' income from wheat is being greatly curtailed. The lower income from wheat is accompanied by lower income from other grains and is only partly offset by slightly larger income from livestock. Considering all agricultural products, the purchasing power of the Canadian Prairie Provinces has been reduced to about three-fourths, or less, of the income from last season's production.

Reported stocks of Canadian wheat on January 3 amounted to 229 million bushels, or about the same as on the corresponding date a year ago, but the amount of wheat remaining on farms to be marketed is less than a year ago. The total amount available for export and carryover is probably about 200 million bushels, as compared with 269 million a year ago. The exports from January 1 to June 30 last year amounted to 144 million bushels, leaving on July 1 a surplus of 125 million bushels for export and carryover at the end of the season.

The prospects for the new crop will be watched with interest during the remainder of the season. Following the short crop of 1924 Canada reduced her acreage of wheat 6 per cent. Will she do it again? In the past season the yields of spring wheat averaged 11.4 bushels per acre, against 23.5 in 1928 and a five-year average of 18.4. In an analysis published in June we indicated that fall and early winter conditions have a material effect upon yields. In the past season the yields averaged even lower than indicated by that analysis. It is still too early to make a similar analysis, but it is of interest to note that while autumn rainfall has been better than last year it is still below normal.

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Rainfall in Prairie Provinces of Canada,
September - November

Period	Saskatchewan			Alberta			Manitoba		
	Av 25	1928	1929	Av 24	1928	1929	Av 24	1928	1929
	years	Inches	Inches	years	Inches	Inches	years	Inches	Inches
Sept	1.57	0.38	1.2		0.26	0.5			1.7
Oct	0.94	0.67	0.9		0.42	0.6			1.0
Nov	0.68	0.00	0.8		0.08	1.0			0.6
Total	3.19	1.05	2.9	2.76	0.76	2.1	4.21	3.74	3.3

Other conditions remaining about in line with fall precipitation would indicate a yield about average or slightly less than average upon an area somewhat less than the area harvested last season.

Table 6. - CANADA: Stocks of wheat, November 1 - January 3, 1926-27 to 1929-30

Date	1926-1927			1927-1928			1928-1929			1929-1930		
	West-ern	East-ern	Total									
	Div	Div		Div	Div		Div	Div		Div	Div	
	Mil-lion	Mil-lion	Mil-lion									
	bush	bush	bush									
Nov 1	68	25	93	65	18	83	125	31	156	157	58	215
8	77	28	105	74	24	98	130	38	168	158	61	219
15	82	30	112	79	31	110	133	42	175	159	60	219
22	79	36	115	76	40	116	135	47	182	156	65	221
29	74	42	116	72	51	123	124	65	189	153	70	223
Dec 6	73	44	117	73	66	139	119	81	200	150	77	227
13	74	56	130	79	70	150	129	93	222	152	77	229
20	77	50	127	88	67	155	132	93	225	152	76	228
27	82	45	127	93	66	159	137	91	228	154	74	228
Jan 3	87	42	129	97	63	160	142	88	230	155	74	229

Canadian Grain Statistics

The United States

The only development of particular interest in the wheat situation in the United States is a continuation of the reduction in the visible supply. From the last week in October to the week ending January 25, the visible supply was reduced from 203 million to 171 million bushels; whereas a year ago the stocks at the end of this period were only 11 million bushels below the peak which had been reached at the end of December. The visible supply, however, is still nearly 40 million bushels greater than a year ago, but this is more than offset by a reduction in farm stocks. A survey as of January 1 indicated that the farm stocks were 50 million bushels less than a year ago.

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	141	185
Jan 4	142	182
11	139	179
18	135	175
25	133	171

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.

The earlier movement of the United States crop to market is indicated by a comparison of the receipts of inspected wheat, all inspection points, through the period July-November. The inspections in November of the present season were less than half those of the previous November.

It is also of interest to note that inspected receipts by classes tend to confirm earlier estimates of production by classes. During the first five months, the inspections of durum and hard red spring wheat were considerably less than a year ago, whereas the inspections of hard red winter and soft red winter were somewhat larger.

Table 8. - Receipts of inspected wheat, all inspection points, by classes, July - November, 1928 and 1929

1928							
Class	July	Aug	Sept	Oct	Nov	Total	
	Cars	Cars	Cars	Cars	Cars	Cars	Bushels
Hard red:							
spring :	4,120	9,165	27,767	36,062	25,349	102,463	133,201,900
Durum :	980	2,531	12,746	12,459	6,301	35,017	45,522,100
Hard red:							
winter :	91,490	64,482	29,808	26,068	17,459	239,307	311,099,100
Soft red:							
winter :	8,732	9,225	3,099	2,516	1,195	24,767	32,197,100
white :	2,158	5,229	4,891	4,533	1,669	18,480	24,024,000
Mixed :	4,433	6,324	9,987	8,589	4,482	33,815	43,959,500
Total :	111,913	96,956	88,298	90,227	56,455	443,849	577,003,700
1929							
Hard red:							
spring :	9,361	14,621	19,260	12,062	6,345	61,649	80,143,700
Durum :	2,246	3,833	3,871	2,817	1,600	14,367	18,677,100
Hard red:							
winter :	126,937	73,057	26,444	20,741	11,519	258,698	336,307,400
Soft red:							
winter :	14,302	12,482	3,261	1,879	1,527	33,451	43,486,300
white :	3,012	6,080	4,725	2,446	1,753	18,016	23,420,800
Mixed :	5,197	7,520	5,702	4,305	2,068	24,792	32,229,600
Total :	161,055	117,593	83,263	44,250	24,812	410,973	534,264,900

Table 9.-- WHEAT: Production, exports and prices, by classes, 1923-1929

Production a/

Year beginning July	Hard red spring	Durum	Hard red	Soft red winter	White	Total
	Million bushels					
1923	127	55	241	272	102	797
1924	192	66	365	189	52	864
1925	156	65	206	170	80	677
1926	121	48	360	229	73	831
1927	202	83	317	181	95	878
1928	203	102	385	139	86	915
1929	140	57	340	190	80	807

Exports b/

1923	2	19	27	11	20	79
1924	21	34	121	8	11	195
1925	5	27	10	2	19	63
1926	2	22	73	31	28	156
1927	6	31	65	14	30	146
1928	2	45	38	3	15	103

Price c/

Year beginning July	No. 1 dark northern spring: Minneapolis	No. 2 amber durum: Minneapolis	No. 2 hard winter: Kansas City	No. 2 red winter: St. Louis
	Cents	Cents	Cents	Cents
1923	124	106	105	107
1924	158	156	135	159
1925	165	144	163	169
1926	151	155	135	138
1927	141	132	135	149
1928	126	113	112	139

a/ Estimates of production by classes are based on surveys made in 1920, 1923, and 1924 of the percentage of different varieties of wheat grown, supplemented by investigations and judgment of cereal specialists. All estimates are the result of applying percentages for each State to the production of each State as estimated by the Division of Crop Estimates save that durum estimates of four States are used directly. As there are changes from year to year in the relative amounts of the varieties of wheat grown and also changes in the relative yields per acre, these figures should be considered to be only rough approximations.

b/ Total as reported by the Department of Commerce. Distribution by classes made on basis of United States inspections for export by ports and inspections of United States wheat in the Eastern Division of Canada.

c/ Compiled by Division of Statistical and Historical Research. Prices are average cash price per bushel weighted by car-lot sales.

Prices

The foreign demand for our wheat to date has been disappointingly weak. Large crops and early harvests in deficit countries, large exports of old wheat from Argentina materially reduced the takings of wheat from North America in the first half of the season. Some deficit countries will need to buy more during the remainder of the season and they must turn to North America for a good share of their requirements.

Cash prices generally have improved their position relative to futures. The average price for the remainder of the season is likely to be above the average for the season to date. Considering the average for the season to date, however, and the slowness of exports, it now seems necessary to reduce our November estimates of the probable averages for the entire season.

WHEAT: Average price per bushel for first six months of season 1929-1930 and estimated average for remainder of season

Kind of wheat	Average of weeks ended		Probable average prices for remainder of season
	July 5- Dec 27, 1929	Jan 3, 1930	
	<u>Cents</u>	<u>Cents</u>	<u>Cents</u>
British parcels (to Dec 14).....	140	141	145-155
No. 2 hard red winter, Kansas City.....	122	125	125-130
No. 2 red winter, St. Louis.....	133	137	137-145
No. 1 dark northern spring, Minneapolis	137	136	140-145
No. 2 amber durum, Minneapolis.....	126	124	125-135
No. 1 western white, Seattle.....	125	121	125-130

The prospects for new crops of course will have some influence upon these averages and materially affect the course of prices in the latter part of the season. Heavy winter killing in the United States or Europe would tend to raise these averages, and prospects of normal crops would probably result in prices near the middle of these ranges.

Table 10.-- WHEAT: Closing prices of May futures

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

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		No. 2		No. 1		No. 2		No. 2		Western white	
	six markets	Kansas City	Hard winter	Dx.n.spring	Minneapolis	Minneapolis	St. Louis	St. Louis	Seattle <u>a/</u>	Seattle <u>a/</u>	Seattle <u>a/</u>	Seattle <u>a/</u>
	1928	1929	1928	1929	1928	1929	1928	1929	1928	1929	1928	1929
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Dec 6	109	130	113	125	124	136	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	120	119	118	132	131	136	118	142	137	120	123
31	117		117		131		132		144		118	
Feb 7	117		117		134		132		139		118	

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

Table 11.--WHEAT: Price per bushel, Liverpool, Nov-Dec, 1929

Week ended	Futures		Parcels			
	Dec close	Nov	No.3 N.Manitoba	No.2 Hard winter shipping	Rosafe 63 $\frac{1}{2}$ lb	No.1 N.Manitoba
	Cents	Cents	Cents	Cents	Cents	Cents
Nov 8	130	147	130	130	130	
15	122	138	124	119		
22	128	144	(float) 132	130		
29	131	146	" 137	134		
Dec 6	137	Dec 156	Dec 143	140		162
13	133	" 152	" 138	136		158
20	132	" 149	" 135	132		156
27	134	" 151	" 136	135		157

United States durum situation

The small United States durum crop has been slow in moving into consuming channels the first half of the year in spite of a big decrease in world durum production, due largely to a failure of the export demand. This lack of interest appears to be due principally to a plentiful supply in Italy, and good crops in North Africa. The demand is expected to pick up some the balance of the season, but there is little present indication of a material reduction in stocks at the end of the year.

Total production of durum in the United States and five foreign countries which compete with the United States crop is estimated at about 195 million bushels as compared with about 235 million bushels in 1928 and an average of 188 million in the five years 1924 to 1928. Most of the decrease below 1928 has come in the United States crop.

Durum production in the United States is now estimated at 57 million bushels, the lowest crop in the past five years with the exception of 1926 when only 48 million bushels were grown. It was nearly 40 per cent smaller than 1928 bumper harvest of 98 million bushels. Stocks of durum at Duluth and Minneapolis on July 1, however, were over twice as great as in 1928, bringing the total known supply up to about 65.9 million bushels compared with 102.4 million in 1928. The known supply is about equal to those of 1924 and 1925 amounting to 67.5 and 66.7 million bushels respectively. There was probably a large increase also in farm stocks and country elevator stocks at the beginning of the current year which would swell the total supply still further.

The quality of the 1929 crop is reported to be excellent, in general better than any since 1924, judged by a report of inspections for the three months September to November at Minneapolis and Duluth. That damage which is reported is believed to come mostly from old crop grain which is coming to market mixed with the newer wheat. Of the total durum wheat inspected at Minneapolis in the three months, over 33 per cent graded No. 1 compared with less than 14 per cent in that period of 1928; and nearly 53 per cent graded No. 2 compared with less than 38 per cent in 1928. Due to the small size of the total receipts, however, the total amount of grades 1 and 2 durum inspected was less than in 1928.

This year subclass amber appears to be more plentiful than last, in spite of the reduction in total durum crop. Inspected receipts in the three months were nearly twice as large as last year's small figure. The total amber durum crop would have to be nearly three times as great as last year's to be equal to the 5-year average of the amount of that subclass inspected at Duluth and Minneapolis. Subclass durum inspections at Minneapolis were not much more than a tenth of the unusually large receipts in the corresponding period of 1928 while subclass red durum inspections were less than a third of the corresponding inspections in 1928 and mixed durum about half as great.

Foreign durum wheat production has probably been well above average this year. According to production reports and other indications available the total crop in the five foreign countries which affect the market for our surplus, Canada, Italy, Algeria, Morocco and Tunis, is estimated to be about 138 million bushels as compared with 137 million in 1928 and

a 5-year average of about 116 million bushels. The Canadian crop, judged by inspections through December, is expected to be only about one-third of the 1928 harvest. The durum crop of Algeria is believed to be above average, judged by the estimate of total wheat production. Italy is believed to have a crop well above the record harvest of 1925. Total wheat crops have been large in the minor durum producing countries such as France and Spain, and it is probable that the durum crops have been large also. Stocks in foreign countries from the large 1928 crops have probably swelled the total supply somewhat.

In spite of the small size and good quality of the United States crop, the prices in the first six months have been lower than in 1924 and 1925 when the supply was not much smaller than this year. In 1924 short durum and bread wheat crops abroad appear to have been important factors in strengthening the price, and in 1925 a short United States crop of bread wheats helped to maintain durum prices at a high level. This year the European durum and bread wheat crops are good and the United States bread wheat supply is much larger than in 1925.

This year's United States durum crop has been slow in coming on the market. Total receipts at Duluth and Minneapolis from July 1 to January 1 were less than 25 million bushels, compared with over 60 million in 1928, 40 million in 1924 and 38 million in 1925. Stocks on January 1 at Duluth and Minneapolis totaled 11 million bushels compared with 13 million at that time last year. Adding stocks on July 1 and subtracting those of January 1, it appears that 22 million bushels have already entered consuming channels, as compared with 53 millions for the corresponding period last year, 35 million in 1924 and 32 million in 1925. Shipments out of Duluth from July 1 to January 8 are placed at about 15 million bushels this year compared with 38 million last year and 21 million in 1925.

Export demand has also been slow judged by inspections of United States durum in Canada. Total inspections in the six months, July through December were only about 2 million bushels compared with over 12 million in the same period of 1928, and about 10 million in 1925.

The demand for United States durum the balance of the current export season is expected to improve somewhat. Exports form the most important factor in the disposition of the durum crop, amounting on an average to about 45 per cent of the total. The export demand will probably pick up later in the season as the supplies in importing countries become exhausted. From present indications it appears probable that total exports may reach 13 to 17 million bushels by July 1. Italy is the principal market for our surplus. In the past five years that country has imported an average of over 21 million bushels of which nearly 20 million bushels were of North American origin, believed to be mostly from the United States. Last year total durum imports into Italy were about 30 million bushels, about 50 per cent more than average, in spite of an above average Italian crop. Exports of durum products appear to have been larger than usual but were not important in accounting for the heavy importation and it is probable that more durum than usual was carried into the new year. Average disappearance of durum in Italy in the past five years is indicated to have been about 75 million bushels, and in the past four years about 80 million. Last year total disappearance, including carryover,

appears to have been about 90 million bushels. Assuming a consumption of 85 million bushels in the current year, a domestic production of 76 million, and a carryover of possibly five million bushels, the import requirements would still be about 5 to 10 million bushels, to be supplied principally from the United States.

Exports to foreign countries other than Italy are not expected to be more than average in view of the good crops abroad and the probability of some carryover. It seems more probable that exports to those countries will be below average. Total United States durum exports, on this basis, would be about 13 to 17 million bushels compared with 45 million in 1928-29, and an average of over 30 million bushels.

United States mill grindings for semolina and flour reported in the past five crop years have ranged from 11.2 million bushels in 1924-25 to 15.8 million in 1928-29, averaging less than 14 million bushels. There has been some association between mill grindings and the average annual price of durum. Prices so far this year would indicate probable mill grindings to be between 14 and 15 million bushels.

Seeding requirements equal to the average for the past five years would amount to about 7.6 million bushels. Last year's requirement is estimated at 7.4 million.

Some of the durum crop is used in feeds and to some extent with bread wheats. There is no definite measure of the amount of durum wheat thus used but the total amount so used appears to vary considerably from year to year. Price differentials and the test weight of hard red spring crop form some basis for tentative conclusions. Last year there were some indications of a tendency to use more than an average quantity of durum in ground mixed feeds. The short crop of feed grains and the small margin between the feed grain and red durum prices were probably an incentive to use durum. This year there may also be a greater use for this purpose than average but prices are not so favorable as in the past two years. Factors in determining the amount of durum mixed with bread wheats appear to include the price levels of hard red spring and other bread wheats as compared with durum, the quality of the bread wheats and the size of the crops. This year the quality of the hard red spring crop appears to be good and the test weight high, but the small size of the crop of that class of wheat and other bread wheats together with the margin of durum prices below those of bread wheats would indicate some incentive for mixing this year. It does not now seem probable that the total wanted for mixing both in ground feeds and with bread wheats would be greater than last year.

A total consumption for the various purposes equal to the amounts indicated above for 1929-30 would not materially reduce the carryover.

Foreign demand

The foreign demand for wheat from the United States continues unsatisfactory. This appears to be due to an unusual combination of factors including early harvests and large bread and feed grain crops in some European

countries, large shipments from Argentina, measures undertaken by several European governments to reduce imports, and financial difficulties that tend to discourage forward buying or imports by deficit countries.

Agricultural Commissioner Nyhus cables from Shanghai that two-thirds of the local milling capacity continues idle because of the lack of domestic supplies and because of the very unfavorable silver exchange rate which has practically put foreign wheat beyond the reach of the Chinese millers. Early in January American western red wheat, No. 2 was quoted c. i. f. Shanghai at 137 cents per bushel against domestic wheat at 110 per bushel. Australian and Canadian wheat continued to be substantially higher than the American wheat. Flour prices have advanced, however, and the demand for flour is much improved by reduction in stocks and the development of the good demand from Tientsin.

Consul DeVault at Tokyo reported that market weak and the export demand for flour poor on account of curtailed demand in Japanese and North China markets. He considered, however, that the prospects for future imports from the United States were good.

Tientsin flour market

The continued decrease in the arrivals of wheat flour at Tientsin has resulted in a tendency on the part of the local market to assume a more normal tone according to a report from Consul Robert B. Streoper at Tientsin, China. Estimates of local dealers placed arrivals of flour during December at 260,000 bags, which not only represented a considerable decrease from preceding months, but fell below the normal consumption figure of approximately 60,000 bags a day. The bulk of imports during the month were deliveries on forward orders and local dealers anticipate a further falling off in arrivals during the next few months. No orders were being placed for future delivery nor had any been placed for several months past. Flour production at local mills during December was estimated at 477,000 bags which exceeded all previous records. The decline in arrivals during November and December resulted in withdrawals from warehouses which reduced stocks on hand December 31 to 2,500,000 bags as against 3,500,000 bags on November 30 and almost 5,000,000 bags on October 31. Local dealers anticipate that with reduced stocks on hand, prices should soon rise and the market assume a more healthy aspect. Sales during November were negligible as importers are holding off pending better prices but were slightly better during December. When prices ultimately rise to a point where flour may be sold without a loss to the importers, it is not improbable that dealers will begin to unload their stocks on the market and it is feared that this unloading may again force prices down to their present levels, if not slightly below.

The Berlin office reports that the Continental European demand for wheat should improve in the latter part of the season. It is probable that imports into Germany, Italy and Czechoslovakia will increase. Imports into other countries are likely to be maintained. Mr. Dawson estimates, however, that the European imports for the season will be about 15 per cent less than the imports of the past season.

The rye and feed grain crops of Europe are all larger than the average of recent years. The German potato crop is smaller than last year but other European countries have good potato crops, with the result that the total European potato crop is large and prices are low. The Southern European countries are harvesting excellent corn crops and the Northern countries good rye crops. The pre-war average and the annual estimates of European rye, potato and feed grain production, 1926-1929, are as follows:

Rye, potatoes and feed grains: Estimated European production, excluding Russia, average 1909-1913, annual 1926-1929

Year	Rye Million bushels	Barley Million bushels	Oats Million bushels	Corn <u>a/</u> Million bushels	Potatoes Million bushels
Av 1909-13	978	701	1,931	557	4,164
1926	753	674	1,845	630	3,715
1927	813	659	1,739	462	4,610
1928	901	743	1,881	362	4,563
1929	902	809	2,024	676	4,692

a/ Total production in the ten countries reported in 1929.

The situation in Germany is of particular interest. With a large rye crop and higher duties on wheat, but with smaller wheat and potato crops, will Germany import more or less wheat than last year? The German farm stock of wheat at the beginning of the season was probably less but rye stock somewhat larger than at the beginning of the previous season. The new wheat crop was estimated to be 19 million bushels less than the previous crop. The farm stock as of December 15 was 15 million bushels less and the amount held on farms for sale 12 million less than on corresponding dates of the previous year. In the period July to August, Germany exported 6,600,000 bushels in 1928 and 5 million bushels in 1929. In the same period, total imports amounted to 40 million and 34 million, making the net imports of the period about 5 million less than in the corresponding period of the past season. Ignoring market stocks of foreign wheat for which we have no data, it seems that the disappearance of wheat in Germany in the first five months of the season was slightly less than in the corresponding period of the previous season. Beginning the second half of the season with about 15 million bushels less than the beginning of the corresponding period of the past season it seems likely that Germany will import more wheat than in the corresponding period of a year ago, but it is possible that the increase in imports will not equal the reduction in the supplies on hand.

Cheaper feed grains is an important factor in the situation. The prices of potatoes, rye and all feed grains are lower whereas the price of wheat is higher than a year ago. The farm stock of potatoes as of the middle of December was one million bushels below that of a year ago but potato prices are low due in part at least, to the fact that many of the European countries have large crops. The supply of rye is about the same and the supply of feed grains larger than a year ago. Even though the prices of potatoes and of these feed grains are quite low, wheat prices have advanced indicating an improvement in the demand for foreign wheat.

Table 12 - WHEAT, INCLUDING FLOUR: Net imports into principal European importing countries

Country	1928-29	Preliminary		Net imports	
		estimates	July 1 to	1928-29	1929-30
	1929-30				
	Million bushels	Million bushels		Million bushels	Million bushels
United Kingdom:	204	195 - 210	Nov 30	79	103
Italy	90	55 - 65	Nov 30	34	21
Germany	68	75 - 85	Nov 30	34	29
France	51	20 - 30	Oct 31	17	20
Belgium	41	42 - 45	Oct 31	14	16
Netherlands ..	29	33 - 35	Nov 30	12	14
Czechoslovakia:	17	16 - 18	Oct 31	7	5
Greece	22	18 - 20	Oct 31	5	6
Irish Free State	16	18 - 19	Oct 31	7	7
Austria	15	14 - 17	Oct 31	4	5
Switzerland ..	15	16 - 18	Nov 30	6	9
Sweden	8	7 - 9	Nov 30	3	4
Norway	9	7 - 9	Nov 30	3	4
Denmark	17	10 - 12	Oct 31	4	3
Finland	6	6 - 7	Oct 31	2	2
Poland	4	2 - 6	Oct 31	3	a/
Spain	b/ (15)	0 - 1			
Portugal	b/ (8)	5 - 6			
Estonia	1	1 - 2	Oct 31	a/	a/
Latvia	3	2 - 3	Sept 30	1	1
Total ..	641	542 - 617		235	249

a/ Less than 500,000 bushels.

b/ Unofficial.

The Continental European market outlook for wheat 1929-30 a/

Continental wheat imports during the remainder of this season are expected to show a significant improvement over takings the first part of the season but still to run less than for a similar period last year and for the whole season 1929-30 to fall short of last year's imports. During the first part of the next season, 1930-31, imports will probably be considerably greater than they have been the first months of this season as it is unlikely that such generally good crops of feed grains and also wheat in important deficit countries will occur again next year. Another factor in support of increased continental requirements next season is the likelihood of a decreased carryover compared with stocks at the beginning of the 1929-30 season.

a/ By Assistant Agricultural Commissioner Owen L. Dawson, Berlin, Germany, December 31, 1929. Supplemented by cable.

This year an unusual combination of factors especially important in the first part of the season have resulted in a delayed and to some extent, reduced continental demand for overseas wheat. These factors may be summarized as follows:

1. Large crops in important deficit countries with heavy farm marketings early in the season. Quality of crop generally good and equal to last year's.
2. Largest feed grain crops in a number of years and plentiful supplies of rye.
3. Governmental measures tending to force greater dependence on domestic supplies of wheat especially during the early months of the season.
4. An unusual heavy early marketing from the Danube.
5. Evidence of large world visible supplies which gave buyers a feeling of security in holding off as long as possible.
6. Heavy shipments of old crop wheat from the Argentine during the early part of the season.
7. An unusually mild fall which is said to have reduced or delayed demand for feed grains and possibly to some extent for wheat.

Although continental wheat import requirements for the whole season 1929-30 are below last season it is quite evident that deficit countries have been depending to an unusual extent on domestic supplies the first part of the season, with the result that demand for foreign grain, which has to so large an extent remained dormant, will be compelled to assert itself the latter part of the season as evidenced by the following considerations:

1. Farm stocks in Germany are materially below last year.
2. Advices from Italy indicate that domestic offers were very free during early months and that the trade must turn to foreign sources to a much greater extent during the later months.
3. Buying of foreign grain in Czechoslovakia has been slow during the first months of the campaign because of the world situation but must seek foreign supplies to a greater extent during the later months.
4. The situation in other deficit countries has varied due to the large world visible supply, weak prices and other uncertain elements in the situation, but many countries now have important requirements to fill before the close of the season, if their consumptive needs are normal.

The Argentine crop which exerts a very important influence on the European market at this time of the year has been shown to be considerably reduced below last year. The quality of the Argentine crop is also reported

much poorer than a year ago which may be an important factor in forcing increased dependence on North American supplies for desirable grades of wheat for mixing.

The rate at which deficit Continental European countries will fill their needs during the remainder of the season will depend to a greater extent than usual upon the development of the new 1930 crop. If advices on crop developments in chief exporting countries, principally the United States and Canada, are good in the spring, buying will be curtailed somewhat in the belief that a good new crop will force old crop stocks on the market. On the other hand, if crop advices from America are pessimistic, buying will undoubtedly be considerably accelerated because of low stocks on the Continent and also the improbability of such large grain crops in Europe in 1930.

With average developments to the end of the season, particularly as regards the new crop, it now appears that wheat import requirements for the Continent of Europe for the season 1929-30 will be about 15 per cent or 55,000,000 bushels below 1928-29. This estimate is based upon a study of the various factors affecting the wheat imports of Continental Europe during past years.

1. Wheat crop. This year the wheat crop on the Continent is about equal to last year but considerably above the average.
2. Corn crop - particularly as it affects exports from the Danube and Italy's requirements for foreign wheat. This year the corn crop is the largest since 1926 compared with a crop last year which was the lowest since 1921.
3. Rye crop which competes with wheat particularly in Germany and Poland. Rye supplies in Germany and Poland this year were the heaviest in a number of years as crops were good in these countries and the carryover from last years heavy crops was larger than usual.
4. Wheat supplies in important exporting countries. These are materially below a year ago and below the average, but the heavy visible supply has given this factor unusual weight this year.
5. Trend of disappearance. This appears moderately upward. Both the increasing population and consumption of wheat per capita are important in determining the trend. The former is increasing moderately and the latter seems to be decreasing in favor of a more varied diet (at least in some important countries). The apparent trend of disappearance, however, should be accepted with caution because there is a possibility of an upward trend in crop estimates for some countries where control and taxation methods following the war made it unpopular among farmers to estimate their crops up to the actual amount. The gradual improvement in this situation so that farmers now make better estimates may make it seem that production and subsequent disappearance has been increasing at a greater rate than has really been true, although a moderate upward trend seems to have taken place. Assuming trends were justified, this year's disappearance will probably fall somewhat below as the situation favors the use of substitutes for wheat, as corn and rye for human consumption and certain grains for stock food.

Resume of outstanding points covered in our monthly statements
to date this season.

Although continental wheat supplies this year are near the same as last year, a number of other factors in the situation are much different. The chief points of difference are the larger wheat crops in Italy, Spain and France and the largest domestic supplies of feed grains in a number of years. The total increase in the wheat crop in deficit countries this year is more than 65,000,000 bushels or somewhat more than the amount of reduction in imports we have estimated. It is true that increased production in the deficit countries is favorable to increased consumption, but the good quality of the crop and its favorable price relationships with feed grains will decrease the proportion fed to livestock. Plentiful supplies of rye compete with wheat for human consumption in Northern Europe and corn in Southern Europe, especially in Italy.

In the surplus areas of the Danube the wheat crop this year shows a decrease of nearly 70,000,000 bushels or 19 per cent from last year's large crop. This appears sufficient to offset the increases in deficit countries but the corn crops were so unusually heavy that it now appears the Danubian countries can export somewhat more wheat than last year.

As far back as the first of September we indicated the Continental import requirements might be reduced as much as 16 per cent below last year, and as a maximum, level with last year. Since that time, the crop outturn has been found to be somewhat better than earlier expected and buying of foreign wheat has been much restricted because of free movement of domestic supplies and a record world visible supply. Governmental measures have forced dependence upon domestic grains and the weather has been unusually mild thus decreasing somewhat the consumption of grain generally. This general situation which has favored decreased demand for overseas wheat early in the season has caused us to revise the range of our estimates downward until it now appears that the lower limit envisaged early in the season may be near the actual outcome unless extra-developments occur.

It is true that a large part of the deficit calculated for the whole campaign is still to be filled but the lateness of the season with possible favorable developments for the new crop overseas may cause buyers to cover the remainder of their needs to the minimum extent in the belief that the new crop will force the old crop out of storage at the end of the season. On the other hand, if crops in North America look poor, buying will probably be very active during the closing weeks of the campaign, as it does not seem likely Europe will experience another year with such good grain crops as this year for some time.

With the above considerations to qualify our estimate of needs for the remainder of the season as we have estimated around 15 per cent below last year, it still appears that Continental European demand with expected demand from the British Isles and non-European countries will be sufficient to result in a significant decrease in world's supplies at the end of this season, compared with supplies at the beginning of the season.

Seeding of winter wheat on the Continent seems to have been somewhat larger than last year, although no official reports are available. The Fall weather was favorable to germination and growth, but the weather was somewhat too mild, with the result that the wheat has in places grown too fast and with little snowfall at present sudden and extensive changes in temperature will be detrimental. However, weather later in the winter will be more important than present weather in determining the condition of the crop next spring.

From our general observation of developments in European agriculture the future for continental wheat imports does not show any outstanding tendency toward increasing because of

1. Tendency toward a more varied diet.
2. Tendency toward slower increase in population.
3. Much propaganda toward self-sufficiency in wheat requirements in important countries.
4. Tendency toward increased yields and improvement in quality of domestic grain.

Imports from overseas from the first of July to October/November have been 31,000,000 bushels, or 1,500,000 per week, below the same period a year ago; the remaining $7\frac{1}{2}$ months, according to our estimate of requirements, will show a decrease of about 25,000,000 bushels below the corresponding period last season, or only about 770,000 per week. For the $7\frac{1}{2}$ months (32 weeks) ending June 30, 1930, average weekly imports from overseas on the basis of our estimate 15 per cent less imports for the whole season should amount to but 5,000,000 bushels, while they were 7,640,000 last year. Nevertheless, this means an improvement over the $4\frac{1}{2}$ months (20 weeks) previous, for which weekly overseas imports may be estimated at 5,110,000 bushels this year, compared with 6,610,000 last year

	1928-29 1,000 bushels	1929-30 1,000 bushels
Continental deficit	<u>376,509</u>	<u>320,769</u>
Net imports of deficit countries $4\frac{1}{2}$ months July to middle of November	<u>a/ 149,031</u>	<u>a/ 131,174</u>
Estimated share of Danube	16,534	29,395
Net imports minus share of Danube	<u>b/ 132,497</u>	<u>b/ 101,779</u>
Estimated net imports of deficit countries, $7\frac{1}{2}$ months, ending June 30	<u>c/ 363,817</u>	<u>c/ 230,380</u>
Estimated share of Danube	19,805	11,390
Net imports minus share of Danube	244,012	218,990

See notes on following page.

- a/ Actual data, with estimates for Spain and Portugal included; these estimates assume the same percentage distribution of net imports over the year as in the case of the other 16 countries.
- b/ World shipments for these 4½ months, with a lag of one month behind imports, were 99,207,000 bushels in 1929-30, and 137,787,000 bushels in 1928-29, thus approximating very closely the above figures; movements into and out of free port stocks account for the difference.
- c/ With rough estimates for Spain and Portugal included.

So far as the Continent is concerned, therefore, the world wheat market should improve in the later part of the season. Nevertheless average weekly takings of the Continent from now on are expected to be about 10 per cent below last year, a/ unless unusual new crop developments greatly alter the situation.

Continental wheat business during the early part of the current campaign showed a distinct prevalence of domestic wheat and neglect of overseas. Large sales from Continental surplus areas to deficit regions, heavy early marketing of the crop in deficit countries are a feature of the first three months of the season. Such movements resulted in an important accumulation of wheat stocks in trade channels, and caused considerable congestion in Continental ports, although receipts from overseas were moderate (and much below the two preceding seasons). Since October purchasers became more interested in overseas wheat, and takings increased compared with those from the domestic crop. At the same time the pressure of domestic marketings in deficit countries lessened gradually, with continued heavy movement from the Danube. Port stocks, and stocks in trade channels elsewhere, have tended downward since October and farm stock figures, where available, indicate a rapid rate of domestic marketings this year. December developments were very conservative, however, with business quiet in most of the important regions and only a limited revival becoming evident shortly before the Christmas holidays.

Domestic price developments so far this season have been mixed, but the tendency since the beginning of the campaign has been downward. Increases through July-August were followed by ups and downs over a period of three months, which reduced prices considerably below levels of the early part of the season. The second half of November and the first days of December experienced a generally upward price tendency, but prices since then have not been maintained. Roughly, those movements were in line with overseas tendencies, but the changes were in no way proportional: in other words, price-relationships between overseas and continental wheat have varied. The following table will illustrate these changes.

- a/ Or probably more than that as average shipments indicate that weekly imports during December and January will fall materially below our estimate of weekly average for December through June.

Table 13 .--- PRICE PER BUSHEL - SPREAD CHICAGO - EUROPE a/

Date	BERLIN		PARIS		GENOA		VIENNA		HUNGARY	
	"Märkischer" wheat spot		Domestic wheat nearest month		Domestic wheat nearest month		"Vienna Boden" wheat spot		"Tisza" wheat 79/80 kg spot	
	1928	1929	1928	1929	1928	1929	1929		1929	
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Sept 6	+ 29.8	+ 17.7	+ 54.0	+ 21.9	+ 23.4	- 13.1	- 5.4	- 5.4	- 5.9	
Oct 4	+ 18.4	+ 17.3	+ 50.1	+ 24.1	+ 11.0	- 9.5	- 10.2	- 10.2	- 10.7	
Nov 8	+ 20.4	+ 23.6	+ 50.9	+ 31.8	+ 10.0	- 4.3	- 1.8	- 1.8	+ 3.5	
" 22	+ 21.1	+ 32.9	+ 47.6	+ 25.0	+ 9.3	- 4.1	- 1.3	- 1.3	+ 4.0	
Dec 6	+ 18.6	+ 30.9	+ 47.7	+ 23.5	+ 6.2	- 6.5	- 2.5	- 2.5	+ 3.4	
" 13	+ 17.2	+ 31.2	+ 46.8	+ 28.9	+ 8.2	- 1.7	+ 2.2	+ 2.2	+ 7.5	
" 17	+ 16.8	+ 33.4	+ 46.4	+ 28.3	+ 9.2	- 0.9	-	-	-	
" 20	+ 16.8	+ 37.9	+ 46.0	+ 28.9	+ 10.0	+ 0.9	b/ + 4.6	+ 4.6	+ 9.9	

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

b/ Estimate.

The price-spread shows a relative increase in domestic European prices compared with North-American during September-December 1929, that is an improvement in the import position of the latter. Last year, developments were the reverse. This is in-line with the fact that 1929 domestic supplies experienced preference on the part of Continental buyers into November, with resultant more rapid curtailment of remaining domestic surpluses and growing dependence on overseas sources.

Price per bushel in German markets November 1928 and 1929 a/

	Nov 1928	Nov 1929
	Cents	Cents
Corn, Hamburg	131.6	108.5
Wheat, Berlin	137.1	150.3
Rye, Berlin	122.3	102.1
Barley, Breslau	108.9	83.0
" Leipzig	117.2	93.6
Potatoes, red, Breslau	54.3	36.7

a/ Corn prices for 1929 are from Wirtschaft und Statistik; for 1928 from the German Yearbook. The other prices are from Deutsche Reichsanzeiger.

Germany

The outlook for German imports of foreign wheat is for larger takings than last year by about 16,500,000 bushels a/. The crop of wheat was about 16,500,000 bushels less than last year but the rye crop was again large following the very heavy crop of last year, with the result that rye supplies are greater than a year ago. The relation of wheat to rye prices does not favor feeding of wheat this year as much as last year and special inducements are made by the government to encourage rye feeding so it appears that somewhat less wheat will be utilized as stock feed than

a/ This now seems likely to be too high. The editor considers it doubtful that the increase in exports will be as much as 10 million bushels.

last year. A study of the relationship of German wheat production to imports, trend of consumption as represented by disappearance of domestic wheat plus net imports, and rye production was made in order to determine the probable imports for the season 1929-30 based on the position of these factors this year. The government regulations enforcing the milling of a higher per cent of domestic wheat together with heavy farm marketing early in the season and the uncertain tendency in world prices has delayed import purchases.

That Germany must look to overseas sources for a large part of her wheat requirements the remainder of the season is indicated by comparatively low stocks of overseas wheat in trade channels, a rapid disappearance of the domestic crop as indicated by farm stocks and supplies available in surplus European countries.

German wheat prices have been higher than last year so far during the season and for the rest of the campaign 1929-30 somewhat higher prices are expected, with the average price of 1929-30 probably higher than last year. Domestic wheat prices showed a declining tendency during August and September, reaching the lowest level in September, October and the beginning of November, after which a slight improvement was registered. The price movement changed several times during the past two months but the tendency was generally upward. As compared with overseas prices domestic prices have strengthened continuously since September and have become much more favorable for importing grain.

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

Table 14 .-- GERMANY: Price per bushel of domestic wheat and rye, November 6, 1929-January 22, 1930

Date	Wheat			Rye
	Hamburg <u>a/</u>	Breslau <u>b/</u>	Berlin <u>c/</u>	Berlin <u>d/</u>
	Cents	Cents	Cents	Cents
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			98
15	169			96
22	168			95

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.

The net import of wheat and flour into Germany during the period July through November amounted to about 29,000,000 bushels compared with 34,000,000 in the corresponding period 1928-29. About 5,000,000 bushels less than last year were imported up to December 1. This leaves about 56,000,000 bushels to be imported during the remainder of the season December 1 to July, compared with 35,000,000 bushels imported during that period last year. It appears that the trade stocks of foreign wheat, which were possibly somewhat larger than normal at the beginning of the season, owing to a large import before the last tariff increase, have greatly diminished in the meantime and are now below normal. The domestic crop 1929 was about 13 per cent smaller than last year and the quality very good though not much different from the quality of the 1928 crop. The turnover of domestic wheat from the 1928 crop was in no case abnormally large. On the other hand the movement of the domestic wheat crop in 1929 was quite rapid. Farm stocks of wheat on December 15 were about 15,000,000 bushels smaller than last year and stocks available for sale about 12,000,000 bushels smaller. The consumption of domestic wheat was stimulated greatly by a government order prescribing that from October 1 to January 31 50 per cent of the milled wheat by each individual flour mill must be domestic wheat. ^{a/} The trade stocks of domestic wheat are probably somewhat larger than last year but not so large as to have a depressing influence on prices. The fact that the German market has recently become quite sensitive to upward price turns in America seems to indicate that Germany will be in the market for larger purchases in the near future. Exports of wheat were running very large during September and October, but declined considerably in November, which is mostly attributed to the relative firmness of German quotations compared with prices in other countries.

The rye market has been greatly depressed until now and the outlook remains unfavorable for the rest of the campaign though some increase in prices is to be expected. Rye prices tended downward from the beginning of the campaign to the middle of November when the lowest level was reached. The improvement of wheat prices during the past two months caused a slight increase in rye prices. Rye prices have been very unfavorable during the whole campaign with the average price from August to November about 15 to 20 per cent lower than last year. The outlook for rye remains unfavorable owing to large stocks on farms and in trade channels. Rye exports were very large during the period September to November but showed a tendency to fall off following October.

German price developments and also the buying policy of the trade were to some extent affected by the proposals for tariff changes made during the past month. The government initiated a tariff bill which proposed a system of sliding duties on grain. The bill passed the Reichstag on December 21 after very important changes had been made. The most important items of the new tariff law are as follows: The government is authorized to stipulate the wheat and rye duties within given limits. The limits for the wheat duty are 22.69 and 61.59 cents per bushel and for rye 18.15 and 54.46. The Government must adjust tariffs if domestic wheat

^{a/} This is reported to have been extended to the end of February.

prices during a certain period fall below or rise above 168.6 cents for wheat and below or above 139.2 for rye. The present import certificate system a/ has been changed considerably by the new tariff law. Until now the import certificates had the full value of the duty. According to the new tariff law the value of the import certificate will remain unchanged at 42.14 per bushel for wheat and at 36.30 for rye if the tariffs are 42.50 cents and 36.30 cents respectively or higher, but if the tariffs are reduced below these points the value of the import certificate is reduced accordingly. The export stimulus resulting from the import certificate system will be as strong as it has been under the present system if prices are low, but will be less pronounced when the tariffs are higher, which is when the domestic price is comparatively low according to the system of sliding duties. The highest duties of 61.59 for wheat and 54.46 for rye have been made effective as a general duty and will become effective after the ratification of an amendment to the German Swedish trade treaty by the Swedish Parliament as it has already passed the German Parliament. The duties that have been in force against the most favored nations are 42.50 for wheat and 36.30 for rye. The wheat and rye flour tariff equals 150 per cent of the wheat duty plus 45.9 cents per 100 pounds. The tariffs on other grains have been changed too, but they do not have the character of sliding duties. The duty on brewing barley is fixed at 46.67 cents per bushel against the present 25.93 cents duty in effect against the most favored nations and a general duty of 36.30. The duty on feed barley was raised from 10.37 to 25.93; after December 31, the feed barley tariff, however, will again be reduced to 10.37 cents. The increase is only a temporary measure for the purpose of reducing the rye surplus by stimulating rye feeding. The duty on oats is raised to 27.66 cents per bushel; the present tariff against the most favored nations is 20.74 and the general duty amounts to 24.20. The value of the import certificate for oats is 20.74 per bushel and for brewing barley heavier than 52 pounds per bushel 23.71. Only for a contingent of 55,000 short tons can import certificates of 33.71 be given out during a calendar year. Import certificates for brewing and industrial barley cannot be used for payment of duties on feed barley.

The planned tariff measures have already had an influence on the German market. Wheat imports have increased since October, though still remaining smaller than last year. The import market for wheat and feed barley is expected to be very active in the near future before the new rates become effective. The total takings of foreign wheat during the season 1929-30 will probably be affected to a small extent, but the import requirements of foreign feed barley will undoubtedly be reduced materially by the new tariff

The most important German rye exporters (Getraide-Industrie und Commission A.G. (the so-called Scheuer-Konzern), and the Getreide-Handelsgesellschaft) have made a provisioned agreement with the Polish Grain export syndicate with respect to export business in rye. Arrangements will be made from week to week relative to export prices in order to avoid an underbidding of both parties, especially in the Scandinavian market. The establishment of a German rye export syndicate similar to the Polish syndicate is being planned for the next campaign.

a/ A description of the "German Import Certificate System" was published in "Foreign Crops and Markets", 1926, March

France

The extraordinarily good crop of wheat in France has reduced their net import requirements to about half of last year's takings. With rather important stocks at the beginning of the year and a crop of about 334,000,000 bushels prices in France have been unprofitable to the producer and the government was urgently requested by grain farmers to devise measures for improving the wheat price situation. A resumé of the important features of the law follows:

Article 1. The new law makes it possible for the Minister of Agriculture to fix the lowest percentage of domestic wheat that millers are permitted to use in flour manufacture for bread making as well as for other food purposes. The power of fixing the limits of extraction of bread flour destined for domestic consumption is also given the Minister of Agriculture.

It is provided that within 15 days after the law has become effective millers must give figures concerning stocks of domestic and foreign grain flour and substitutes. After such an inventory has been completed it is obligatory for control purposes for millers to keep an exact record concerning arrivals and shipments. Contravention is punished by a fine of \$19.70 to \$1,970 and imprisonment of 3 months to 3 years.

Article 2. The addition of substitutes to bread flour for domestic consumption is optional and applies to rye only.

Article 3. The system of temporary admission is strengthened and if the importer fails to reexport grain or flour within three months the amount of the consigned duty must be paid to the Treasury. Furthermore, the delinquent will have to pay double the duty in accordance with the quantities not again reexported. In repeated cases the duties will be tripled. As a transitory measure this applies to all wheat declared in temporary admission since the 17th of November 1929.

Article 4. Within the limits of the quantities imported under the system of temporary admission a/ during July and August 1929 and the funds resulting from consigned duties on the same grain, duties will be refunded on grain exported either as grain or as flour within 3 months after the publication of the law according to conditions fixed by decree stipulated by the Ministers of Agriculture, Finance and Commerce.

Article 5. This article gives the Minister of Agriculture power to fix by decree the percentage of hard Algerian wheat permitted in certain food products.

a/ Gives the right to import a quantity of grain free of duty equal to the amount exported within a specified time.

Article 6. From now on the Government is authorized to proceed by decree to the levy of duties on cereals or their derivatives but a proposal of a law concerning ratification of such a decree must be submitted within 5 days following the signature of the decree.

The following important decrees relative to the France Law relating to wheat control have been announced:

Declaration of Stocks. The provision of Article 1 relative to the requirement that millers must declare stocks of wheat and flour on hand is set in force.

Percentage of Foreign Wheat allowed for Manufacture etc. according to Article 1. A decree setting this at 3 per cent is announced except for flour to be used in diet bread which may be as high as 80 per cent.

Under the provision of Article 4 some grain is being exported but as the funds in the government's hands for reimbursing of duties under this article amount to only \$4,609,800 only a limited amount of grain can be exported with the aid of a premium which is at present 80 cents per 100 pounds. The grain moving out is going to England, Belgium, Holland, Switzerland and to a small extent Germany..

Some difficulties are encountered in marketing wheat and flour in foreign countries and because of increased import duties and lack of demand for French kinds of wheat no material increase in French wheat exports is likely in the absence of export premiums. A study of wheat prices in various countries in comparison with prices in France indicates little in favor of importing French wheat with the added disadvantage of the duties.

With the evident need of some overseas wheat of certain grades and difficulties in exportation it appears that rather large stocks of French wheat will be carried over into the new season contrary to what appears likely in many other European countries.

Sowings of the new crop are at present in good condition but the weather has been too mild and prolonged low temperature could cause material damage.

Italy

Estimated wheat import requirements of Italy for the season 1929-30 show a considerable reduction from last year because of the unusually large domestic wheat crop together with an abundant corn harvest. Imports of 58,800,000 bushels appear probable from present conditions based upon a study of Italy's wheat imports in relation to domestic wheat production, trend of consumption and other factors.

The Italian purchases of foreign and especially of overseas wheat have been very small during the first part of the season 1929-30. Wheat imports from July to November amounted to 21,000,000 bushels as compared with 35,000,000 in the corresponding period of last year; this leaves about 37,000,000 to be imported during the remaining 7 months of the season compared with 57,000,000 imported last season during a similar period.

Native wheat was offered rather freely early in the season and with insufficient storage space to cope with such an exceptionally large movement prices of native wheat were depressed below the value of foreign wheat. The higher duty to some extent added to the disadvantage of foreign wheat.

The small purchases which were made in overseas wheat until now were practically all confined to hard varieties. Some of the usual requirements of overseas wheat have apparently been substituted by Hungarian wheat which is of excellent quality this year. The price spread between domestic wheat and American wheat has continued to develop favorably for overseas wheat since the beginning of the season, but the price relationship is still less favorable for overseas wheat than a year ago.

With stocks in trade channels now considerably reduced below early months and somewhat improved prices buying of foreign grain will show increased activity during coming weeks as still about two-thirds of the import requirements must be filled. It has been reported that a large part of the increased production this year was in Southern Italy and the Islands, where Durum is especially important. This is expected to reduce Italy's demand for Durum to a rather low figure.

Netherlands and Belgium.

Grain import business in the seaports Rotterdam and Antwerp has been unusually small during the first part of the campaign. The domestic flour mills had but limited requirements and their buying policy was generally reluctant. Germany which imports a large share of her foreign wheat through Holland and Belgium was only for short periods an active buyer and for weeks there was practically no demand from the German side. Port stocks increased considerably in September and October and reached a top level at the beginning of November. Since then a decline in port stocks took place. During the period August to beginning November an unusually large share of the transactions were made in Danubian wheat but later on the importance of Danubian wheat fell off considerably. The wheat crop in Holland turned out much better than was indicated by the very pessimistic condition reports of the summer which has somewhat altered the opinion on import requirements.

In the second half of November transactions in overseas wheat were fairly large with the German demand active in consequence of unfavorable Argentine crop reports and the expectation of a tariff increase. Later on the market quieted and only at times important transactions were made.

Danube Basin

The Danubian surplus countries disposed of the bulk of their wheat surplus much earlier this year than was the case in previous seasons. The total surplus available for shipment from July 1 to June 30, 1929-30 is comparatively high ^{or} -/several reasons. Our estimate now amounts to about 40,785,000 bushels compared with actual net exports of about 36,000,000 bushels in 1928-29. Thus, the estimate for 1929-30 is higher than for 1928-29, despite a 1929 crop considerably below 1928. One important factor in the situation is the corn crop. While last year the corn crop in South-eastern Europe was a near failure, it is very good this year (and also of good quality). As corn is an important crop for human consumption in a large part of the Danube area, besides its importance for stock feeding, a supply as large as this year's will release quantities of wheat for export greater than otherwise possible. There were also some supplies of old crop wheat still available at the beginning of the new season, particularly in Yugoslavia, which were exported during the early part of the new campaign, as soon as a satisfactory crop of both wheat and corn was assured.

As stated above, much of the Danubian surplus is already sold, and exported. Another feature of the current Danubian campaign is the greater share of exports to Western Europe and the Scandinavian countries. These shipments are effected down the Danube by sea route. The following table shows developments of Danube shipments both by four week periods and accumulated since August 1, with comparisons for the five preceding seasons.

Table 13. - 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 27-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
Since Aug 1	: 1,800	: 2,645	: 5,511	: 3,160	: 1,727	: 13,852

a/ A much larger share of the exportable surplus is reported to have moved down the Danube this year.

b/ For 1929. Other years, nearest comparable period.

Danubian shipments to date were therefore more than twice as high as during any of the corresponding periods 1924-1928, and 8 times as high as the lowest corresponding figure, 1924-28. Data on exports by railroad - mostly to Austria, Southern Germany, Czechoslovakia, Switzerland and Italy - are not available, but it may be assumed that considerable quantities have moved out also in that direction.

Important reduction in remaining surpluses, therefore, has taken place and supplies still available for export from the Danube Basin are moderate. Price developments confirm these assumptions.

Price-spread per bushel

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

	<u>Cents</u>	<u>Cents</u>	<u>Cents</u>
Sept 6	- 5.86	Nov 18	+ 3.50
Sept 20	- 6.05	Nov 22	+ 3.96
Oct 4	-10.70	Dec 6	+ 3.38
Oct 25	+ 6.37	Dec 13	+ 7.50
		Dec 20	+ 9.91

Longer periods considered, the tendency of the price-spread is distinctly in favor of North American wheat. The Hungarian price tendency represents roughly also the tendency in Yugoslavia. These price developments are to some extent also indicative of the development of export sales. August, September and October were months of active export business and shipments, November and December sales were still of moderate volume, but considerably below previous months.

Business in the Danubian deficit regions, Austria and Czechoslovakia has been only medium to date, and considerable import requirements will still have to be filled. Czechoslovakia, for instance, imported 4,846,000 bushels, July-October, 1929, while last year she imported 7,205,000 bushels during the same period. According to our estimate, imports November-June, 1929, will be 13,375,000 bushels, compared with 9,645,000 last year.

Poland

The domestic grain market in Poland has been depressed much of the season and import demand quiet. The good wheat crop and large rye crop have combined to have a depressing effect on the market. Offers have been large most of the time but buyers were generally reluctant. The rye market has been poorer than the wheat market because of the large export surplus of rye. Polish rye exports have had to meet the competition of German rye which was offered in large quantities in the Scandinavian export markets. In November a system of export bounties was introduced for grain and flour. For carrying through the export bounty system a central export organization was established which grants export contingents for which export bounties are paid. The introduction of export bounties had a favorable influence on wheat and rye prices in November and early December but later prices fell off as contingents were rather small. There have been negotiations with the most important German rye exporters which have led to a provisional agreement concerning the marketing policy in doing business with Scandinavian countries. From January 1, 1930 on there will be some control of the German and Polish rye exports to the Scandinavian countries with the purpose of avoiding an unfair competition. For the campaign 1930-31 a close co-operation between the Polish and German rye exporters is planned.

Soviet Russia

Imports or exports of wheat are unlikely during 1930. The more or less unsatisfactory crop results of 1929 a/, the considerably higher procuring results b/, the economy practiced in the domestic grain consumption c/ and the strenuous efforts of the Soviet Government to bring agriculture into line with developments in industries other than agriculture are the chief bases for this assumption. On the other hand, 1930 exports of wheat are very unlikely despite recent rumors of Russian offers and possibly sales having occurred inasmuch as there is a considerable degree of uncertainty as to the future outturn of both gross and commercial crops in 1930 and the necessity of building up reserves.

However, any extraordinary events, such as complications in foreign relations, unforeseen increase in the demand for products of the heavy industries or any difficulties arising from the rapidly increasing rate of collectivization of Russian agriculture, may tend to force the Government to take recourse to measures previously thought unlikely. Apart from such possibilities, however, it is not probable that the Soviet Union will exercise any noticeable influence on the world wheat market during the current agricultural year and a few months beyond that period. All further developments will depend upon the outturn of the 1930 grain crop and any material changes in the 1930 crop from that of the foregoing year may bring about changes in Russia's plans which cannot be clearly foreseen.

It is quite possible that Russia may experience one of her dry years in 1930; weather reports, therefore, will have to be carefully watched as any unfavorable development in that respect will naturally cause a tightening of the domestic grain market and will hamper the execution of Government's plan materially. Present Government plans provide for a renewal of grain exportation at the end of the 1930-31 but indications to that effect are still rather vague.

a/ It is officially stated that the 1929 crop of all grains is 4.9 per cent above that of the previous year but downward revisions are likely. The bread grain crop, however, was even reported somewhat short of that of 1928.

b/ Procurings this year having amounted to 14 million short tons to December 1 compared with 5 million procured during the same time last year and 10 procured during the whole of the 1928-29 season.

c/ The application of the so-called "bread cars"

The 1930 plan foresees an increase of total grain production of 16 per cent as compared with 1929 based on a 10 per cent increase of acreage under grain and some 8 per cent increase of the yield. a/ It is apparent that this plan cannot be accepted without reservations, but it should not be forgotten that all Government authorities are well aware of the importance of the current agricultural season and that the Government will do the utmost to execute its plans.

Autumn seeding - the first stage of the agricultural campaign - did not prove a 100 per cent success, the Government plan of a 7 per cent increase of acreage having been nonexecuted by some 2 to 3 per cent. This was chiefly due to prolonged period of dryness prior to and during the normal sowing period. It will be important to note that an increase of acreage even larger than foreseen by the plan took place in several less important regions, whereas the acreage showed an increase smaller than provided for by the plan or remained stable b/ or decreased or in important regions such as Ukraine, North Caucasus and Lower Volga. Winter wheat generally shows more resistance to adverse vegetation conditions than wheat sown in spring and summer droughts, most detrimental to spring wheat occur more often than winter kill.

It is also important to mention the collectivization of the Russian village which is the outstanding feature of the current agricultural year. The above mentioned plan of the State Planning Committee foresees a further spreading of collectivization and no less than one-third of the total spring acreage of USSR is to be sown by collective farms. Taking into consideration the large increase of acreage of the Soviet Farms as well, the socialistic sector of Russian agriculture will play an extremely important role next year. In spite of the difficulties which the rapid rate of collectivization of Russian agriculture present they will be, at least, partially offset by the comparative ease with which a part of the 1930 grain crop will be procured by the Government because of the greater influence the Government is able to exercise over both Soviet and collective farms.

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- a/ Present official estimates of the 1929 crop indicate 84.1 million short tons but it is likely that downward revision will take place.
- b/ Latest reports indicate that the total acreage sown to winter wheat remains unchanged compared with last year. The increase in the total grain acreage is due to the increased rye sowings.

Table 16.-- WHEAT: Balances, season July 1 to June 30

Country and item	1928-29	1929-30
	<u>1,000 bushels</u>	<u>1,000 bushels</u>
<u>GERMANY</u>		
Production	141,593	123,090
Net imports:		
July - Oct	28,507	24,559
Nov	5,002	4,189
Dec - June	34,989	
Apparent utilization	210,091	
<u>ITALY</u>		
Production	228,596	260,657
Net imports:		
July - Oct	26,914	39,847
Nov	7,211	11,574
Dec - June	55,621	
Apparent utilization	318,342	
<u>FRANCE</u>		
Production	281,285	319,863
Net imports:		
July - Sept	12,693	17,517
Oct	4,305	2,682
Nov - June	34,334	
Apparent utilization	332,617	
<u>BELGIUM</u>		
Production	17,986	15,995
Net imports:		
July - Sept	11,000	12,067
Oct	3,392	4,027
Nov - June	26,970	
Apparent utilization	59,348	
<u>NETHERLANDS</u>		
Production	7,336	4,666
Net imports:		
July - Oct	9,903	10,765
Nov	2,521	2,968
Dec - June	16,396	
Apparent utilization	36,156	
<u>CZECHOSLOVAKIA</u>		
Production	51,499	48,065
Net imports:		
July - Sept	4,705	3,459
Oct	2,482	1,137
Nov - June	10,006	
Apparent utilization	68,692	

Continued

Table 16.-- WHEAT: Balances, season
July 1 to June 30 - Continued

Country and item	1928-29	1929-30
	<u>1,000 bushels</u>	<u>1,000 bushels</u>
<u>SWITZERLAND</u>		
Production	4,270	a/ 5,791
Net imports:		
July - Oct	5,272	7,670
Nov	1,134	962
Dec - June	9,089	
Apparent utilization	19,765	
<u>GREECE</u>		
Production	13,085	8,481
Net imports:		
July - Sept	4,299	4,740
Oct	1,185	1,543
Nov - June	16,659	
Apparent utilization	35,228	
<u>DENMARK</u>		
Production	12,214	
Net imports:		
July - Sept	3,201	2,017
Oct	1,132	960
Nov - June	12,711	
Apparent utilization	29,258	
<u>POLAND</u>		
Production	59,219	60,259
Net imports:		
July - Oct	2,673	225
Nov - June	1,036	
Apparent utilization	62,978	
<u>SWEDEN</u>		
Production	19,155	18,724
Net imports:		
July - Oct	2,915	3,293
Nov	454	524
Dec - June	4,184	
Apparent utilization	26,708	

Continued

Table 16.-- WHEAT: Balances, season
July 1 to June 30 - Continued

Country and item	1928-29	1929-30
	<u>1,000 bushels</u>	<u>1,000 bushels</u>
<u>FINLAND</u>		
Production	998	1,095
Net imports:		
July - Sept	1,375	1,553
Oct	856	565
Nov - June	3,864	
Apparent utilization	7,093	
<u>LATVIA</u>		
Production	2,499	2,366
Net imports:		
July - Aug	404	551
Sept	294	257
Oct - June	2,094	
Apparent utilization	5,291	

a/ Includes spelt.

Southwest Germany as a market for wheat and flour
from the United States

The American Consulate at Stuttgart makes an interesting report upon the market for wheat and flour in southwest Germany. The Consulate circulated a questionnaire to a number of flour mills and leading grain and flour dealers in the district. The majority of grain and flour dealers, in answering the Consulate's letter of inquiry, gave it as their opinion that there was a possible market in this district for wheat from the United States but not for flour. The most informative of the replies, translated, reads as follows:

"In reply to your inquiry of November 6, 1929, we have to inform you that American wheat does have a market here and this despite the efforts of the German Government to protect home grown wheat. The reason why American wheat is required is due to the fact that German wheat is not sufficiently glutinous and in order to mill a flour suitable for baking purposes, American wheat must be added to the local wheat. It may be that this year the competition of Argentinian wheat has somewhat lessened the demand for wheat from the United States."

"It does not pay to import wheat flour here because the custom's duty is too high on it."

The custom's duty on wheat flour is 14.50 marks per 100 kilograms, or nearly \$1.57 per hundred pounds.

A certain percentage of high grade American wheat is often mixed at the mills with the locally grown wheat to improve the quality of the flour. Domestic wheat sells in Stuttgart at about 166.9 cents per bushel, whereas American wheat is priced here at 184.3 to 212.3 cents per bushel according to quality.

The cost of freight and insurance on wheat from Chicago to Rotterdam is reported at approximately 12.24 cents per bushel and the freight from Rotterdam to Mannheim is approximately 5.44 cents per bushel. These are freight charges paid on wheat imported from the United States. The import duties on wheat coming from the United States are 41.90 cents per bushel and on Canadian wheat 48.62. The total freight and duty charges, therefore, on American wheat laid down at Stuttgart would be about 59.6 cents per bushel.

An article appearing in the Freiburger Zeitung for November 11, 1929, which reported this inquiry and replied to it, is of great interest. A translation of this article follows:

"A number of Mannheim flour dealers, grain dealers and even grain mills in Mannheim have received a circular questionnaire from the American Consular Service in Stuttgart, requesting information as to the market in Mannheim for wheat and wheat flour. It is stated therein that 'the Consulate is especially interested to learn if there is a possibility of importing wheat and wheat flour from the United States into this district, if these American products are offered for sale at this time, and if so, how the prices for American wheat and wheat flour compare with those for local products.' The fact of the matter is that on account of the custom's duty, American flour cannot be considered for import into southern Germany. Nevertheless, this question is much talked about in interested circles. Foreign mills at earlier periods have exported de luxe flour to Germany by 'dumping', whereby, it is true, the prices for German de luxe products of at least as good a quality were forced below the normal. But the German mills were forced thereby to raise the prices of the general grade of products necessary for the maintenance of the German people. The large mills in the Mannheim-Ludwigshafen-Worms center have lost important markets through the separation of Alsace-Lorraine and the more difficult traffic with the Saar. The remaining markets they can maintain only by furnishing flour of quality, but in this they are hindered by the regulations compelling the admixture of other grains in making flour. The results on the South-German milling industry cannot be foreseen if the much talked-of compulsion for mixing 15 per cent of rye with wheat would come into force, and if America would go so far in its assistance to farmers to increase its export by 'dumping'. The capacity of the German mills for purchasing German wheat would thereby be considerably

diminished, at a time when the export of German mill products had been greatly decreased as a result of unfavorable commercial treaties. An important means of helping the farmers would thereby have to be given up. In addition we have been informed that some attempts have been made to import flour from Manitoba via Hamburg to Mannheim, but with little success, as this flour proved much too glutinous and could not be used alone but only when mixed with German flour. Compared with this mixture German mixed wheat flour was found to be of at least equal quality."

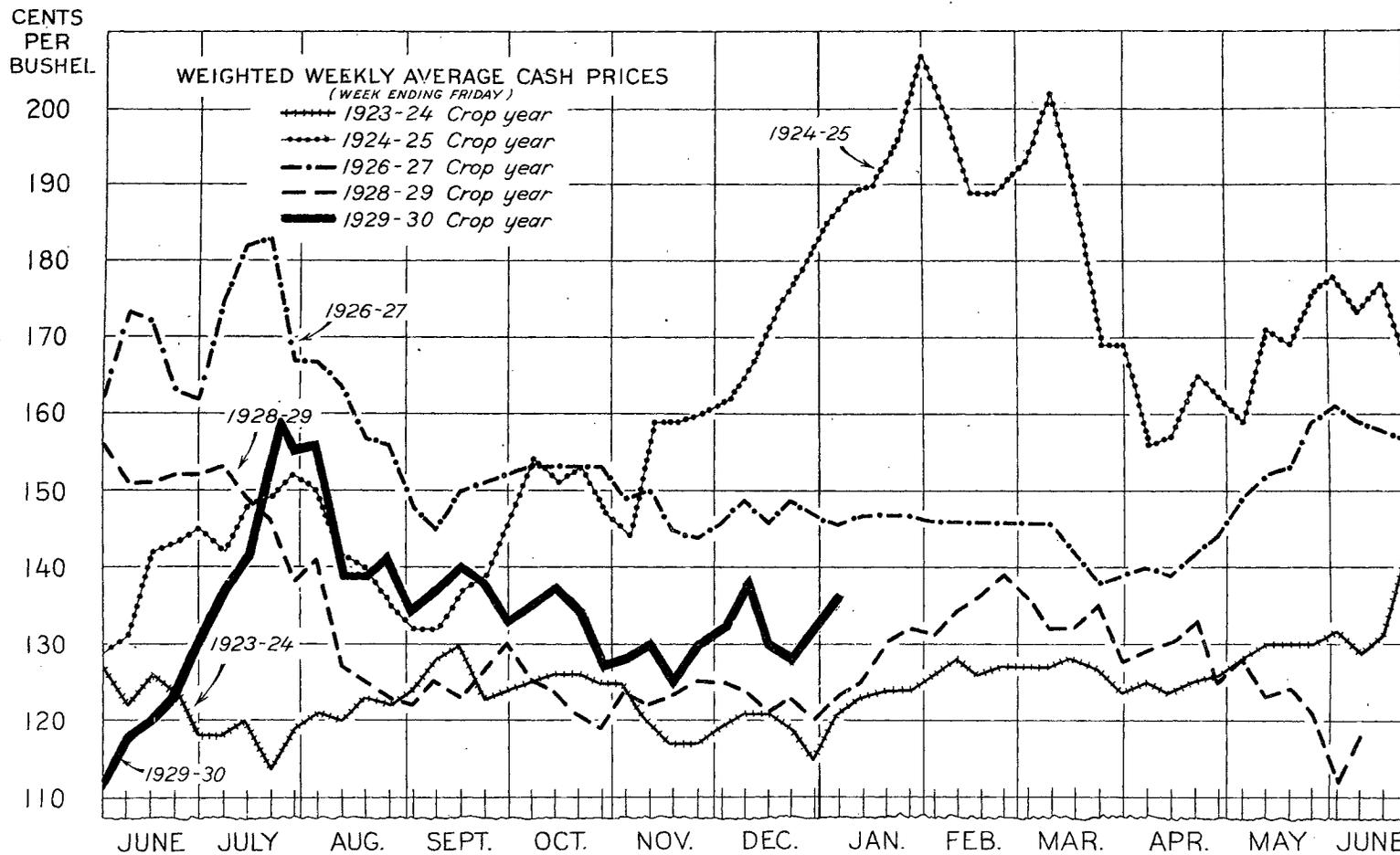
Egypt as a potential flour market

Egypt is a potential market for increasing quantities of flour according to a report by American Consul, Raymond H. Giest, received in the Foreign Service of the Bureau of Agricultural Economics. Egypt now consumes approximately 1,150,000 short tons of wheat and flour annually with a present population of about 14,400,000. About 25 per cent of this is imported, mostly in the form of flour. Bread constitutes the chief article of food for the Egyptian peasants and laborers, but at present, the consumption of white flour is confined largely to the urban population. Consul Giest states therefore, that if the price of wheat flour was such that the poorer people could buy it or in the advent of an increased purchasing power and a higher standard of living, Egypt might consume a considerably larger quantity of wheat and flour than at present.

Wheat production in Egypt has increased very little since 1920 and being a winter crop, its cultivation, unlike that of cotton, is not particularly affected by the development of irrigational projects. Wheat growing enters into competition with beans, barley, berseem, onions, lentils, and a few minor crops.

Wheat imports are principally from Australia as that wheat can usually be obtained at a lower price than other wheats, its color is well suited to the trade, and Australian firms generally grant more favorable terms than either American or Canadian firms. However, American and Canadian flours of superior quality are imported when the price is sufficiently low. Italian flour has of late been offering severe competition with American "Durum", according to Consul Giest.

WHEAT: PRICE OF NO. 1 DARK NORTHERN SPRING AT MINNEAPOLIS



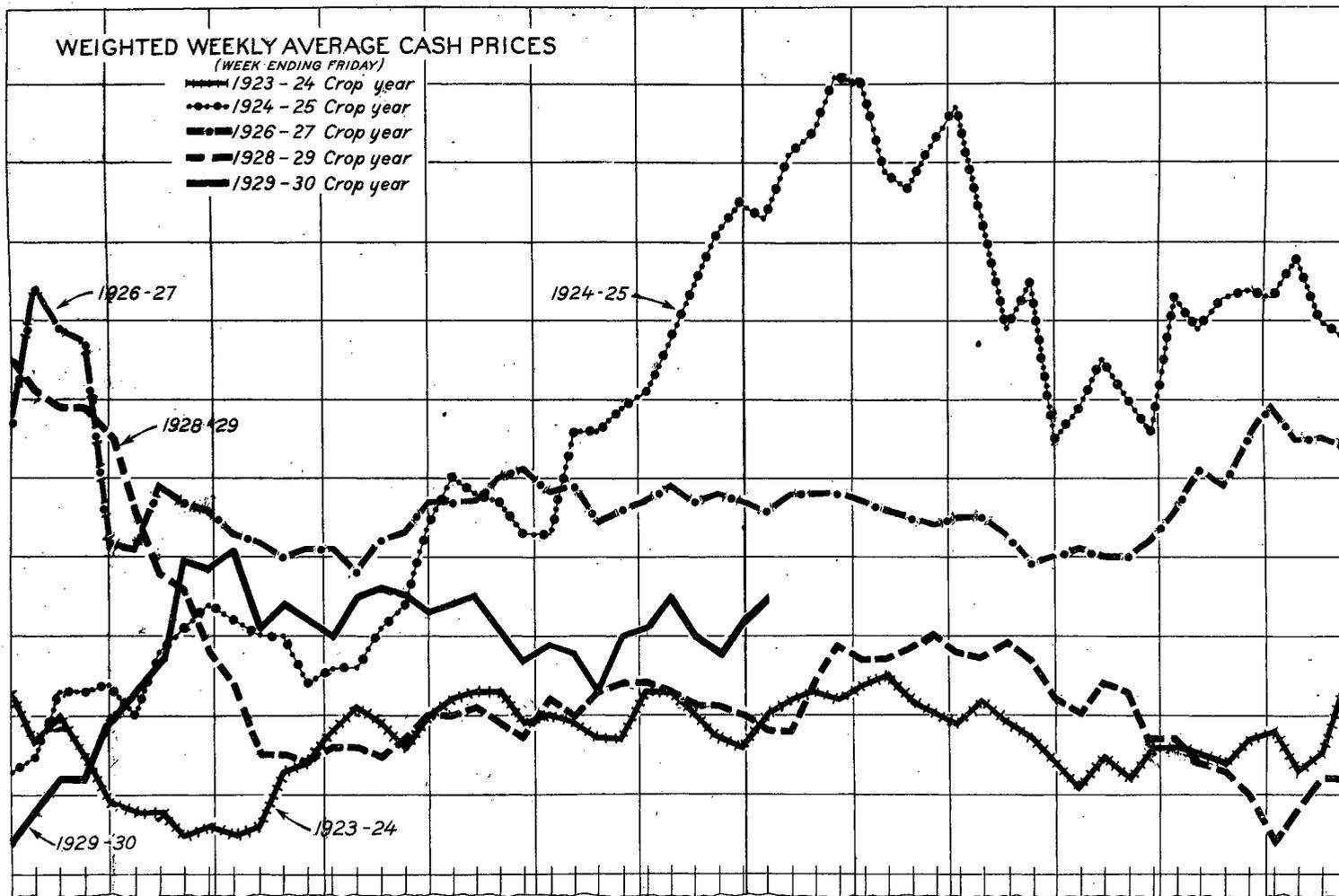
WHEAT: PRICE OF NO.2 HARD WINTER AT KANSAS CITY

CENTS
PER
BUSHEL

WEIGHTED WEEKLY AVERAGE CASH PRICES

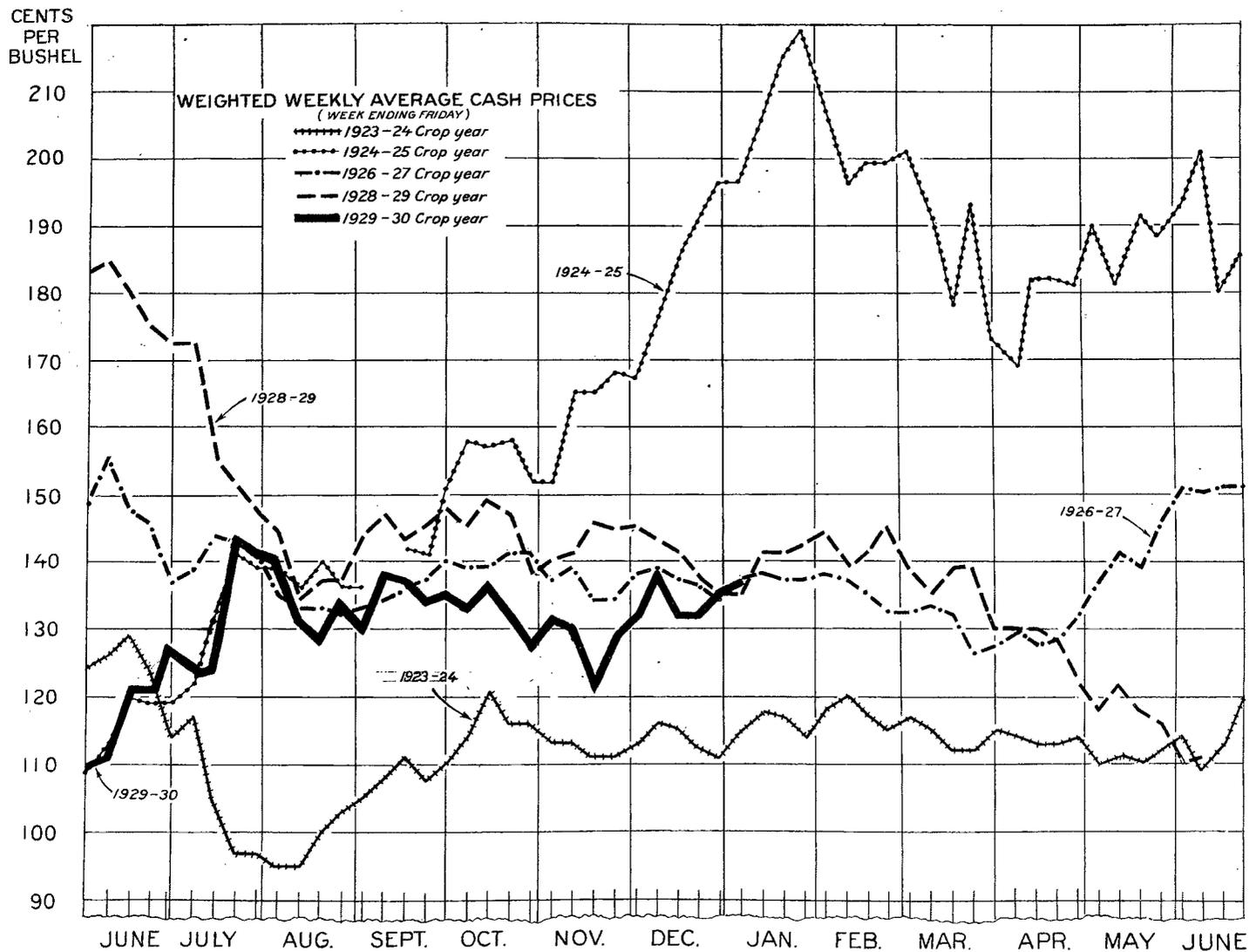
(WEEK ENDING FRIDAY)
 - - - 1923-24 Crop year
 ···· 1924-25 Crop year
 ——— 1926-27 Crop year
 - - - 1928-29 Crop year
 ——— 1929-30 Crop year

190
180
170
160
150
140
130
120
110
100
90

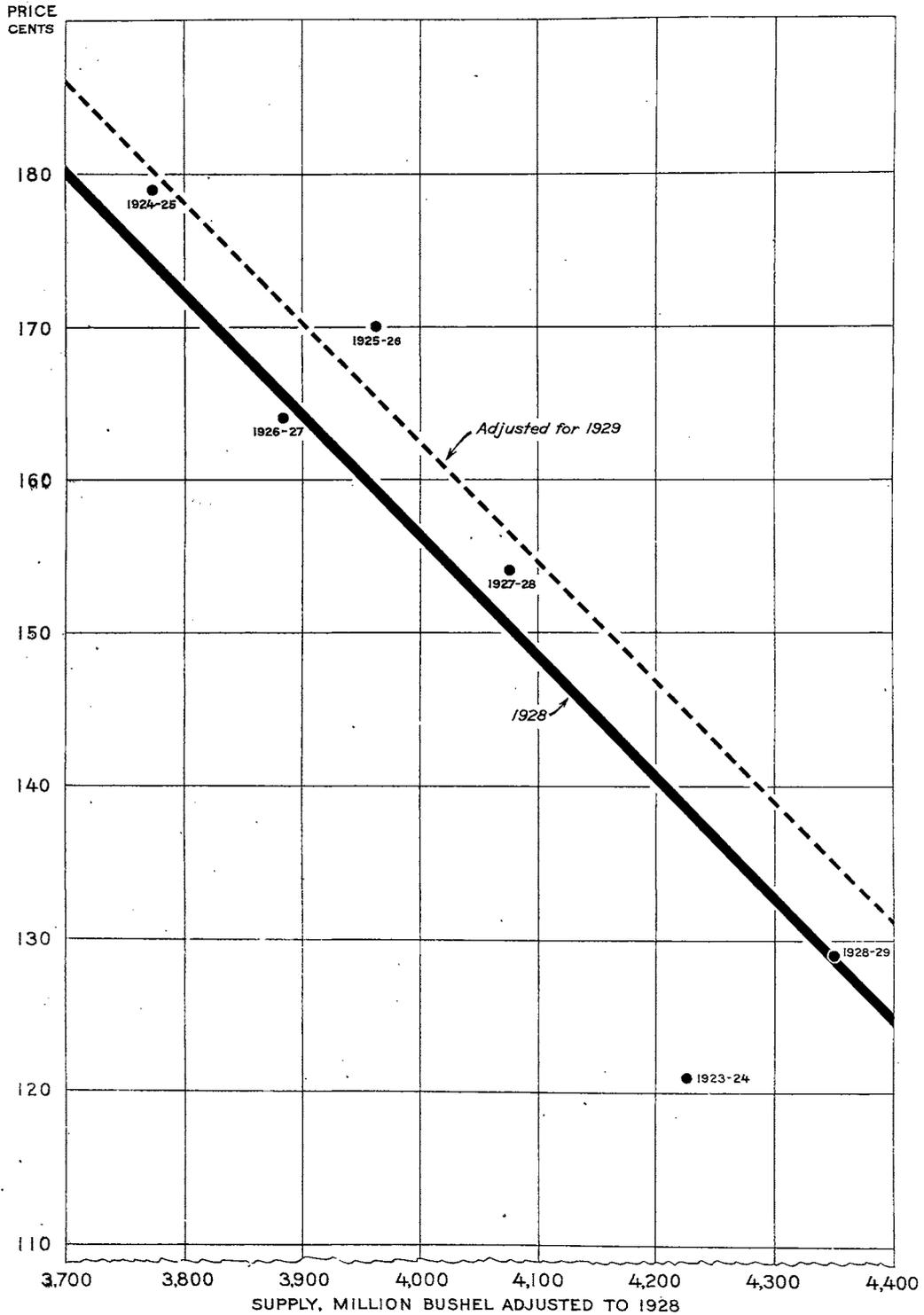


JUNE JULY AUG. SEPT. OCT. NOV. DEC. JAN. FEB. MAR. APR. MAY JUNE

WHEAT: PRICE OF No. 2 RED WINTER AT ST. LOUIS

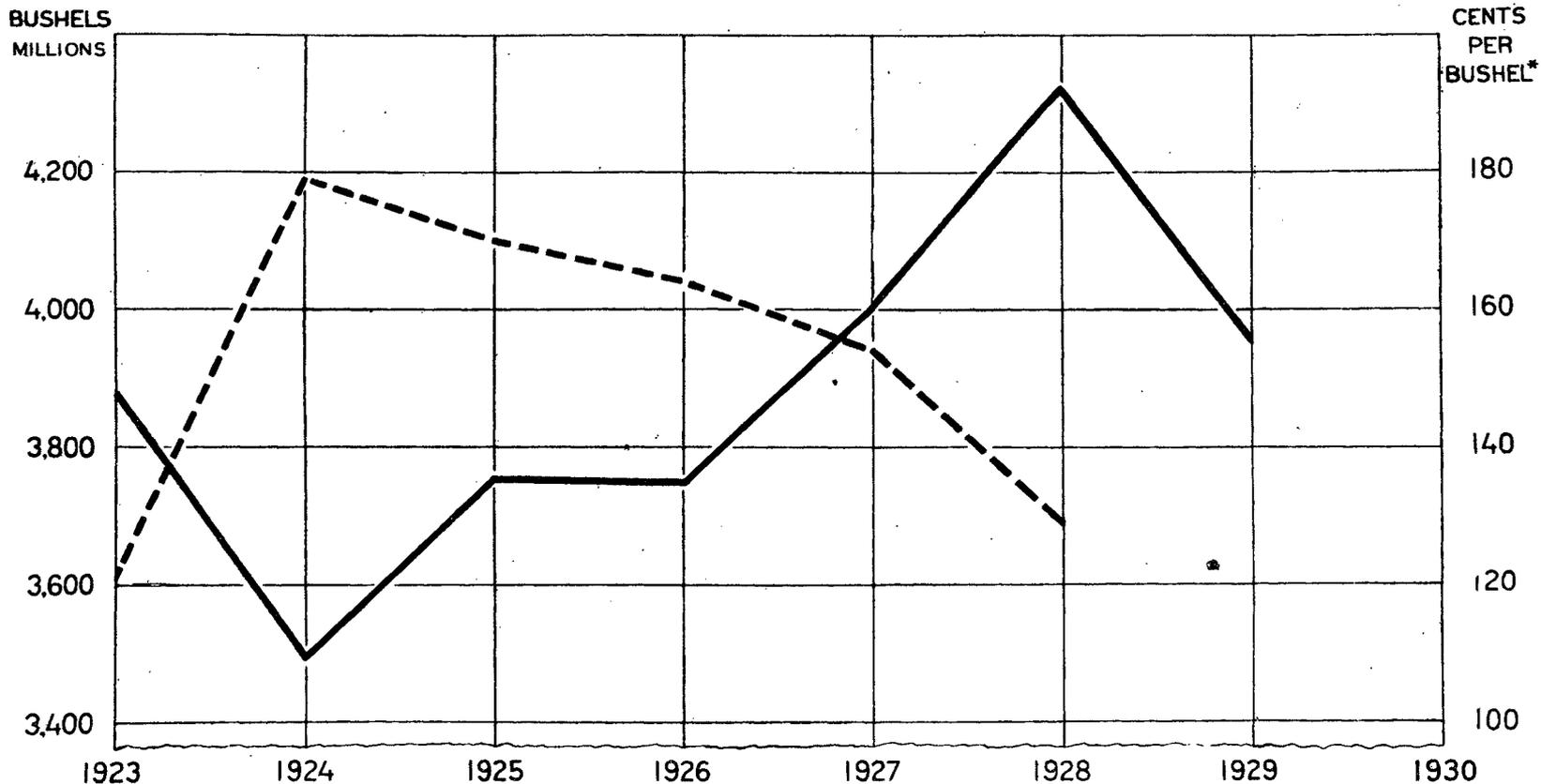


THE WORLD WHEAT SUPPLY AND PRICES



SUPPLIES INCLUDE PRODUCTION AND STOCKS ACCOUNTED FOR JULY 1 AND ADJUSTED TO 1928 BY ADDING 70 MILLION BUSHELS PER YEAR FOR ANNUAL INCREASE IN DEMAND. PRICES ARE AVERAGE BRITISH PARCELS TO REPRESENT THE WORLD MARKET PRICES.

WHEAT: WORLD SUPPLIES AND PRICE



* AVERAGE BRITISH PARCELS REPRESENTING WORLD MARKET PRICES

THE SUPPLIES REPRESENTED ABOVE INCLUDE WORLD PRODUCTION AND ACCOUNTED FOR CARRY-OVER, AND THE PRICE IS THE AVERAGE OF BRITISH PARCELS