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WORLD WHEAT PROSPECTS

Summary

World wheat supplies outside of Russia and China in the 1936-37 season now appear likely to be about 320,000,000 bushels less than in 1935-36. World production excluding Russia and China is now estimated at about 3,444,000,000 bushels, which represents a decrease of about 110,000,000 bushels compared with last year. World carry-over at the beginning of the current crop year was apparently about 744,000,000 bushels, which represents a decrease of about 210,000,000 bushels from a year earlier. Current reports confirm the earlier indications that Russia will not harvest as large a crop as last year. The crop in China is reported to be somewhat larger than a year ago.

The prospect of a decrease in world wheat production this year is due to poor crops in most Northern Hemisphere countries with the notable exception of the Danubian Basin countries, which report record crops. Production in the Northern Hemisphere is now estimated at 3,004,000,000 bushels which represents a reduction of 182,000,000 bushels from a year earlier. This is only partly offset by the early estimates of production in the Southern Hemisphere which suggest an increase of about 75,000,000 bushels from last year's small harvest.

The current year's wheat production in the United States based on August 1 condition, was officially estimated at 633,000,000 bushels, which is somewhat below the domestic utilization of the past 2 years but above the 5-year (1923-27) average. In 1935-36 domestic disappearance amounted to 655,000,000 bushels and in 1934-35 to 661,000,000 bushels, while the

5-year average was 620,000,000 bushels. With carry-over stocks on July 1, 1936 estimated at 150,000,000 bushels, total supplies for the current crop-year are indicated to be about 783,000,000 bushels.

Domestic supplies of wheat will more than take care of usual domestic requirements of soft red, white, and hard red winter wheat, but supplies of hard red spring and durum will again be below minimum normal needs. Based on August 1 crop indications, the deficit of hard red spring wheat appears to be about 14,000,000 bushels and of durum wheat about 6,000,000 bushels. In 1935-36 the United States imported 26,000,000 bushels of these two types of wheat for milling and seed purposes.

As a result of the reduction in supplies, the average level of world prices in 1936-37 is expected to be materially above that of 1935-36. Wheat prices in the United States, which are on an import basis, may be expected to average about as high relative to world wheat price levels as during the 1935-36 season, when the price of No. 2 Hard Winter at Kansas City averaged 15 cents over parcels at Liverpool. Currently, this spread is somewhat narrower than the average for last year. During the past 3 years, short crops, together with other influences, have resulted in United States wheat prices being maintained unusually high relative to the "world market" price.

Recent rains have facilitated plowing for fall grain seeding in the Atlantic States, the eastern and northern portions of the Ohio Valley, the western lake region and the upper Mississippi Valley. Some seeding has already been done in the earlier sections. In most sections of the Great Plains area, it has continued dry and plowing and seeding have been delayed. It is also too dry for plowing in the North Pacific wheat sections. A continuation of dry weather will tend to reduce the number of acres sown to wheat. However, a considerable reduction would still leave enough acres with average yields to

produce a surplus for export and reduce domestic prices to world levels. The four short wheat crops which we have just experienced have been primarily the result of extremely low yields per acre. The acres seeded have been large. In fact, the acreage seeded for the 1936 crop was the second largest on record. Seedings as large for the 1937 crop would produce enough wheat for average domestic utilization even if yields per acre should turn out to be one-fourth below average.

Crop Prospects

The 1936-37 world wheat production, exclusive of Russia and China is estimated at 3,444,000,000 bushels compared with 3,552,000,000 bushels for the preceding year. This represents a decrease of 3 percent.

Canada.- The month of July, with its continued drought and extremely high temperatures, was one of the most disastrous ever experienced by Canadian farmers. At the end of July prospects were well below the long-time average. Condition figures for spring wheat dropped from 81 on June 30 to 45 on July 31, a decline of 36 percent. During August the drought extended into parts of the country which had not been affected earlier. Harvesting is now nearing completion and threshing is proceeding rapidly. Wheat is said to be of exceptionally high protein content. The 1936 fall sown wheat crop is estimated at 11,637,000 bushels compared with a production in 1935 of 12,601,000 bushels. The yield per acre of 23.7 bushels in 1936 is 1 bushel per acre more than the 1935 yield.

Europe.- Present estimates of production in Europe indicate a crop 5 percent below that of 1935. The total of 26 European countries excluding the Danube Basin, indicates a reduction of 12 percent from the 1935 crop. Present estimates of production in the Danubian countries point to a 23 percent increase over last year.

In France warm sunny weather has done much to improve the condition of the wheat still in the field, which had been deteriorating because of excessive moisture. The specific weight is said to be low with much of the wheat far below milling standards. In Germany, wet weather during July and August has cut the harvest down below expectations.

Soviet Russia.- Wheat crop prospects in the Soviet Union appear to be definitely less favorable this year than last, as the result of unfavorable weather conditions, particularly drought. The best crop prospects are reported from the southern export regions, though the outlook there is less promising than last year. In both the Volga region and parts of the East, yields below last year and in some cases even below average, are expected.

Argentina.- During July the ground was excessively wet making it unsuitable for seeding over large areas. During the first 2 weeks of August conditions remained largely unchanged, and it was reported that a substantial acreage intended for wheat still remained unplanted. Later, conditions became more favorable and sowings proceeded rapidly. The acreage sown this year is officially estimated at 16,803,000 acres. Beneficial frosts have been received and sprouted fields are said to be in excellent condition. Based on weather to date and average conditions for the rest of the year, a production of 215,000,000 bushels is indicated by weather and yield correlation studies.

Australia.- General crop conditions in Australia are reported to be favorable but excessive rains in many parts of the country are causing too sappy growth.

Asia.- The August estimate of production for 1936 in India is 352,240,000 bushels or 11,000,000 bushels less than the production in 1935. The preliminary estimate of production in Turkey is 80,281,000 bushels.

North Africa.- The first official estimate of production in Algeria is 28,476,000 bushels or 15 percent less than last year's production. The total of the four countries reported is estimated at 97,082,000 bushels or 14 percent less than the total reported for 1935.

Table 1.- Wheat: Production in specified countries,
1933-34 to 1936-37

Country	1933-34	1934-35	1935-36	1936-37
	1,000	1,000	1,000	1,000
	<u>bushels</u>	<u>bushels</u>	<u>bushels</u>	<u>bushels</u>
North America:				
United States.....	551,683	526,393	623,444	632,745
Canada.....	281,892	275,849	277,339	$\frac{1}{2}$ 210,000
Mexico.....	12,122	10,950	10,712	13,007
Total (3).....	845,697	813,192	911,495	855,752
Europe:				
England and Wales.....	58,725	65,259	60,592	52,453
Scotland.....	3,472	4,144	4,443	3,380
Northern Ireland.....	227	363	362	$\frac{2}{2}$ 300
Irish Free State.....	1,983	3,803	6,687	$\frac{2}{2}$ 9,500
Norway.....	755	1,204	1,707	$\frac{3}{3}$ 1,300
Sweden.....	26,337	28,376	23,611	$\frac{3}{3}$ 22,000
Denmark.....	11,543	12,847	14,672	$\frac{3}{3}$ 13,600
Netherlands.....	15,325	18,042	16,653	15,954
Belgium.....	15,067	16,134	14,780	15,726
France.....	362,330	338,513	284,950	$\frac{4}{4}$ 242,500
Spain.....	138,235	186,836	157,984	121,490
Luxemburg.....	995	1,171	1,022	(1,000)
Portugal.....	15,073	24,690	23,406	8,377
Italy.....	298,548	233,064	283,455	$\frac{4}{4}$ 238,800
Switzerland.....	4,957	5,342	5,824	(4,703)
Germany.....	205,920	166,547	171,481	$\frac{5}{5}$ 176,735
Austria.....	14,615	13,305	15,590	$\frac{3}{3}$ 14,700
Czechoslovakia.....	72,896	50,014	62,095	$\frac{3}{3}$ 60,600
Greece.....	28,385	25,679	26,401	23,743
Poland.....	79,883	76,440	73,884	$\frac{3}{3}$ 77,200
Lithuania.....	8,192	10,475	10,093	$\frac{3}{3}$ 8,800
Latvia.....	6,725	8,051	6,520	3,050
Estonia.....	2,451	3,107	2,267	2,315
Finland.....	2,460	3,280	4,233	4,688
Malta.....	305	310	179	(200)
Albania.....	2,380	1,579	2,000	(2,000)
Total (26).....	1,377,784	1,298,573	1,274,891	1,125,114
Bulgaria.....	55,454	39,595	47,925	55,850
Hungary.....	96,356	64,824	84,223	88,074
Rumania.....	119,072	76,553	96,440	121,253
Yugoslavia.....	96,582	68,328	73,101	105,711
Total (4).....	367,464	249,300	301,689	370,888
Total Europe (30).....	1,745,248	1,547,875	1,576,580	1,496,002

Continued

Table 1.- Wheat: Production in specified countries,
1933-34 to 1936-37 continued

Country	1933-34	1934-35	1935-36	1936-37
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
Africa:				
Algeria.....	31,998	43,528	33,532	28,476
Morocco.....	28,902	39,586	20,036	15,531
Tunisia.....	9,186	13,779	16,534	7,716
Egypt.....	39,951	37,277	43,222	45,359
Total (4).....	110,037	134,170	113,324	97,082
Asia:				
Palestine.....	1,633	3,050	3,785	(3,500)
Syria and Lebanon.....	13,476	13,438	20,043	(18,000)
India.....	352,987	351,829	363,179	352,240
Japan.....	40,410	47,660	48,721	46,216
Chosen.....	8,887	9,268	9,747	(9,000)
Turkey.....	99,637	99,711	92,640	80,281
Total (6).....	517,030	524,956	538,115	509,237
Total 43 countries.....	3,218,012	3,020,193	3,139,514	2,958,073
Estimated Northern Hemisphere total excluding Russia and China.....	3,263,000	3,066,000	3,186,000	3,004,000
Southern Hemisphere:				
Argentina.....	286,120	240,669	139,625	6/215,000
Australia.....	177,338	133,394	142,308	7/150,000
Union of South Africa.....	11,762	15,343	20,208	(12,000)
Estimated world total excluding Russia and China.....	3,809,000	3,513,000	3,552,000	3,444,000

Compiled from official sources except as otherwise noted.

1/ Based on condition reports.

2/ Estimated in the London Office of the Foreign Agricultural Service.

3/ Estimated in the Berlin Office of the Foreign Agricultural Service.

4/ Estimated in the Paris Office of the Foreign Agricultural Service.

5/ Excludes Saar, since production for this territory was not reported prior to 1936. Production for Saar this year is reported at 405,000 bushels.

6/ Based on weather studies.

7/ Average yields indicate a crop of 143,000,000 bushels.

Rye Prospects

The 1936 European rye crop is indicated to be larger than the production of last year. The 14 countries reporting to date show a total of 482,043,000 bushels compared with 468,450,000 bushels in 1935. This increase is due largely to increases in Germany and in the Danubian countries. Netherlands also reports a slightly larger crop. Due to the drought, production in the United States is greatly reduced, this year's production being 54 percent below that of last year. Winter rye in Canada is reported at 4,046,000 bushels compared with 7,795,000 bushels in 1935.

Table 2.-- Rye: Production in specified countries, 1933 to 1936

Country	1933	1934	1935	1936
	: 1,000 bushels :			
United States	21,418	17,070	58,928	27,095
Canada ^{1/}	3,332	3,588	7,795	4,046
Total (2)	24,750	20,658	66,723	31,141
Austria ^{1/}	26,314	21,853	22,314	18,070
Belgium	22,310	22,222	18,522	14,094
Bulgaria ^{1/}	9,293	6,074	6,576	8,668
Estonia	8,735	9,064	6,804	6,378
Finland	14,672	15,544	13,760	13,881
Germany	343,570	299,496	294,399	^{2/} 313,368
Greece	2,800	2,466	2,312	2,531
Hungary	37,654	24,380	26,628	28,660
Latvia	13,979	16,210	14,326	11,653
Netherlands	15,601	19,788	18,434	19,735
Portugal	4,210	4,913	3,937	3,661
Rumania	17,555	8,308	12,724	15,747
Spain	20,702	21,567	19,206	18,053
Turkey	13,430	9,590	8,508	7,544
Total (14)	550,825	481,475	468,450	482,043

^{1/} Winter only.

^{2/} Excludes the Saar, since production for this territory was not reported prior to 1936. The production reported for the Saar this year is 866,000 bushels.

Prospective Wheat Supply and Utilization by Classes for 1936-37

While total supplies of wheat in the United States for the 1936-37 season are large enough for the usual domestic requirements, supplies of hard red spring wheat and durum wheat are short. In spite of about a 6 percent increase in the seeded acreage, the production of hard red spring wheat and durum is small as a result of the drought, which reached its greatest intensity in the area specializing in the production of these two types of wheat. The domestic winter wheat crop this year is materially larger than that harvested in 1935 and is of good quality, and good yields are in prospect in the Pacific Northwest. It is probable that spring wheat mills in the 1936-37 season will use a larger percentage of hard red winter and Pacific Northwest

wheat than last year. A larger than usual quantity of soft red winter wheat is also likely to be used in bread flour. Accordingly, the quantity of full duty bread wheat imported in 1936-37 is expected to be less than in 1935-36. In the case of durum wheat, which is used in the manufacture of macaroni and related products, substitution of other kinds of wheat is unsatisfactory, and the short supplies available will probably result in some increase in imports of such wheat. The probable reduction in imports of full duty hard red spring wheat, however, should more than offset the increase in durum imports and result in total imports of these two types lower than last year. During the 1935-36 season, total imports of full duty wheat amounted to 26,000,000 bushels, while exports and shipments amounted to 7,000,000 bushels, making net imports of 28,000,000 bushels.

Preliminary estimates of the prospective supplies and utilization of wheat, by classes, for the coming year, as well as those for 1935-36 are shown in table 3.

Table 3.-- Wheat: Supply and distribution by classes, 1935-36 and 1936-37

Item	Hard red winter	Soft red winter	Hard red spring	Durum	White	Total
	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels
For 1935-36:						
Stocks, July 1, 1935						
On farms	19	13	7	1	4	44
Country mills and elevators:	11	5	5	1	10	32
Commercial	9	5	6	1	1	22
In mills ^{1/}	33	10	10	2	2	57
Total stocks	72	33	28	5	17	155
New crop	203	204	107	24	85	623
Imports ^{2/}	---	---	31	4	---	35
Total supply (1935-36)	275	237	166	33	102	813
Exports ^{3/}	3	1	---	---	3	7
Disappearance	213	208	128	26	81	656
Stocks, July 1, 1936	59	28	38	7	18	150
For 1936-37: (Prospective)						
Stocks, July 1, 1936						
On farms	11	14	12	3	4	44
Country mills and elevators:	6	4	5	1	8	24
Commercial	6	3	8	2	2	21
In mills ^{1/}	36	7	13	1	4	61
Total stocks	59	28	38	7	18	150
New crop ^{4/}	260	207	58	10	98	633
Total supply (1936-37) ..	319	235	96	17	116	783
Exports ^{3/}	3	1	---	---	3	7
Disappearance	259	209	80	19	93	660
Stocks July 1, 1937	57	25	30	4	20	136
Deficit ^{5/}	---	---	14	6	---	20

^{1/} Includes stocks "in merchant mills", "in transit to merchant mills" and "stored for others by merchant mills".

^{2/} Includes full-duty wheat plus 10 percent ad valorem wheat.

^{3/} Includes wheat and flour in terms of wheat.

^{4/} August 1, 1936 indication.

^{5/} Estimates for full-duty wheat only; deficit of 10 percent ad valorem wheat not predictable at this time.

Hard red spring wheat production on August 1 was estimated at 58,000,000 bushels for 1936. This, together with an estimated carry-over of 38,000,000 bushels, results in total supplies of 96,000,000 bushels, which represents a reduction of 70,000,000 bushels in hard red spring supplies from the 166,000,000 bushels ^{1/} for the year earlier. Total supplies of hard red winter wheat consisting of a crop estimated at 260,000,000 bushels and a carry-over estimated at 59,000,000 bushels, amount to 319,000,000 bushels, an increase of 44,000,000 bushels over the 275,000,000 bushels of a year earlier. Total supplies of white wheat this year are about 14,000,000 bushels greater than last year. Compared with last year, it appears, therefore, that there will be an excess of about 58,000,000 bushels of hard red winter and white wheat available, which could be used by millers in the place of hard red spring wheat, or could be used for other purposes, thereby releasing additional quantities of wheat which could be substituted for hard red spring. The larger supply of hard red winter wheat, which is of high milling quality this year, and a possible increase in the use of soft wheat for bread flour suggest a deficit of about 14,000,000 bushels of hard red spring wheat, assuming that the carry-over will be reduced from 38,000,000 bushels to perhaps 30,000,000 bushels.

The durum wheat crop is tentatively placed at only 10,000,000 bushels. This, together with a carry-over of 7,000,000 bushels, would provide a total supply of only 17,000,000 bushels of durum wheat. A utilization of 19,000,000 bushels seems to be about the minimum which may be expected, considering that about 12,000,000 bushels of durum is usually ground, 5,000,000 bushels is used for seed and some fed. Based on past experience, a carry-over of 4,000,000 bushels seems to be about as low as might be expected. With a carry-over of this size on July 1, 1937 a utilization of 19,000,000 bushels would represent a deficit of 6,000,000 bushels. As shown in table 3, the total supply of soft red winter wheat in prospect differs very little from the total supplies for 1935-36.

Total domestic supplies of all wheat for 1935-36 are indicated to be 783,000,000 bushels consisting of 150,000,000 bushels of carry-over on July 1 and a prospective crop, based on August 1 indications, of 633,000,000 bushels. The estimate of domestic utilization for the year includes 495,000,000 bushels for milling, 80,000,000 for seed and 85,000,000 for feed. The amount of feed is somewhat higher than usual because it is felt that the small corn crop and high corn prices, together with a considerable quantity of wheat of low milling quality in our carry-over, will result in considerable wheat feeding. Exports and shipments in 1936-37 will probably be not much different from 1935-36 when they amounted to 300,000 bushels of wheat and 6,800,000 bushels of flour in terms of wheat. If carry-over stocks and crop prospects are borne out, and a 660,000,000 bushel disappearance, and exports and shipments of 7,000,000 bushels are assumed, there would be 116,000,000 bushels, exclusive of imported wheat, available for carry-over at the end of the year. If, however, the estimated prospective deficit of hard red spring and durum wheat is taken care of by imports, this carry-over would be increased to 136,000,000 bushels.

^{1/} Includes imports of 31,000,000 bushels, of which 22,000,000 bushels was full-duty and 9,000,000 bushels 10 percent ad valorem wheat.

No allowance has been made for imports of wheat "unfit for human consumption" in 1936-37, because it is too early to know how much of such wheat will be available in the new Canadian crop, from which we would be expected to draw. Although imports of this type of wheat would tend to reduce the amount of domestic wheat fed to livestock they would, at the same time, probably increase the total utilization, or, in the event they were not all used before July 1, 1937, increase the size of the carry-over. In 1934-35, imports of this type of wheat totaled 8,000,000 bushels and last year, 9,000,000 bushels.

Table 4.- Wheat: Supply, distribution, and disappearance in the continental United States in recent years

Item	Average:					
	1923-24:	1932-33:	1933-34:	1934-35:	1935-36:	1936-37
	to					1/
	1927-28:					
	Million	Million	Million	Million	Million	Million
	bushels	bushels	bushels	bushels	bushels	bushels
Carry-in stocks	124.6	385.2	394.0	288.4	154.7	150.4
Production	795.1	757.0	551.6	526.4	623.4	632.7
Imports	3.4	----	.2	14.0	34.7	
Total supply	923.1	1142.2	945.8	828.8	2/812.8	
Exports and shipments 3/...	181.4	34.9	28.4	13.3	7.1	
Carry-out stocks	122.0	394.0	288.4	154.7	150.4	
Total, 2 items	303.4	428.9	316.8	168.0	157.5	
Domestic disappearance ...:	619.7	713.3	629.0	660.8	655.3	

1/ Preliminary.

2/ Total supply for 1935-36, "World Wheat Prospects" for July, page 8, was published in error as 832.9; individual items, of which it was composed, were correct. Also, disappearance for food, feed, and loss was printed as 590.3 instead of 570.3.

3/ Includes flour in terms of wheat.

PRICES

Wheat prices advanced sharply during the latter part of July and early August largely because of deterioration of the crop in Canada. Since early August domestic prices have remained relatively steady while prices in "world markets" have generally declined. As a result, the spread between domestic and foreign markets has widened. Currently this spread has been less than a year earlier, mainly because of relatively larger early supplies of hard winter wheat on the domestic market this year but also to higher quality wheat at Liverpool. For the week ended August 22 parcels at Liverpool averaged about 13 cents higher than No. 2 Hard Winter at Kansas City, whereas in August 1935 the spread averaged 18 cents. The average spread for the whole of the 1935-36 season was 15 cents.

The average United States farm price of wheat for August 15 was 105.1 cents per bushel compared with 94.4 cents a month earlier and 80.8 cents in August 1935. In mid-June wheat prices were adjusting down to a shipping differential under Liverpool because it was then expected that the United States would have a large enough surplus to be on an export basis. However, as drought conditions began to reduce spring wheat crop prospects, prices strengthened and, as conditions grew worse, registered the sharpest gains in recent years. The weekly average price of all classes and grades of wheat rose over 40 cents from the low point in the middle of May to early August. Recent average weighted weekly prices of wheat at important domestic and world markets are shown in tables 5-7.

Table 5.- Wheat: Closing Saturday prices of December futures

Date	Chicago		Kansas City		Minneapolis		Winnipeg ^{1/}		Liverpool		Buenos Aires ^{2/}	
	1935	1936	1935	1936	1935	1936	1935	1936	1935	1936	1935	1936
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
High ^{3/}	96	114	96	114	106	126	^{4/} 85	106	81	115	^{5/} 66	^{6/} 117
Low ^{3/}	82	86	78	81	102	88	^{4/} 80	76	70	82	^{5/} 56	^{6/} 92
July 25	94	104	94	102	100	117	^{4/} 85	92	77	101	^{7/} 65	^{7/} 100
Aug. 1	92	114	91	113	100	126	^{4/} 84	102	78	111	^{7/} 64	^{7/} 109
8	92	112	92	112	105	126	^{4/} 84	103	78	112	^{7/} 63	^{7/} 107
15	88	111	90	113	102	124	83	99	78	110	^{7/} 63	^{7/} 110
22	91	112	92	113	106	124	85	98	81	109	^{7/} 63	^{8/} 105

^{1/} Conversions at noon buying rate of exchange. ^{2/} Prices are of day previous to other prices. ^{3/} June 1 to date. ^{4/} August futures. ^{5/} August and October futures. ^{6/} September and October futures. ^{7/} October futures. ^{8/} November futures.

Table 6.- Wheat: Weekly weighted average cash price at stated markets

Week ended	All classes:		No. 2		No. 1		No. 2 Hard:		No. 2		Western	
	and grades:	Hard Winter:	Dk. N. Spring:	Amber Durum:	Red Winter:	White	St. Louis:	Seattle ^{1/}	1935	1936	1935	1936
	six markets:	Kansas City:	Minneapolis:	Minneapolis:	St. Louis:	Seattle ^{1/}	1935	1936	1935	1936	1935	1936
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
High ^{2/}	101	128	106	126	128	150	120	166	94	120	78	97
Low ^{2/}	93	90	85	89	102	118	100	104	85	95	73	78
July 25	96	110	99	111	111	134	104	142	88	107	76	91
Aug. 1	100	117	106	117	125	140	120	152	94	112	76	94
8	98	127	104	122	128	150	117	166	93	116	76	97
15	96	128	102	122	123	144	118	148	91	118	75	97
22	97	127	103	126	127	144	118	144	93	120	76	

^{1/} Weekly average of daily cash quotations, basis No. 1 sacked. ^{2/} June 1 to date.

Table 7.- Wheat: Average price per bushel at specified markets in terms of United States currency, by weeks, June-August 1936

Week ended	Kansas City 1/	Minneapolis 2/	Winnipeg 3/	Buenos Aires 4/	Liverpool 4/	Great Britain 5/	Berlin 6/	Paris 7/
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
June 6:	91.3	119.5	71.1	90.8	85.7	90.6	232	165
13:	89.4	118.2	71.2	91.3	85.3	90.7	232	176
20:	95.7	123.6	73.9	91.9	88.3	89.8	232	179
27:	101.8	132.5*	76.7	91.5	90.3	89.6	232	176
July 4:	100.3	124.5	77.2	92.2	90.1	90.8	233	177
11:	111.4	139.3	85.3	95.7	98.7	91.9	233	179
18:	111.3	134.6	87.9	97.2	100.2	94.3	233	182
25:	111.4	133.8	89.2	99.8	102.7	96.4	232	187
Aug. 1:	117.4	139.7	94.7	107.0	106.2	98.5	232	201
8:	121.8	150.0	102.5	111.6	115.9	100.8	232	204
15:	121.7	144.3	97.4	108.0	112.2	104.3		
22:	125.7	143.7	97.7	107.7	112.5			

Prices are averages of daily prices for the week ending Saturday except as follows: Great Britain prices of home-grown wheat are averages for the week ending Saturday; Berlin and Paris prices are Wednesday quotations. Prices at Winnipeg, Buenos Aires, Liverpool, Great Britain, Berlin, and Paris are converted to United States money at the current rates of exchange.

1/ No. 2 Hard Red Winter.

2/ No. 1 Dark Northern Spring.

3/ No. 3 Manitoba Northern.

4/ Near futures.

5/ Home-grown wheat in England and Wales.

6/ Central German wheat, wholesale trade price free Central German Station.

7/ Free market prices from January 1, 1935.

European Import Prospects 2/

European wheat imports in 1936-37 are expected to show some significant increase compared with last year. A sharp upturn would be certain were it not for the larger surplus in the Danube Basin. Imports into the United Kingdom during 1936-37 may not increase, despite a smaller domestic crop, if the rate of decline in utilization which apparently took place during the past season continues. Supply data indicate that British wheat requirements in 1935-36 declined 3 or 4 percent below 1934-35. Extensive importations will be required by a bloc of continental countries, including Holland, Belgium, France, and Italy.

France is expected to need a considerable quantity of foreign wheat, despite a fair sized carry-over. This situation is a result of prospects for a reduced crop not only in France but also in French North Africa, which has been the source of most wheat imports into France in recent years. Present indications point to an available quantity of domestic and North African wheat of around 286,000,000 bushels. This quantity includes the present crop, forecasted by the Paris office at 242,500,000 bushels, prospective imports from North Africa of only about 9,186,000 bushels and a carry-over, including the Government security stock, of approximately 35,000,000 bushels. In France the annual consumption of wheat, including durum, and the net trade in both wheat and wheat products during recent years, has been around 323,000,000 bushels. On the basis of these figures, the difference between consumption and supply requirements indicates a deficit of about 37,000,000 bushels. The French authorities, however, have repeatedly claimed that domestic consumption has declined markedly, and also that the carry-over figure is not definitely known. Even when some allowance for these uncertainties is made it still seems certain that extensive purchases of foreign wheat will be required.

In Italy the carry-over of old wheat is at a minimum and, unless there is a forced reduction in consumption, imports during the coming season are expected to be heavy, probably amounting to at least 35,000,000 bushels. In accordance with the Rome agreement there are contracts for the purchase of 7,350,000 bushels of bread wheat from Hungary. The new wheat crop in Germany plus carry-over stocks should about cover domestic requirements. However, in view of the fact that the reaccumulation of stocks seems to be desired by the authorities, it is entirely probable that Germany may avail herself of a possibility to get hold of considerable amounts of Danubian, particularly Yugoslavian, wheat this year. During the past season, Germany imported very little wheat. The carry-over stocks in Spain would seem, statistically, to about offset the reduced crop and make imports unnecessary, but the continuation of present internal military activities would alter the situation. In Portugal, a heavy carry-over exists and should fully offset the small crop.

The Danube Basin surplus is estimated at about 82,300,000 bushels, which, if exported, will closely approach the record post-war exports of 1931-32. A considerable portion of the crop, especially in Hungary, has already been arranged for through compensation or special clearing agreements with Austria, Italy, and Switzerland, and most of the exports will probably be arranged for in a similar way. Poland should also have surplus wheat, but possibly less than last year. Very limited, if any, wheat exports are expected from the Baltic States and Sweden.

2/ From reports of foreign offices of the Foreign Agricultural Service.

The World Durum Wheat Situation in 1936-37 ^{2/}

The production of durum wheat in 1936 in the six important countries which enter into the international durum situation - United States, Canada, Italy, Morocco, Algeria, and Tunisia - is expected to be one of the smallest on record. Estimates for 1936 for Canada are not available, but production in the other five countries is preliminarily estimated at about 95,000,000 bushels (table 8) compared with the 1935 production of 129,000,000 bushels and the 1930-34 average of 140,000,000 bushels. The carry-over supplies of durum wheat are very small in the western Mediterranean countries, and in the United States only about 40 percent of the average carry-over for the period 1930-34, when, however, supplies were somewhat larger than in previous years. (See also table 3.)

Table 8.- Durum Wheat: Estimated production, specified countries, 1930-36

Country	Average 1930-34	1934	1935	1936
	1,000	1,000	1,000	1,000
	bushels	bushels	bushels	bushels
Italy	1/ 58,058	57,797	55,850	51,440
Morocco	20,734	27,925	13,885	11,758
Algeria	22,594	28,322	24,453	18,372
Tunisia	9,134	9,553	11,023	4,777
Total Mediterranean Basin	110,520	123,597	105,211	86,347
United States	29,716	6,891	23,878	9,031
Total	140,236	130,488	129,089	95,378

1/ Average 1931-1934

The estimates of the 1936 durum wheat crop in the western Mediterranean countries represent a marked reduction from the 1935 harvest. While the Italian crop is placed at only 8 percent under that of 1935, the total outturn in Algeria, Morocco, and Tunisia is about 29 percent below that of last year and 33 percent less than the average production during the years 1930 to 1934. The small outturns are attributed not only to the lightness of the rainfall but also to its uneven distribution. Excessive rains late in the spring followed dry weather during the autumn months, which retarded seeding and field work. In addition to the six countries named above, France, Russia, Rumania, Spain, India, Argentina, China, and Japan also produce durum. The French crop is not large, even in normal years, and is believed to have little influence on the market. Russia was formerly the most important exporter of durum wheat in the world but in recent years has played almost no part in international trade. Nothing is known concerning the current durum crop in Russia, but it is possible that some exports may be made this season if demand is sufficiently strong. Although Spain ordinarily produces more durum than France, in most years it plays little part in international trade and is not expected to this year because of a greatly reduced crop.

2/ Based on a report from the Paris office of the Foreign Agricultural Service

International trade in durum during 1936-37 will consist largely of exports from Canada to the United States, and shipments from Algeria to France, with Italy probably drawing upon neighboring Danubian States or Russia for supplies, in addition to Canada. According to trade information, practically all of the best quality milling Canadian durum held at Lake Head Canadian ports has been purchased for shipment to the United States. The Algerian exportable surplus is estimated at between 3,000,000 and 4,000,000 bushels, which will probably satisfy only about half of France's requirements. Domestic supplies in Italy suggest imports of between 5,000,000 and 6,000,000 bushels. Morocco and Tunisia appear to have a combined deficit of some 7,000,000 bushels. However, this will be largely offset by heavy utilization of other grains, such as corn or barley, and will have little influence on the volume of international trade.

The World and Domestic Wheat Outlook

Drought and rust have been major factors contributing to the reduction in excessive world stocks of wheat accumulated from 1929 to 1933. Near normal yields on present world acreage would result in crops about equal to the average production during the years 1928 to 1932, when, despite larger utilization than at present, stocks accumulated rapidly and prices were depressed.

Table 9 shows the average world supply and distribution for 1923-24 to 1927-28, the last 5-year period before the accumulation of excessive world supplies. The table also shows the situation in 1933, when world wheat supplies were the largest on record. The last column shows estimates for the current season based on prospects to date, and indicates that total supplies have been reduced to about the 1923-24 to 1927-28 level. Table 11 shows July 1 stocks in major exporting countries and afloat beginning with 1922.

Table 9.- Wheat: World, excluding Russia and China, supply and distribution in selected years

Item	1923-24 to 1927-28	1933-34	1936-37 ^{1/}
	Million bushels	Million bushels	Million bushels
Carry-in stocks	585	1,189	744
Production	3,439	3,809	3,437
Exports from Russia	20	34	(20)
Total supply	4,144	5,032	4,161
Carry-out stocks	724	1,250	
Disappearance	3,420	3,782	

^{1/} Preliminary.

The acreage seeded in the United States for the 1936 crop is estimated at about 74,500,000 acres compared with about 69,500,000 acres seeded for the 1935 crop. There had previously been a decline in acreage, the area seeded for harvest in 1928, the average acreage seeded for harvest in 1930 to 1932, and the acreage seeded for harvest in 1934, being 71,000,000 acres, 66,300,000 acres and 63,500,000 acres, respectively.

Seedings for the crop of 1935 were influenced by modifications in requirements under the Agricultural Adjustment Program and by increases on the part of noncontract signers. In the summer of 1935 it was announced that those who signed the Wheat Adjustment Contract for 1936 to 1939 would be permitted to plant 95 percent of their 1936 base acreage. Many growers, however, had seeded winter wheat in the fall of 1935 before the new contract was offered to them, and there was a tendency for farmers to plant larger acreages than they seeded in 1934. Moreover, many producers whose ratio of wheat acreage to crop land was relatively small did not sign applications for contracts last fall and much of the increase in seedings by former contract signers can be attributed to this group. The 1936 Agricultural Conservation Program provides for payment for a diversion to soil-conserving crops of not to exceed 15 percent of the general soil depleting base, which includes many other crops besides wheat. Growers participating in this program were not required to make any adjustment in wheat if they had been raising other soil-depleting crops from which diversion could be made to soil-conserving crops.

The acreage seeded to wheat for the 1936 crop was the second largest on record, and seedings as large for the 1937 crop would produce enough wheat for average domestic utilization even if per-acre yields should turn out to be one-fourth below average. Stated another way, on the basis of the 1925-34 average yield per seeded acre (11.8 bushels), an acreage in excess of 60,000,000 acres would probably result in a surplus for export. With the likelihood of an acreage considerably larger than this, average yields in 1937 would result in United States prices being lower relative to Liverpool than in the past 3 years, and it is altogether possible that they might result in average farm prices 20 to 30 cents less than if the United States continued on a domestic or import basis.

Table 10 shows the prices of wheat at Liverpool and at important domestic markets for the 1923-24 to 1927-28 period, when the United States was exporting wheat and before the large surpluses accumulated. Prices are also shown for the last 4 years, three of which we have either been on a domestic or import basis. Based on the figures in this table, the price of No. 1 Hard Amber Durum at Minneapolis (price adjusted for changing price level) averaged 47 cents higher in the last 3 crop years, relative to Liverpool than it did in the 5 years ended in 1927-28; No. 1 Dark Northern Spring at Minneapolis and No. 2 Hard Winter at Kansas City averaged 34 and 31 cents higher, respectively, while No. 2 Red Winter at St. Louis and No. 1 Western White at Seattle averaged 22 cents and 16 cents higher, respectively.

If the United States should produce a surplus large enough to place the country on an export basis in 1937-38, and if production should be fairly normal so that there would not be a shortage in any one class of wheat, it is reasonable to assume that tendencies would develop to wipe out these price differences.

Table 10.- Wheat: Average annual prices at Liverpool and important domestic markets for specified periods

Item	: Av. 1923-24:	1932-33	1933-34	1934-35	1935-36
	: to 1927-28:				
	: Cents	Cents	Cents	Cents	Cents
	: per bushel	per bush.	per bush.	per bush.	per bush.
Liverpool, parcels	156.0	53.8	68.2	80.6	90.0
Kansas City, No. 2. Hard Winter :	134.7	50.9	88.5	98.1	105.1
Minneapolis, No. 1 Dark :					
Northern Spring	147.8	60.8	91.3	116.4	126.0
Minneapolis No. 2 Hard :					
Amber Durum	138.4	58.4	103.2	137.7	112.8
St. Louis No. 2 Red Winter...:	144.4	55.2	94.3	93.9	94.9
Seattle No. 1 Western White...:	135.2	52.1	75.4	83.9	82.9

New Government Measures in Europe 4/

Government policy during the coming season with respect to wheat has now been announced in several European countries. In general, increased governmental control or influence over the grain trade is indicated. Italy in particular has announced new government measures for controlling the grain trade, which appear to be surpassed in their completeness only by the Soviet Union. The German grain control authorities are continuing the wheat and grain market control in approximately the same way as in the past season. The law and ordinance of July 10 and 11, respectively, however, provide for a stricter supervision and regulation of feed grain markets and prices, and place special emphasis on refilling depleted stocks of bread rye. Following weeks of discussion the wheat monopoly in Czechoslovakia has now been prolonged to June 30, 1940. An attempt to influence wheat acreage by a reduction in prices to farmers who do not comply by planting a smaller acreage, is planned. The French wheat office recently announced a fixed price for August of \$2.50 per bushel 5/, which price is to be increased 1.79 cents per month to January, inclusive, and 2.69 cents thereafter, so that the July price will be \$2.74. The price applies to wheat weighing 55.9 pounds per bushel. Prices for other weights have not yet been established.

A system of fixed or minimum prices has now been established for all Danube Basin countries, and premiums are to be paid on wheat and flour exports by the Government. In Bulgaria and Yugoslavia the grain monopoly organizations are to receive government funds with which to operate and make exports possible should domestic price levels be out of line. A good share of the Hungarian wheat surplus has been arranged for at advanced prices in accordance with the Rome Agreement.

4/ From reports of foreign offices of the Foreign Agricultural Service.

5/ Conversions at current rates of exchange.

In Morocco, the Government has prohibited the exportation of both durum and bread wheats and has placed an export tax of 10 percent ad valorem on corn and barley. This has been done to assure the provisioning of the native population and to prevent speculation in these foodstuffs.

The European Wheat Market Situation

Import trading of wheat was fairly active and prices advanced during the month of July under the influence of persistent complaints about the crop situation in the North American, in the Soviet Union and in the Western Mediterranean countries. Buying on the part of Great Britain, notably of Manitobas and Australian wheat, was extensive and Holland, as well as Belgium, took fairly large quantities of various descriptions, including Rumanian and Bulgarian varieties. Austria purchased a significant quantity of Hungarian wheat. In August a part of the July price gain was lost, however, as the result of free European offerings, slow demand and improved European harvesting weather.

Table 11.- Wheat: Stocks in major exporting countries and afloat, as of July 1, 1922 to date

Year	: United States	: Canadian grain	: Argentina	: Australia	: United Kingdom	: Total
	: 1/	: 2/	:	:	: 3/	:
	: Million bushels					
1922	: 115	: 48	: 81	: 27	: 61	: 332
1923	: 138	: 45	: 66	: 39	: 56	: 344
1924	: 145	: 67	: 77	: 36	: 62	: 387
1925	: 118	: 47	: 71	: 37	: 51	: 324
1926	: 106	: 62	: 83	: 28	: 53	: 332
1927	: 124	: 66	: 87	: 47	: 59	: 383
1928	: 126	: 128	: 105	: 44	: 61	: 464
1929	: 250	: 152	: 153	: 48	: 61	: 664 665
1930	: 308	: 154	: 68	: 58	: 44	: 632
1931	: 340	: 158	: 92	: 78	: 56	: 724
1932	: 401	: 161	: 71	: 59	: 56	: 748
1933	: 398	: 238	: 96	: 71	: 44	: 847
1934	: 288	: 222	: 141	: 102	: 48	: 801 802
1935	: 155	: 226	: 103	: 69	: 38	: 591
1936	: 150	: 155	: 73	: 51	: 39	: 468

Note incomplete

Compiled as follows: United States -- Stocks on farms, stocks in country mills and elevators, commercial stocks, stocks in merchant mills and elevators, in transit to merchant mills and elevators and stocks stored for others by merchant mills. Canada -- 1922 to 1923, carry-over August 31 plus net exports during July and August; 1924 to date, carry-over July 31 plus net exports for July. Argentina -- carry-over on December 31 plus exports July 1 to December 31. Australia -- Carry-over on December 1, plus net exports July 1 to November 30, except the years 1922-24 which are exports only, for July - December 31.

- 1/ Includes United States wheat in Canada.
- 2/ Includes Canadian wheat in the United States.
- 3/ Includes stocks in United Kingdom ports, supplies afloat to United Kingdom, Continent and for orders.

Table 12.- United States: Exports of wheat and wheat flour, 1935-36 and 1936-37 ^{1/}

Week ended	Wheat		Wheat flour		Wheat including flour	
	1935-36	1936-37	1935-36	1936-37	1935-36	1936-37
	1,000	1,000	1,000	1,000	1,000	1,000
	<u>bushels</u>	<u>bushels</u>	<u>barrels</u>	<u>barrels</u>	<u>bushels</u>	<u>bushels</u>
July 4..:	0	5	9	25	42	123
11..:	0	0	32	26	150	122
18..:	2	0	34	16	162	75
25..:	0	0	16	22	75	103
Aug. 1..:	2	40	8	22	40	143
8..:	1	0	25	42	119	197
15..:	0	5	23	7	108	38
22..:	0	23	14	31	66	169

Compiled from reports of the Department of Commerce.

^{1/} Includes flour milled in bond from foreign wheat.

Table 13.- Wheat, including flour: Shipments from principal exporting countries, specified dates, 1935-36 and 1936-37

Week ended	Argentina		Australia		Danube		North America	
	1935-36	1936-37	1935-36	1936-37	1935-36	1936-37	1935-36	1936-37
	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
	<u>bushels</u>							
July 4..:	3,148	928	940	516	248	96	1,736	5,328
11..:	2,308	856	2,564	880	248	168	1,648	5,360
18..:	3,100	588	1,320	848	96	656	2,360	5,720
25..:	1,380	1,592	1,668	708	0	352	2,944	4,280
Aug. 1..:	1,504	1,452	1,472	1,212	16	736	2,720	5,688
8..:	2,948	588	1,008	960	0	640	1,560	6,848
15..:	1,312	1,060	1,188	1,888	0	712	2,880	5,616

Compiled from Broomhall's Corn Trade News.

Table 14.- Wheat, including flour: Movement from principal exporting countries, 1933-34 to 1936-37

Country	Exports as given by official sources						Date
	Total		July 1 to date shown:				
	1933-34	1934-35	1935-36	1934-35	1935-36	1936-37	
	1,000	1,000	1,000	1,000	1,000	1,000	
	bushels	bushels	bushels	bushels	bushels	bushels	
United States	37,002	21,532	15,930	2,168	1,231	1,389	July 31
Canada	198,555	169,630	237,447	14,815	10,937	27,915	July 31
Argentina	144,854	187,000	76,577	16,984	11,344	4,498	July 31
Australia	86,509	108,010	<u>1</u> /265,314				
Russia	33,787	4,286	<u>2</u> /28,816				
Hungary	29,615	12,499	<u>1</u> /11,944				
Yugoslavia	839	4,401	<u>1</u> / 174				
Rumania	248	3,432	<u>1</u> /9,996				
Bulgaria	4,236	375	<u>1</u> / 954				
British India	2,084	2,318	<u>3</u> /2,164				
Total.....	537,729	513,483	649,316				
	Shipments as given by trade sources						
	Total		Week ended			July 1 - Aug. 29	
	1934-35	1935-36	Aug. 15	Aug. 22	Aug. 29	1935-36	1936-37
	1,000	1,000	1,000	1,000	1,000	1,000	1,000
	bushels	bushels	bushels	bushels	bushels	bushels	bushels
North America <u>4</u> /.....	162,832	219,688	5,616	4,762	4,311	21,072	47,911
Canada, 4 markets <u>5</u> /:	176,059	246,199	5,737	5,665	3,790	65,906	41,794
United States	20,997	14,207	38	155	290	2,509	2,065
Argentina	186,228	77,384	1,060	887	619	21,608	8,570
Australia	111,628	110,060	1,888	1,293	1,186	12,944	9,491
Russia	1,672	30,224	0	0	0	2,664	0
Danube & Bulgaria <u>6</u> /:	4,104	8,216	712	1,080	1,800	1,096	6,240
British India	2,318	<u>1</u> /2,164	0	272	24	0	496
Total <u>8</u> /.....	468,782	447,736				59,384	72,710
Total European							
shipments <u>4</u> /.....	387,752	355,032	7,016			9/32,856	9/40,696
Total ex-European							
shipments <u>4</u> /.....	147,938	133,528	2,936			9/15,616	9/20,608

1/ Total of 11 months.
2/ Total of 9 months.
3/ Total of 10 months.
4/ Broomhall's Corn Trade News.
5/ Fort William, Port Arthur, Vancouver, Prince Rupert, and New Westminster.
6/ Black Sea shipments only.
7/ Total exports as given by official sources.
8/ Total of trade figures includes North America as reported by Broomhall's, but does not include items 2 and 3.
9/ To August 15.

Table 15.- Wheat: Stocks in specified continental European countries,
June 15 and July 15, 1935 and 1936

Position	1935		1936	
	June 15	July 15	June 15	July 15
	<u>bushels</u>	<u>bushels</u>	<u>bushels</u>	<u>bushels</u>
Ports:				
Antwerp	1,837	---	1,003	786
Rotterdam	698	536	342	919
United Kingdom(wheat and flour) <u>1/</u>	10,325	10,435	9,921	---
Germany:				
Berlin (wheat and flour) <u>1/</u> ..	306	283	223	206
"Second-hand" stocks (wheat and flour) <u>1/</u> ; <u>2/</u> ..	---	57,801	45,268	36,413
Farm stocks <u>1/</u>	10,215	4,777	10,141	4,997
Other:				
Swedish mill stocks of wheat <u>1/</u>	4,042	3,494	3,943	---

1/ First of the month.

2/ In warehouses and flour mills. These totals are estimated to include 95 percent of all stocks in warehouses and flour mills, and therefore must contain most of the Berlin and Hamburg data.

3/ Preliminary.

Table 16.- Wheat, including flour: Net imports into European countries, year beginning July 1, 1933-34 to 1935-36

Country	Preliminary:		Net imports reported			
	1933-34	1934-35	forecast 1935-36 (unofficial)	July 1 to	1934-35	1935-36
	Million bushels	Million bushels	Million bushels		Million bushels	Million bushels
Austria	11	10	8	May 31	8	7
Belgium	43	40	40	May 31	37	36
Czechoslovakia.....	2/	1	3	June 30	3/	1
Denmark	12	19	8	June 30	19	9
Estonia	3/	3/	2/			
Finland	4	4	4	Apr. 30	4	3
France	18	4/-17	7	Apr. 30	4/ -8	6
Germany	4/ -4	11	1	June 30	11	3/
Greece	12	13	12	May 31	11	13
Irish Free State...	19	18	15	June 30	18	15
Italy	8	10	13			
Latvia	0	2/	- 2	May 31	2/	4/ -2
Lithuania		2/	- 2			
Netherlands	24	19	21	June 30	19	21
Norway	9	9	8	June 30	9	8
Poland	4/- 2	4/- 4	- 7	June 30	4/- 4	4/- 8
Portugal	1	1	- 4	May 31	1	4/- 2
Spain	2/	2/	2/	May 31	2/	3/
Sweden	2	4/- 2	- 2	June 30	4/- 2	4/- 2
Switzerland	18	18	16	May 31	15	14
United Kingdom.....	216	202	201	June 30	202	205
Total imports...	397	375	357		354	338
Total exports ..	6	23	17		- 14	- 14
Total, net imports.	391	352	340		340	324

Compiled from official sources.

1/ Based on estimates furnished by foreign offices of the Foreign Agricultural Service.

2/ Net exports of less than 500,000 bushels.

3/ Less than 500,000 bushels.

4/ Net exports.

5/ Includes wheat shipped to Italian "colonies".