UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Division of Statistical and Historical Research
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WORLD WHEAT PROSPECTS

Summary

The world stocks or carry-over of wheat on July 1, 1936 now seem likely to be reduced considerably. The surplus of wheat available for export and carry-over in Canada, Australia, and Argentina as of January 1 was about 140,000,000 bushels less than a year ago. The United States is likely to take some of this and European countries are likely to take more in the next 6 months than they did in the corresponding period of a year ago. With only a small surplus in Argentina and Australia, Canada now has an opportunity to reduce her surplus stock to about normal size. Stocks in the United States January 1 appeared to be about the same as a year ago and if the imports for the season do not exceed 35,000,000 bushels, stocks in this country at the end of the season may be slightly less than at the beginning of the season, with a fairly large proportion of low grade wheat leaving stocks of good milling wheat probably down to or somewhat below normal.

If the winter wheat crop turns out to be in the neighborhood of 530,000,000 bushels as indicated in the December crop report and if the size of the spring crop falls within a probable range of from 200,000,000 to 275,000,000 bushels, total likely production would fall between 725,000,000 and 800,000,000 bushels. Even allowing for the fact that a carry-over on July 1 will contain an unusually large quantity of light, poor milling quality wheat, a crop within this range would provide a surplus available for export. In order to export significant quantities of wheat prices in the United States would adjust to lower levels. The May future at Chicago has been running about

6 cents over the corresponding month at Liverpool, whereas the July future at Chicago is currently close to 7 cents under the July Liverpool. With Hard Winter wheat demanding substantial premiums this season, prices of such export wheat would be expected to make a greater adjustment than in the case of the futures.

Some decrease in acreage of fall-sown wheat has been reported in several of the important wheat producing countries of Europe, that for France being about 3-1/2 percent less, Czechoslovakia 2 percent, and Poland only slightly less than in 1935. A 6 percent reduction for the United Kingdom and a substantial reduction from the very large acreage sown last year in Rumania are also reported. A normal acreage appears to have been seeded in Bulgaria, Hungary, and Yugoslavia.

The 1935-36 world wheat crop is now estimated at 3,485,000,000 bushels which is the same as the latest revised total for 1934-35. The increase in the Northern Hemisphere total from 3,038,000,000 bushels in 1934 to 3,122,000,000 bushels in 1935 is offset by the decrease in the Southern Hemisphere. Most of the revisions in the estimates of the 1935 crop received during the past month have been of minor importance. A revised estimate of the 1934 production in Spain, however, has increased the 1934 European total from 1,535,000,000 bushels to 1,548,000,000 bushels compared with 1,547,000,000 bushels in 1935. Production in Spain was 186,834,000 bushels in 1934 and 153,942,000 bushels in 1935, according to the present estimates.

The increase in Argentine minimum wheat prices on December 13 not only raised prices in importing markets but, being indicative of limited export supplies for Europe, tended to stimulate purchases, especially in Belgium and Holland. Canadian export activities and the re-entry of France as a possible exporter of cheap wheat have tended to act as offsetting influences.

The European market this season is largely left to Canada, which country appears finally to be taking advantage of the situation by keeping its prices in line so as to reduce its large wheat stocks. The European import requirements for the 1935-36 season are now estimated by the Bureau to be in the neighborhood of 370,000,000 bushels compared with about 352,000,000 bushels a year ago.

United States Wheat Supplies as of January 1 and July 1

Present indications point to January 1 stocks this year as about the same as January 1 a year ago. The total of stocks on farms, commercial stocks, tentative estimates of merchant mill stocks, and Murray's estimate of country elevator and mill holdings amounts to about 428,000,000 bushels for January 1 this year, compared with a total in the same positions of 430,000,000 bushels a year ago and 559,000,000 bushels in 1933.

This total of stocks may be considered closely comparable to the total which is regularly used in arriving at the carry-over as of July 1. The various sources used in arriving at the two totals are the same except that the January 1 figures given above for country elevator and mill stocks are estimates of Nat C. Murray, whereas the July 1 figures of carry-over include the Department of Agriculture estimates of interior elevator and mill stocks. While data on merchant mill stocks will not be available until still later it is expected that they will be less than for other recent years as the result of the uncertainties which have prevailed in the flour markets this year. Merchant mill stocks may possibly amount to 110,000,000 bushels, including wheat owned, stored for others, and in transit, compared with 119,000,000 bushels last year and 130,000,000 bushels in 1934.

Table 1 shows figures of estimated stocks in the different positions as of January 1 for the years 1932 to 1936 inclusive. Some revision in the January 1, 1936 figures is to be expected when the official estimates of stocks in interior mills and elevators are published and when the Bureau of Census data become available. Figures on stocks in interior mills and elevators as of January 1 were published by the Bureau for the first time in 1935.

If total stocks of wheat in all positions turn out to be about 428,000,000 bushels it would indicate that disappearance from July 1 to December 31 was about 347,000,000 bushels. Stocks on July 1 were 152,000,000 bushels, production 603,000,000 bushels, and net imports will probably be close to 20,000,000 bushels for the first half of the year, making total supplies of 775,000,000 bushels.

Total disappearance for the entire season is especially difficult to forecast because of the uncertainties in connection with the light-weight

spring wheat. There is still no way of arriving at an estimate of the amount of the light-weight wheat which will be milled or fed before July 1. Earlier in the season the Bureau, after making a great many assumptions in connection with this light-weight wheat, ventured an opinion that imports of milling wheat might be in the vicinity of 35,000,000 bushels. If the large supplies of light-weight wheat result in imports approximating this figure and the feeding of light wheat is not especially heavy, total disappearance for the year might possibly be between 640,000,000 and 650,000,000 bushels and July 1, 1936 stocks between 140,000,000 and 150,000,000 bushels. Considerable light wheat will doubtless be included in the July 1 carry-over.

Table 1.-Wheat stocks in the United States on January 1, 1932-1936

as changed Feb 5, 1936

Item	1936	1932	1933	1934	1935	1936
		Mil. bush.	Mil. bush.	Mil. bush.	Mil. bush.	Mil. bush.
On farms	159.4	322.5	273.0	196.5	137.5	159.4
"Commercial"	76.7	226.9	168.5	132.5	90.9	78.4
Country elevators and mills 1/ (~~Murray~~)	76.9	88.0	124.0	100.0	~~85.0~~ 92.1	80.0
Merchant mills:						
For own account in mills and mill elevators attached to mills	99.4	97.0	112.0	105.8	96.3	99.395
For others	5.8	18.7	10.2	9.3	10.1	5.781
In transit ("in transit to and bought-to arrive" by merchant mills)	13.5	11.5	13.1	15.1	12.4	(110.0)
Total stocks	431.7	764.6	700.8	559.2	~~450.2~~ 439.3	(427.8)

118.741

1] Interior mill and Elevator figures are Murray's for 1932-1934 and by the Crop Reporting Board for 1935-36

1/ The Crop Reporting Board figure for stocks in Interior Mills and Elevators published for the first time in 1935 was 93,500,000 bushels.

* Stocks as of January 3, 1936 instead of above of Dec 27, 1935 as published in W.W.R. Jan. 1936

Wheat Production Prospects in the United States

The acreage sown to winter wheat in the United States in the fall of 1935 is estimated to be 47,529,000 acres or 6.7 percent above that of 1934. The condition of the crop on December 1 was reported at 78.2 percent of normal compared with 77.8 percent on the same date a year ago and the 10-year (1923-1932) average of 82.4. The condition of the crop on December 1 indicates that abandonment during the winter will be somewhat above average and yield per acre below average. Based on past relationships, an abandonment from 1935 seedings of between 15 and 20 percent is indicated. Past relationships of December 1 condition to yield and corollary weather studies indicate

431.7
427.8
3.9

a winter wheat crop for harvest of about 530,000,000 bushels compared with 433,447,000 bushels in 1935 and the 5-year (1928-1932) average of 618,186,000 bushels.

The acreage sown to spring wheat has averaged 20,973,000 acres during the 10-year (1923-1932) period, ranging from 17,068,000 acres in 1924 to 22,869,000 acres in 1929. In 1933 it rose to 24,300,000 acres. If acreage should be expanded to 23,000,000 acres with the lifting of acreage control restrictions, with average yields a crop of 273,000,000 bushels would be produced. On the other hand, if conditions are again unfavorable for the spring wheat crop and expansion in acreage is curtailed, abandonment relatively heavy, and yields below average, a 200,000,000-bushel crop might result. Unfavorable conditions at planting time will tend to curtail expansion, and delayed planting will increase the danger from rust damage.

If the winter crop turns out to be in the neighborhood of 530,000,000 bushels and if the size of the spring wheat crop falls within the 200,000,000 to 275,000,000 bushel range, total production may be between 725,000,000 and 800,000,000 bushels. A crop of that size would provide a surplus of 100,000,000 bushels or more, domestic utilization being in the neighborhood of 625,000,000 bushels.

Prices

The United States average farm price of wheat as of December 15 was 90.1 cents per bushel compared with 88.7 cents in November and 90.6 cents in December, 1934. On December 13 prices in all world markets rose sharply following the sharp rise at Buenos Aires where the January future advanced 17 cents. December and May futures at Liverpool rose about 6 cents and at Chicago the 5-cent limit. In both of these markets the December future continued to average higher, but May futures in Chicago, reflecting lower prices in Winnipeg, declined and did not fully recover until the last of December. Prices in cash markets, generally speaking, also rose until early January. Hard Winter at Kansas City and Dark Northern Spring at Minneapolis, however, declined during the week ended January 11. The average price for the week ended January 11 of No. 2 Hard Winter at Kansas City at 115 and No. 1 Dark Northern Spring at Minneapolis at 130 were each 5 cents higher than for the week ended December 14, and the weekly average of No. 2 Hard Amber at Minneapolis and No. 2 Red at St. Louis were 9 and 8 cents higher, respectively, than a month earlier. Western White rose from 83 cents to 90 cents. During the week ended January 18 the domestic wheat markets turned slightly weaker.

Prices of all classes and grades at six markets have recently averaged 1 to 3 cents under a year ago, compared with an average for the week ended December 14 of 14 cents lower than a year earlier. This recent evening up is the result of a combination of advancing prices this year and declining prices a year ago. For the week ended January 11, No. 2 Hard Winter at Kansas City was 12 cents higher than a year earlier, No. 1 Dark Northern Spring at Minneapolis 10 cents higher and No. 2 Red Winter at St. Louis 6 cents higher. No. 2 Hard Amber Durum, however, is 25 cents lower than a year ago. Good quality hard wheat prices are higher this year because the United States is on an import basis for hard wheat and soft wheats are higher because of the increased demand for this type of wheat. Durum wheat, on the other hand, has been materially lower in price because it has not been necessary to import this type this season as was the case a year ago.

Table 2.- Wheat: Average price per bushel at specified markets in terms of United States currency, by weeks, November 1935 - January 1936

Week ended	Kansas City 1/	Minneapolis 2/	Winnipeg 3/	Buenos Aires 4/	Liverpool 4/	Great Britain 5/	Berlin 6/ 7/	Paris 6/ 8/	Milan 6/
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Nov. 9	111.3	127.3	76.0	73.3	90.2	80.2	217	140	245
16	110.6	125.2	76.6	69.6	87.7	78.0	217	139	246
23	113.7	131.1	79.0	72.0	89.3	75.9	217	139	---
30	112.8	131.2	78.2	73.3	90.8	74.9	---	---	---
Dec. 7	108.9	127.6	75.6	70.3	88.6	74.8	224	137	246
14	110.0	125.4	75.5	79.5	89.7	75.9	224	136	245
21	110.5	128.1	76.8	91.8	95.2				
28	112.8	128.8	76.4	91.6	97.9				
Jan. 4	118.0	134.9	78.3	92.2	96.8				
11	115.1	130.3	78.7	91.6	96.7				

Prices are averages of daily prices for week ending Saturday except as follows: Great Britain prices of home-grown wheat are averages for the week ending Saturday; Berlin, Paris, and Milan prices are Wednesday quotations. Prices at Winnipeg, Buenos Aires, Liverpool, Great Britain, Berlin, Paris, and Milan 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/ Domestic. 7/ Central German wheat, wholesale trade price free Central German station. 8/ Free market prices from January 1, 1935.

Table 3.- Wheat: Closing Saturday prices of May futures

Date	Chicago		Kansas City		Minneapolis		Winnipeg 1/		Liverpool 1/		Buenos Aires 2/	
	1934	1935	1934	1935	1934	1935	1934	1935	1934	1935	1934	1935
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
High 3/	104	103	101	102	108	112	88	91	83	97	4/ 58	4/ 93
Low 3/	96	94	92	94	100	104	83	86	75	81	4/ 53	4/ 68
Dec 14	101	99	98	98	106	109	84	89	79	90	5/ 57	6/ 91
21	99	100	96	99	105	108	84	88	77	92	5/ 55	6/ 91
28	100	99	97	99	106	108	84	87	77	92	5/ 56	5/ 92
	1935	1936	1935	1936	1935	1936	1935	1936	1935	1936	1935	1936
Jan. 4	101	102	98	102	107	111	84	89	76	95	5/ 56	5/ 93
11	99	101	96	100	106	108	84	88	75	95	5/ 56	5/ 93

1/ Conversions at noon buying rate of exchange. 2/ Prices are of day previous to other prices. 3/ November 1 to date. 4/ February and March futures. 5/ March futures. 6/ February futures.

Table 4.-Wheat: Weighted weekly average cash price at stated markets

Week ended	All classes: and grades six markets		No. 2 Hard Winter: Kansas City		No. 1 Dk.N.Spring: Minneapolis		No.2 Hard Amber Durum: Minneapolis		No. 2 Red Winter: St.Louis		Western White: Seattle 1/	
	1934	1935	1934	1935	1934	1935	1934	1935	1934	1935	1934	1935
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
High 2/	115	108	107	118	120	135	147	122	105	111	86	88
Low 2/	108	96	101	109	113	125	136	108	99	102	82	82
Dec. 14	111	97	106	110	118	125	136	113	104	103	85	83
21	112	102	103	111	116	128	141	116	103	107	82	87
28	114	103	103	113	116	129	145	112	102	108	84	88
	1935	1936	1935	1936	1935	1936	1935	1936	1935	1936	1935	1936
Jan. 4	108	107	103	118	116	135	143	119	102	111	84	90
11	111	108	103	115	120	130	147	122	105	111	85	90

1/ Weekly average of daily cash quotations, basis No. 1 sacked 30 days delivery.
2/ November 1 to date.

Exportable Surpluses and World Trade

Present estimates indicate that the surplus of wheat available for export or carry-over on January 1, 1936 in Canada, Argentina and Australia, together with United Kingdom port stocks and quantities afloat, was about 140,000,000 bushels smaller than it was a year earlier and 196,000,000 bushels smaller than on January 1, 1934 (See Table 5). Any downward revision in production estimates for the Southern Hemisphere countries will reduce the surpluses accordingly.

Wheat stocks remaining in Canada for export or carry-over on January 1 are estimated at about 244,000,000 bushels (based on the preliminary estimate of production), and Canadian grain in bond in the United States at about 35,000,000 bushels. Stocks in excess of domestic requirements in Australia on January 1 were about 91,000,000 bushels. If Australia should ship in the neighborhood of half of this amount to the Orient, it would leave a relatively small amount for Europe. Argentina with a small crop and her unwillingness to be a cheap seller this year is virtually out of the European competition, and the Danubian countries have only about a 15,000,000 bushel surplus remaining. Exports from Soviet Russia July-December totaled 24,000,000 bushels, but these have been declining since a peak in October.

Total shipments of wheat from the principal exporting countries July 1 to January 11 as reported by trade sources amounted to 256,404,000 bushels compared with 276,768,000 bushels during the corresponding period last year. Table 13 shows shipments by countries.

Table 5.-Wheat: Surplus for export or carry-over 1/ in the three principal exporting countries, United Kingdom port stocks and stocks afloat, January 1, 1933 - 1936

Position	1933	1934	1935	1936
	Million bushels	Million bushels	Million bushels	Million bushels
Canada:				
In Canada	316	289	270	244
In United States	14	14	28	35
Argentina	156	197	164	70
Australia	155	127	110	91
Total	641	627	572	440
United Kingdom port stocks	8	19	16	11
Stocks afloat to				
United Kingdom	20	11	11	12
Continent	11	5	7	6
Orders	5	5	7	2
Total	44	40	41	31
Total above	685	667	613	471

1/ Represents as nearly as possible total stocks of wheat minus domestic requirements for the remainder of each country's crop year, i. e., minus domestic requirements for January-July in case of Canada, January-November in the case of Australia, and January-December in case of Argentina.

European Imports in 1935-36 1/

The European deficit of wheat for the 1935-36 year is now estimated by the United States Bureau of Agricultural Economics to be between 356,000,000 and 386,000,000 bushels compared with actual imports of 352,000,000 bushels during the past marketing season. The present total is approximately 16,000,000 less than the earlier estimate which appeared in the October issue of World Wheat Prospects, but it is still above the figure for last year. Estimates by countries are shown in Table 6, which also shows net imports as reported during the current season.

The revisions necessitated by recent developments in foreign trade and export policies, are largely from France, Czechoslovakia, Sweden and Poland. The estimate of French net imports of 11,000,000 bushels was changed into a net export figure of perhaps 4,000,000 bushels as a result of the Government's decision to facilitate exports. This includes wheat from North Africa as imports, although it is far from clear just how much use the trade will make of the complicated export provisions. In the case

1/ Based on a report by Assistant Agricultural Attaché Gordon P. Boals at Berlin.

of Czechoslovakia, it now appears that imports would amount to about 2,000,000 bushels. While Czechoslovakia may sell a little domestic wheat abroad, that country has brought in some of the wheat purchased last year from Yugoslavia, and net imports may be expected to approach the above amount. For Sweden net imports were reduced from 2,000,000 to about 1,000,000 bushels and for Poland exports were increased from 2,000,000 to about 3,000,000 bushels, on the basis of trade to date.

Table 6.-Wheat, including flour: Net imports into European countries, year beginning July 1, 1933-34 to 1935-36

Country	1933-34	1934-35	Preliminary forecast 1935-36 (unofficial)	Net imports reported: July 1 to	1934-35	1935-36
	Million bushels	Million bushels	Million bushels		Million bushels	Million bushels
Austria	11	10	7 - 9	Oct. 31	3	3
Belgium	43	40	40 - 44	Oct. 31	17	16
Czechoslovakia	1/	1	1 - 3			
Denmark	12	19	12 - 14	Nov. 30	7	4
Estonia	2/	2/	0 - 0			
Finland	4	4	3 - 5	Oct. 31	1	1
France	18	3/ -17	3/ -3 - 3/ -5	Sept. 30	4	1
Germany	3/ -4	11	3 - 5	Nov. 30	6	1
Greece	12	13	10 - 13	Aug. 31	1	3
Irish Free State	19	18	16 - 18	Nov. 30	8	6
Italy	8	10	13 - 15			
Latvia	0	1/	0 - 0	Aug. 31	0	3/ -1
Netherlands	24	19	22 - 24	Nov. 30	8	10
Norway	9	9	7 - 9	Nov. 30	3	3
Poland	3/ -2	3/ -4	3/ -1 - 3/ -3	Nov. 30	3/ -2	3/ -4
Portugal	1	1	0 - 1	Aug. 31	2/	2/
Spain	1/	1/	0 - 0	Oct. 31	1/	1/
Sweden	2	3/ -2	0 - 1	Nov. 30	1/	3/ -1
Switzerland	18	18	16 - 18	Nov. 30	7	8
United Kingdom	216	202	210 - 215	Nov. 30	86	85
Total	391	352	356 - 386		149	135

Compiled from official sources.
1/ Net exports of less than 500,000 bushels.
2/ Less than 500,000 bushels.
3/ Net exports.

386
256
2742
371

Area and Condition of Fall-sown Wheat

Estimates of the acreage sown to winter wheat are available for only a few countries. These are shown in Table 7. The winter wheat acreage in these countries last year represented nearly one-fourth of the estimated total winter and spring wheat acreage in the Northern Hemisphere exclusive of Russia and China. The United States is the only country which has reported any increase over 1935.

The acreage sown in Canada is estimated at 514,000 acres compared with 685,000 acres sown for the 1935 harvest. Winter wheat acreage in Canada, however, is only about 2 percent of the total wheat acreage.

A decrease in acreage has been reported in several of the important wheat producing countries of Europe. The acreage in France is officially estimated at 12,536,000 acres compared with 13,007,000 acres in 1935. Some trade reports, however, stated that the decrease from the 1935 acreage is about 10 percent. The official estimate for Czechoslovakia shows a decrease of 2 percent and for Poland 0.2 percent. Each of these countries reported an increase in the acreage sown to rye, France 0.3 percent, Czechoslovakia 0.9 and Poland 0.6 percent. Data as to the extent of fall seedings are not available for other countries but a normal acreage appears to have been seeded in Bulgaria, Hungary and Yugoslavia. The acreage in Rumania may remain slightly below normal and considerably below the exceptionally large acreage sown last year because of the prolonged drought. Adverse fall weather in parts of the Baltic region is thought to have reduced seedings. The German figures are not expected to show any marked shift. Unfavorable weather conditions in parts of Northern Italy appear to have affected seeding operations somewhat and may have modified farmers intentions to plant this fall, but any incompleted plans may be made up in the spring. The winter acreage in the United Kingdom is reported to be 6 percent under last year. Continued rain in France is causing some concern about prospects for the coming year, as it is a rather common trade saying there that "A wet winter means a poor crop". Mild weather prevails in the Danubian countries and any sudden drop in temperature may cause considerable damage.

Much of French North Africa, especially Morocco and Tunisia reported a rather unfavorable crop situation because of dryness. Recent trade reports from Algeria stated that conditions were favorable there.

Crop developments in India are reported fair but rains are needed both this month and in February to insure satisfactory growth.

In Russia weather conditions during the last 10 days of November and first 10 days of December do not appear to have been particularly favorable to winter crops, although unfavorable reports from Soviet sources are lacking. A temperature of 0° Fahrenheit was reported from Ukraine around November 25, when snow cover was lacking there with similar conditions in practically the whole of the southern, western, and central sections of the Union. Even as far north as the Leningrad region no snow cover existed at that time, while freezing temperatures prevailed

both at night and during the day-time. Later in the month the snow cover moved further south covering the whole country, with the exception of southern Ukraine (an important winter wheat region) and the southeastern regions. However, a rise in temperatures caused thawing early in December and the snow cover in the southern half of the Union disappeared. This alternate freezing and thawing, accompanied at times by the return of relatively very warm weather may well have caused some damage, though at this season of the year it is very difficult to determine the effect. Rainfall at the end of November and during the first week of December was abundant in the southern section of the Union and should aid in replenishing the previously reported deficiency in subsoil moisture.

Table 7.-Wheat: Acreage sown to winter wheat, 1934-35 to 1936-37

Country	1934-35	1935-36	1936-37
	1,000 acres	1,000 acres	1,000 acres
United States ...	41,879	44,530	47,529
Canada	698	685	514
Total (2)	42,577	45,215	48,043
France	12,770	13,007	12,536
Czechoslovakia ..	2,099	2,246	2,212
Poland	3,774	3,762	3,754
Total (3)	18,643	19,015	18,502
Total five countries	61,220	64,230	66,545

The Wheat Situation in the United Kingdom 2/

The supply of domestic wheat in England and Wales is being marketed very rapidly this year. Certificates of sale lodged with the Wheat Commission by registered growers during the period August 1 to November 15 amounted to 24,000,000 bushels of millable wheat as compared with 23,000,000 bushels in the corresponding period to November 16 last year. Although this is an increase of only 2 percent, this year's sales during the period mentioned represented 44 percent of the Commission's estimate of the total for the year as against 35 percent during the corresponding period last year. The quantity of millable wheat to be sold after November 15 this year, using the present estimate of the total for the year, amounts to 31,000,000 bushels as against 44,000,000 bushels in the remainder of the season last year. This indicates a reduction in domestic wheat of almost 13,000,000 bushels, or about 25 percent for the latter part of the season as compared with last year. It should be borne in mind, however, that last year's figures were at record levels.

2/ Based on a report by Agricultural Attaché C. C. Taylor at London.

All millable wheat, representing over 90 percent of the production, is expected to be sold in order to qualify for the subsidy. About 4,000,000 bushels are being repurchased for seed, and a large amount, perhaps 20,000,000 bushels bought back for feed. Wheat requirements for poultry and hog feed will be large this year. The number of chickens in England and Wales (58,000,000), although slightly less than last year, is almost the highest on record. The number of hogs (4,100,000), to which a considerable quantity of low grade wheat is fed, is greatly increased this year.

The significance of the domestic crop should not be overemphasized. Production in the United Kingdom, 70,000,000 bushels in 1934 and 63,000,000 bushels in 1935, is small compared with requirements for feed and flour, totaling about 260,000,000 bushels. Lighter marketings of domestic wheat during the remaining months of the present season may create a market opening for perhaps between 5,000,000 and 6,000,000 additional bushels of imported wheat and flour, but this is no more important than the possibility of stocks being built up. Domestic supplies represent only about 20 or 25 percent of the total requirements and variations in this fraction are no greater than variations in stocks and total requirements.

Imports of wheat July-October were 61,000,000 bushels this year as against 65,000,000 bushels in 1934, and 70,000,000 bushels in 1933, but subsequent arrivals, according to Broomhall, have brought the total abreast of last year's imports. The July-June total was 190,000,000 bushels last year, and 198,000,000 bushels in 1933-34, besides about 5,000,000 and 6,000,000 barrels of flour, respectively.

Wheat stocks at ports in Great Britain and Ireland, according to Broomhall, are rising, but on December 1 still were far behind last year. They rose from 5,200,000 bushels on November 1 to 7,700,000 bushels on December 1 as compared with 13,500,000 bushels a year ago. Flour stocks showed the same contrast but in less degree. The combined drop in stocks of wheat including flour was about 6,000,000 bushels as compared with a year ago.

Higher Minimum Price of Wheat in Argentina 3/

The minimum price of wheat in Argentina was increased from 5.75 to 10 pesos per quintal, or from approximately 54 cents to 90 cents per bushel, by executive decree, effective December 13, 1935. The original basic price for wheat of 5.75 pesos was established by executive decree of November 28, 1933. During the first year of its operation, the Argentina Government was called upon to purchase some 147,400,000 bushels of wheat, or about 75 percent of the estimated exportable surplus of the 1933-34 crop. The same minimum price was subsequently extended to the crop year 1934-35, but, inasmuch as the world price level continued above the fixed minimum of 5.75 pesos, the Argentine Government was not required to purchase any wheat from the 1934-35 crop.

3/ From "Foreign Crops and Markets", December 23, 1935.

On December 12, 1935, the day before the new minimum price became effective, wheat was selling in Buenos Aires for approximately 74 cents per bushel. On the following day, December 13, 1935, the first day under the new minimum price, the closing price was slightly above the new minimum price. Quotations in Buenos Aires have continued substantially above the minimum.

Under the regulations established on November 28, 1933, the fixed price for wheat of 5.75 pesos applied only to Buenos Aires. The prices at Rosario and Santa Fe were 5.625 and 5.55 pesos, respectively, and at Bahia Blanca the price was fixed at 5.75 pesos "loaded on board vessel". These fixed differentials were intended to cover the difference in the freight, lighterage, and other usual and customary discounts. The price which the farmer received for his wheat was the fixed price at these ports, less freight and other charges covering shipment from the country shipping point.

Under the new decree, the minimum price of 10 pesos per quintal, or 90 cents per bushel, applies not only to Buenos Aires but also to Rosario, Santa Fe, Bahia Blanca, and other ocean and river ports. Since the minimum price is only operative when the world price falls below that fixed by the Government, however, this concession will have no practical effect upon the price of wheat in those markets or upon the price received by the farmer unless the world price of wheat should fall below the Government's minimum. Incidentally it may be noted that the Argentine wheat crop this year is forecast at 144,000,000 bushels, so that if the Government should be called upon to purchase wheat at the minimum price, the volume of its purchases would be considerably smaller than it was during the crop year 1933-34 when the Government, as pointed out above, was required to purchase some 147,400,000 bushels of wheat at the then fixed minimum of 5.75 pesos per quintal.

Wheat and Flour in the Netherlands Trade Agreement 4/

Under the terms of the trade agreement of the United States with the Netherlands and its possessions, which was signed on December 29, 1935 and will become effective February 1, 1936, the United States will secure more favorable treatment in its wheat and wheat flour export trade. The agreement carries a Dutch commitment to buy annually from the United States a quantity of wheat or flour amounting to not less than 5 percent of the annual total imports of milling wheat, and of the annual total Dutch consumption of wheat flour, provided prices are in line with wheat and flour of comparable grade and quality offered by other countries. There are no import quotas on wheat and flour, but regulations governing the Dutch milling and baking industry have favored a heavily expanded domestic wheat production program, thereby narrowing the opportunities for imported supplies.

The United States stands to be benefited by this commitment through a material expansion of the present small imports of American wheat and flour into the Netherlands. On wheat, it is estimated that, based on the small total imports of 1934, (see Table 8), the maximum imports under the agreement would be about 800,000 bushels annually. If the present high level of domestic production in the Netherlands should be modified to the extent of requiring wheat imports totaling about 20,000,000 bushels, as seems likely, then the wheat commitment might account for about 1,000,000 bushels annually.

4/ From "Foreign Crops and Markets", January 20, 1936.

Table 8.- Netherlands: Imports of wheat, by countries, 1929 and 1931 to 1935

Country	1929	1931	1932	1933	1934 1/	Jan.-Nov. 1/ 1934	Jan.-Nov. 1/ 1935
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
Germany	582	1,912	2,758	3,020	623	619	360
Belgium-Luxemburg	393	737	855	350	580	443	455
United Kingdom	48	0	0	0	72	72	2/
France	2/	9	0	455	7	2/	2/
Rumania	1,539	1,796	929	1,401	2,471	2,476	2/
U.S.S.R.	2/	11,591	3,775	2,840	663	663	779
Poland	2/	122	108	37	2/	2/	2/
United States	4,732	3,978	2,721	1,621	1,285	1,136	1,288
Canada	3,748	2,940	7,164	8,511	3,246	2,902	3,367
Argentina	12,622	2,954	7,082	7,716	8,875	7,794	11,007
Australia	308	2,171	2,274	994	2/	2/	2/
Others	82	229	209	103	330	289	1,271
Total imports	24,054	28,439	27,875	27,048	18,152	16,394	18,527
Total exports	326	1,122	4/ 867	5/ 132	6/ 2,169	2,169	1,354
Net imports	23,728	27,317	27,008	26,916	15,983	14,225	17,173

Foreign Agricultural Service. Compiled from Nederland Jaarstatistiek van den In- Uit- en Doorvoer, 1929-1933, and Nederland Maandstatistiek van den In- Uit- en Doorvoer.

1/ Preliminary. 2/ If any, included in "Others". 3/ Less than 500 bushels. 4/ Includes 89,000 bushels reexported. 5/ Includes 60,000 bushels reexported. 6/ Includes 1,322,000 bushels reexported.

The possible quantity named is considerably smaller than the volume recorded in the Netherlands import statistics as coming from the United States in 1934 and 1933. It should be remembered, however, that European import figures applying to the United States always include a considerable amount of Canadian wheat in transit through the United States. It should be noted also that in the last 2 years Canadian wheat has represented a much larger part than usual of the total wheat leaving American ports. It would seem that a more accurage measure of the value of the wheat commitment would be a comparison of the possible exports with the 37,000 bushels recorded as exported from the United States to the Netherlands in 1934 and the 80,000 bushels shipped in 1933. The 1932 exports to the Netherlands were placed at 4,260,000 bushels.

Table 9.- Netherlands: Imports of wheat flour, by countries, 1929 and 1931 to 1935

Country	1929	1931	1932	1933	1934 1/	Jan.-Nov. 1/ 1934	Jan.-Nov. 1/ 1935
	Barrels	Barrels	Barrels	Barrels	Barrels	Barrels	Barrels
Germany	32,016	10,764	6,464	56,871	61,335	61,088	7,435
Belgium-Luxemburg ..	206,791	70,168	15,559	4,830	2,553	2,553	5,410
United Kingdom	32,289	30,102	11,533	13,890	15,916	15,308	24,093
France	55,830	345,896	141,145	165,778	185,985	152,747	179,056
Rumania	2/	2/	2/	2/	2/	2/	2/
U.S.S.R.	2/	225	2/	2/	2/	2/	2/
Poland	169	1,444	2/	2/	2/	2/	2/
United States	975,147	730,233	138,858	129,075	81,019	75,069	95,090
Canada	87,897	70,497	16,987	56,511	32,653	28,457	36,646
Argentina ...	7,338	2,791	2,934	2/	2/	2/	2/
Australia ...	4,944	19,981	14,824	22,055	2/	2/	10,776
Others	5,305	6,629	3,376	56,602	58,152	57,512	73,764
Total imports	1,407,726	1,288,730	351,680	505,612	437,613	392,734	432,270
Total exports	105,214	52,288	24,211	7,176	2,261	5,275	7,266
Net imports .	1,302,512	1,236,442	327,469	498,436	435,352	387,459	425,004

Foreign Agricultural Service. Compiled from Nederland Jaarstatistiek van den In- Uit- en Doorvoer, 1929-1933, and Nederland Maandstatistiek van den In- Uit- en Doorvoer. One kilo flour = .011247959 barrel.
1/ Preliminary. 2/ If any, included in "Others".

On flour, the latest available estimate of total Netherlands consumption is 7,076,000 barrels for 1932, including both foreign and domestic flour. Five percent of that figure would amount to 354,000 barrels. Estimates for 1934 indicate that flour imported from the United States (see table 9) represented only 1 percent of total consumption. Since about 80,000 barrels were imported in 1934, total consumption works out at about 8,000,000 barrels.

Such a consumption figure would raise the United States imports into the Netherlands to about 400,000 barrels, the largest since 1931, and about eight times larger than the 1932-1934 average imports. The Netherlands import figures for this item correspond closely with the United States export record, which shows that 81,000 barrels of flour were exported to the Netherlands in 1934, 112,000 in 1933, and 145,000 in 1932.

The Netherlands is traditionally a low-tariff country. Under the emergency conditions prevailing during recent years, however, there has developed a complicated system of so-called "crisis" control and regulation of imports. This new system does not alter the old tariff structure as such, but utilizes import monopoly fees, quotas, and central purchasing agencies to regulate the movement of agricultural imports. As a result, the agreement does not contain any reductions in duties as such. Concessions, however, have been secured in the shape of lower monopoly fees, enlarged quotas, and commitments to buy American products under specified conditions. In practically all cases, existing duties have been bound.

The Netherlands charges on imports include a so-called "compensatory" duty of 1 percent and a "statistical" duty of 0.1 percent. These charges are not affected by the terms of the agreement. They apply to all imported articles and represent, in the first case, an additional source of general revenue and, in the second case, a source of special revenue for meeting the costs of customs administration.

The Chinese Wheat and Flour Trade 5/

During recent years China has been an important wheat and flour importing country. Up to 1923 a larger amount of wheat was exported than was imported, but during the past 12 years wheat exports exceeded imports only in 1928. The exported wheat was principally from Manchuria to Soviet Russia. Since Manchuria has been cut off, China is not expected to have a surplus of wheat for export. From 1922 to 1929 wheat flour imports ranged from 2,150,000 to 8,000,000 barrels, but since then the imports have become much smaller, amounting to a total of 670,000 barrels in 1934. From 1923 to 1930, wheat imports ranged from 1,150,000 to 12,000,000 bushels per year, showing no definite trend. Every year since 1923 the United States has furnished part of China's wheat imports, and during the years 1931, 1932, and 1934 they accounted for 16, 15, and 65 percent respectively of the total imports. 6/

Table 10.- China: Wheat and flour, imports from the United States 1931-1934

Year	Wheat	Flour
	Bushels	Barrels
1931	9,093,075	942,033
1932	6,652,290	2,664,040
1933	1,927	682,246
1934	11,339,763	399,723

Shanghai office, Foreign Agricultural Service.

5/ From "Foreign Crops and Markets", January 13, 1936.
6/ Since July 1932 imports of wheat into Manchuria have not been included.

It is probable that the large use of imported wheat in the years 1931, 1932, and 1934 was due to (1) a decrease in local production as a result of the internal political disturbances which prevailed in the several years immediately preceding; (2) the disastrous floods of 1931; and (3) the great decline in the prices of foreign wheat which set in with the world depression. The situation is changed now. The wheat-producing provinces nearest Shanghai have now had several years of political tranquillity, world wheat prices show a tendency to rise, and the import duty, affording some protection against the competition of foreign wheat, has probably encouraged the farmers to increase their wheat acreage.

The trade figures show that, in comparison with 1932, China's 1933 imports of American flour declined by 74 percent, and wheat imports dropped to a vanishing point and the United States has ceased to be a factor in China's commercial wheat trade. The sharp increase in the imports of American wheat in 1934 was not due to a normal demand for our wheat, but was the result of the Sino-American wheat loan and governmental assistance to exports of wheat from the Pacific Northwest. In comparison with the previous year, China's imports of American flour declined further by 41.5 percent.

The Shanghai Wheat and Flour Market 7/

A cargo of Australian wheat which was purchased in December and arrived January 16 constitutes the only foreign wheat bought since July. With the disparity between foreign wheat and local flour prices, which is placed at 10 percent, no bookings of foreign wheat are expected.

The nominal price of Australian flour in bulk from New South Wales, c.i.f., Shanghai duty included, for February delivery was 98 cents per bushel, and domestic wheat for February delivery 83 cents. Domestic flour for January delivery was 93 cents per bag of 49 pounds, and February 94 cents. Australian flour, c.i.f., Hong Kong, was $3.60 per barrel of 196 pounds.

The European Wheat Market Situation during December 8/

Early in December wheat prices in European wheat markets were somewhat weak and import business was confined within moderate limits. Later, when the announcement of higher buying prices by the Argentine grain organization caused attention to be drawn to the reduced surplus of that country, European import buying was greatly stimulated and prices of overseas wheat in import markets, notably Plates, rose considerably. The price of Manitobas, held in check by the Canadian sales policy, however, did not rise materially, and their competitive position was improved accordingly and larger takings by the United Kingdom and western Europe resulted.

Prices of domestic wheat in Austria, Poland and Sweden declined slightly as a result of larger marketings or technical circumstances. Italian prices, for which the Government has recently fixed maximum limits, also weakened slightly.

In France, in spite of the improved statistical position of supplies, the market continued to decline. Such wheat as moved was almost entirely of the "taken-in-charge" 9/ stocks of the Cooperatives, as holders of free wheat were not disposed to sell under existing conditions.

7/ From radiograms from the Shanghai office of the Foreign Agricultural Service.
8/ From a report from Assistant Agricultural Attaché Gordon P. Boals at Berlin.
9/ See World Wheat Prospects of December 1935, pages 12-13.

Table 11.- United States: Exports of wheat and wheat including flour, 1934-35 and 1935-36 1/

Period	Wheat		Wheat flour		Wheat including flour	
	1934-35	1935-36	1934-35	1935-36	1934-35	1935-36
	1,000 bushels	1,000 bushels	1,000 barrels	1,000 barrels	1,000 bushels	1,000 bushels
July	826	66	286	248	2,168	1,231
Aug.	1,776	8	440	270	3,845	1,278
Sept.	109	14	443	279	2,190	1,324
Oct.	57	14	397	314	1,923	1,489
Nov.	152	30	380	335	1,936	1,602
Week ended						
Dec. 7	1	24	79	15	372	94
14	---	2	50	41	235	195
21	19	---	19	8	108	38
28	10	---	31	15	156	70
Jan. 4	---	2	18	32	85	152
11	---	---	29	14	136	66

Compiled from reports of the Department of Commerce.
1/ Includes flour milled in bond from foreign wheat.

Table 12.- Wheat, including flour: Shipments from principal exporting countries, specified dates, 1934-35 and 1935-36

Period	Argentina		Australia		Danube		North America	
	1934-35	1935-36	1934-35	1935-36	1934-35	1935-36	1934-35	1935-36
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
July 1 - Nov 30	80,292	45,992	43,040	38,328	568	6,584	83,448	80,376
Week ended								
Dec. 7	3,596	1,736	1,240	1,584	0	224	2,696	5,136
14	1,552	1,368	1,908	1,872	0	288	1,768	3,672
21	2,072	924	2,540	1,680	0	312	1,968	5,088
28	1,524	656	1,944	768	40	0	2,208	3,264
Jan. 4	2,944	803	2,200	1,620	0	0	1,392	1,549
11	4,252	1,076	2,176	2,226	8	104	2,168	3,722
Total, July 1 - Jan. 11	96,232	52,555	55,048	48,078	616	7,512	95,648	102,807

Compiled from Broomhall's Corn Trade News.

Table 13.- Wheat, including flour: Movement from principal exporting countries, 1932-33 to 1935-36

Country	Exports as given by official sources						Date
	Total			July 1 to date shown			
	1932-33	1933-34	1934-35	1933-34	1934-35	1935-36	
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	
United States	41,210	37,002	21,532	8,062	12,062	6,923	Nov. 30
Canada	267,342	198,555	169,630	122,432	114,532	132,539	Dec. 31
Argentina	120,272	144,854	187,000	54,278	91,151	50,454	Dec. 31
Australia	148,552	86,509	108,010	24,334	23,266	20,183	Sept 30
Russia	19,676	33,787	4,286	14,278	2,692	18,207	Oct. 31
Hungary	7,010	29,615	12,499	6,782	1,971	3,213	Sept 30
Yugoslavia	1,162	839	4,401	202	1,166	66	Sept 30
Rumania	179	248	3,432	84	0	3,715	Oct. 31
Bulgaria	3,144	4,236	375	1,721	7	577	Oct. 31
British India	2,169	2,084	2,318	619	740	656	Sept 30
Total	610,716	537,729	513,483				

	Shipments as given by trade sources						
	Total		Week ended			July 1-Jan. 11	
	1933-34	1934-35	Dec. 28	Jan. 4	Jan. 11	1934-35	1935-36
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
North America 1/	220,616	168,712	3,264	1,549	3,722	95,648	102,807
Canada, 4 markets 2/	194,213	176,059	1,069	836	1,020	132,695	169,836
United States	37,002	21,532	70	152	66	13,794	7,533
Argentina	140,128	186,228	656	803	1,076	96,232	52,555
Australia	90,736	111,628	768	1,620	2,226	55,048	48,078
Russia	26,656	1,656	488	560	1,104	1,656	26,000
Danube & Bulgaria 3/	15,872	4,104	0	0	104	616	7,512
British India	4/2,084	4/2,318	0	0	0	312	256
Total 5/	496,092	474,646				249,512	237,208
Total European shipments 1/	401,560	387,752	4,344			6/ 199,360	6/ 171,080
Total ex-European shipments 1/	123,352	142,424	1,744			6/ 59,400	6/ 70,632

1/ Broomhall's Corn Trade News.
2/ Fort William, Port Arthur, Vancouver, Prince Rupert, and New Westminster.
3/ Black Sea shipments only.
4/ Total exports as given by official sources.
5/ Total of trade figures includes North America as reported by Broomhall's, but does not include items 2 and 3.
6/ To December 28.