UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

WH-125 September 1936

WORLD WHEAT PROSPECTS

Summary

Another large wheat acreage is in prospect in the United States, prompted by more attractive prices than at seeding time last year and this spring. Seedings of both winter and spring wheat for harvest in 1936 were approximately 74,500,000 acres, the largest on record except for 1919. Abandonment and crop loss due to unfavorable weather, however, were exceptionally large and resulted in small production. If yields of the crop for harvest in 1937 turn out to be one-fourth below average, the same acreage as seeded for harvest in 1936 would produce fully enough wheat for total domestic utilization. However, if yields should turn out to be near average or above, production would be in excess of domestic requirements and prices in the United States would fall to export levels.

Winter wheat seeding is making good progress generally, and the early seeded grain is coming to a good stand. During the past month the winter Wheat Belt, except in some northwestern districts and in the Pacific Northwest, has generally received sufficient rain to condition the soil properly for seeding, germination and early growth.

World wheat supplies outside of Russia and China in the 1936-37 season now appear likely to be about 290,000,000 bushels less than in 1935-36. While this represents a sharp decline from the very large supplies of recent years, supplies this year are still about 370,000,000 bushels larger than the 5-year average just before the accumulation of the very large surpluses.

Crop conditions now indicate that world production, excluding Russia and China, will probably be about 3,432,000,000 bushels or a decrease of about 118,000,000 bushels compared with last year, and the world carry-over, excluding Russia at the beginning of the current crop year was apparently about 775,000,000 bushels, or a decrease of about 170,000,000 bushels compared with a year ago. Very limited exports are expected by Russia this season. Changes during the last month included an increase in the Canadian estimate but this was largely offset by a reduction in the estimate for Australia. Small reductions in the estimates for other countries also occurred, notably the United States and Czechoslovakia.

The estimate of world stocks of old grain has been revised upward during the past month upon receipts of the first estimates for European countries made by the European offices of the Foreign Agricultural Service.

During the current season, the price of wheat parcels at Liverpool has reflected the relatively large proportion of high-priced Manitobas in their total takings, and futures in the same market have been affected likewise. While these relatively high prices in Liverpool have reduced the spread between United States markets and Liverpool as compared with the spread during the past 3 years, domestic prices still remain relatively high compared with world levels. A year ago Chicago futures were about 5 cents over Winnipeg futures whereas they are currently about 9 cents. Number 2 Hard Winter Wheat at Kansas City is currently about 25 or 26 cents above No. 3 Manitoba Northern compared with 22 cents a year ago.

With world carry-over stocks now reduced to about normal proportions, prices this year are more sensitive to changing crop conditions than they have been for several years. In the next few months, as the Argentine and Australian harvest approaches, crop conditions there will become increasingly important as a price factor.

Import requirements in prospect in Europe during 1936-37, are expected to be increased, as a result of reduction in both crops and carry-over. The imports of overseas wheat, however, are not expected to be greatly different from the takings of the past 2 seasons. While some increase is probable, the very large crop in the Danube countries seem likely to satisfy most of the apparent increased needs in Europe this year.

Expected reductions in import takings outside of Europe will probably be more than offset by the increased European imports so that the total import requirements in 1936-37 may be somewhat larger than in 1935-36 . These prospective requirements may be expected to reduce the world carry-over at the end of the season.

Wheat Crop Prospects

The 1936-37 world wheat crop, exclusive of Russia and China, is now estimated at 3,432,000,000 bushels compared with 3,550,000,000 bushels in 1935-36 and with 3,719,000,000 bushels, the average production during the past 5 years. Revisions in the estimates for several countries during the past month have decreased the total for the current season 12,000,000 bushels below the total indicated in August.

The estimate of the United States is now placed at 630,241,000 bushels compared with the August estimate of 632,745,000 bushels and with the 1935 crop of 623,444,000 bushels.

The first official estimate of the Canadian crop is 232,973,000 bushels compared with 277,339,000 bushels in 1935 and 275,849,000 bushels in 1934. The quality of this year's wheat is reported to be very high.

The estimate of the European wheat crop, excluding Russia, has undergone virtually no change during the past month, the present estimate being 1,488,497,000 bushels and the August total, 1,496,002,000 bushels. This estimate compares with 1,575,860,000 bushels harvested in 1935. The only change in European estimates of any significance reported during the month was a downward revision in the Czechoslovakian crop. Unfavorable weather during harvest was widespread throughout Europe except in the Danubian countries. The full extent of the damage cannot be determined until the final threshing results are known. In France, as the result of excessive moisture during ripening and harvesting seasons, the quality of the grain is poor not only because of light weight but also beacuse of keeping quality.

The estimates of the wheat production in the North African and Asiatic countries remain about the same as reported last month.

Conditions have been fairly favorable for growth in Argentina. There has been a deficiency of rain which can be overcome if adequate rains are received next month. Though the official estimate of area sownwas 16,803,000 acres, there is a widespread opinion that this figure is too low and will be revised upward. In trade circles, the acreage is estimated at 17,800,000 acres.

Rain is urgently needed in Australia. Though there has been virtually no rain during September, the temperature has been low, which has prevented the dry weather from doing its full damage. Crops are backward in the West and Southwest and there are rumors that conditions there are the worst since the short crop of 1914. Production in Australia is now tentatively forecast at about 125,000,000 bushels, a reduction of 25,000,000 bushels from the August forecast. Moisture in October, however, can still do much for the crop, and plentiful supplies might largely restore the estimate of 150,000,000 bushels.

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

Country	1933-34	1934-35	1935-36	1936-37
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
North America:				
United States	551,683	526,393	623,444	630,241
Canada	281,892	275,849	277,339	232,973
Mexico	12,122	10,950	10,279	12,993
Total (3)	845,697	813,192	911,062	876,207
Europe:				
England and Wales	58,725	65,259	60,592	53,088
Scotland	3,472	4,144	4,443	3,379
Northern Ireland	227	363	362	1/ 250
Irish Free State	1,983	3,803	6,687	1/ 9,500
Norway	755	1,204	1,707	2/ 1,300
Sweden	26,337	28,376	23,611	22,707
Denmark	11,543	12,847	14,672	2/12,900
Netherlands	15,325	18,042	16,653	16,472
Belgium	15,067	16,134	14,780	15,744
France	362,330	338,513	284,950	3/242,500
Spain	138,235	186,836	157,984	121,490
Luxemburg	995	1,171	1,022	1,022
Portugal	15,073	24,690	22,092	8,393
Italy	298,548	233,064	283,883	3/238,800
Switzerland	4,957	5,342	5,989	4,696
Germany	205,920	166,547	171,481	4/176,625
Austria	14,615	13,305	15,590	2/ 13,200
Czechoslovakia	72,896	50,014	62,095	54,049
Greece	28,385	25,679	26,401	23,743
Poland	79,883	76,441	73,884	2/ 77,896
Lithuania	8,192	10,475	10,093	2/ 8,300
Latvia	6,725	8,051	6,520	3,050
Estonia	2,451	3,107	2,267	2,326
Finland	2,460	3,280	4,233	4,714
Malta	305	310	179	(200)
Albania	2,380	1,579	2,000	(2,000)
Total (26)	1,377,784	1,298,576	1,274,170	1,118,344
Bulgaria	55,454	39,595	47,925	55,850
Hungary	96,356	64,824	84,224	87,291
Rumania	119,072	76,553	96,440	121,253
Yugoslavia	96,582	68,328	73,101	105,703
Total (4)	367,464	249,300	301,690	370,097
Total Europe (30)	1,745,248	1,547,876	1,575,860	1,488,441

Continued -

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

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	45,701
Total (4)	110,037	134,170	113,324	97,424
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	3,020,194	3,138,361	2,971,309
Estimated Northern Hemisphere total excluding Russia and China	3,263,000	3,066,000	3,184,000	3,017,000
Southern Hemisphere:				
Argentina	286,120	240,669	139,625	5/215,000
Australia	177,338	133,394	142,308	(125,000)
Union of South Africa	11,762	15,343	20,209	(12,000)
Estimated world total excluding Russia and China	3,809,000	3,513,000	3,550,000	3,432,000

Compiled from official sources except as otherwise noted.
1/ Estimated in the London office of the Foreign Agricultural Service.
2/ Estimated in the Berlin office of the Foreign Agricultural Service.
3/ Estimated in the Paris office of the Foreign Agricultural Service.
4/ Excludes Saar, since production for this territory was not reported prior to 1936. Production for Saar this year is reported at 511,000 bushels.
5/ Based on weather studies.

Rye Prospects

Present indications point to a rye crop in Europe smaller than last year. The 19 countries reporting to date show a total of 804,996,000 bushels, compared with 815,043,000 bushels in 1935. Increased production in Germany and in the Danubian countries is more than offset by decreases in other European countries. Throughout Europe, with the exception of the Danube Basin, the weather has been unfavorable for both the growth and harvesting of rye. There is increasing evidence that in important producing countries the rye crop has suffered considerable damage, and further downward revisions may be necessary.

Although below normal, the rye situation is relatively more favorable in Europe than the wheat outturn inasmuch as weather conditions were generally better in the large rye producing areas than in the important wheat districts of the Mediterranean Basin. In Soviet Russia, however, the rye crop is considerably below the harvests of last year and other recent years on account of severe drought and unfavorable harvesting weather.

The quality of the rye crop in many central and northern European districts is reported rather poor and not so well suited for bread grain purposes as in most seasons. This situation together with the fact that there are fairly good feed crop supplies in Europe generally would seem to favor exports of rye, particularly for feed uses in deficit areas. The continuation of the present price relations between wheat and rye, however, together with the fact that much of the wheat in Central Europe this year is not of very good quality would seem to favor the domestic utilization of as large a part of the rye crop as possible. Such a utilization would, of course, be a restricting factor on rye exports in the surplus areas. This is expected to be especially true in the Danube countries where the quality is better and the good demand for wheat favors such substitution.

The first official estimate of total rye produced in Canada is 4,982,000 bushels compared with 9,606,000 in 1935.

Table 2.- Rye: Production in specified countries, 1933-36

Country	1933	1934	1935	1936
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
United States	21,418	17,070	58,928	27,095
Canada	4,177	4,706	9,606	4,982
Total (2)	25,595	21,776	68,534	32,077
Austria 1/	26,314	21,853	22,302	18,058
Belgium	22,310	22,222	18,522	14,094
Bulgaria 1/	9,293	6,074	6,576	8,668
Czechoslovakia	82,103	55,970	64,501	54,918
Estonia	8,735	9,064	6,804	6,378
Finland	14,672	15,544	13,760	14,078
Germany	343,570	299,496	294,399	2/313,451
Greece	2,800	2,465	2,312	2,531
Hungary	37,654	24,380	28,650	28,817
Latvia	13,979	16,210	14,326	11,653
Luxemburg	575	548	452	456
Netherlands	15,601	19,788	18,434	19,464
Poland	278,460	254,472	260,498	251,561
Portugal	4,210	4,913	4,674	3,652
Rumania	17,555	8,308	12,724	15,747
Spain	20,702	21,567	19,206	18,053
Sweden	18,215	20,673	17,116	14,763
Switzerland	1,545	1,260	1,279	1,110
Turkey	13,430	9,590	8,508	7,544
Total (19)	931,723	814,398	815,043	804,996

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 1,059,000 bushels.

Prospective Wheat Supply and Utilization by Classes for 1936-37

Total domestic supplies of all wheat for 1936-37 are indicated to be 780,000,000 bushels, consisting of 150,000,000 bushels of carry-over on July 1 and a prospective crop, based on September 1 indications, of 630,000,000 bushels. This quantity would ordinarily be sufficient for domestic requirements, if it contained sufficient amounts of hard red wheat and durum, which is not the case this year.

Total 1936-37 supplies (carry-over plus crop) of hard red spring wheat is estimated at 92,000,000 bushels, representing a reduction of 74,000,000 bushels in the supplies of a year earlier, which consisted of 31,000,000 bushels of full-duty wheat imports in addition to 135,000,000 bushels of domestic wheat. Total supplies of hard red winter wheat are estimated at 319,000,000 bushels, an increase of 44,000,000 bushels over 1935, while total supplies of white wheat are about 16,000,000 bushels greater than a year earlier. Total supplies of soft red winter wheat in prospect (235,000,000 bushels) are about the same as in 1935. Compared with last year, it appears that there will be an excess of hard red winter and white wheat available which could be substituted directly or indirectly for hard red spring wheat and which would offset much of the shortage. Assuming such substitution, and recognizing that red winter wheat is of high milling quality this year, it would appear that the actual deficit of hard red spring wheat may amount to only about 18,000,000 bushels. Total durum wheat supplies are tentatively placed at only 16,000,000 bushels. Based on past experience, a utilization of 19,000,000 bushels and a carry-over of 4,000,000 bushels seems to be about the minimum which might be expected. If utilization and carry-over during the current season approximate these figures, a deficit of about 7,000,000 bushels is indicated.

The Bureau estimates domestic utilization for the year at about 660,000,000 bushels, which includes 490,000,000 bushels for flour and commercial feed, 85,000,000 for seed, and 85,000,000 for farm feed. If carry-over stocks and crop prospects are borne out, and a domestic disappearance of 660,000,000 bushels is assumed, with exports and shipments no greater than last year 113,000,000 bushels, exclusive of imported wheat would be available for carry-over at the end of the year. If, however, the estimated prospective deficits of hard red spring and durum wheat are taken care of by imports, this carry-over would be increased to 138,000,000 bushels. Imports of wheat "unfit for human consumption" in 1936-37 have not been taken into consideration. Imports of such wheat would tend to reduce the amount of domestic wheat fed to livestock, but at the same time would probably increase the total utilization. From present information as to supplies available in Canada, which is our source for wheat of this type, it would appear that such imports would be materially less than in 1935-36 when they amounted to 9,000,000 bushels. Total imports of full-duty wheat in 1935-36 amounted to 26,000,000 bushels.

In 1935-36 exports and shipments amounted to 300,000 bushels of wheat and 6,800,000 bushels of flour in terms of wheat. With relatively high world prices making unsubsidized exports from the Pacific Northwest again possible, exports in 1936-37 may be expected to be larger than in 1935-36. Any such increase would tend to be offset by increased imports.

Preliminary estimates of the prospective supplies and utilization of wheat, by classes, for the coming year are shown in table 3, page 10.

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

Item	Hard red winter	Soft red winter	Hard red ~~winter~~ spring	Durum	White	Total
	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels
Stocks, July 1, 1936	59	28	38	7	18	150
New crop 1/	260	207	54	9	100	630
Total supply (1936-37)	319	235	92	16	118	780
Exports 2/	3	1	---	---	3	7
Disappearance	258	208	80	19	95	660
Stocks, July 1, 1937	58	26	30	4	20	138
Deficit 3/	---	---	18	7	---	25

1/ Includes wheat and flour in terms of wheat.
2/ September 1, 1936 indication.
3/ Estimates for full-duty wheat only.

Prices

The month of September witnessed a sharp rise in United States wheat prices, resulting from an even sharper rise in Winnipeg and Liverpool. The small Canadian crop, and the disappointing yields and unfavorable harvesting weather in European importing countries, in the face of export-supplies consisting largely of high quality Canadian wheat, were largely responsible for Liverpool futures advancing to the highest point since 1930. The average United States farm price of wheat for September 15, before prices advanced from mid-August levels, was 104.3 cents per bushel compared with 105.1 cents a month earlier and 85.2 cents, the revised figure for September 1935. The average price of all classes and grades at 6 markets for the week ended September 26 was 128 cents per bushel compared with 119.0 cents for the week ended September 5, 1936, and 106 cents a year earlier.

Table 4.- Wheat: Closing Saturday prices of December futures

Date	Chicago		Kansas City		Minneapolis		Winnipeg a/		Liverpool a/		Buenos Aires b/	
	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 c/	101	117	104	116	120	131	95	110	95	123	d/81	d/117
Low c/	82	98	78	94	83	108	82	84	70	89	d/56	d/ 92
Aug. 29	90	109	92	109	108	122	82	95	80	105	e/64	e/100
Sept. 5	94	110	97	110	114	123	89	97	85	111	e/66	e/100
12	94	112	98	111	112	124	90	101	90	115	e/74	e/ 99
19	99	113	103	113	119	126	93	105	94	118	81	e/ 98
26	98	115	101	115	118	130	89	108	91	121	74	e/101

a/ Conversions at noon buying rate of exchange. b/ Prices are of day previous to other prices. c/ July 1 to date. d/ October, November and December futures, 1935; September, October and November futures, 1936. e/ November futures.

Table 5.- WHEAT: Weekly weighted 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 a/	
	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 b/	106	128	118	126	136	150	120	166	105	121	82	100
Low b/	93	99	93	100	109	124	101	125	85	96	74	82
Aug. 29	100	121	107	120	129	143	113	143	91	117	74	96
Sept. 5	98	119	112	119	129	140	108	120	93	114	75	93
12	101	122	113	123	131	143	112	140	98	116	76	94
19	105	125	117	122	136	144	113	138	107	120	83	96
26	106	128	118	126	136	149	113	148	105	121	82	

a/ Weekly average of daily cash quotations, basis No. 1 sacked.
b/ July 1 to date.

Table 6.- Wheat: Average price per bushel at specified markets in terms of United States currency, by weeks, July-September 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
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	232	---
22	125.7	143.7	97.7	107.7	112.5	108.9	209	---
29	120.5	143.4	92.4	104.8	108.4	104.4	209	---
Sept. 5	118.6	139.6	92.4	100.2	109.3	97.8	210	---
12	122.5+	143.5-	96.2	100.1	113.9	97.1	210	---

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 Requirements 1/

Wheat import requirements for Europe during the 1936-37 season are expected to be definitely larger than in any recent year. On the basis of present crop and other information it would appear that the net import trade for Europe outside of the Danube Basin will amount to around 450,000,000 bushels or nearly 110,000,000 bushels more than during each of the past two seasons. Subsequent changes in crop estimates as well as any desire to accumulate reserve supplies because of the tense political situation, will tend to modify the present import estimate.

The import requirements of overseas wheat, however, are not as favorable as the above figures would indicate because of much larger export supplies this year in the Danube Basin, Czechoslovakia, and Poland. These countries may be able to furnish about 110,000,000 bushels or around one-fourth of the import requirements. This is approximately the same amount furnished last year if the Russian supplies are also included. This season Russia is expected to provide only a very limited quantity of wheat for Europe. Net exports from North Africa will also be very limited this year amounting to perhaps 5,000,000 bushels. Some small supplies are reported available in Turkey and may enter the European trade as they did 2 years ago (largely compensation trade with Germany).

The total quantity of wheat available for export from the Danube Basin during the entire 1936-37 season, based on a continuation of high prices abroad, is now placed at the post-war record figure of about 95,000,000 bushels, compared with exports of 23,000,000 bushels during 1935-36, the 5-year average 1930-31 to 1934-35, of 39,000,000 bushels, and 86,000,000 bushels in 1931-32, the previous record post-war year. The present estimated export surplus is larger than earlier estimates because of a more favorable outturn in the Yugoslavian crop than previously expected, along with rather definite assurances of record corn crops in Bulgaria, Hungary, and Yugoslavia, as well as a large barley and corn crop in Rumania. As the 1936 rye production has also been good in the Danube countries, there seems to be every possibility for a substitution of other grains for wheat on a larger scale than usual. Market and export prospects likewise appear more favorable than for many years, particularly as a result of the smaller European harvests and the indicated probable lack of serious Russian competition this season in European markets. Should the favorable foreign market situation continue during the entire marketing year, it is possible that exports will be even larger than the present record estimate, since farmers, in that case, will fall back upon inactive farm reserves.

Only limited wheat exports from Soviet Russia this season are expected because of the apparently reduced domestic crop of both bread and feed grains, coupled with somewhat higher domestic requirements. Moreover, the need for foreign exchange by the Government, which formerly tended to force exports, does not appear to be so urgent a factor in view of the present favorable foreign trade balance, increased gold production, reduction of the foreign debt, and the availability of foreign credit. The tense international political situation is also likely to work against exports and to favor the maintenance or increase of domestic stocks.

1/ Based on estimates from Foreign offices of the Foreign Agricultural Service.

Wheat Supplies in Exporting Countries

Total 1936-37 supplies of Canadian, Argentine, and Australian wheat available for export of carry-over on September 1 now appear to be only about 268,000,000 bushels (see table 7). Most of this amount is held by Canada. September 1 stocks plus amounts available for export out of the new crop in Canada indicate a surplus for export or carry-over of about 220,000,000 bushels, including 18,000,000 bushels of Canadian wheat in store in the United States. On September 1 Argentina and Australia together had a surplus of only about 48,000,000 bushels of old crop wheat and prospects are for approximately 190,000,000 bushels for export or carry-over out of their new crop which will be harvested in December and January. United Kingdom Port stocks and stocks afloat on September 1 were estimated at 32,000,000 bushels. Added to these figures, the Danubian countries on September 1 had a surplus of about 67,000,000 bushels available for export or carry-over. Based on trade estimates of prospective world imports, these surplus figures suggest that carry-over stocks at the end of the present season will be materially less than at the beginning of the year.

Table 7.- Surplus for export or carry-over in the three principal exporting countries, United Kingdom port stocks and stocks afloat, September 1, 1933-36 1/

Position	1933	1934	1935	1936
	Million bushels	Million bushels	Million bushels	Million bushels
Canada				
In Canada	382	352	345	202
In United States	5	10	19	18
Argentina	30	71	46	24
Australia	37	66	39	24
Total	454	499	449	268
United Kingdom port stocks	10	13	7	8
Stocks afloat to				
United Kingdom	13	13	9	13
Continent	9	12	5	7
Orders	13	13	5	4
Total	45	51	26	32
Total above	499	550	475	300

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

Chinese Wheat and Flour Outlook 1/

On the basis of present prospects, it is estimated that between 2,000,000 and 3,000,000 bushels of wheat will be imported into China in 1936-37 probably late in the season. In 1935-36 imports amounted to about 6,900,000 bushels and in 1934-35 to 17,300,000 bushels. Imports are expected to come largely from Australia. Imports of flour are expected to show a further decrease in 1936-37 from the 449,000 barrels in 1935-36 and 746,000 barrels in 1934-35.

The 1936 wheat production in China is tentatively placed at 10 percent above that of 1935. Consumption is expected to exceed that of the preceding year as a result of greatly improved economic conditions, but with production of rice, millet, corn, and kaoliang, which are substituted for wheat, all larger than the preceding year and their prices low in relation to wheat, the increase will probably not be large.

Prices of Chinese wheat this season have been far below world prices as a result of abundance of good crops and also because wheat has been somewhat inferior in quality. The price spread at Shanghai between the best Chinese wheat and the cheapest foreign for the months July through September 1936 was approximately 37 cents per bushel, which is nearly double the spread for any consecutive three months for which prices are available. There is some possibility that the spread may be narrowed by higher prices for Chinese wheat when the supply is reduced by domestic consumption and export. However, if world prices remain at present levels and exchange rates remain steady any decrease in spread caused by higher Chinese wheat is not likely to be sufficient to result in significant wheat imports.

Wheat and flour exports in 1936-37 are expected to exceed those for any recent year. Wheat exports will probably be over 1,000,000 bushels. In 1935-36 they were 260,000 bushels and in 1934-35 were 504,000 bushels. Japan is importing Chinese wheat because it is cheap and because that country is attempting to boycott Australian goods. Flour exports in 1936-37 may exceed 135,000 barrels. In 1935-36 they were 11,000 barrels and a year earlier 39,000 barrels. Much of the Chinese flour is exported to Manchuria.

New Government Measures in Europe 2/

Government activity in Europe as regards the wheat trade was featured during August by the official establishment in France of a Government Wheat Office or Monopoly. Thus, one more country has placed wheat under virtual monopoly control and, though it appears that it will be much less rigid than the system adopted in Italy, it is characteristic of the evolution of government wheat activities in most European countries. The main outline of the law is that a central council or committee will fix the price of wheat, will establish the rate of sale for utilization of the crop under a system of orderly marketing, and will fix the quantities of wheat to be imported, exported, or stored.

1/ Reported by the Shanghai office of the Foreign Agricultural Service.
2/ From reports of foreign offices of the Foreign Agricultural Service, dated August 28, 1936.

In addition, it will fix the price that millers must pay for imported grain. From the standpoint of the market and of the import and export trade, the situation will not be greatly different from that established by the other recent wheat laws, in that the Government can fix the price of grain and control imports and exports. As a result of its establishment so late in the season, the lack of physical and administrative organization for its functioning, and the difficulty of making any large and partly cooperative enterprise work in France, it would appear that the plan may be no more than partially effected.

Recent announcements of the Polish Ministry of Agriculture indicate a general continuation of the grain policy followed during the past season. Effective July 1, 1936, the tariff reimbursement on wheat is changed from 6 to 5 Zloty per 100 kilograms. These tariff refunds are granted for such import items as fertilizers, auxiliary products, tools, machinery, etc.

It is expected that the general reduction in the export premium on grain and legumes will enable the Government to extend the subsidy to other agricultural products. The future of the State Grain Company, which has made intervention purchases to support prices on many occasions, especially in 1933 and 1934, has been under discussion for some time. Agricultural organizations have recommended that the future activities of the company be put on an ordinary business basis and that the capital required for this purpose be placed at its disposal. The rise in world grain prices appears to be very helpful to the Polish government in shifting some of its emphasis from grain to other farm product benefits. This is part of the present government policy evident for some time and recently reiterated by the Minister of Agriculture. The present favorable world market situation also has recently made for some administrative changes in the Danube Basin countries. In contrast to most changes in Government control or aid, however, they indicate a certain relaxation. The export premium for wheat has been reduced in Rumania for September, and in Yugoslavia the government has granted freedom of exports for the grain trade to countries with which Yugoslavia has no special trade agreements calling for preferential customs duty treatment. The latter include primarily Germany, Austria, and Czechoslovakia. Exports in these cases will continue to be handled by the Privileged Export Company.

There have been many barter or compensation trade negotiations this summer, especially in Danube countries, particularly Rumania. Belgium and Rumania concluded an agreement during August by which 845,000 bushels of wheat were to be delivered immediately and 4,400,000 bushels to be taken during the season, the proceeds of which would, to a considerable extent, liquidate frozen credits. Belgium in the past has imported mostly overseas wheat. Negotiations are also reported for a wheat trade deal between Holland and Rumania involving around 1,837,000 bushels. The Rome agreement by Hungary, Italy, and Austria provides for compensation trade between these countries for a fair portion of the Hungarian surplus. Switzerland is also making special deals for some additional quantities. It seems not unlikely that France may also enter the picture of trade with the Danube countries for part of such import needs as she may have. The Austrian government has also recently approved a compensation trade deal for 920,000 bushels of rye from Hungary, Poland, and Rumania in exchange for industrial goods.

The European Wheat Market Situation

European import buying was fairly active during August and September, especially on the part of British flour millers who made purchases not only of Canadian and Australian, but also Danubian wheat.

Exports have been particularly large, being estimated at about 17,000,000 bushels for August. Still larger exports are expected for September, as a result of important commitments scheduled for that month. Rumania was the most important exporter during August, accounting for a little over 40 percent of the total, with Hungary and Yugoslavia each shipping about half as much, and Bulgaria the small remainder. Generally speaking, Great Britain was the most important buyer of Danubian wheat during August, being followed by Belgium, Switzerland, and Italy. The bulk of the Hungarian wheat in particular went to Switzerland with important quantities to Austria and Italy, the latter two countries having made special commitments in accord with the Rome Agreement. Important sales of Danubian wheat in September were made to Italy, Germany, and Greece. Italy also bought important quantities of Manitobas. Unlike former years, that country was in the market early this season. Recently Liverpool bought some Polish wheat, and Ireland some United States Pacific Northwest wheat.

Prices have been generally strong in all countries where they are not fixed or under government control. Australian, Canadian and other wheat offered in the United Kingdom reached new high levels. While prospects of a reduced crop in North America have played the dominant role in the world wheat market during the summer period, the greatly improved statistical situation in European countries may also be considered an important strengthening factor.

Table 8.- 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 bushels	1,000 bushels	1,000 barrels	1,000 barrels	1,000 bushels	1,000 bushels
July (total)	66	26	248	290	1,231	1,389
Week ended						
Aug. 8...	1	0	25	42	119	197
15...	0	5	23	7	108	38
22...	0	23	14	28	66	155
29...	0	154	23	26	108	276
Sept. 5...	0	111	14	35	66	275
12...	10	0	34	40	170	188
19...	2	261	26	37	124	435
26...	2	51	30	29	143	187

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

Table 9.- Quality of the 1936 wheat crop
(Based on inspected receipts at representative markets,
July 1 to September 15)

Grade	Hard red winter wheat: Sub-class	Hard red winter wheat: Per-cent	Soft red winter wheat: Sub-class	Soft red winter wheat: Per-cent	White wheat: Sub-class	White wheat: Per-cent	Hard red spring wheat: Sub-class	Hard red spring wheat: Per-cent	Durum wheat: Sub-class	Durum wheat: Per-cent
	Dark hard winter....	71	Red winter....		Hard white....	44	Dk. No. spring....	92	Hd. amber durum.....	93
	Hard winter....	29			Soft white....	32	Northern spring....	8	Amber durum.....	1
	Yellow hard winter....	0			White club.....	22	Red spring....	0	Durum.....	6
					Western white....	2				
1	....	38	....	52	....	39	No.1 Heavy	6	....	11
	....		....		....		No.1	9	....	
2	....	24	....	35	....	51	....	10	....	26
3	....	17	....	7	....	9	....	31	....	29
4	....	11	....	2	....	1	....	24	....	21
5	....	7	....	1	....	0	....	12	....	11
Sample	....	3	....	3	....	0	....	8	....	2
Special grades:										
Tough..	....	0	....	5	....	0	....	0	....	1
Smutty	....	2	....	5	....		....	4	....	1
Smut dockage	....		....		....	16	....		....	
Garlicky	....		....	25	....		....		....	

Table 10.- Wheat, including flour: Shipments from principal exporting countries, specified dates, 1935-36 and 1936-37

Week ended	Argentina 1935-36	Argentina 1936-37	Australia 1935-36	Australia 1936-37	Danube 1935-36	Danube 1936-37	North America 1935-36	North America 1936-37
	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-Aug.1	11,440	5,416	7,964	4,164	608	2,008	11,408	26,376
Week ended								
Aug. 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
22....	4,016	892	1,704	1,292	304	1,080	2,640	5,976
29....	1,892	620	1,080	1,192	184	1,808	2,584	5,288
Sept.5....	2,432	808	1,388	1,356	88	1,336	2,256	5,072
12....	3,440	1,336	1,560	960	456	3,552	2,784	5,624
Total....	27,480	10,720	15,892	11,812	1,640	11,136	26,112	60,800

Compiled from Broomhall's Corn Trade News.

Table 11.- Wheat, including flour: Movement from principal exporting countries, 1933-34 to 1936-37

Country	Exports as given by official sources						
	Total			July 1 to date shown			
	1933-34	1934-35	1935-36	1934-35	1935-36	1936-37	Date
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	
United States	37,002	21,532	15,930	2,168	1,231	1,389	July 31
Canada	198,555	169,630	237,447	31,379	34,329	50,817	Aug. 31
Argentina	144,854	187,000	76,577	35,948	22,274	8,266	Aug. 31
Australia	86,509	108,010	102,258				
Russia	33,787	4,286	29,704				
Hungary	29,615	12,499	14,644				
Yugoslavia	839	4,401	728				
Rumania	248	3,432	9,996				
Bulgaria	4,236	375	987				
British India	2,084	2,318	1/2,164				
Total	537,729	513,483	490,435				

Country	Shipments as given by trade sources						
	Total		Week ended			July 1 - Sept.26	
	1934-35	1935-36	Sept.12	Sept.19	Sept.26	1935-36	1936-37
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
North America 2/.....	162,832	219,688	5,624	4,701	3,420	33,464	68,921
Canada,4 markets 3/..	176,059	246,199	7,567	8,107	7,851	86,086	70,668
United States........	20,997	14,207	188	437	187	3,834	3,137
Argentina	186,228	77,384	1,336	1,034	794	31,100	12,548
Australia	111,628	110,060	960	1,842	2,178	20,100	15,832
Russia	1,672	30,224	0	0	0	6,552	0
Danube & Bulgaria 4/.	4,104	8,216	3,552	2,872	1,800	1,992	15,808
British India	5/2,318	1/5/2,164	40	216	752	24	1,504
Total 6/.......	468,782	447,736				93,232	114,613
Total European shipments 2/......	387,752	355,032	9,368			7/ 59,624	7/ 71,080
Total ex-European shipments 2/......	147,938	133,528	2,632			7/ 23,688	7/ 31,544

1/ Total of 11 months.
2/ Broomhall's Corn Trade News.
3/ Fort William, Port Arthur, Vancouver, Prince Rupert, and New Westminster.
4/ Black Sea shipments only.
5/ Official.
6/ Total of trade figures includes North America as reported by Broomhall's, but does not include items 2 and 3.
7/ To September 12.

Table 12.- Wheat, including flour: Net imports into European countries, year beginning July 1, 1934-35 to 1936-37

Country	1934-35	1935-36	Net imports reported: July 1 to	1935-36	1936-37
	Million bushels	Million bushels		Million bushels	Million bushels
Austria	10	7	July 31	1	1
Belgium	40	39	- - -	- - -	- - -
Czechoslovakia	1/	1	July 31	1/	1/
Denmark	19	9	July 31	1	1
Finland	4	4	July 31	1/	1/
France	2/- 16	3/ 6	July 31	1/	1/
Germany	11	1/	July 31	1/	4/
Greece	13	3/11	- - -	- - -	- - -
Irish Free State	18	15	July 31	1	2
Latvia	4/	2/-2	- - -	- - -	- - -
Netherlands	19	21	Aug. 31	4	3
Norway	9	8	July 31	1	1/
Poland	2/- 4	2/-8	- - -	- - -	- - -
Portugal	1	2/-3	- - -	- - -	- - -
Spain	4/	4/	- - -	- - -	- - -
Sweden	2/- 2	2/-2	July 31	2/-1	4/
Switzerland	18	15	- - -	- - -	- - -
United Kingdom	202	205	July 31	17	17
Total imports	364	341			
Total exports	22	15			
Total, net imports	342	326			

Compiled from official sources.

1/ Less than 500,000 bushels.
2/ Net exports.
3/ Total of first 10 months.
4/ Net exports of less than 500,000 bushels.