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FOREIGN NEWS ON WHEAT

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WORLD WHEAT CROP AND MARKET PROSPECTS

The world's carryover of wheat appears to be about 100 to 125 million bushels in excess of the carryover on July 1 last year. But weather and crop condition reports to July 12 indicate that the world's wheat crop may be about 325 million bushels less than last year, and the world's supply therefore about 200 million bushels less than last year. Allowing for an increase of 70 million bushels annually in the world's demand for wheat, normally this reduction in supply would have the effect of raising world prices about 25 cents per bushel. Considering the large carryover of wheat in the United States, the market price for export wheat might not be increased by so much as 25 cents per bushel. It appears, however, that an increase of 15 to 25 cents per bushel over the average for the past season might be expected.

World's carryover

The world's carryover of wheat on July 1, the beginning of the new marketing season for the United States, will probably be about 100 to 125 million bushels in excess of the 421 million bushels accounted for as of July 1, 1928. Most of the increase in carryover is in the United States. The stocks on farms are reported to be 45 million bushels as compared with 24 millions last year, and the commercial visible supply 96 millions as compared with 42 millions last year, an increase of 75 million bushels in these two positions. Some increase in country mills and elevators and in merchant mills is also to be expected. The Canadian visible supply including stocks in the United States, according to Bradstreet, is 19 million bushels in excess of last year. Consul Messersmith of Buenos Aires reports that estimates of the exportable surplus in Argentina range from 73 to 85

million bushels, which is to be compared with a computed exportable surplus of 78 million bushels as of July 1 last year. Consul General Garrels of Australia reports that stocks in Australia are 53 million bushels, compared with a computed figure of 56 millions last year. The United Kingdom port stocks and afloat are only one million bushels in excess of the corresponding date last year. Summarizing, it appears that the carryover in the United States on July 1 will be found to be about 90 to 100 million bushels, to which is to be added an increase of about 20 millions in the Canadian supply.

WHEAT: Carryover or stocks, July 1, 1924 - 1929

Position	1924	1925	1926	1927	1928	1929
	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels
United States:						
Stocks on farms.....	31	29	21	27	24	45
Stocks in country mills and elevators :	37	25	30	22	19	
Commercial visible <u>a/</u> :	39	29	16	26	42	96
Merchant mills.....)		23	25	37	32	
In transit.....) <u>b/38</u> :		9	7	11	11	
Total, United States :	145	115	99	123	128	
Canada <u>a/</u>	45	37	40	49	99	118
Argentina <u>c/</u>	55	45	50	58	78	80
Australia <u>d/</u>	42	42	33	58	56	53
United Kingdom, port stocks and floating supply.....	62	52	53	59	60	61
Total.....	349	291	275	347	421	

a/ Bradstreet's commercial visible.

b/ Interpolated, not to be used as an official figure.

c/ Exportable surplus computed as of July 1. The figure for 1929 is average of range reported by Consul Messersmith of Buenos Aires.

d/ Stocks computed as of July 1. The figure for 1929 was reported by Consul General Garrels of Melbourne.

World production, acreage and crop conditions

It is now apparent that the decrease in production will more than offset the increase in stocks at the beginning of the year. July 1 conditions indicate that the crop in the United States may be nearly 70 million bushels short of last year, which goes a long way toward offsetting the increase in stocks here. Production forecasts in 10 countries reported to date total 1,461 million bushels or 103 million less than last year when these countries produced 40 per cent of the world total. Crop and weather conditions reported to date indicate that the Northern Hemisphere crop outside of Russia and China may be at least 250 million bushels short of last year. A month ago we presented an analysis of weather conditions in Canada, indicating a crop of about 375 to 400 million bushels, assuming normal conditions for the remainder of the season. Since weather conditions have continued unfavorable, it appears that the outturn of the crop is likely to be nearer the lower than the higher figure indicated a month ago, and a continuation of present unfavorable conditions may further reduce the crop. The official report of conditions as of July 1 was 88 as compared with 102 last year, indicating that the yield may be considerably below average.

Agricultural Commissioner Dawson in Berlin reports that with average conditions for the remainder of the season the Continental European wheat crop probably will be materially below last year. While Spain is harvesting a good crop and conditions appear to be favorable for good yields in Austria, Germany and Poland, smaller crops are expected in the Balkan countries, France, Belgium and the Netherlands. Favorable conditions for the remainder of the season may bring the crops of France and of some other countries fairly close to those of last year. It seems likely, however, that even with most favorable conditions the European wheat crop outside of Russia will be somewhat smaller than that of 1928. Reports of the Russian crop are somewhat confusing to date. However, there is no indication of an exportable surplus from Russia.

It is too early to make any definite estimate of the Southern Hemisphere crops. Trade reports, however, indicate that the area seeded in Argentina is about 15 per cent less than last year. Droughty conditions at time of seeding and favorable corn prices undoubtedly have tended to discourage seedings. An Australian correspondent says that good rains have fallen in Western Australia and that prospects are for an increase of 5 per cent in the area seeded in that state, but droughty conditions have prevailed in the three eastern wheat states and the area may be curtailed to some extent in these states. Allowing for a reduction of 15 per cent in the area of Argentina and the same acreage as last year in Australia, with average yields, the production of these countries would be about 75 million bushels less than last year.

Wheat areas in 26 countries reporting to date total about 189 million acres, one million acres or six-tenths per cent greater than last year. This accounts for 77 per cent of last year's acreage. Should the Argentine area be curtailed 15 per cent and the Australian area be maintained, the world's area to be harvested would probably be no greater and might be less than last year.

WHEAT: Weighted average cash prices at stated markets

Week ended	All classes	No. 2	No. 1	No. 2	No. 2	Western						
and grades	Hard Winter	Dk.N.Spring	Amber Durum	Red Winter	White							
six markets	Kansas City	Minneapolis	Minneapolis	St. Louis	Seattle a/							
	1928:1929	1928:1929	1928:1929	1928:1929	1928:1929	1928:1929						
	Cents	Cents	Cents	Cents	Cents	Cents						
May 31	146	95	155	94	161	112	136	102	183	110	144	104
June 7	145	100	151	98	156	118	136	114	185	111	143	108
14	142	103	149	102	151	120	129	125	180	121	141	108
21	139	104	149	102	151	123	126	109	175	121	139	108
28	141	110	145	109	152	130	127	112	172	127	140	116
July 5	137	115	136	113	153	137	132	116	172	123	140	119
12	132		128		149		124		155		135	
19	129		126		146		119		151		129	
26	122		118		138		117		147		124	

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

WHEAT: Closing prices of July and September futures

Date	Chicago	Kansas City	Minneapolis	Winnipeg	Liverpool	Buenos Aires a/						
	1928:1929	1928:1929	1928:1929	1928:1929	1928:1929	1928:1929						
	Cents	Cents	Cents	Cents	Cents	Cents						
July futures												
May 29	144	100	136	93	141	99	143	110	156	115	139	94
June 6	142	109	134	102	140	107	142	117	152	115	137	97
13	139	108	132	100	139	105	139	116	149	116	134	95
20	138	112	131	105	137	110	138	119	148	115	130	97
27	137	111	130	105	136	111	136	123	145	118	b/130	100
July 3	136	120	128	113	136	122	138	140	151	129	b/133	111
11	131	122	125	116	132	125	132	144	144	130	b/129	114
September futures												
18	128		120		126		c/127		c/146		130	
25	124		116		121		c/121		c/138		125	

a/ Prices are of day previous to date of other market prices.

b/ August future.

c/ October future.

Wheat Prices

Allowing for only average yields in the Southern Hemisphere and a reduction of 250 million bushels in the crop of the Northern Hemisphere, the world's crop would be about 325 million bushels short of last year. Allowing for an increase of 125 million bushels in carryover would leave the world's supply at least 200 million bushels short of last year. On the basis of the analysis of the relation of supply to price presented last month, it would be expected that with normal conditions the average of British parcels prices for the year would be increased about 25 cents per bushel over last season by this reduction in supply.

Questions may arise as to the effects of the reduction in export freight rates in the United States, on the one hand, and the increase in European tariffs, on the other hand, upon world market prices. Undoubtedly both would tend to have some effect upon prices but in opposite directions. The lower export rates in the United States will tend to encourage exports while these rates remain at the lower level, which will tend to raise prices in the United States. Higher duties in France, Italy and Germany, on the other hand, will tend to curtail the imports of those countries and thereby weaken the foreign demand for our wheat. However, it is not believed that these duties will have a very great influence upon the European demand for wheat. With higher wheat prices and possibly larger supplies of other grains, European takings will of course be less than in the past season. With a prospect of considerable reduction in the exportable surplus of the surplus producing countries, it seems likely, however, that the imports of deficit countries will be sufficient to absorb not only the surpluses produced this year, but also some of the increase in carryover.

Prices have moved upward at a rapid rate since the beginning of June. Buying in Europe has become more active and in the past few weeks wheat has been moving from the United States in larger volume than in the corresponding period of last year.

The relation of the different classes of wheat in the United States to domestic requirements will be an important factor in determining the relationship of the prices of each of these wheats to the world price level. The United States always produces a surplus of hard red winter wheat, but the variations in the size of this surplus cause variations in the relation of the price of hard red winter wheat in Kansas City to Liverpool prices. Conditions as of July 1 indicate a crop of nearly 340 million bushels of hard red winter, as compared with about 384 million bushels produced last year. The considerable increase in stocks, however, probably brings the supply of this wheat to about the same level as last year. The price of No. 2 hard red winter at Kansas City in the past year has averaged a little over 112 cents a bushel. Starting the year at a low level and with the heavy carryover, it is possible that a reduction of 200 million bushels in the world's supply would raise the average price of No. 2 hard red winter at Kansas to only about 130 cents per bushel or within five cents of this.

The supply of white wheat seems to be less than last year but large enough to provide a considerable exportable surplus. The price of this wheat is likely, therefore, to be affected to about the same extent as that of hard red winter.

The soft red winter wheat crop, on the other hand, seems to be considerably larger than last year. July 1 conditions indicate a crop of nearly 200 million bushels as compared with 140 millions last year, and 181 millions in 1927. In 1924 the soft red winter wheat crop amounted to about 189 million bushels, and a small part - about 8 million bushels - of this was exported. It is apparent, therefore, that the indicated crop is but little in excess of our domestic requirements. It is possible, however, that high prices of the past year have caused some shift in demand for soft red winter wheat and that the average price for this wheat in the present season will be but little if any higher than that of hard winter wheat. The price of No. 2 soft red winter at St. Louis in the past season has averaged 139 cents per bushel. If present indications are borne out, the price for this class of wheat at St. Louis may be within five cents of the average of the past season.

If the hard red spring wheat crop turns out no larger than indicated by July 1 conditions, the supply of this wheat probably will just about equal usual domestic requirements and the tariff should be effective in protecting this wheat for a good part of the year at least. July 1 conditions indicate a crop of about 156 million bushels compared with 195 millions produced last year. The price of No. 1 dark northern spring at Minneapolis in the past year has averaged about 126 cents per bushel. Under the conditions indicated above, the increase in the average price for the present season over the past should be more than 25 cents, and it may be as much as 30 cents over the average for the past season.

Durum wheat prices have been very low but will be strengthened by the increase in prices of all wheat. Curtailment in the crop of the United States and possibly in Canada will undoubtedly strengthen prices. Larger crops in North Africa and possibly in southern Italy, on the other hand, will curtail the demand for this wheat. July 1 conditions indicate a crop of about the same size as that of 1924 but the North African crops apparently are a little larger than in 1924. It seems, therefore, that the

price of durum wheat is likely to be increased materially but not so much as the price of hard red spring wheat.

The course of prices during the next few weeks will be determined largely by crop forecasts and market activities. Sharp rises are likely to be followed by reactions to lower levels. Heavy marketings in the face of a large carryover in the United States may also be a factor in weakening the market for short periods or retarding the full response to the prospective world supply and demand conditions. The courses of prices through several seasons were shown in charts attached to last month's report. Comparing this season to date with that of 1924-25, it will be noted that the course of prices the first months of the season has been similar to that of the corresponding period of 1924. In that season the rise in prices continued with some interruptions through June and July after which there was some recession. This was followed by a marked rise beginning in September and extending through January. Present conditions suggest that the course of prices through this summer and fall may continue to be somewhat like that of 1924 but an exact repetition is not to be expected. Unless the world crop turns out to be shorter than now indicated the rise is hardly likely to be so great as in the fall of 1924.

WHEAT: Yearly weighted average cash price per bushel of representative wheats at stated markets, 1920-1928

Year	No. 1	No. 2	No. 2	No. 2
beginning	dk. no. spring	amber durum	hard winter	red winter
July	Minneapolis	Minneapolis	Kansas City	St. Louis
	Cents	Cents	Cents	Cents
1920.....	201	199	183	213
1921.....	148	119	120	127
1922.....	126	107	113	121
1923.....	124	106	105	107
1924.....	158	156	135	159
1925.....	165	144	163	169
1926.....	151	155	135	138
1927.....	141	132	135	149
1928.....	126	113	112	139

WHEAT: Production and exports by classes, 1920-1928
 Production ^{1/}

Year beginning July	Hard red spring	Durum	Hard red winter	Soft red winter	White	Total
	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels
1920.....	140-122	52	302-139	247	91-70	835
1921.....	131-105	57	290-192	237	99-77	815
1922.....	170-156	91	280-210	248-225	79-65	868
1923.....	127-125	55	241-212	272-207	102-52	797
1924.....	192-170	66	365-204	189-151	52-3	864
1925.....	156-151	65	206-110	170-07	80-51	676
1926.....	121-119	48	360-277	229-197	73-59	831
1927.....	202-170	83	317-252	181-167	95-60	878
1928.....	202-195-101	102-98	384-347	179-140-126	86-71	915
1929 (July).....	156-140	57-63	340-339	190-199	76	834

1920-28 = 102
 23-28 = 103

Exports ^{2/}
 215
 155

1920 ^{3/}	18	32	163	59	21	293
1921 ^{3/}	26	26	100	29	28	208
1922 ^{3/}	14	43	61	23	14	155
1923.....	2	19	27	10	20	79
1924.....	22	34	121	8	11	195
1925.....	5	27	10	3	19	63
1926.....	2	22	73	31	28	156
1927.....	6	31	65	15	30	146
1928.....	7	45	88	3	15	163

- 1/ Estimates of production by classes are based on surveys made in 1920, 1923, and 1924 of the percentage of different varieties of wheat grown, supplemented by investigations and judgment of cereal specialists. All estimates are the result of applying percentages for each state to the production of each state as estimated by the Division of Crop Estimates save that durum estimates of four states are used directly. As there are changes from year to year in the relative amounts of the varieties of wheat grown and also changes in the relative yields per acre, these figures should be considered to be only rough approximations.
- 2/ Total as reported by the Department of Commerce. Distribution by classes made on basis of United States inspections for export by ports and inspections of United States wheat in the Eastern Division of Canada.
- 3/ Estimates of exports of wheat by classes prior to 1923 are not as accurate as for later years due to the large amounts and composition of mixed wheat.

Reports from foreign countries

Agricultural Commissioner Nyhus cables that the harvesting of the 1929 wheat crop in the Yangtse valley was completed in June and Shanghai millers estimate that the crop was of fair size but materially below last year's good crop. The quality of this year's crop is inferior to last season. The Shanghai millers estimate that they will be able to operate their mills at full capacity with native wheat until January or February but after that time they will be on the market for foreign wheat. Communications are so primitive and costly that famine conditions in North China have practically no influence on the Shanghai supply situation. Millers are watching American and Canadian prices but at the present foreign quotations are too high to warrant placing contracts for December or later delivery. Native wheat was quoted at \$1.07 per bushel on July 11, whereas American western red No. 2 for September delivery was quoted at \$1.29 per bushel. The purchase of comparatively large quantities of foreign wheat provided a profitable undertaking for local mills and they are again prepared to buy heavily if price developments are favorable and if silver is of low value. The present rate of exchange is unfavorable, however, and if it continues so it may seriously affect the wheat trade. Last season Canadian No. 4 proved to be of sufficiently high quality when mixed with American, Australian or local wheat but the results with Canadian No. 5 were unsatisfactory. Quotations on local flour have risen from \$1.17 per bag of 49 pounds on May 30 to \$1.29 per bag for July delivery.

Japan

The quotations for imported wheat at Japanese mills advanced 9 to 21 cents per bushel from June 1 to July 1, according to a cable to the Foreign Service of the Bureau of Agricultural Economics from Consul Kemper at Tokyo. The price of United States western white wheat advanced from \$1.47 per bushel on June 1 to \$1.60 on July 1, Canadian No. 5 advanced from \$1.34 to \$1.55 per bushel, and Australian from \$1.53 to \$1.62 per bushel during the same period. The wholesale price of flour also showed an increase, being quoted at \$1.55 on July 1 against \$1.53 on June 1. The imports of wheat into Japan during May were 3,422,000 bushels against 3,574,000 bushels during May 1928. Imports for the season beginning July 1, 1928, however, are well in advance of those during the same period of the 1927-28 season, being reported at 27,043,000 bushels against 19,238,000 bushels in 1927-28. Imports during May included 304,000 bushels from United States, 1,896,000 bushels from Canada, 1,058,000 bushels from Australia, and 164,000 bushels from other countries.

The continental European wheat situation, June, 1929 ^{1/}

Continental European wheat markets were less active in June than in May but at the end of the month were very active, though most of the month spot and near at hand wheat continued to be given preference by buyers with apparent lack of confidence as to an upward movement of prices. Following the price declines toward the end of May, the June price tendency in import and domestic markets generally was upward, excepting for slight declines around the middle of the month. In France the fluctuations in price and volume of business were less pronounced and less in sympathy with world developments.

Flour sales were good at the beginning of June, weakened later and became active again around the 23rd. Flour business in Central Europe throughout the month, however, left much to be desired but stocks in the mills were also low there. Wheat stocks in Germany are comparatively low, with farm stocks of wheat nearly exhausted, and trade stocks below a month and a year ago. France, however, still appears to have important wheat stocks on the farms as well as in trade channels, the latter probably a result of heavy importation prior to the introduction of the new duty rates. Important stocks may also exist in the upper Danube Basin, while wheat stocks in Poland are small. Rye stocks in both Germany and Poland are comparatively high which is also shown in the price relationship between rye and wheat, particularly in Poland.

Farm offerings of wheat were comparatively small during June in Germany, where remaining farm stocks available for sale are low. Farm offerings in France increased. They were also important in the Danubian surplus regions. The price spread between wheat and rye continued to increase in Central Europe where farm supplies of rye are still rather large.

The feed grains market, which is interrelated with the market for bread grains, continued quiet through June, though there was temporarily some import demand for oats and barley. Corn remained absolutely neglected; only spot and very near positions found buyers to any marked extent. Prices showed some recovery in the first half of June, but declined later on. Argentina corn shipments were reduced owing to the insufficient European demand. Reports on favorable crop conditions, particularly of corn in South-Eastern Europe, where the corn acreage was considerably increased, and rather favorable conditions for pasturing of livestock and for green feed generally were important factors in the price-making for feed grains and the volume of sales. The increased use of bread grains for feeding purposes is still mentioned by the trade to explain unsatisfactory business conditions in feed grains. The smaller number of hogs this year was also a factor in the weak market for feed grains.

Information as to growing crops on the Continent indicates that the condition of the crop generally is now quite good; but winter-kill may reduce the total European crop. Central Europe still reports about usual winter-kill, though larger than last year. However, considerable damage was

^{1/} By Acting Agricultural Commissioner, Owen L. Dawson, Berlin, Germany, June 27, 1929. Supplemented by cable of July 6.

experienced in Rumania, Bulgaria and Hungary, in Western Europe including Northern France, Belgium, the Netherlands, and the North-Western part of Germany, and in the Baltic States. This was largely covered in our last report. More definite information now available and personal observation indicate that the Continental European wheat crop probably will be materially below last year. This forecast is based upon the assumption that

- (a) The French wheat crop will be medium and below last year, but still near average or slightly above because of extensive winter kill in important areas, and early unfavorable growing weather.
- (b) Germany will probably also have a smaller wheat crop, or at the most no greater than last year, which was the largest crop on record in post-war years.
- (c) Italy will have a medium crop only according to general trade opinion or probably somewhat below last year's good crop.
- (d) The wheat crop in the Netherlands and in Belgium will be materially below last year because of extremely heavy winter-kill, which in the case of the Netherlands, is now reported to be about 30 per cent.
- (e) Hungary's wheat crop will be materially below last year, owing to extensive winter-kill in the North and East, as the official report and personal observation prior to the issuance of the official forecasts indicated.
- (f) Rumania will have a wheat crop of at least 20 to 25 per cent below last year due to heavy winter kill in important eastern sections according to personal investigations.
- (g) Yugoslavia and Bulgaria will probably also produce wheat crops below last year's production.
- (h) Spain will have a wheat crop above last year's light crop.
- (i) Other countries taken as a whole will not show material change.

This opinion assumes average weather conditions from now to the harvest, and very favorable weather could raise the crop from present indications materially below last year to a point more nearly approaching last year, but still probably falling short of the general good 1928 harvest returns.

The rye situation is different, and as winter-kill was not large, the combined German-Polish rye crop may turn out as good or even better than last year. The outlook for the less important rye countries is also comparatively good.

The winter-killed wheat area was to a very large extent seeded to spring crops, in South-Eastern Europe particularly to corn, but these spring crops are consequently late.

With indications now becoming more clear as to the outlook for the crop, there is still little basis for the judgment of what the market situation will be. The extent of the prospective changes in wheat and rye production on a large part of the Continent is still uncertain because much of the crop is now in the critical stage of development. Second, changes in wheat production in Rumania do not mean to the full extent changes in the volume of foreign trade, because the 1928-29 surplus was small despite a good crop, and this year they may try to get along on their own supplies particularly if the corn crop is good, as now seems probable. Third, the quality of the wheat and rye crops can not as yet be forecast, but it will be an important market factor as well as the quantity of the crops. Fourth, the outturn of the corn crop in South-Eastern Europe will influence the quantities of wheat they will supply to, or need from, the world market, thus making calculations exclusively on basis of changes in the wheat crop impossible. Fifth, considerable carryovers of wheat in Hungary and Yugoslavia will make reduced crops there weigh less heavily in the Continental supply and demand situation.

Net imports in March were generally considerably higher than in February, largely owing to the re-opening of normal transportation conditions. This is also true of April, which, however, did not show import figures as much above March as previously expected. The April increase over March was also rather general and only few countries were below. The few available May figures show a considerable decline of imports compared with April in the case of Germany and Switzerland, and a 10 per cent increase over the already high April figures in the case of Italy.

Germany

Wheat prices in Germany during June were to a greater extent dependent on world market developments than in the preceding month. The second half of May was characterized by a sharp decline of wheat prices, and the decline in domestic wheat prices was somewhat larger than in America. From the beginning of June to about June 10 wheat prices increased again in sympathy with the world market. After June 10 prices weakened slightly, but recently again became firm. The fact that the German government planned to raise the duties strengthened the wheat and flour market in the latter part of the month. Rye prices declined markedly toward the end of May owing to the fact that farm stocks were still large and that Poland exported considerable quantities. Since the beginning of June rye prices have again increased. The price-spread between rye and wheat has continued to increase being about 26 cents per bushel in Berlin on June 19 as compared with about 22 cents May 15 and only 10 cents at the beginning of January. There are still large stocks of rye on German farms whereas farm stocks of wheat are small. Wheat stocks in the hands of the trade and the flour mills are comparatively small. Transactions of wheat, rye and flour during the period under review were doubtless smaller than in the preceding period. The market was generally quiet, except for the period June 1 to June 10 and the last few days, when grain business was rather brisk and flour sales active.

The following table shows the development of domestic grain prices:

GERMANY: Price per bushel of domestic wheat and rye, 1929

Date of quotation	Wheat			Rye
	Hamburg ^{a/}	Breslau ^{b/}	Berlin ^{c/}	Berlin ^{d/}
	Cents	Cents	Cents	Cents
May 8.....	151	144	144	122
May 15.....	150	143	144	122
May 22.....	150	142	141	118
May 29.....	146	132	133	108
June 5.....	147	137	138	113
June 12.....	148	137	136	113
June 19.....	148	137	140	114
June 26.....	152	141	143	116
July 3.....	164			132

a/ Wheat of any German district of at least 58.7 pounds per bushel.

b/ Wheat of any German district in carloads of 370 bushels of at least 58.7 pounds per bushel.

c/ "Markischer" wheat of at least 58.7 pounds per bushel.

d/ " rye " " " 55 pounds per bushel.

Imports of wheat in May fell to 7,346,000 bushels, whereas they were 10,549,000 bushels in April, 1929, and 6,884,000 bushels in May, 1928. May imports were small considering the fact that farm stocks and trade stocks were small, and show the reluctant attitude of grain importers during the period. Exports of wheat during April (May figures are not yet available) were higher than in February and March. From figures on arrivals in the port of Hamburg and at the Dutch frontier stations it appears that June imports of wheat will probably be larger than May imports. Rye imports in May were small although somewhat above April. Exports of rye in April were larger than in any other month of the crop year, excepting October, 1928.

As deliveries of domestic wheat and wheat imports were comparatively small we may assume that stocks with the trade, flour mills and bakers have declined during the period under review. This opinion is confirmed by the statistics of visible stocks in Berlin which declined from 927,000 bushels on April 30 to 844,000 bushels on May 31. The corresponding stocks on May 31, 1928, were 1,142,000 bushels. The apparent disappearance of wheat in Berlin during May as shown by the changes in visible stocks, was about as large as last year, but much smaller than in April, 1929.

Germany increases tariff rates

The German Reichstag has enacted legislation increasing the import duties on wheat, wheat flour, rye, oats, butter, and potatoes, according to a cablegram received from O. L. Dawson, Acting Agricultural Commissioner at Berlin. The new rates become effective July 10. The increases in the rates on the above-named products, so far made available, are as follows: On imports from the United States and other countries enjoying most-favored-nation treatment; wheat, from 32.41 to 42.14 cents per bushel; rye, from 30.25 to 36.20 cents per bushel; oats, from 17.29 to 20.74 cents per bushel. On imports from Canada, Australia, and other countries that do not enjoy most-favored-nation treatment the increases are as follows: Wheat, from 32.41 to 48.62 cents per bushel; rye, from 30.25 to 42.35 cents per bushel; and oats, from 17.29 to 24.20 cents per bushel. The new legislation also provides that German flour mills will be required to grind not less than 30 per cent of home grown wheat during the year. A more complete statement of the new legislation and of the rates on wheat flour, butter, and potatoes will be published upon receipt of further details from Berlin.

France

French wheat import markets became less active toward the end of May when the tariff increase came into effect. Prices have improved as compared with the world market, as a consequence of the tariff increase, but not to the full extent of the raise in duty rates. French wheat prices have been below the import parity since the end of May. Offers of domestic wheat have increased and it appears now that farm stocks of wheat are still rather large. Under the influence of rather favorable developments in French crop prospects farmers tried to reduce their holdings. The trade and the flour mills, however, were reluctant and bought only for current needs. Flour business left much to be desired. Developments on the world market were also reflected in France, but the increase of prices which took place in June was somewhat less pronounced than elsewhere.

Italy

As already reported, the Italian Government increased the grain import duty from 11 to 14 gold lire per 100 kg, (57.78 cents to 73.54 cents per bushel) and the flour duty in proportion, effective May 25. The last previous raise of the wheat duty took place on September 12, 1928, when it was increased from 46.74 to 57.78 cents. The Italian import market quieted considerably following the last increase of tariff rates with only small quantities being turned over. The market for domestic grain was also quiet and prices showed no material increase in June despite the firmness of the world market. Wheat imports in May amounted to 9,516,000 bushels, compared with 8,478,000 bushels in April, and 13,823,000 bushels in May last year.

Harvesting of wheat is in full swing in southern Italy and has already started in central Italy. Weather in June was generally favorable for the maturing of the grain; some local damage may have been done by thunderstorms. The wheat crop in the southern sections is thought to be slightly above average and in the northern sections prospects are on the whole fairly favorable. The Italian wheat crop as a whole is generally expected to be below last year or about medium.

Netherlands and Belgium

Wheat markets in the Netherlands and in Belgium moved in sympathy with the world market. During the first ten days of June the market was firm and active. After temporary quietness and dullness the market became again firm and more active recently. Trade reports indicate that recently Germany proved to be an active buyer in Antwerp and that the demand from Belgian flour mills was fairly active.

Danube Basin

During the first ten days of June, in the deficit countries Czechoslovakia and Austria, wheat prices strengthened to some extent under the influence of world market developments, but firmness was not so pronounced as in other countries and a weak undertone was evident.

Farm deliveries - especially in Czechoslovakia - have been comparatively large under the influence of favorable crop reports but the flour mills were reluctant and bought only small quantities.

In Hungary the market was rather active and firm at the beginning of June, but weakened later on. It appears that Hungarian farmers still have important stocks to dispose of. Reports from Yugoslavia indicate that unsold stocks are large and that some quantities will probably have to be carried over to the new campaign. Despite some sales of wheat and barley at the beginning of June, the Rumanian grain market was generally quiet for the month as a whole. The Rumanian wheat import duty was raised from 16.33 cents per bushel to 43.55 cents per bushel. This measure will prevent the importation of wheat which took place this year at times when the domestic price level was above import parity for Hungarian and Yugoslavian wheat. It will be especially important for the next campaign, in view of the probable shortness of the crop.

The Rumanian wheat crop will be materially below last year owing to reduced acreage of wheat as a consequence of heavy winter-kill. The unfavorable influence of early drought was partly offset by rainfall in June. Present conditions appear to indicate a crop at least 20 to 25 per cent below last year. The corn acreage in Rumania, and probably also in Hungary and Yugoslavia, has increased and conditions are better than last year. In Rumania corn will be of much greater importance as human food than during the last two years, and present prospects are for a crop considerably above the poor crop of last year.

The official Hungarian crop report of July indicates that this year's wheat crop will turn out much smaller than last year. The 1929 wheat crop is estimated at 70,547,000 bushels compared with a final estimate of 99,211,000 bushels in 1928. The crop outlook is relatively favorable in the valley of the Danube and west of the Danube where the crop is estimated to be only 14 per cent smaller than last year. In the northern and northeastern sections and in the southeast the reduction amounts to about 47 per cent.

The decrease in the 1929 crop in comparison with 1928 is partly a consequence of a reduced acreage. The Hungarian wheat acreage in 1928 was 4,144,000 acres and is only 3,571,000 acres this year, the decrease amounting to about 15 per cent. Yields per acre are also estimated considerably below last year, being 18 bushels in 1929 and 24 bushels in 1928. The decrease amounts to 25 per cent. June weather has been favorable for the crops and so the reduction may not now be as great as early June conditions indicated.

Poland

Wheat and rye prices in Poland declined considerably during the second half of May, with the weakness in the rye market more pronounced than in the wheat market. In June a slight recovery of both wheat and rye prices took place. It has become apparent in recent months that there are still large quantities of rye to dispose of. As a result, rye prices showed a greater decrease than wheat prices. The Government, which prevented the export of rye during the first half of the season by an export duty allowed considerable quantities of rye free for export and at the beginning of June, abolished finally the rye export duty. Newspaper reports indicate that the government experienced great losses on rye which was bought at the beginning of the campaign at relatively high prices and recently had to be sold. Wheat stocks in Poland are comparatively small and some quantities will still have to be imported before the new crop is available.

Soviet Russia

Grain procurements in R.S.F.S.R. (Russia proper) since the beginning of the campaign to March 31 amounted to 7,730,000 short tons, according to a recent official report. Rye procurements were placed at 925,000 short tons or 54 per cent below the same period last year, and wheat procurements amounted to 4,285,000 short tons or 41 per cent above the same period of the preceding year. It should be noted that this is not a complete report for the Soviet Union and that such important region as Ukraine is not included.

An upward tendency in grain procurements was reported at the end of May and the first 10 days of June which the Russian newspapers attributed both to the application of methods of public pressure and to favorable crop outlook. However, data are again lacking for the rest of the month under survey, so that it is not possible to form any opinion as to actual results of procurements for the month as a whole. Although procurements showed considerable increases in different regions during the first days of June and toward the end of May, the absolute May level must have been relatively low, as the May procuring plan was not executed in several regions (Middle Volga, Ural, Central Fertile, Ukraine, etc.). The outlook for the development of the procuring campaign during the summer months 1929 is uncertain

and depends greatly upon the crop conditions, but seasonal field work will prove a hampering factor. Recent rumors indicated that Russia has again entered the market and purchased 1,300,000 bushels of Canadian grain through Japanese firms. Negotiations are reported to be carried on for further purchases. However, it should be noted that these are only very vague rumors and that no definite information is available. If Russian purchases of grain should prove true, it might serve as indication that the outlook for the new domestic crop is not particularly bright.

It appears that the total bread grain crop for Russia, particularly wheat, will not be very satisfactory this year. From present indications it is more apt to be below average than above.

The 1928-29 area under all spring and winter crops together was reported to have increased by 3 per cent for the Union as a whole, based on preliminary information received by the State Planning Board from five important regions ^{a/}, compared with the 7 per cent increase provided for by the Government stipulation. The area under spring wheat increased 5.9 per cent, while detailed information on the fluctuations of other crops are not mentioned. Winter sown area for the total Union is stated to be 4.9 per cent below the previous year.

^{a/} North Caucasus, Ukraine, Lower Volga, Central Fertile and Crimea. The acreage under spring grains in these regions alone increased by 1.8 per cent compared with last year, but the acreage of both winter and spring together increased by only 1.3 per cent.

WHEAT: Production in principal countries, average, 1909-1913,
annual 1926-1929

Country	: Average : :1909-1913 :	: 1926 :	: 1927 :	: 1926 :	: 1929 :
NORTH AMERICA	: 1,000 : : bushels :	: 1,000 : : bushels :	: 1,000 : : bushels :	: 1,000 : : bushels :	: 1,000 : : bushels :
Canada.....	197,119:	407,136 :	479,665 :	533,572 :	
United States (Winter:)	690,108:	627,433 :	552,747 :	578,133 :	582,492
(Spring:)		203,607 :	325,627 :	324,058 :	251,377
Mexico.....	a/ 11,481:	10,333 :	11,890 :	11,031 :	11,492
Total North America:	898,708:	1,248,509 :	1,369,929 :	1,446,794 :	
EUROPE					
England and Wales....	55,770:	48,683 :	53,125 :	47,264 :	
Scotland.....	2,273:	2,091 :	2,427 :	2,315 :	
Northern Ireland....	287:	226 :	212 :	183 :	
Irish Free State....	1,310:	1,155 :	1,421 :	1,186 :	
Norway.....	306:	586 :	605 :	676 :	
Sweden.....	8,103:	12,153 :	16,151 :	19,469 :	
Denmark.....	6,322:	8,767 :	9,408 :	12,214 :	
Netherlands.....	4,976:	5,487 :	6,157 :	7,336 :	
Belgium.....	15,199:	12,801 :	16,277 :	17,986 :	
Luxemburg.....	615:	622 :	702 :	799 :	
France.....	325,644:	231,767 :	276,128 :	277,657 :	
Spain.....	130,446:	146,599 :	144,825 :	122,640 :	
Portugal.....	b/ 11,850:	8,560 :	11,447 :	6,578 :	
Italy.....	184,393:	220,644 :	195,809 :	228,596 :	
Switzerland.....	3,314:	4,244 :	4,119 :	4,270 :	
Germany.....	131,274:	95,429 :	120,522 :	141,593 :	
Austria.....	12,813:	9,438 :	11,960 :	12,860 :	
Czechoslovakia.....	37,879:	34,130 :	40,385 :	51,499 :	
Hungary.....	71,493:	74,909 :	76,933 :	99,211 :	70,547
Yugoslavia.....	62,024:	71,427 :	56,568 :	103,294 :	
Greece.....	b/ 16,273:	12,403 :	12,970 :	15,676 :	
Bulgaria.....	37,823:	36,544 :	42,121 :	50,691 :	37,441
Rumania.....	a/ 158,672:	110,883 :	96,734 :	115,544 :	94,835
Poland.....	63,675:	47,080 :	54,230 :	59,219 :	
Lithuania.....	3,264:	4,180 :	5,273 :	6,327 :	
Latvia.....	1,475:	1,860 :	2,636 :	2,499 :	
Estonia.....	364:	844 :	1,079 :	1,037 :	
Finland.....	137:	924 :	1,064 :	879 :	
Malta.....	196:	310 :	294 :	289 :	
Total Europe....	1,348,170:	1,204,746 :	1,261,582 :	1,409,787 :	

Continued-

WHEAT: Production in principal countries, average, 1909-1913,
annual 1926-1929 - Continued

Country	Average 1909-1913	1926	1927	1928	1929
	1,000	1,000	1,000	1,000	1,000
AFRICA	<u>bushels</u>	<u>bushels</u>	<u>bushels</u>	<u>bushels</u>	<u>bushels</u>
Morocco	(17,000)	16,174:	24,618:	24,746:	28,623
Algeria	35,161:	23,551:	28,323:	30,302:	31,783
Tunis	6,224:	13,044:	8,267:	12,125:	
Egypt	33,662:	37,207:	44,347:	37,296:	
Cyrenaica	(500)	161:	36:	32:	
Tripolitania	(100)	176:	173:	18:	
Total Africa	92,647:	90,313:	105,764:	104,519:	
ASIA					
Syria, Lebanon and Alaouite :	(4,000)	13,940:	14,582:	6,490:	
India	351,841:	324,651:	334,992:	288,811:	313,973
Japan	25,088:	30,188:	31,018:	32,706:	c/ 28,316
Chosen	6,898:	10,517:	9,043:	8,595:	9,965
Total Asia	387,827:	379,296:	389,635:	336,602:	
Total Northern Hemisphere:	2,727,352:	2,922,864:	3,126,910:	3,297,702:	
Est. Northern Hemisphere :					
excl. Russia and China :	2,759,000:	2,979,000:	3,193,000:	3,329,000:	
SOUTHERN HEMISPHERE					
Uruguay	a/ 6,517:	10,238:	15,397:	14,672:	
Argentina	147,059:	220,827:	d/275,000:	d/275,000:	
Union of South Africa	b/ 6,054:	8,043:	6,644:	6,930:	
Australia	90,497:	160,762:	116,737:	159,000:	
New Zealand	6,925:	7,952:	9,541:	8,400:	
Total Southern Hemisphere:	257,032:	407,822:	423,319:	464,002:	
Total above countries ...:	2,984,384:	3,330,686:	3,550,229:	3,761,704:	
Estimated world total :					
excl. Russia and China :	3,041,000:	3,420,000:	3,653,000:	3,829,000:	
Russia	758,941:	819,744:	745,885:	859,789:	

Official sources.

a/ Four year average.

b/ One year average.

c/ Production is 39 out of the 42 prefectures or about 97 per cent
of the total crop.

d/ Unofficial.