UNITED STATES DEPARTMENT OF AGRICULTURE
BUREAU OF AGRICULTURAL ECONOMICS
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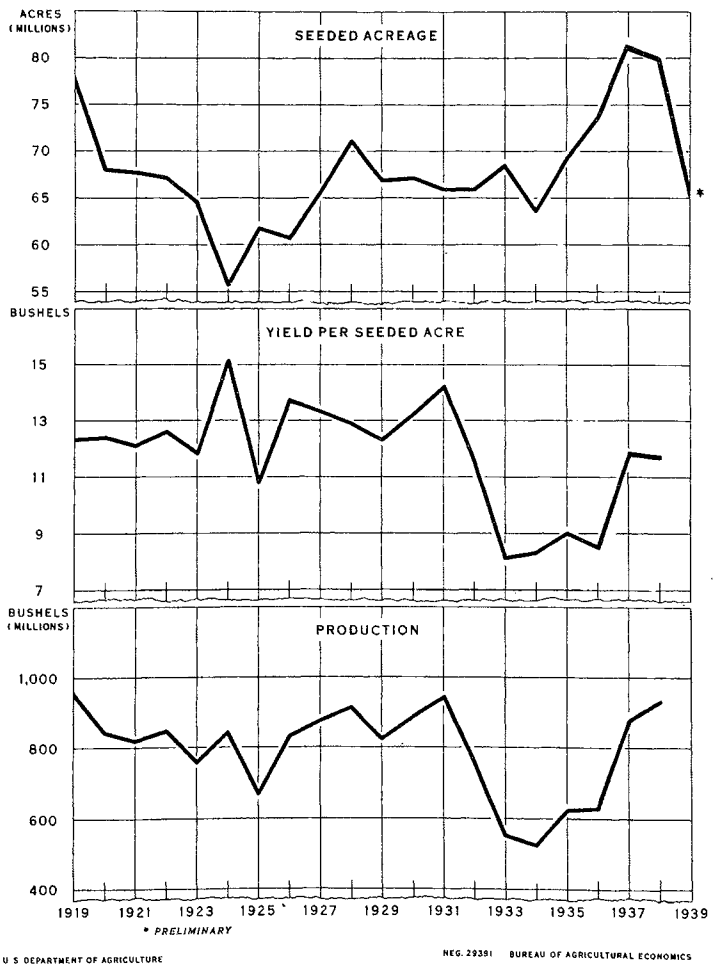
THE WHEAT SITUATION
INCLUDING RYE

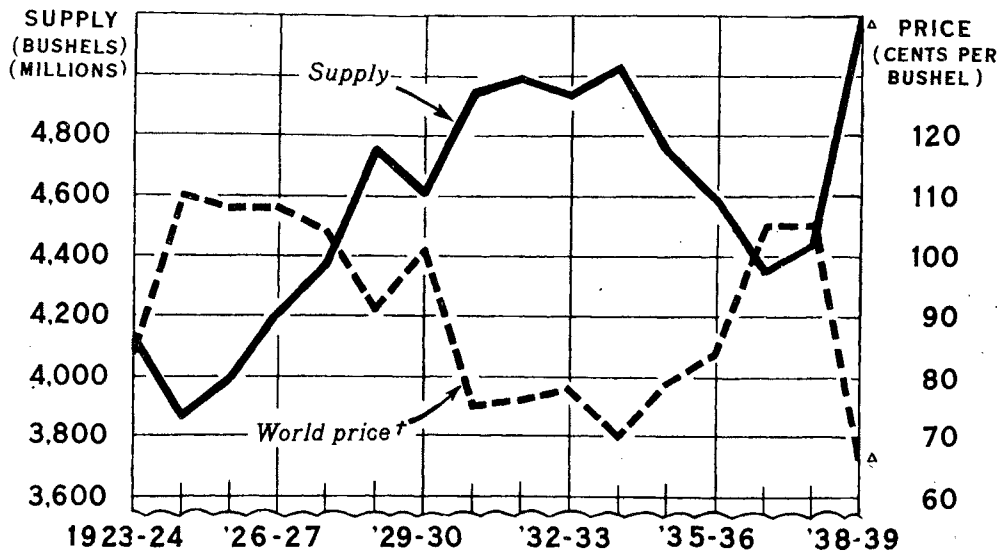
THIS ISSUE HAS BEEN PREPARED WITH PARTICULAR REFERENCE TO THE REPORT OF THE CROP REPORTING BOARD OF THE BUREAU OF AGRICULTURAL ECONOMICS ON PROSPECTIVE PLANTINGS FOR 1939. IT BRINGS UP TO DATE THE 1939 OUTLOOK FOR WHEAT, WHICH WAS ISSUED LAST OCTOBER BY THE BUREAU IN COOPERATION WITH FEDERAL AND STATE EXTENSION WORKERS.

ALL WHEAT: ACREAGE SEEDED, YIELD PER ACRE, AND PRODUCTION, UNITED STATES, 1919-39



THE ACREAGE SEEDED TO WHEAT FOR HARVEST IN 1939 IN THE UNITED STATES IS INDICATED AT 66 MILLION ACRES OR 14 MILLION ACRES LESS THAN A YEAR EARLIER WHEN SEEDINGS WERE LITTLE BELOW THE RECORD IN 1937. PRODUCTION FROM 1933 TO 1936 WAS GREATLY REDUCED AS THE RESULT OF SMALL YIELDS PER ACRE CAUSED LARGELY BY DROUGHT AND RUST.

WHEAT: WORLD SUPPLY AND PRICE, 1923 TO DATE*



*YEAR BEGINNING JULY △ PRELIMINARY

†AVERAGE BRITISH PARCELS DEFLATED BY STATIST INDEX (1910-14=100)

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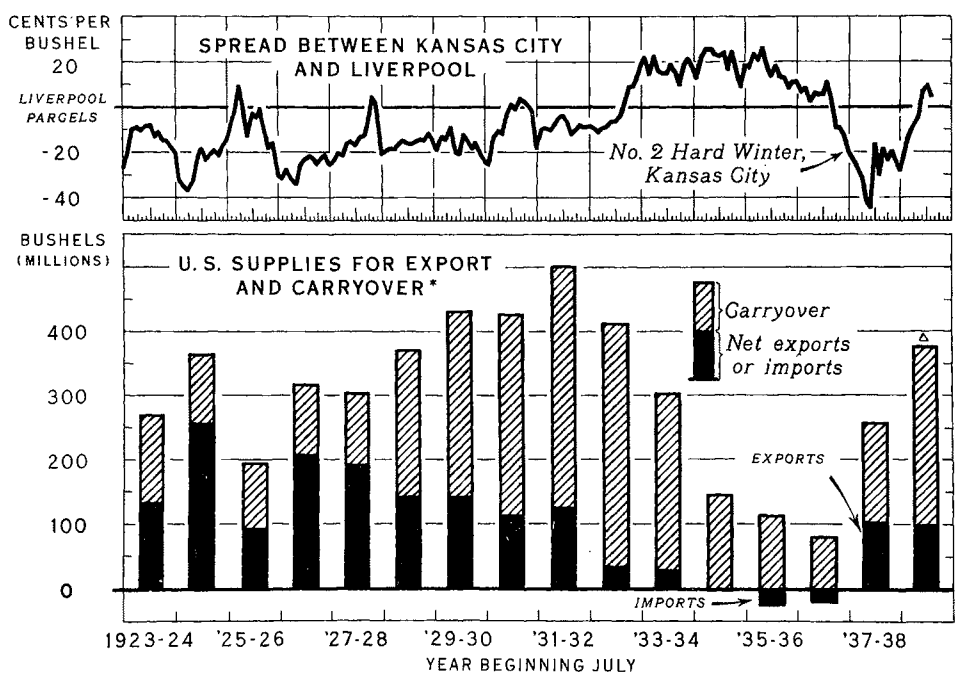
FIGURE 1

WHEAT: SPREAD BETWEEN PRICE AT KANSAS CITY AND LIVERPOOL, AND U.S. SUPPLIES FOR EXPORT AND CARRYOVER, 1923 TO DATE



*CARRYOVER PLUS PRODUCTION LESS DOMESTIC UTILIZATION △PRELIMINARY

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FIGURE 2

WORLD WHEAT SUPPLIES FOR THE 1938-39 YEAR ARE THE LARGEST ON RECORD AND PRICES HAVE DECLINED TO VERY LOW LEVELS. EXPORTABLE SUPPLIES IN THE UNITED STATES ARE ALSO LARGE. THE OPERATION OF THE WHEAT EXPORT AND LOAN PROGRAMS HAVE HELD WHEAT PRICES IN THE UNITED STATES CONSIDERABLY HIGHER RELATIVE TO WORLD PRICES THAN THEY WOULD OTHERWISE HAVE BEEN.

THE WHEAT SITUATION
Including Rye

Summary

If spring wheat growers seed the acreage indicated in the prospective-plantings report, and if average yields are obtained, this year's spring wheat crop including durum will total about 200 million bushels. This, together with the winter wheat crop indicated as of December 1 at about 485 million bushels, would mean a total wheat crop of approximately 685 million bushels in the United States this year, the Bureau of Agricultural Economics points out.

A crop of 685 million bushels would be about equal to the 10-year (1928-37) average domestic disappearance and approximately 25 million bushels less than the estimated domestic disappearance for the current season. The carry-over of wheat in the United States on July 1, 1939, on the basis of present prospects is expected to be approximately 275 million bushels. A production no greater than domestic disappearance for the year beginning July 1, 1939, would reduce this large carry-over at the end of the season by approximately the amount of our exports.

While prospective spring wheat production has been interpreted in terms of average yields in order to summarize the situation, such an interpretation must not be considered as an estimate, the Bureau said. The Crop Reporting Board will indicate a probable range in spring wheat production in its report on June 9 and will issue its first estimate on July 10.

Weather conditions to date indicate some slight improvement in prospects for winter wheat since December 1. February precipitation was above normal in most parts of the country excepting California and the Southwest. This relieved, at least temporarily, the shortage of surface moisture

in much of the Great Plains area which was a potential limiting factor in the late fall and early winter months. Insect injury to the 1939 crop is expected to be somewhat above average, although about the same as last year. There is an abundance of grasshopper eggs over a wide area, but the possible damage will depend upon weather conditions. A report as of April 1 on yield per seeded acre and indicated production of winter wheat will be released by the Crop Reporting Board April 10.

The winter wheat acreage seeded in 20 foreign countries, for which estimates have been received, indicate an increase of 2 million acres or 2 percent. The increase for 14 European countries reporting was one percent. The effect of this increase over last year in European sown acreage, however, may be offset by heavy winterkilling, poor germination, and poor yield on reseeded acres. Conditions in Europe to date have been variable but approximate those of a year ago, when they were about average. During the last 6 weeks of the growing season of 1938, however, exceptionally favorable growing conditions resulted in record crops in most of the European countries. If only average conditions prevail from now on, the 1939 wheat crop in Europe is expected to be smaller than that of 1938.

Any increase in purchases by European countries for the purpose of building up reserve stocks, or a general increase in commodity price levels, would tend to offset any decline in prices due to larger supplies in the 1939-40 season. The operation of the export and loan programs has held wheat prices in the United States considerably higher relative to world prices than they otherwise would have been. The continuation of these programs and prospects for smaller domestic production would be expected to maintain this favorable price relationship.

World wheat production 1/ in 1938, estimated at 4,539 million bushels, was the largest in history, and the carry-over in July 1939 is expected to be more than double the 595-million bushel carry-over of July 1938. Total world net imports are estimated at about 560 million bushels while supplies in exporting countries in excess of requirements are estimated at about 950 million bushels.

Domestic disappearance of wheat in the United States in 1938-39 is now estimated at about 710 million bushels. Exports of wheat including flour are expected to approximate 100 million bushels. Loan wheat to which the Commodity Credit Corporation takes title at the maturity of the loan will be purchased by the FSCC and become part of the stocks available for export, but sales of such wheat will probably not be included with exports to any significant extent before June 30, the end of the current season.

Changes in domestic wheat prices in the next month or two are expected to depend largely upon how Argentina markets its large surplus, 1939 crop prospects, and political developments in Europe. Thus far this season Argentina has shown no signs of willingness to dump wheat in world markets, although the crop is the second largest in history. The accumulation of large stocks of wheat in Argentine ports with prospects of increased offerings from that country, together with large supplies in other exporting countries, however, has depressed export prices.

1/ All references to world production and stocks in this report exclude Soviet Russia and China except where noted.

THE WHEAT OUTLOOK FOR 1939-40

BACKGROUND 2/.- The acreage seeded to wheat for harvest in 1937 in the United States, at 81 million acres, was the largest in the history of the country; in 1938 it was only about one million acres less. The previous record was 77 million acres in 1919. By 1924, the acreage declined to 56 million acres, but by 1928 it had risen again to 71 million. During the 1929-33 period it remained rather constant at around 67 million acres. For the 1934 crop, seeded acreage was reduced to 64 million acres, but the next year it was increased again to 69 million, and for the 1936 crop was raised to 74 million acres (cover page and table 9).

The acreage seeded to spring wheat has fluctuated widely in recent years largely as the result of variable weather conditions at seeding time. In 1934 it was only 19 million acres while in 1936 and 1937 it was 24 and 23 million acres, respectively (table 10). The 1926-36 average was 22 million acres.

Little change occurred in winter wheat acreage seeded for harvest in the years 1929-34, when it averaged about 44-1/2 million acres. Seedings for the next three crops, however, were increased, and those for the 1937 and 1938 harvests, at 58 and 56 million acres, respectively, were the largest in history. The acreage seeded to winter wheat for the 1939 crop is indicated at 46 million acres.

Acreage and production in the United States materially smaller

On the basis of the March 1 reports from farmers 3/ regarding their acreage plans for the 1939 season, an area of 19.5 million acres is now indicated for seeding to spring wheat. This acreage would be about 17 percent less than the actual seedings in 1938, 13 percent below the 10-year (1929-38) average of 22.4 million acres, and the smallest seeded in 14 years, with the exception of 1934.

The total spring wheat acreage indicated for 1939 includes 3,545,000 acres of durum wheat and 15,960,000 acres of other spring wheat. In those areas where both are grown, the durum wheat acreage is being reduced somewhat less than other spring wheat acreage. Comparing the prospective acreage for 1939 with last year's seedings, the durum wheat acreage represents a decrease of 8 percent while other spring wheat shows a reduction of about 19 percent. The prospective durum wheat acreage is only about 3 percent below the acreage seeded during the 1929-38 period, but the probable seedings of other spring wheat are 15 percent below the average for this period.

2/ See also background statements on pages 11 and 15.

3/ The March reports on "Intentions" appear to provide a fairly accurate picture of the plans of farmers at this time and show the changes that may be expected in areas where plans are not upset by subsequent weather conditions, changes in prices, or other conditions which cannot be foreseen.

A reduction from last year's seedings is indicated for all of the important spring wheat growing States. The indicated decrease in spring wheat other than durum for the four northern Great Plains States is 18 percent, for the States in the Pacific Northwest 27 percent, and for the States of Colorado, Nebraska and Wyoming 32 percent. East of the Mississippi, in the less important spring wheat area, the spring wheat acreage is expected to increase slightly although most States show no change from last year.

Table 11 shows the seeded acreage of spring wheat in recent years by areas, and table 10 shows the acreage, yield per acre, and production of durum and other spring wheat beginning with 1926.

If growers seed to spring wheat the acreage indicated in the prospective-plantings report (19.5 million acres), and if the 20-year (1919-38) average yields are obtained (10.1 bushels), this year's spring wheat crop including durum will be about 200 million bushels. A winter wheat production of 485 million bushels was indicated in December, based on the past relationship between December 1 condition and yield per seeded acre, with some allowance for the probable effect of weather conditions during last summer and fall. Adding these two figures would indicate a production of about 685 million bushels of all wheat.

Weather conditions to date indicate some slight improvement in prospects for winter wheat since December 1. February precipitation was above normal in most parts of the country excepting California and the Southwest. This relieved, at least temporarily, the shortage of surface moisture in much of the Great Plains area which was a limiting factor in the late fall and early winter months. Although still below average, winter wheat conditions have shown some improvement recently in much of this area. Winter weather conditions have been generally favorable in the Pacific Northwest, and near drought conditions in parts of California were largely relieved by rains early in March. East of the Mississippi River, the crop continues in mostly good to fair condition.

An open and abnormally warm winter has resulted in little winter-kill as yet although there has been some loss from dust storms and blowing out in parts of Oklahoma and Kansas. Acreage loss is likely to be above average in parts of the Plains area resulting largely from the shortage of moisture at seeding time and later. Some of last fall's seedings may be plowed up by farmers to comply with acreage allotments.

The above indicated production makes allowance for average insect damage. Insect injury to the 1939 crop is expected to be somewhat above average, although about the same as last year. There is an abundance of grasshopper eggs over a wide area, but the possible damage will depend upon weather conditions. The control campaign in 1938 prevented about two-thirds of the grasshopper damage in prospect last year and plans are being made for still more effective control operations in 1939.

Carry-over next July about 275 million: prospective supplies reduced

A production of 685 million bushels would be about equal to the 10-year (1928-37) average domestic disappearnce and approximately 25 million bushels less than the estimated domestic disappearance for the year beginning July 1, 1938.

The carry-over of wheat in the United States on July 1, 1939, on the basis of present prospects 4/, is expected to be approximately 275 million bushels. A production no greater than domestic disappearance for the year beginning July 1, 1939, would reduce this large carry-over by the end of the season by approximately the amount of our exports. A smaller crop would result in a greater reduction in domestic supplies.

The reduction in acreage in the United States has been made at a time when export prospects were very unfavorable. In fact, the largest world wheat crop in history has made it necessary for our Government to assist exports in 1938-39 in order to maintain our share of the export market. The prospective record world carry-over in July 1939 is expected to be more than double the 595 million-bushel world carry-over July 1938. There are no indications at present that the total acreage for other countries will be reduced. If production in the United States turns out to be approximately 685 million bushels, and if there is no reduction in acreage in the rest of the world, average yields per acre in other countries would result in a world production in excess of the likely disappearance in 1939-40.

Prospects are for large world crop in 1939, but smaller than in 1938

Winter wheat acreage seeded for harvest in 1939 in the 21 countries reporting to date, shows a decrease of about 5 percent as compared with estimates for the same countries in 1938 (table 1).

Reports from 14 European countries show an increase of about 1 percent, compared with acreage sown for harvest last year. Seedings of winter wheat in these countries last year represented about 77 percent of the total European wheat acreage harvested. Most of the indicated increase is in Bulgaria, Italy, Germany, Portugal and Yugoslavia. These increases were, however, largely offset by decreased seedings in England and Wales, France, and Rumania.

4/ See text and table, page 16.

Table 1.-Winter wheat area sown in specified countries for harvest in 1937, 1938, and 1939

Item	1937	1938	1939
	1,000 acres	1,000 acres	1,000 acres
Wheat			
United States	57,656	56,355	46,173
Canada	781	815	799
Total (2)	58,437	57,170	46,972
Belgium	422	428	1/ 383
Bulgaria	2,845	2,874	3,025
Czechoslovakia 2/	1,337	1,426	1,410
England and Wales	1,732	1,807	1,664
France 3/	12,772	12,353	12,249
Germany 4/	4,579	4,564	4,714
Hungary 2/	4,054	5/4,398	5/4,374
Italy	12,692	12,149	12,635
Latvia	170	167	180
Lithuania	379	357	361
Poland	3,737	3,801	3,835
Portugal	1,219	1,236	1/1,421
Rumania	7,966	8,799	8,649
Yugoslavia	5,335	5,224	5/5,436
Total (14)	59,239	59,583	60,336
India 6/	32,525	32,403	32,492
Egypt	1,421	1,470	1,503
Algeria	4,311	4,161	1/4,460
Morocco	3,027	2,906	1/2,990
Tunisia	2,429	1,644	2,125
Total (21)	161,389	159,337	150,878

1/ Estimate of the Paris office of the Department of Agriculture.
2/ New boundaries. Figure for 1937 is an estimate based on the percentage relationship between the old boundary acreage in 1937 and 1938.
3/ Plantings to January 1.
4/ Excluding Austria.
5/ Estimate of the Belgrade office of the Department of Agriculture.
6/ March estimates.

Prospects for the outturn in Europe are, of course, largely dependent on weather conditions for the rest of the growing season. Conditions to date have been variable but approximate the about average conditions of a year ago. During the last 6 weeks of the 1938 growing season, however, exceptionally favorable growing conditions resulted in record crops in most of the European countries. If only average conditions prevail from now on, therefore, the 1939 wheat crop in Europe is expected to be smaller than that of 1938.

Winter kill has been abnormally high in some countries as was mentioned in a previous report. In France, it is estimated that from 20 to 25 percent of the winter wheat seedings were destroyed. Most of the area has been reseeded to spring wheat, but a smaller crop than that of 1938 is to be expected. Damage was also heavy in Belgium, and some damage has been reported in western Germany, though the condition of the crop on the whole is reported to be satisfactory and about the same as a year ago. A smaller outturn than last year's seems probable in these countries. The crop in Czechoslovakia is reported to be in satisfactory condition. The condition of winter wheat in most of Italy is very good and prospects for the 1939 crop are promising. In Spain the crop is expected to exceed that of 1938. The decreased acreage reported in England and Wales resulted from unfavorable weather during the fall and winter months. Production this year might be expected to fall considerably below that of last year.

The Belgrade office of the U. S. Department of Agriculture reports the condition of fall sown wheat, which constitutes about 95 percent of all wheat in the Danube Basin, as favorable. Though acreage seeded in the Danubian countries is indicated to be about 1 percent above that of last year prospects are for a 1939 harvest smaller than the record crop of 1938. Moisture conditions to date are reported as adequate but not as favorable as at the same time a year ago.

The total acreage sown to all winter grains for harvest in 1939, in Soviet Russia, is approximately 2 percent below that of 1938. It is estimated that winter kill has been above average, especially in the central part of the country. At the beginning of the 1938 fall sowing season the soil was in a very dry condition and field work was handicapped. Poor preparation of the soil is reported to have been more general than is usual. Preparations for the spring sowing campaign are lagging somewhat behind those of last year at the same date.

The acreage sown in French North Africa is estimated to be somewhat larger than the small acreage of last year. Conditions have been favorable and a good crop is in prospect.

The second estimate of wheat seedings in India show very little change, compared with the similar estimate for last year. The condition of the crop is now reported to be fairly good.

The Shanghai office of the Department of Agriculture reports that prospects for the 1939 wheat crop in the Orient point to an increase of about 10 percent as compared with the small yield of 1938. Efforts of the Chinese Government to increase wheat production in the Provinces under their administration are expected to result in increases in those areas. Increased production is also forecast in other areas of China. The present condition of the crop is indicated to be favorable. No substantial increase in acreage is estimated for Japan but a larger outturn is expected than in 1938, when the yield was below average.

Domestic wheat prices in 1939-40 likely to continue above export levels

Any increase in purchases by European countries for the purpose of building up reserve stocks, or a general increase in commodity price levels, would tend to offset any decline in prices due to larger supplies in the 1939-40 season. The operation of the export and loan programs has held wheat prices in United States markets considerably higher relative to world prices than they would otherwise have been (fig. 2). The continuation of these programs and prospects for smaller domestic production would be expected to maintain this favorable price relationship. 5/

THE WORLD WHEAT SITUATION IN 1938-39

BACKGROUND.--Total world supplies of wheat increased sharply from 1924 to 1933, largely as a result of increased acreage. From 1933 to 1936 world supplies declined, following successive years of small production and increased world demand. In 1937 world supplies, estimated at 4,433 million bushels, were 85 million bushels larger than in 1936. Increased production in 1938 resulted in total supplies on a comparable basis of 5,191 million bushels, or an increase in 1 year of about 760 million bushels.

Total world shipments of wheat averaged 751 million bushels for the 5 years, 1923-27, reached a peak of 913 million bushels in the year beginning July 1, 1928, then declined sharply, largely as a result of measures taken by importing countries to reduce the use of foreign wheat. For the year beginning July 1, 1937, net imports totaled 497 million bushels, and for the current season they are forecast at 563 million bushels.

During the 1924-33 period, when world supplies of wheat were increasing, world prices were declining; prices reached the low point as supplies reached the high. The sharp decline in prices after 1929 was due largely to the general decline in industrial activity and commodity prices. From the spring of 1933 to the summer of 1937, world wheat prices moved steadily upward, reflecting the world-wide recovery in commodity price levels, currency depreciation, four successive below-average harvests in North America, and the 1935-36 short Southern Hemisphere crop. With little change in the world wheat supply or in the wholesale price level, the world price for the 1937 crop remained practically unchanged from that of a year earlier. Large supplies in 1938 together with the world business recession, resulted in a sharp decline of prices.

5/ Growers cooperating with the Agricultural Adjustment program will receive about 28 cents per bushel on the normal yield of their allotments.

World wheat carry-over July 1939 likely to be record

The estimated world wheat supply and prospective distribution for the year beginning July 1, 1938, compared with that of 1937 6/ is shown in table 2. This is practically unchanged from the table published in the issue of a month ago. As previously pointed out the prospective disappearance and carry-over figures are only indications. It would appear that the disappearance in several countries will be relatively heavy. Moreover, apparent over-estimates in official production estimates involve a large statistical disappearance. Even with a large prospective disappearance the world carry-over next July will probably be of record size. Table 12 shows world wheat production for the past 4 years.

6/ The Wheat Situation, February 23, 1939, table 16 shows the estimated world supply and distribution beginning with 1922.

Table 2.- Estimated world supply and prospective distribution, year beginning July 1, 1938, compared with 1937

Item	Year beginning July 1	
	1937 estimates	1938 indications
	Million bushels	Million bushels
Carry-over July 1 1/	519	595
Production 1/	3,855	4,539
Total supply	4,374	5,134
Net exports from Soviet Russia	39	1/ 37
Total of above	4,413	5,171
Disappearance	3,818	3,920
Carry-over June 30	595	1,251

1/ Excluding stocks and production in Soviet Russia and China, and excludes 20 million bushels new wheat in commercial and merchant mill stocks.

Surplus supplies in exporting countries greatly exceeds imports

Political developments and new crop prospects during the spring period are factors which may modify the European wheat trade situation. Until further evidence is available, however, the December forecast of imports of about 428 million bushels by European net importing countries and the February estimate of 135 million bushels by non-European countries or a total of 563 million bushels is being maintained. Forecasted imports by European countries are shown in table 14. Small downward revisions were made in the 1938-39 import figures for Greece and Czechoslovakia, which are about offset by an upward revision in the import figure for the Netherlands.

Table 3 shows estimated supplies available for export, after deducting domestic requirements and carry-over, and forecasted net exports for the current season by the important surplus producing countries compared with actual net exports for the year beginning July 1, 1937.

Table 3.- Net exports, year beginning July 1, 1937, forecasts of supplies available for export and net exports, year beginning July 1, 1938

Country	Year beginning July 1 1937 net exports	Year beginning July 1 1938 Available for export 1/	Year beginning July 1 1938 Forecasted net exports
	Mil. bu.	Mil. bu.	Mil. bu.
United States	104	2/ 250	3/ 100
Canada	89	225	160
Argentina	70	225	95
Australia	124	80	80
Danube countries	55	110	75
Soviet Russia	39	37	37
Balancing item 4/	13	25	16
Total 5/	494	952	563

1/ Total supplies less domestic requirements and carry-over.
2/ Loan stocks not deducted. 3/ See text.
4/ "Other" countries and any necessary balancing between shipments and receipts resulting from differences in time and accounting. Computed as estimated total net imports less exports accounted for.
5/ Total net imports, computed as net imports into European deficit countries plus shipments to non-European countries.

Probable exports from the United States for the year beginning July 1, 1938, are expected to approximate 100 million bushels. Loan wheat to which the Commodity Credit Corporation takes title at the maturity of the loan 7/ will be purchased by the Federal Surplus Commodities Corporation and become part of the stocks available for export 8/ but sales of such wheat will probably not be included with exports to any significant extent before June 30, the end of the current season.

Actual exports of wheat, including flour in terms of wheat from the United States July 1, 1938 to March 18, 1939 totaled about 77 million bushels, and export sales amounted to 92 million bushels, 67 million bushels of which were assisted by the Federal export program.

7/ Producers have the opportunity, between April 1 and June 15, 1939, of redeeming any pledged or mortgaged wheat held under the loan program. Wheat which is not redeemed by the maturity dates, and on which producers have not obtained the extension of loan permitted in certain areas, will become the property of the Commodity Credit Corporation. As of March 8, 1939, 82 million bushels of wheat were pledged under loan representing 23 million bushels of wheat stored on the farm, which loans mature on May 31, 1939, and 59 million bushels of wheat stored in public grain elevators, which loans mature 7 months from their respective dates.

8/ Except for relatively small amounts which will be used for domestic relief purposes. In special cases where the wheat purchased from the Commodity Credit Corporation is of types needed for domestic milling, or is of low quality, such wheat will be exchanged for other wheat which is suitable for export.

Exports from the Danube Basin countries, Poland, northern Africa and Turkey move into trade with little regard to other competition because of trade and barter arrangements. A large part of the exportable surplus, estimated at about 110 million bushels, will be exported from the Danubian countries, as will also the surplus of about 20 million bushels, the total for Poland, northern Africa and Turkey. Exports from India have totaled about 10 million bushels, which were exported in July-through September. Significant additional exports from India are not expected because the crop which is now being harvested is reported to be poor. Net exports from Soviet Russia are expected to total about 37 million bushels.

If exports from the United States total about 100 million bushels, those from the Danubian countries about 75 million bushels, Soviet Russia about 37 million bushels, prospective takings by deficit countries would appear to leave only about 350 million bushels for other countries. Of this, Canada might supply about 160 million bushels, Argentina 95 million bushels, and Australia 80 million bushels. This represents an increase from the Bureau's earlier estimate for Canada and a decrease for Argentina. Exports from the latter country have been smaller than expected.

Table 13 shows the estimated wheat surplus for export or carry-over on March 1, 1939, for Canada, Argentina, and Australia, as well as United Kingdom port stocks and stocks afloat. These total 514 million bushels compared with 276 million bushels a year ago, and 326 million bushels in 1937. The estimate for Canada is 169 million bushels, for Argentina 210 million bushels and for Australia 77 million bushels. Tables 14 to 17 show the current international wheat movement with comparisons.

Wheat prices in world markets lower

Wheat prices in important foreign markets declined during the past month. While Argentina thus far has showed no signs of willingness to dump wheat in world markets, although the crop in that country is the second largest in history, the accumulation of large stocks of wheat in its ports with prospects of increased offerings from that country, together with large supplies in other exporting countries, has depressed export prices in recent weeks (table 4). Reported sales of large quantities of Argentine wheat to Germany on a barter basis for German railway equipment and other goods, however, tended to relieve a part of the pressure of the heavy stocks. A possible contributing factor to weaker prices the middle of March was a reduction of about 3½ cents per bushel in ocean freight rates from Argentina to European markets, which may have resulted temporarily in lower quotations on Argentine wheat at Liverpool, and this in turn may have weakened the market for other offerings.

Changes in world wheat prices in the next month or two are expected to depend largely upon how Argentina markets its large supplies upon 1939 crop prospects, and on political developments in Europe.

Table 4.- Prices of imported wheat at Liverpool

Date (Friday)	Hard wheats: U. S. (Gulf) No.1 Dk.Hd. Winter	Hard wheats: Canada No. 3 Manitoba 1/	Soft wheats: U. S. (Pacific) White	Soft wheats: Argentine Rosafe	Soft wheats: Australian 1/	Soft wheats: Russian
	Cents	Cents	Cents	Cents	Cents	Cents
1938						
Nov. 4	2/ 55.0	68.4	67.7	3/ 58.8	68.4	---
10	2/ 55.6	69.7	63.8	3/ 61.6	66.7	---
18	---	72.0	61.0	---	66.2	---
25	2/ 59.5	74.4	---	65.3	66.7	---
Dec. 2	2/ 59.2	76.0	62.8	65.8	---	---
9	65.6	76.6	64.4	---	69.3	---
16	4/ 63.5	75.5	---	62.6	64.2	---
23	64.9	73.6	---	62.3	---	---
30	68.0	76.3	---	63.2	65.4	---
1939						
Jan. 6	66.5	76.0	---	61.8	66.9	---
13	66.8	75.9	---	62.4	67.1	---
20	66.6	75.3	---	62.9	73.9	57.8
27	67.9	76.3	---	69.4	68.7	---
Feb. 3	68.7	76.0	---	63.6	69.5	---
10	68.1	74.3	---	61.9	67.4	---
17	67.7	76.2		62.2	66.6	---
24	---	75.5	---	60.1	64.9	
Mar. 3	---	---	---	60.1	64.5	---
10	---	74.8	---	58.6	61.6	---
17	---	73.1	---	57.8	59.6	---

1/ Empire wheat qualifying for Imperial Preference was exempted from duty (approximating 6 cents per bushel) prior to January 1, 1939 under Ottawa Agreements of November 1932.
2/ No. 2 Yellow Hard Winter. 3/ Barusso. 4/ No. 2 Dark Hard Winter.

THE DOMESTIC WHEAT SITUATION IN 1938-39

BACKGROUND.- The carry-over of wheat in the United States for the 5 years 1924-28 averaged about 115 million bushels. Stocks which began to accumulate in 1929 reached the record peak of about 375 million in 1933. Four small wheat crops, however, reduced stocks on a comparable basis to about 100 million bushels by July 1, 1937. The domestic disappearance during the 10 years 1928-37 averaged about 680 million bushels.

Wheat exports from the United States declined steadily after the World War, and in 1934-36 imports of milling and feed wheats were necessary because of small United States crops of hard red spring and durum wheats and short feed grain supplies. The 1937 wheat crop was greatly in excess of domestic needs and about 100 million bushels were exported under conditions of reduced competition because of small

crops in Canada and Argentina. In 1938 another large crop was produced, and exports have been the most difficult since 1931 because of large crops in other exporting countries and in many of the importing countries.

Domestic wheat prices from the spring of 1933 to that of 1937 were unusually high in relation to world market prices, because of four small domestic crops caused largely by abnormally low yields per acre. During the year beginning July 1936 both world and domestic prices advanced sharply as a result of increased demand and the smallest supplies in recent years. Prices received by producers for the 1936-37 season averaged 103 cents, and the following year, with increased supplies, slow European demand and a falling price level, they averaged 96 cents. Prices have been depressed during the current season beginning July 1, 1938, because of large domestic and world supplies of wheat.

Domestic disappearance now indicated more than 700 million bushels

Table 5 shows estimated United States wheat supplies and prospective distribution for the year beginning July 1, 1938, compared with 1937. 9/ A slightly larger disappearance than last season now appears to be indicated for the current season. While seed requirements have been reduced by a smaller acreage, a slight increase in domestic flour consumption and a substantial increase in the quantity of wheat used for feed compared with last year is now expected.

Probable exports are conservatively placed at 100 million bushels. Exports are expected to be somewhat larger than expected earlier because loan wheat to which the Commodity Credit Corporation takes title at the maturity of the loan will be purchased by the Federal Surplus Commodities Corporation and become part of the stocks available for export 10/ according to an announcement made March 14.

9/ Estimated supplies and distribution total and by classes for a number of years are shown in "The Wheat Situation", February 23, 1939, pages 18, 19.
10/ See page 13.

Table 5.- Estimated United States wheat supply and prospective distribution, years beginning July 1, 1938, compared with 1937

Item	Year beginning July 1	
	1937 estimates	1938 indications
	Mil. bu.	Mil. bu.
Carry-over, July 1 (old wheat	83	2/ 153
Production	876	931
Total supply	959	1,084
Disappearance	702	710
Net exports 1/	104	100
Carry-over June 30	153	274

1/ Includes flour in terms of wheat.
2/ Actually 153,537,000 but rounded to 153 so that total supplies would round to 1,084 instead of 1,085 because production was 930,801,000 bushels.

Wheat prices in United States markets remain steady

Domestic prices continued to be supported by the Government export and loan programs, and by prospects of a reduced crop in 1939. Prices in the middle of March were about unchanged from a month earlier even though prices in world markets declined. For the week ended March 17 prices of all classes and grades in six domestic markets averaged 70½ cents per bushel, compared with 70 cents per bushel for the week ended February 17 (table 7) while in Liverpool during the same period the price of Australian declined 7 cents, Argentine Rosafe 4½ cents and Canadian No. 3 Manitoba 3 cents (table 4).

Prices in the United States have been averaging above world levels since last September and in recent months have been considerably higher than usual relative to world levels. The December-February price of No. 2 Hard Winter wheat at Kansas City averaged 7 cents above Liverpool parcels this season while the average for the same 3 months was 22 cents below Liverpool a year ago, or a difference of 29 cents.

It is expected that domestic prices will continue above world levels and that they will not be influenced to the same extent by world conditions as they would be without the export and loan programs.

Table 6.- Average closing prices of May wheat futures, specified markets and dates, 1938 and 1939

Date	Winnipeg 1/		Liverpool 1/		Buenos Aires		Chicago		Kansas City		Minneapolis	
	1938	1939	1938	1939	1938	1939	1938	1939	1938	1939	1938	1939
	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.
Month-												
Jan.	126.3	62.2	113.9	63.3	---	---	95.5	69.5	94.2	66.0	105.4	72.5
Feb.	127.7	62.3	112.3	62.4	---	---	94.1	68.4	92.9	64.6	104.8	71.0
Week ended-												
Feb. 4	126.7	62.6	112.8	63.2	2/109.6	2/59.4	94.2	69.0	93.2	65.2	105.6	71.8
11	128.4	61.9	114.2	62.4	2/108.9	2/59.5	95.3	68.0	94.3	64.1	106.3	70.6
18	127.1	62.5	111.3	62.5	2/106.8	2/59.5	93.2	68.0	91.9	64.3	103.4	70.5
25	128.3	62.4	111.2	62.2	3/107.3	2/59.5	93.8	68.8	92.4	65.0	104.3	71.3
Mar. 4	125.5	62.0	110.7	61.6	3/106.5	2/59.5	92.3	68.7	89.6	64.7	102.0	71.0
11	120.6	61.2	108.4	60.0	3/103.7	2/59.5	88.8	68.2	86.0	64.2	97.7	70.3
18	118.5	59.9	104.0	59.6	101.8	2/59.5	87.1	67.7	84.9	63.8	96.4	69.4
High 4/	128.4	62.8	114.8	64.1	5/112.0	2/59.6	97.4	70.2	96.3	66.9	107.3	73.3
Low 4/	118.5	59.9	104.0	59.6	5/101.8	2/58.7	87.1	67.7	84.9	63.8	96.4	69.4

1/ Conversions at noon buying rate of exchange.
2/ March futures.
3/ April futures.
4/ January 7 to March 18, 1939 and corresponding dates for 1938.
5/ March, April and May futures.

Table 7.-Weighted average cash price of wheat, specified markets and dates, 1938 and 1939

Date	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/	
	1938	1939	1938	1939	1938	1939	1938	1939	1938	1939	1938	1939
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Month -												
Jan.	102.4	72.6	102.7	70.9	127.0	79.7	108.7	72.7	100.2	73.4	88.9	67.6
Feb.	98.8	70.6	99.6	69.2	125.1	78.0	110.1	72.3	93.3	73.1	90.0	67.5
Week ended												
Feb. 4	99.6	71.5	100.6	70.3	129.0	79.8	108.2	72.9	100.4	74.1	90.5	66.5
11	100.2	69.6	102.6	68.5	124.8	77.7	110.1	70.8	100.2	73.3	90.3	66.8
18	97.2	70.0	99.0	68.3	117.0	76.4	107.4	73.4	98.2	72.2	89.0	68.1
25	99.2	71.1	99.3	70.6	128.1	78.1	112.3	73.4	98.8	73.4	90.5	68.4
Mar. 4	97.5	71.1	96.4	68.6	129.5	79.3	111.6	74.1	96.5	73.4	88.5	67.9
11	94.1	71.5	91.6	69.0	113.3	77.3	104.2	73.6	91.2	73.4	86.7	67.5
18	90.6	70.5	90.5	68.8	---	76.0	100.9	71.5	90.1	72.9	85.7	
High 2/	105.2	73.3	104.8	71.7	131.1	80.4	112.3	74.3	101.7	74.3	90.5	68.5
Low 2/	90.6	69.6	90.5	68.3	113.3	76.0	100.9	70.8	90.1	71.9	85.7	66.5

1/ Weekly average of daily cash quotations, basis No. 1 sacked.
2/ January 7 to March 18, 1939, and corresponding dates for 1938.

THE ACREAGE AND CONDITION OF RYE

Winter rye acreage sown in 10 countries reporting (table 8) shows an increase of about 1 percent for the 1939 harvest compared with the acreage sown the previous year. A slight decrease is indicated in eight European countries, but this is more than offset by the increased seedings in North America.

In Germany, the largest producer, rye acreage was cut to provide increased acreages of wheat and barley. The condition of the crop is mostly satisfactory. Poland and Latvia are the only European countries reporting increased rye acreage. In Poland a 1 percent increase is indicated. The crop condition is seemingly satisfactory, but it is expected that some damage from winterkill may yet appear.

Table 8.-Winter rye area sown in specified countries for harvest in 1937, 1938, and 1939

Country	1937	1938	1939
	1,000 acres	1,000 acres	1,000 acres
United States	7,371	6,671	7,171
Canada	799	582	596
Total (2)	8,170	7,253	7,767
Bulgaria	426	436	423
Czechoslovakia 1/	1,587	1,660	1,642
France 2/	1,620	1,621	1,604
Germany 3/	10,403	10,387	10,186
Latvia	706	703	724
Lithuania	1,250	1,296	1,278
Poland	14,247	14,571	14,746
Rumania	1,052	1,102	939
Total (8)	31,291	31,776	31,542
Total (10)	39,461	39,029	39,309

1/ New boundaries. Figure for 1937 is an estimate based on the percentage relationship between the old boundary acreage in 1937 and 1938.
2/ Plantings to January 1.
3/ Excluding Austria.

Table 9.-United States acreage seeded, yield per acre, and production of all wheat, 1919 to date

Year	Seeded acreage	Yield per seeded acre	Production
	1,000 acres	Bushels	1,000 bushels
1919	77,440	12.3	952,097
1920	67,977	12.4	843,277
1921	67,681	12.1	818,964
1922	67,163	12.6	846,649
1923	64,510	11.8	759,482
1924	55,706	15.1	841,617
1925	61,738	10.8	668,700
1926	60,712	13.7	832,213
1927	65,661	13.3	875,059
1928	71,152	12.9	914,373
1929	66,840	12.3	823,217
1930	67,150	13.2	886,470
1931	65,998	14.2	941,674
1932	65,913	11.5	756,927
1933	68,485	8.1	551,683
1934	63,562	8.3	526,393
1935	69,207	9.0	626,344
1936	73,724	8.5	626,766
1937	81,072	10.8	875,676
1938	79,870	11.7	930,801
1939 1/	65,678		

1/ Preliminary.

Table 10.- Seeded acreage, yield per acre, and production, durum, other spring and all spring wheat, 1926-39

Year	Durum 1/			Other spring			All spring		
	Acreage	Yield	Production	Acreage	Yield	Production	Acreage	Yield	Production
	1,000 acres	Bushels	1,000 bushels	1,000 acres	Bushels	1,000 bushels	1,000 acres	Bushels	1,000 bushels
1926	4,868	8.7	42,349	15,240	10.4	158,257	20,108	10.0	200,606
1927	5,463	14.3	78,059	16,064	15.5	248,812	21,527	15.2	326,871
1928	6,855	13.9	95,266	15,866	15.1	240,041	22,721	14.8	335,307
1929	5,738	9.5	54,470	17,135	10.7	182,508	22,873	10.4	236,978
1930	4,745	12.0	57,166	17,373	11.3	195,699	22,118	11.4	252,865
1931	3,959	5.5	21,069	16,392	5.8	95,209	20,351	5.7	116,278
1932	4,184	9.7	40,463	18,358	12.2	224,669	22,542	11.8	265,132
1933	3,070	5.4	16,463	20,970	7.6	158,702	24,040	7.3	175,165
1934	1,928	3.3	6,353	17,049	4.8	82,077	18,977	4.7	88,430
1935	2,427	9.7	23,465	19,716	7.0	137,560	22,143	7.3	161,025
1936	3,555	2.3	8,073	20,404	4.8	98,819	23,959	4.5	106,892
1937	3,214	8.7	27,971	20,202	8.0	161,881	23,416	8.1	189,852
1938	3,856	10.5	40,445	19,659	10.4	203,719	23,515	10.4	244,164
1939	3,545			15,960			19,505		

1/ Figures on durum apply to three States only - Minnesota, North Dakota, and South Dakota. Durum production in other States is not important and figures are included with "other spring".

Table 11.- Seeded acreage of spring wheat by areas, average 1929-38, annual 1935-39

Area	Average 1929-38	1935	1936	1937	1938	1939 prospective seedings
Spring wheat other than durum:	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 acres
Mont., N.D., S.D., and Minn.	15,472	17,002	16,621	15,916	16,656	13,723
Wash., Oreg., and Idaho	1,953	1,310	2,170	2,730	1,809	1,327
Colo., Nebr., and Wyo.	905	1,018	1,251	1,234	894	610
All other States	395	386	362	322	300	300
Total	18,725	19,716	20,404	20,202	19,659	15,960
Durum wheat 1/	3,668	2,427	3,555	3,214	3,856	3,545
Total all spring	22,393	22,143	23,959	23,416	23,515	19,505

1/ Figures for durum represent three States only - Minnesota, North Dakota, and South Dakota. Durum production in other States is unimportant and figures are included with "other spring" wheat.

Table 12.- Estimated production of wheat in specified countries, 1935-38 1/

Country	1935	1936	1937	1938
	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.
North America:				
United States	626,344	626,766	875,676	930,801
Canada	281,935	219,218	180,210	350,010
Mexico	10,712	13,606	11,216	12,000
Total (3)	918,991	859,590	1,067,102	1,292,811
Europe 2/:				
Europe excl. Danube Basin (26)2/	1,274,811	1,097,061	1,179,449	1,360,587
Danube Basin (4)	301,688	384,278	361,464	468,892
Total (30)	1,576,499	1,481,339	1,540,913	1,829,479
North Africa (4)	113,692	95,791	117,117	116,312
Asia (6)	536,676	565,048	579,621	645,878
Total 43 countries	3,145,858	3,001,768	3,304,753	3,884,480
Southern Hemisphere				
Argentina	141,462	249,193	184,801	319,667
Australia	144,218	151,390	188,018	145,000
Union of South Africa	23,709	16,077	10,157	17,420
Estimated world total, excluding Soviet Russia and China	3,602,000	3,578,000	3,855,000	4,539,000

1/ Figures refer to the year of harvest. Harvests of the Northern Hemisphere countries are combined with those of the Southern Hemisphere which immediately follow; thus the crop harvested in the Northern Hemisphere countries in 1938 is combined with the Southern Hemisphere harvest which begins late in 1938 and ends early in 1939. 2/ Excluding Soviet Russia.

Table 13.- Wheat surplus for export or carry-over in three exporting countries, United Kingdom port stocks and stocks afloat, March 1, 1936-39 1/

Position	1936	1937	1938	1939
	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.
Canada				
In Canada	226	80	51	165
In United States	23	17	2	4
Argentina	51	85	62	210
Australia	75	75	108	77
Total	375	257	223	456
United Kingdom port stocks	8	10	10	18
Stocks afloat to:				
United Kingdom	22	18	15	20
Continent	8	17	16	10
Orders	9	24	12	10
Total	47	69	53	58
Grand total	422	326	276	514

1/ Carry-over at the beginning of the year (Canada, July 31; Argentina, January 1; Australia, Dec. 1 of the previous year) plus production, minus domestic utilization for the year, minus monthly exports to date.

Table 14.- Net imports of wheat, including flour, into European countries, year beginning July 1, 1937 and 1938

Country	1937-38	1938-39 forecast 1/	Reported net imports		
			July 1 to	1937-38	1938-39
	Million bushels	Million bushels		Million bushels	Million bushels
Belgium	36	39	Dec. 31	23	20
Czechoslovakia	2/ - 1	1	Aug. 31	2/ - 1	1
Denmark	6	7	Dec. 31	3	3
Finland	3	3	Dec. 31	1	2
France	15	2	Jan. 31	8	4
Germany	) 54	45	Jan. 31	29	28
Austria	)		Dec. 31	3	4
Greece	18	13	Oct. 31	5	5
Ireland	14	14	Jan. 31	8	10
Italy	5	18	Jan. 31	5	6
Latvia	1	0	Dec. 31	3/	3/
Netherlands	24	26	Jan. 31	15	17
Norway	7	8	Jan. 31	4	4
Poland	0	2/ -3	Jan. 31	4/	2/ -2
Portugal	1	3	Dec. 31	3/	3
Swdedn	2/ -1	0	Jan. 31	2/ -1	1
Switzerland	14	17	Jan. 31	8	11
United Kingdom	193	217	Jan. 31	111	121
Total imports of above	391	413		223	240
Spain	3	15			
Total imports	394	428			
Total exports	2	3		2	2
Total net imports	392	425		221	238

1/ Forecasts by European offices of U. S. Department of Agriculture.
2/ Net exports.
3/ Less than 500,000 bushels.
4/ Net exports of less than 500,000 bushels.

Compiled from official sources except as otherwise stated.

Table 15.-Movement of wheat, including flour, from principal exporting countries, 1935-36 to 1938-39

Country	Exports as given by official sources: Total			July 1 to date shown			Date
	1935-36	1936-37	1937-38	1936-37	1937-38	1938-39	
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	
United States 1/	15,929	21,584	107,204	12,497	55,389	61,183	Jan. 31
Canada	237,447	213,028	94,546	178,088	73,921	115,209	Feb. 28
Argentina	76,577	162,977	69,670	66,639	31,560	37,512	Jan. 31
Australia	105,328	98,730	123,343	34,581	37,362	34,934	Dec. 31
Soviet Union	29,704	4,479	43,354	890	9,969	22,480	Sept. 30
Hungary	14,644	27,428	9,368	16,984	5,635	14,040	Dec. 31
Yugoslavia	728	17,954	5,012	10,402	4,536	4,079	Dec. 31
Rumania	6,392	36,264	32,962	21,621	22,847	24,835	Dec. 31
Bulgaria	988	7,273	8,484	4,654	4,610	178	Dec. 31
British India	2,556	16,571	19,677	4,612	9,254	7,871	Oct. 31
Total	490,293	606,288	513,620				

	Shipments as given by trade sources: Total		Week ended 1938-39			July 1 - Mar. 11	
	1936-37	1937-38	Feb. 25	Mar. 4	Mar. 11	1937-38	1938-39
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
North America 2/	231,832	184,720	5,440	6,607	4,449	131,528	171,616
Canada 3/	213,028	94,546	1,980	2,860	1,890	76,000	120,000
United States 4/	10,395	83,651	2,779	2,527	2,955	56,564	63,246
Argentina	164,678	66,928	1,188	1,518	2,046	44,112	48,792
Australia	105,836	127,520	2,380	3,562	1,746	69,028	65,989
Soviet Union	88	42,248	248	224	0	34,352	39,320
Danube and Bulgaria 5/	65,544	37,320	568	736	472	30,408	34,552
British India	6/16,166	6/18,473	0	0	0	11,370	6,280
Total 7/	584,144	477,209				320,798	366,549
Total European shipments 2/	484,670	397,656	6,544			8/ 258,088	8/ 290,848
Total ex-European shipments 2/	127,192	99,400	4,048			8/ 59,280	8/ 80,384

1/ Includes flour milled in bond from foreign wheat.
2/ Broomhall's Corn Trade News.
3/ Official exports as reported to date, supplemented by reported weekly clearances of wheat, and estimates of flour shipments.
4/ Official reports received from 16 principal ports only.
5/ Black Sea shipments only.
6/ Official.
7/ Total of trade figures includes North America as reported by Broomhall's but does not include items 2 and 3.
8/ To February 25.

Table 16.- Shipments of wheat, including flour from principal exporting countries, specified dates, 1937-38 and 1938-39

Period	Argentina		Australia		Danube		North America	
	1937-38	1938-39	1937-38	1938-39	1937-38	1938-39	1937-38	1938-39
	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-Jan.	27,292	34,680	48,496	49,792	26,600	28,768	110,280	140,176
Week ended -								
Feb. 4	3,016	3,800	2,176	1,988	920	1,496	3,704	6,344
11	2,220	2,272	3,460	3,608	504	1,584	3,864	4,688
18	3,480	3,288	3,444	2,912	504	928	4,352	3,912
25	3,304	1,188	3,888	2,380	680	568	3,600	5,440
Mar. 4	2,580	1,518	3,036	3,563	784	736	3,320	6,607
11	2,220	2,046	4,528	1,746	416	472	2,408	4,449
18	1,972	1,926	3,856	2,346	864	1,080	3,624	5,244

Compiled from Broomhall's Corn Trade News.

Table 17.- Exports of wheat and wheat flour from the United States, 1937-38 and 1938-39

(Includes flour milled in bond from foreign wheat)

Period	Wheat		Wheat flour		Wheat including flour	
	1937-38	1938-39	1937-38	1938-39	1937-38	1938-39
	1,000 bushels	1,000 bushels	1,000 barrels	1,000 barrels	1,000 bushels	1,000 bushels
July-Jan.	41,931	46,871	2,863	3,045	55,389	61,183
Week ended 1/						
Feb. 4	1,347	2,138	65	43	1,653	2,340
11	2,047	3,103	39	120	2,230	3,667
18	3,260	1,419	45	39	3,472	1,602
25	1,811	2,093	57	146	2,079	2,779
Mar. 4	1,167	1,709	71	174	1,501	2,527
11	1,253	2,612	53	70	1,502	2,941
18	1,907	2/2,087	81	2/ 77	2,288	2/ 2,449

Compiled from reports of the Department of Commerce.

1/ Data for total exports from the United States by weeks are not available. These data represent exports through 16 of the principal ports.

2/ Preliminary.