THE Wheat SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
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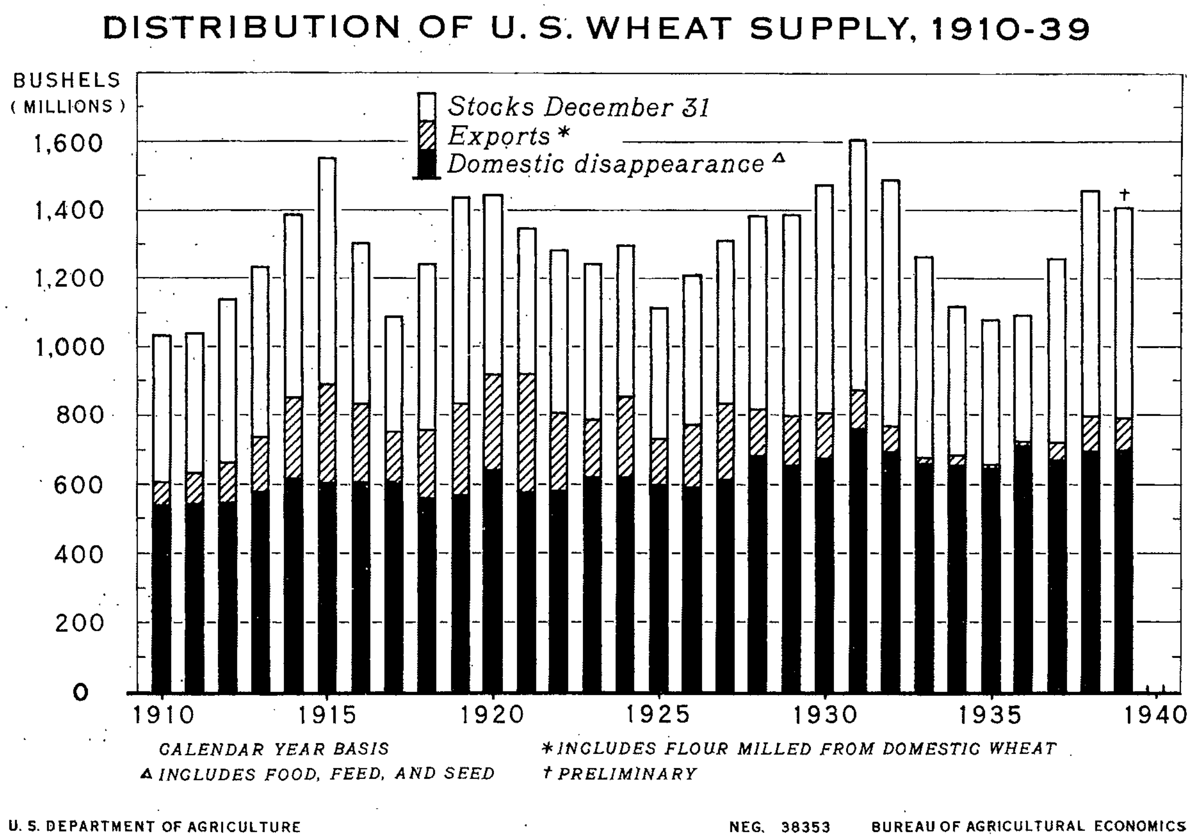

VARIATIONS IN TOTAL DOMESTIC DISAPPEARANCE DEPEND LARGELY ON THE QUANTITY OF WHEAT FED; THE QUANTITY USED FOR FOOD AND SEED CHANGES RELATIVELY LITTLE FROM YEAR TO YEAR. EXPORTS FROM THE UNITED STATES HAVE DECLINED FROM THE LEVELS OF THE LATE 20'S WITH THE DECLINE IN WORLD WHEAT TRADE GENERALLY. SIZABLE EXPORTS IN 1938 AND 1939 WERE MADE POSSIBLE BY GOVERNMENT SUBSIDY. STOCKS IN THE LAST FEW YEARS HAVE BEEN HELD DOWN BY THE EXPORT SUBSIDY AND ACREAGE ADJUSTMENT PROGRAMS; IN DECEMBER 1939 THEY TOTALED 654 MILLION BUSHELS COMPARED WITH 729 MILLION BUSHELS AT THE 1932 PEAK.

THE WHEAT SITUATION
Including Rye

Summary

The domestic wheat supply in 1940-41 is expected to total approximately 963 million bushels according to present indications. This includes an estimated 1940 crop of 675 million bushels and a July 1, 1940 carry-over of 288 million bushels. On the basis of supplies of 963 million bushels, and prospects that domestic disappearance in 1940-41 may total about 665 million bushels, and shipments to our possessions 3 million bushels, the quantity available for export and for carry-over on July 1, 1941 would be about 295 million bushels.

Domestic wheat prices, influenced largely by improved domestic crop conditions and heavy market receipts, declined steadily in late April and early May, and then dropped precipitously following the recent turn of events in Europe. On May 23 the July future at Chicago closed at 82-3/8 cents, down 27 cents from the average for the week ended April 20, when prices were the highest since the fall of 1937. Following a decline of the 10-cent limit on both May 14 and 15 and a subsequent net decline of another 10 cents, on May 20 at the request of the Secretary of Agriculture, minimum future prices were established by the various grain exchanges, and prices since have been above the minimum. Strength in Argentina prices, the establishment of minimum prices in Canada, and heavy domestic flour purchases also were strengthening factors.

The wheat loan program for the 1940 crop, with loan values to producers at slightly higher levels than the fixed futures prices, was also announced on May 20. The average loan values to producers were established at about 64 cents a bushel, which is 1 cent higher than under the 1939 program.

Wheat prices in United States markets have declined somewhat more than those of Winnipeg and Buenos Aires, but they still continue high in comparison with wheat prices in these other markets. Prices of hard winter wheat at Gulf ports are about 26-1/2 cents above export parity, and those at Pacific ports, about 22-1/2 cents above. Prices of domestic spring wheat at Buffalo are about 14 cents lower than approximately the same quality of Canadian wheat, c.i.f. duty paid, at Buffalo. Four weeks ago prices at Gulf ports were 28 cents above export parity and prices at Buffalo 9 cents lower than approximately the same quality of Canadian wheat, c.i.f., duty paid, at Buffalo.

Wheat stocks on April 1, 1940 were estimated at 438 million bushels, which is about 6 million bushels less than on April 1, a year ago. Since total stocks on January 1 were estimated at 615 million bushels, the estimated April 1 stocks indicate a 3-month total disappearance of 177 million bushels, or 33 million bushels less than disappearance during January-March of last year. About 11 million bushels of the disappearance during the first quarter of this year represented exports, compared with 33 million bushels exported in the first quarter of 1939.

Growing conditions for the 1940 world wheat crop 1/ continue below normal in many important producing areas, and the crop will require favorable conditions for the remainder of the season to make average yields per acre. With no increase in acreage probable, and some decrease possible, and with the shortage of farm labor and probable damage to growing crops in invaded areas of Europe, it seems reasonable to continue to expect that the 1940 world crop will be smaller than that of 1939, when yields were above average.

Acreage decreases are reported for the United States, Rumania, Yugoslavia and India. Of the other countries for which reports are available, the

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1/ All reference to world acreage, production, and stocks in this report exclude Soviet Russia and China except where otherwise noted.

change in the acreage in Canada is the only one of significance. In Canada an increase of 6 percent in the 1940 spring wheat acreage, compared with that of 1939 is indicated by farmers' intentions to plant. If intentions are carried out the total wheat acreage harvested in Canada this year will be 28.2 million acres, an increase of 1.5 million acres over last year.

On the basis of unofficial reports, crop conditions in western Europe are indicated to have improved during the past month but are still below those of a year ago. In northern Europe the season is still reported to be very backward. More favorable weather in the Balkans is benefiting the crop. An above average winter-kill is reported for most of Europe, though in some countries such as France, it appears to be less than was feared earlier. In the United Kingdom conditions are improving, and with increased seeding of spring wheat it is believed that the outturn may be equal to or even exceed that of a year ago.

If yields per acre in 1940 turn out to be significantly below average and the total acreage is no larger, production would be less than world consumption and the carry-over at the end of the 1940-41 season would be smaller than the prospective July 1940 carry-over.

THE WORLD WHEAT SITUATION IN 1939-40 2/

BACKGROUND.- Total world supplies of wheat increased sharply from 1924 to 1933, as a result of both increased acreage and yields. From 1934 to 1936, world supplies declined, following successive years of small yields and increased world demand. Supplies increased slightly in 1937. With above average yields on the large acreage, supplies in 1938 and 1939 were the largest on record.

Total world shipments of wheat averaged 751 million bushels for the period 1923-27, reached a peak of 913 million bushels in the year beginning July 1928, and then declined sharply, largely as a result of the measures taken by importing countries to reduce the use of foreign wheat. World shipments were 598 million bushels for the year beginning July 1, 1938. They are expected to be less during the current season.

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

World wheat prices declined in the period 1924-33 with the increase in world supplies. The sharp decline in prices after 1929 was caused largely by the general decline in industrial activity and commodity prices. From the spring of 1933 to the summer of 1937, world wheat prices moved upward, reflecting world-wide recovery in commodity price levels, currency depreciation, and reduced production. The world price for the 1937 crop remained practically unchanged from that of a year earlier. In 1938, world prices again declined sharply as a result of record world production and weakness of demand. In November and December 1939, prices advanced, influenced by the European War and by poor crop prospects in Argentina and the United States.

Smaller 1940 world wheat crop in prospect

Growing conditions for the 1940 world wheat crop continue below normal in many important producing areas, and the crop will require favorable conditions for the remainder of the season to make average yields per acre. With no increase in acreage probable, and some decrease possible, and with shortage of farm labor and probable damage to growing crops in invaded areas, it seems reasonable to continue to expect that the 1940 world crop will be smaller than that of 1939, when yields were above average.

Estimated acreage of all wheat harvested or for harvest in the United States and Canada and winter wheat sown in the European countries reporting are shown in table 1. The total of these few reporting countries shows a decrease of 3 percent, compared with last year's acreage. The decrease is largely the result of decreases in the acreage in the United States, Rumania, Yugoslavia, and India. Other important producing countries show increases.

Table 1.- Winter wheat area sown in specified countries for harvest, 1937-40

Country	1937	1938	1939	1940
	1,000 acres	1,000 acres	1,000 acres	1,000 acres
United States 1/	64,422	69,869	53,696	2/ 50,762
Canada 1/	25,570	25,930	26,756	28,246
Greece	2,117	2,062	2,320	2,557
Lithuania	379	357	365	346
Luxemburg	45	56	38	35
Rumania	7,964	8,797	9,556	7,798
Yugoslavia	5,335	5,236	3/ 5,565	3/ 4,940
Egypt	1,421	1,470	1,501	1,503
Japan	1,776	1,777	1,827	2,001
India 4/	33,049	35,343	34,941	33,666
Total	142,078	150,897	136,565	131,854

1/ Acreage of all wheat harvested or for harvest.
2/ Official estimate of winter wheat acreage remaining for harvest, plus unofficial estimate for acreage of spring wheat for harvest, based on average abandonment for 1929-39, omitting 1934 and 1936.
3/ Unofficial estimate.
4/ May estimate.

In Canada an increase of 6 percent in the 1940 spring wheat acreage, compared with that of 1939, is indicated by farmers' intentions to plant. If intentions are carried out the total wheat acreage harvested in Canada this year will be 28,245,900 acres, or an increase of 1,489,400 acres over the harvested acreage in 1939. Of this prospective acreage 711,000 acres represent fall wheat remaining for harvest, which is a decrease from that of last year. Winter-kill this season was 5 percent of the acreage sown. The remaining 27,534,900 acres represent intended plantings of spring wheat over 99 percent of which is raised in the three Prairie Provinces. Of this year's prospective acreage of spring wheat, 15,197,000 acres are planned for Saskatchewan; 8,630,000, for Alberta; and 3,496,000, for Manitoba.

On April 30, only 16 percent of the spring wheat acreage in the Prairie Provinces had been seeded, compared with 42 percent completed on the same date of 1939. The Dominion Bureau of Statistics reports that the spring season has been one of the latest on record in Alberta and has been later than usual in Saskatchewan. In Manitoba weather conditions were more favorable, and 59 percent of seedings had been completed there on April 30, compared with 14 percent in Saskatchewan and only 1 percent in Alberta. Since April 30, however, conditions have improved materially and Saskatchewan reported on May 13 that 65 percent of its prospective seeding had been accomplished.

Reports on the progress and condition of the European crop are still fragmentary. On the basis of unofficial reports, however, conditions in western Europe are indicated to have improved but are still below those of a year ago. In northern Europe the season is still reported to be very backward. More favorable weather in the Balkans is benefiting the crop, but above normal winter-kill is reported. Indications now point to less winter-kill in France than was feared earlier. No official estimate of the area sown has been released, but the acreage is generally believed to be below normal. In the United Kingdom conditions are improving, and with increased seeding of spring wheat it is believed that the outturn may be equal to or exceed that of a year ago.

In Soviet Russia 69 percent of spring seedings of all grains were reported to have been completed on May 10, compared with only 15 percent completed 20 days earlier. Seedings are, however, slightly behind those of last year on this date, when they are reported to have been 72 percent completed. They are now progressing more favorably but are still behind schedule. There is a general belief that the winter wheat suffered considerable damage.

The latest estimate of the acreage in India is placed at 33,666,000 acres, which is a slight increase, compared with the April estimate. The production is now estimated at 398,496,000 bushels, compared with the revised May estimate of 366,688,000 bushels in 1939.

In central China the crop is reported as in generally good condition, and the dry weather in north China has been somewhat relieved.

Wheat seedings are reported to be progressing well in Argentina, and a larger acreage than that of last year is expected.

Seedings are making satisfactory progress in most districts of Australia but additional moisture is needed in some parts.

Smaller world carry-over expected at end of 1940 season

If yields per acre in 1940 turn out to be significantly below average and the total acreage is no larger, production would be less than world consumption and the carry-over at the end of the 1940-41 season would be smaller than the prospective July 1940 carry-over.

The estimated world wheat supply and projected distribution for the year ended June 30, 1940, compared with a year earlier, are shown in table 2. This same table was published a month ago and is repeated for reference. The projected figures on disappearance and carry-over are only indications, since sources of information are greatly limited this year by war conditions.

Table 2.-Estimated world supply 1/ and distribution, year beginning July 1, 1938-39

Item	Year beginning July 1: 1938 estimates	Year beginning July 1: 1939 indications	Increase or decrease
	Mil. bu.	Mil. bu.	Mil. bu.
Carry-over July 1 2/	599	1,189	+ 590
Production	4,605	4,270	- 335
Total supply	5,204	5,459	+ 255
Net exports from Soviet Russia	37	3/ - 1	- 38
Total of above	5,241	5,458	+ 217
Disappearance	4,052	4,025	- 27
Carry-over June 30	1,189	1,433	+ 244

1/ Excluding stocks and production in Soviet Russia and China.
2/ Differs from figures in table 12 of The Wheat Situation for February 26, 1940, by excluding some new crop wheat for the United States, figures for which were available only beginning in 1937.
3/ Net imports.

World trade in 1939-40 less than year earlier

The forecast of imports by net importing countries for the 1939-40 season made in April, at 525 million bushels, still seems a reasonable expectation. This is 48 million bushels less than in 1938-39. As has been previously pointed out, forecasts of imports are made with considerable reservation, since trade figures for certain countries are either entirely unavailable or very late in being received. Moreover, there is general uncertainty with regard to agreements and shipping.

On the basis of exports to date the above estimate of net imports may be somewhat high. It must be recognized, however, that changes in gross exports from one year to another are not expected to equal the changes in net imports. Total world exports for the year ending June 30, 1940 may be as much as 70 million bushels less than those of last year. Reductions, which appear likely for the exporting countries are as follows (in millions of bushels):

United States 59, Australia 32, Soviet Russia 38, and British India 9. Increases, in millions of bushels, are as follows: Canada, 40 to 45 and Argentina 29.

Stocks of wheat in Canada are large but the export situation is favorable to that country because competition from the other three major exporting countries is greatly limited by conditions noted below. Exports from the United States have been curtailed by conditions which have held domestic prices above export parity, including poor winter wheat crop prospects. Argentina, because of a small 1940 crop and the requirements of Brazil and other South American countries which Argentina usually supplies, is virtually out of the European markets, except for supplying some filler wheat to the United Kingdom for blending with the high protein Canadian wheat. Australia has an above-normal surplus but is so far from Europe that high shipping costs and war-time transportation risks have greatly reduced the prospects for exports of this wheat to Europe. The British Government has, however, purchased sizeable quantities of Australian wheat, some of which should move during the remainder of the current season.

The Canadian wheat supply for export or carry-over in Canada and the United States, on May 1, 1940, is estimated at 322 million bushels, compared with 144 million bushels a year earlier. The supply for export or carry-over in Argentina on May 1 is estimated at only 38 million bushels, compared with 196 million bushels a year earlier following the very large crop of the previous year. The corresponding figure for Australia on May 1 is placed at 150 million bushels compared with 68 million bushels on May 1, 1939. The current estimate for Australia is based on official export figures through February, supplemented by unofficial estimates.

Table 3.-Estimated wheat surplus for export or carry-over in three exporting countries, United Kingdom port stocks, and stocks afloat, May 1, 1937-40 1/

Position	1937	1938	1939	1940
	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.
Canada				
In Canada	68	46	143	305
In the United States	10	1	1	17
Argentina	34	49	196	38
Australia	60	75	68	150
Total	172	171	408	510
United Kingdom port stocks	12	10	24	3/
Stocks afloat to:				
United Kingdom	14	15	11	3/
Continent	24	12	15	3/
Orders	13	15	7	3/
Total	63	52	57	
Grand total	235	223	465	

1/ Carry-over at the beginning of the year (Canada, July 31; Argentina, January 1; Australia, December 1 of the previous year) plus production minus domestic utilization for the year, minus monthly exports to date.
2/ Based on official exports through January, supplemented by unofficial estimates for February and March. 3/ Not available.

Decline in prices in Winnipeg and Buenos Aires less than in United States

During the past month, prices at Winnipeg and Buenos Aires declined but not to the same extent as in the United States. While domestic futures at Chicago and Kansas City, for the week ended May 18 were 19 cents lower than for the week ended April 20, and Minneapolis 17 cents lower for the same period, Winnipeg declined only 15 cents and Buenos Aires 13 cents. On May 18 minimum prices were established at Winnipeg on the basis of the closing prices on May 17. In Canadian funds these were: May 70-3/8, July 71-3/8, and October 73-5/8; converted at the official rate of 90.909 these prices equal 64.0, 64.9, and 66.9 cents in United States currency. On May 21, the Argentine Government fixed minimum prices at Buenos Aires.

Table 4.- Average closing price of July wheat futures, specified markets and dates, 1939 and 1940

Period	Winnipeg 1/		Liverpool 1/		Buenos Aires 2/		Chicago		Kansas City		Minneapolis	
	1939	1940	1939	1940	1939	1940	1939	1940	1939	1940	1939	1940
	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.
Month												
Feb.	62.9	80.0	64.2	---	---	---	68.4	98.7	64.1	93.9	71.1	98.3
Mar.	61.4	82.0	61.9	---	---	---	68.2	101.6	63.6	96.7	70.4	99.7
Apr.	61.7	83.1	61.1	---	---	---	68.5	106.9	64.1	102.1	71.4	103.4
Week ended												
Apr. 6	60.8	82.1	60.2	---	---	68.2	67.5	104.0	63.1	99.2	70.1	100.8
13	61.3	82.9	61.0	---	---	70.8	68.2	106.1	63.8	101.1	71.3	102.7
20	61.8	83.8	61.6	---	---	71.7	68.1	109.3	63.7	104.8	71.2	105.5
27	63.0	83.6	61.2	---	60.0	77.2	70.2	108.2	65.8	103.3	72.8	104.5
May 4	65.4	82.5	63.0	---	60.0	79.6	73.2	105.7	68.9	101.0	75.6	103.3
11	66.3	82.4	62.6	---	59.8	76.4	73.9	105.8	69.6	101.1	77.2	103.7
18	65.0	69.0	62.0	---	59.7	66.4	74.1	90.1	69.8	85.7	78.5	88.8
High 3/	66.3	83.8	63.0	---	60.0	79.6	74.1	109.3	69.8	104.8	78.5	105.5
Low 3/	60.8	69.0	60.2	---	59.7	66.4	67.5	90.1	63.1	85.7	70.1	88.8

1/ Conversions at noon buying rate of exchange 1939; 1940 figures at official rate which is 90.909 cents. Any United States buyer of Canadian grain would be required to make settlement in terms of United States dollars through an agent of the Canadian Foreign Exchange Control Board at the official rate.
2/ June futures.
3/ April 6 to May 18, 1940, and corresponding dates for 1939.

THE DOMESTIC WHEAT SITUATION

BACKGROUND.- Domestic wheat prices from the spring of 1933 to the spring of 1937 were unusually high in relation to world prices, as the result of small crops in the United States. During this same period, prices in other countries also moved upward, reflecting a world-wide recovery in commodity price levels, currency depreciation, and reduced production. The average prices received by United States producers for the 1931 and 1932 crops were 39 and 38 cents, respectively, compared with average prices for the 4 crops, 1933 to 1936, of 74, 85, 83, and 103 cents per bushel, respectively.

In 1937 United States production was large and prices to growers declined to an average of 96.0 cents. In 1938, with domestic production again large, with a record world crop and with lower commodity prices, prices received by producers declined to an average of 55.4 3/ cents and would have averaged still lower had it not been for the loan and export-subsidy programs which held domestic prices above export parity.

Prices received by growers for wheat during the year beginning July 1939 are expected to average 70.2 3/ cents. This also is relatively high compared with the usual relationship to prices in other countries, as a result of the operation of the agricultural programs, poor prospects for the 1940 crop, and the holding of wheat in expectation of higher prices.

Exports from the United States have declined with those from other surplus wheat-producing countries from about 1926 to 1933. During the period 1934-36, small crops in the United States (the result of abnormally low yields per seeded acre) were followed by net imports. The 1937 wheat crop was greatly in excess of domestic needs, and 100 million bushels of wheat and flour in terms of wheat were exported under conditions of reduced competition resulting from small crops in Canada and Argentina. In 1938 another large crop was produced, but exporting conditions were the most difficult since 1931 because of large crops in other countries, and exports of 107 million bushels were made possible only by an export-subsidy program. With a 1939 crop only moderately large and prospects of a poor crop in 1940, exports in 1939-40 have been greatly reduced; it is expected they will total about 50 million bushels.

Wheat supply in 1940 may total about 963 million bushels

The domestic wheat supply in 1940-41 is expected to total approximately 963 million bushels according to present indications. This consists of an estimated 1940 crop of 675 million bushels and a July 1, 1940 carry-over of 288 million bushels, which includes crop insurance reserves estimated at 15 million bushels. On the basis of supplies of 963 million bushels, and prospects that domestic disappearance in 1940-41 may total about 665 million bushels and shipments to our possessions 3 million bushels, the quantity available for export and for carry-over on July 1, 1941 would be about 295 million bushels.

3/ Includes loan wheat at average loan value.

Under the provisions of the Agricultural Adjustment Act of 1938, the carry-over goal is 30 percent of a normal year's consumption and exports. This normal domestic consumption and export figure is made up of the average domestic consumption of 692 million bushels 4/ and exports of 66 million

Table 5.- Wheat supply and distribution, by classes, in continental United States, estimated for 1939-40 and projected for 1940-41

Item	Hard red winter	Soft red winter	Hard red spring	Durum	White	Total
	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels
A. Year beginning July 1, 1939						
Carry-over July 1, 1939 (old wheat)	114	30	73	18	19	1/254
Production in 1939	307	203	130	35	80	755
Total supply	421	233	203	53	99	1,009
Exports and shipments	24	2	5	--	20	51
Domestic disappearance	244	203	128	32	63	670
B. Year beginning July 1, 1940						
Carry-over July 1, 1940 (old wheat)	153	28	70	21	16	2/288
Production in 1940	220	184	133	38	100	675
Total supply	373	212	203	59	116	963
Domestic disappearance	243	186	130	32	74	665
Available for shipments, exports, and carry-over July 1, 1941	130	26	73	27	42	298
Shipments	1	--	--	--	2	3
Available for exports and carry-over July 1, 1941	129	26	73	27	40	295
C. July stocks, comparisons						
Average, 1929-33 3/	161	32	79	24	21	317
Average, 1934-38 3/	69	29	37	6	19	160
Smallest total in recent years (1937)	37	15	18	3	10	83
Largest total (1933) 3/	201	31	98	16	32	378

1/ Includes crop insurance reserve of 6 million bushels.
2/ Includes crop insurance reserve of 15 million bushels.
3/ Contains some new wheat prior to 1937, perhaps 15-20 million bushels on the average.

4/ Wheat shipped to possessions of the United States is included with domestic consumption for this computation.

bushels during the 10-year period ended June 30, 1939. The carry-over goal of 30 percent of this figure would be 227 million bushels. It appears that the carry-over on July 1, 1941 will be higher than the goal unless exports are larger than appears likely at this time. A conservative program which would relieve the situation in the Pacific Northwest might be as low as 14 million bushels, whereas a program which would indemnify exports east of the Rockies might move a substantial part of this indicated surplus.

The estimated supply and distribution, by classes, for 1939-40 is shown in table 5, section A, projected figures for 1940-41 in section B, and carry-over stocks for comparison in section C.

Production of winter wheat in 1940 was indicated on May 1 at 459,691,000 bushels. This production is 8 percent higher than the April 1 forecast of 426,215,000 bushels, but it is substantially lower than the 1939 crop of 563,431,000 bushels and the 10-year (1929-38) average of 571,067,000 bushels.

The estimate of winter acreage remaining for harvest was 34,076,000 acres, compared with 37,802,000 acres harvested last year and the 10-year (1929-38) average of 39,453,000 harvested acres. The May 1 reports from crop correspondents indicated that 24.3 percent of the acreage seeded last fall will not be harvested. This is an improvement since April 1, when a 29-percent abandonment was indicated. Reports as to how much of last fall's seeded acreage would come through to harvest in the southern Great Plains area, where it was extremely dry at seeding time, were considerably more optimistic on May 1 than they were a month earlier. But on a large acreage in this section the winter and spring emerged plants are in a weakened and delayed stage of development, and doubt still exists concerning their capacity to produce grain and to overcome the competition with weeds and other hazards.

The indicated yield per harvested acre was 13.5 bushels, compared with 14.9 bushels last year and the 10-year (1929-38) average of 14.3 bushels per acre. Improvement in yield prospects during April occurred in all but a few States. Good rains fell during April over much of the winter area east of the Rockies and were of material benefit; but even though a marked improvement resulted, subsoil moisture shortages still existed in the Great Plains area. Prospective yields in this area were materially below average. Considerably above average yields were in prospect for Montana and the West Coast States. In the soft winter wheat States east of the Mississippi River May 1 indicated yields were lower than last year's actual yields by .5 to 3.5 bushels per acre, but were expected to be nearly equal to or slightly above average.

While generally favorable conditions continue to prevail, rainfall since May 1 over most of the winter wheat belt has been below normal. Kansas is the outstanding exception. Here the crop has improved, although in the western portion fields are very weedy. Good rains have fallen in eastern New Mexico, northern Texas, Oklahoma, and eastern Colorado, and the progress of winter wheat has been mostly fairly good. In Nebraska, where rains are needed, some deterioration is reported. The crop still averages somewhat late over most of the hard winter wheat area. Recent conditions have been rather favorable for stem rust, and some infestation has been reported in parts of Texas. In Missouri progress has been generally good. In the Ohio Valley wheat continued to make mostly good advance, although only fair progress was noted on some drier areas in eastern sections. From the Rocky Mountains westward the previous favorable condition has been maintained.

Production of spring wheat in 1940 on the basis of present indications is tentatively placed at 215 million bushels. It is assumed that farmers have been able to carry out their seeding intentions as expressed in March, when a seeded acreage of 19,425,000 acres was indicated. Precipitation for March and to date is well above normal in much of the spring wheat area and surface moisture conditions have been generally favorable. In parts of the northern Plains area there is still a deficiency of subsoil moisture, but it appears that the crop is starting under conditions which, in many areas, are regarded as the most favorable in any recent year. Accordingly, present conditions indicate a yield per seeded acre slightly higher than the long-time average. Average 1920-39 yields of 10.3 bushels on the 19.4 million acres indicated in the March prospective plantings report would produce about 200 million bushels.

National wheat acreage allotment same as last year's

A 1941 national wheat acreage allotment of 62 million acres was announced May 14. This is the same as the 62 million acres allotted to wheat farmers for the 1940 crop. It was also announced that there will be no marketing quota proclaimed for wheat this year.

April 1 wheat stocks 6 million bushels larger than a year earlier

Total wheat stocks on April 1, 1940 were estimated at 438 million bushels (table 7), about 6 million bushels less than on April 1 a year ago. Since total stocks on January 1 were estimated at 615 million bushels, the April 1 stocks indicate a 3-month total disappearance of 177 million bushels. This was 33 million bushels less than the 210 million bushel disappearance during January-March last year. About 11 million bushels of the disappearance during the first quarter this year was exported, or about 22 million bushels less than in the first quarter of 1939. About 11 million bushels less wheat was used in the United States during January-March than in the same period of last year, largely the result of a reduction in the quantity used for feed, although there was some reduction in human consumption. The April 1 stocks are in line with expectations, and the only change in the estimate of the carry-over on July 1, 1940 that appears necessary is to reduce it by 1 million bushels to adjust for an increase of that quantity in the estimate of the year's exports.

Domestic wheat prices still high relative to prices in other countries

While wheat prices in the United States recently declined somewhat more than in Winnipeg and Buenos Aires, they continue high in comparison with wheat prices in these other markets. Prices of hard winter wheat at Gulf ports are about 26-1/2 cents above export parity and those at Pacific ports about 22½ cents above. The average margin for the past 12 weeks has been 25 cents for the Gulf and 27 cents for the Pacific Coast. Prices of domestic spring wheat at Buffalo are about 14 cents lower than approximately the same quality of Canadian wheat, c.i.f. duty paid, at Buffalo. Four weeks ago this margin was about 9 cents.

Domestic wheat prices, after declining steadily in late April and early May, dropped precipitously on May 14 and 15. For the week ended April 20 the July futures closing prices at Chicago averaged 109 cents (table 4), the highest since the fall of 1937. Then prices declined to an average of 106 cents for the week ended May 11, influenced largely by improved domestic crop conditions and heavy market receipts. On May 14 and 15 liquidation became heavy following the turn of events in Europe and prices declined the 10-cent limit on both days. By May 18 there was a further net decline of 10 cents and the Secretary of Agriculture requested that minimum prices be established in futures markets. On May 20, at the opening of trading, minimum future prices were established in the various grain exchanges in the United States. Prices at Chicago were set as follows: Wheat - July 78-1/2, September 78-1/4, and December 79-1/4 cents; rye - July 44-1/2, and September 46-1/2 cents. The wheat loan program for the 1940 crop with loan values to producers at slightly higher levels than the fixed futures minimum prices was also announced on May 20. Strength in prices at Buenos Aires together with the establishment of minimum prices in Canada and large flour purchases in the United States have subsequently held prices above the minimum. On May 23 July futures at Chicago closed at 82-3/8 cents, or 3-7/8 cents above the minimum.

Average futures closing prices in Chicago, Kansas City, and Minneapolis are shown in table 4; weighted average cash prices in Kansas City, Minneapolis, St. Louis, and Seattle are shown in table 6.

Table 6.- Weighted average cash price of wheat, specified markets and dates, 1939 and 1940

Month or 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/	
	1939	1940	1939	1940	1939	1940	1939	1940	1939	1940	1939	1940
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Month-												
Jan.	72.6	101.8	70.9	101.2	79.7	104.8	72.7	100.2	73.4	105.3	67.6	85.1
Feb.	70.6	101.0	69.2	99.4	78.0	104.3	72.3	99.7	73.1	105.6	67.5	84.9
Mar.	71.0	101.3	68.7	102.1	77.0	104.0	73.7	96.7	73.2	106.3	67.5	83.0
Apr.	72.4	105.6	69.6	105.7	77.8	108.2	74.3	99.1	76.4	111.2	69.7	84.2
Week ended -												
Apr. 6	71.3	102.6	68.7	103.2	76.6	105.2	73.6	97.1	74.9	107.6	67.9	83.3
13	72.4	104.1	69.4	104.3	78.9	106.9	73.9	96.9	75.6	109.6	69.2	83.0
20	72.8	107.2	69.4	108.3	77.3	109.7	74.4	99.9	76.0	111.9	70.1	85.1
27	73.2	107.5	70.8	108.2	78.8	110.3	74.8	100.9	78.4	112.7	71.4	84.8
May 4	77.5	105.4	74.5	105.3	82.4	109.3	77.6	96.8	82.3	110.0	72.7	85.1
11	78.7	104.5	74.7	104.6	83.4	108.5	77.5	97.1	83.1	111.2	70.9	85.9
18	80.1	94.4	76.0	88.6	86.3	99.3	78.3	85.7	80.9	102.4	70.8	77.2
High 2/	80.1	107.5	76.0	108.3	86.3	110.3	78.3	100.9	83.1	112.7	72.7	[illegible]
Low 2/	71.3	94.4	68.7	88.6	76.6	99.3	73.6	85.7	74.9	102.4	67.9	[illegible]

1/ Weekly average of daily cash quotations, basis No. 1 sacked.
2/ April 6 - May 18, 1940.

Average wheat loans of 64 cents announced compared with 63 cents last year

A wheat loan program for the 1940 crop with average loan values to producers of about 64 cents a bushel was announced May 20. The loan, which was recommended by the Secretary of Agriculture and approved by the President, is almost identical with that of the 1939 program. The average loan value of 64 cents is about 57 percent of the parity price, which on April 15 was $1.13. The 1939 loan values averaged 63 cents.

Loan values announced were as follows for these terminal markets: No. 2 Hard Winter at Kansas City 77 cents, at Omaha 76-1/4 cents, at Chicago 81 cents, and at Gulf ports 83 cents; No. 1 Dark Northern Spring at Minneapolis 87 cents; No. 2 Red Winter at Chicago and at St. Louis 81 cents; No. 1 Soft White at Portland 73 cents. These rates are the same as those of last year with the exception of No. 2 Hard Winter at Chicago, up 1 cent; No. 2 Hard Winter at Gulf ports, down 2 cents; and No. 2 Red Winter at Chicago and St. Louis, up 1 cent. These adjustments are based upon experience last year and further studies of market relationships.

Although the loan value on No. 2 Hard Winter at Gulf ports is lower than that of last year, values at country points in Texas, Oklahoma, and northeast New Mexico will be the same as those of last year. Last year's rate at Gulf ports proved too high in relation to the market price and resulted in loan wheat moving out of position.

As in previous years the loans will be made by the Commodity Credit Corporation and will be available to wheat producers who are in compliance with their wheat acreage allotments under the 1940 Agricultural Adjustment Administration farm program. Loans on wheat stored on the farm will mature 10 months from their respective dates. Loans on wheat stored in approved warehouses will run for 10 months but not later than April 30, 1941. No plans for loan extensions are contemplated.

Under the 1939 program, the Commodity Credit Corporation and other lending agencies made 237,000 loans on about 168 million bushels of wheat. Of this about 33 million bushels were stored on farms. The expiration date of the 1939 loan was April 30, and on that date practically all these loans had been liquidated with the exception of some farm-stored wheat which is being resealed. In the past 2 years, when loan programs were in effect, farmers have been enabled to store wheat at harvest time and thereby have had greater freedom in marketing.

Table 7.- Wheat stocks in the United States, April 1, 1935-40 1/

Position	1935	1936	1937	1938	1939	1940
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
On farms	98,726	98,978	71,463	124,652	188,408	157,484
Interior mills and elevators	66,426	49,344	38,191	71,804	90,046	80,817
Commercial	51,882	49,919	34,741	54,426	82,687	105,401
Merchant mill and stored for others 2/	74,852	72,046	65,983	79,851	82,481	94,266
Total	291,886	270,287	210,378	330,733	443,622	437,968

1/ Series starts April 1, 1932; figures for 1932-34 in The Wheat Situation, May 25, 1939, page 10. 2/ Bureau of Census figures raised to represent all merchant mill and elevator stocks.

Table 8.-Wheat production and farm disposition, United States, 1909-39

Year beginning July	Production	Used for seed: Total	Used for seed: Home grown 1/	Fed to livestock 1/	Ground at mills for home use or exchanged for flour	Sold or for sale
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
1909	683,927	69,869	65,456	21,037	10,074	587,360
1910	625,476	73,129	68,336	22,778	10,457	523,905
1911	618,166	75,170	70,393	35,267	12,103	500,403
1912	730,011	72,696	68,659	23,687	10,221	627,444
1913	751,101	75,796	72,001	36,244	11,935	630,921
1914	897,487	80,972	77,483	27,633	10,757	781,614
1915	1,008,637	79,559	77,267	28,755	11,318	891,297
1916	634,572	79,042	74,902	38,220	12,182	509,268
1917	619,790	86,719	72,749	31,152	11,918	503,971
1918	904,130	97,372	89,084	36,869	13,022	765,155
1919	952,097	89,914	85,645	36,863	11,614	817,975
1920	843,277	88,500	85,015	20,649	11,325	726,288
1921	818,964	88,215	84,859	32,984	10,996	690,125
1922	846,649	85,528	82,138	48,969	11,116	704,426
1923	759,482	74,111	72,254	69,670	10,906	606,652
1924	841,617	79,895	75,312	55,727	10,268	700,310
1925	668,700	78,828	73,513	28,214	10,691	556,282
1926	832,213	83,264	78,858	34,261	10,791	708,303
1927	875,059	89,864	84,197	44,507	9,420	736,935
1928	914,373	83,663	79,675	56,566	7,682	770,450
1929	823,217	83,353	80,737	58,769	6,686	677,025
1930	886,470	80,386	77,878	157,188	10,131	641,273
1931	941,674	80,049	73,411	173,991	15,090	679,182
1932	756,927	83,513	79,565	124,912	16,073	536,377
1933	551,683	77,832	68,132	72,261	16,284	395,006
1934	526,393	82,585	66,408	83,700	15,457	360,828
1935	626,344	87,555	75,320	83,168	15,870	451,986
1936	626,766	96,593	71,970	88,272	13,414	453,110
1937	875,676	94,146	81,982	112,860	13,183	667,651
1938	931,702	75,813	67,110	125,591	15,717	723,284
1939 2/	754,971	74,401	61,283	91,964	12,562	589,162

1/ Relates to quantities used by producers on their own farms. Additional quantities of purchased wheat are so utilized.
2/ Preliminary.

Table 9.-Wheat supply and distribution in continental United States, calendar years, 1910-39

Year	Stocks Jan. 1 1/	Production	Imports of dutiable wheat and flour 2/	Total supply	Exports 3/	Stocks Dec. 31	Apparent domestic disappearance 4/
	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels
1910	407	625	5/	1,032	66	425	541
1911	425	618	2	1,045	88	409	548
1912	409	730	3	1,142	114	478	550
1913	478	751	1	1,230	160	490	580 740
1914	490	897	1	1,388	236	532	620 856
1915	532	1,009	4	1,545	282	656	607 889
1916	656	635	7	1,298	224	464	610 834
1917	464	620	8	1,092	146	335	611 757
1918	335	904	5/	1,239	194	483	562
1919	483	952	5/	1,435	263	599	573
1920	599	843	5/	1,442	277	520	645 922
1921	520	819	5	1,344	341	423	580 921
1922	423	847	14	1,284	228	472	584 812
1923	472	760	10	1,242	168	451	623 791
1924	451	842	7	1,300	235	442	623 858
1925	442	669	1	1,112	131	380	601
1926	380	832	5/	1,212	182	436	594
1927	436	875	5/	1,311	220	473	618 838
1928	473	914	5/	1,387	135	566	686 821
1929	566	823	5/	1,389	144	586	659 803
1930	586	886	5/	1,472	132	663	677 809
1931	663	942	5/	1,605	113	729	763 876
1932	729	757	5/	1,486	75	717	694 769
1933	717	552	5/	1,269	19	587	663
1934	587	526	8	1,121	28	431	~~659~~ 662
1935	1/ 431	626	27	1,084	8	427	~~651~~ 649
1936	427	627	40	1,094	10	370	714
1937	370	876	9	1,255	50	530	675
1938	530	932	5/	1,462	111	651	~~699~~ 700
1939	651	751	5/	1,402	93	~~615~~ 607	~~701~~ 702
1940	607	817	1	1433	37	711	

1/ Stocks January 1, 1909-34 estimated by Bureau of Agricultural Economics; 1935-39, total of stocks on farms, in interior mills and elevators, in commercial centers, and in merchant mills and elevators. 2/ Imports of full duty paid wheat and "wheat unfit for human consumption" and dutiable flour. Compiled from reports of the Bureau of Foreign and Domestic Commerce. 3/ Exports, 1910-34, all wheat and flour and shipments to noncontiguous territory, minus imports for milling in bond; 1935-39, exports of wheat, and flour made wholly of U. S. wheat, and shipments, plus domestic wheat and flour used with foreign wheat in milling in bond. Compiled from reports of the Bureau of Foreign and Domestic Commerce.
4/ Balancing item. 5/ Less than 500,000 bushels.

Table 10.- Movement of wheat, including flour, from principal exporting countries, 1936-37 to 1939-40

Country	Exports as given by official sources						Date
	Total			July 1 to date shown			
	1936-37	1937-38	1938-39	1937-38	1938-39	1939-40	
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	
United States 1/ ...	21,584	107,194	115,784	76,420	84,980	46,362	March 31
Canada	213,028	94,546	159,885	81,215	127,467	167,632	April 30
Argentina	162,977	69,670	116,116	56,878	74,426	142,411	April 30
Australia	97,712	123,453	96,685	60,875	58,949	41,684	Feb. 29
Soviet Union	4,479	43,354	2/38,000				
Hungary	27,428	9,368	27,650	6,994	18,442	30,219	Feb. 29
Yugoslavia	17,954	5,012	5,346	4,536	4,079	6,660	Dec. 31
Rumania	36,258	32,210	43,940	26,056	28,805	24,672	Feb. 29
Bulgaria	7,275	8,489	2,633	5,632	179	4,749	Jan. 31
British India	16,571	19,677	10,097	10,506	8,207	3/1,837	Nov. 30
Total	605,266	512,973	616,136				

Country	Shipments as given by trade sources						
	Total		Week ended 1940			July 1	May 18
	1937-38	1938-39	May 4	May 11	May 18	1938-39	1939-40
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
North America 4/ ...	184,720	245,296	4,923	3,548	4,676	213,080	185,078
Canada 5/	94,546	159,885	4,100	3,200	4,600	136,700	186,800
United States 6/ ...	83,589	94,157	837	314	108	82,605	39,650
Argentina	66,928	114,272	4,310	2,744	6,300	84,220	151,569
Australia	127,520	102,116	---	---	---	7/58,949	7/41,684
Soviet Union	42,248	39,824	0	0	0	39,824	2,342
Danube and Bulgaria 8/	37,232	52,848	880	992	976	44,432	36,128
British India	9/19,677	9/10,097	0	0	0	6,208	0
Total, above 10/	478,325	564,453				446,713	416,801
Total European shipments 4/	397,592	450,784	8,888			11/361,416	11/315,572
Total ex-European shipments 4/	99,400	146,760	1,552			11/118,944	11/71,960

1/ Includes flour milled in bond from foreign wheat.
2/ From official sources, through December, supplemented by unofficial estimates for the following six months.
3/ Excludes land trade for November 1939.
4/ From Broomhall's Corn Trade News.
5/ Official customs exports as reported to date, supplemented in the current year estimates derived by subtracting the weekly United States exports from Broomhall's estimate for North America.
6/ Official reports received from 16 principal ports only.
7/ Official exports through February 29 only. Not available subsequently.
8/ Black Sea shipments only.
9/ Official.
10/ Total of trade figures includes North America as reported by Broomhall's but does not include items 2 and 3.
11/ Through May 4, only.

Table 11.- Exports of wheat and wheat flour from the United States, 1938-39 and 1939-40

(Includes flour milled in bond from foreign wheat)

Period	Wheat		Wheat flour		Wheat including flour	
	1938-39	1939-40	1938-39	1939-40	1938-39	1939-40
	1,000 bushels	1,000 bushels	1,000 barrels	1,000 barrels	1,000 bushels	1,000 bushels
July-March	64,063	20,944	4,450	5,408	84,980	46,363
Week ended 1/						
April 6	1,142	258	88	41	1,556	451
13	1,457	717	40	90	1,645	1,140
20	918	81	250	93	2,093	518
27	1,356	948	144	62	2,033	1,239
May 4	2,307	508	169	70	3,101	837
11	1,910	121	152	41	2,624	314
18	1,414	2/ 0	41	2/ 23	1,607	2/ 108

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.

Table 12.- Shipments of wheat, including flour, from principal exporting countries, specified dates, 1938-39 and 1939-40

Period	Argentina		Australia		Danube		North America	
	1938-39	1939-40	1938-39	1939-40	1938-39	1939-40	1938-39	1939-40
	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-March	58,088	124,205	1/58,949	1/41,684	36,952	30,800	182,248	153,846
Week ended:								
April 6	3,208	4,070	2,840	2/	272	352	3,752	5,034
13	3,556	4,288	2,240	2/	1,576	616	3,072	3,811
20	4,108	2,651	1,904	2/	1,424	704	3,480	4,696
27	4,288	2,997	2,076	2/	872	808	3,744	4,543
May 4	3,800	4,310	1,828	2/	680	880	4,240	4,923
11	3,300	2,744	1,656	2/	848	992	5,944	3,548
18	3,872	6,300	2,228	2/	1,808	976	6,600	4,676

Compiled from Broomhall's Corn Trade News.

1/ Official exports, July-February.

2/ Not available.

Table 13.- Net imports of wheat including flour, into European countries, years beginning July 1, 1937 to 1939

Country	1937-38	1938-39	Reported net imports: July 1 to	Reported net imports: 1938-39	Reported net imports: 1939-40 1/
	Million bushels	Million bushels		Million bushels	Million bushels
Belgium	36	39	Nov. 30	19	18
Czechoslovakia	2/ - 1	2/ - 1	Aug. 31	1	3
Denmark	6	5	Feb. 29	4	3
Finland	3	2	Aug. 31	1	3/
France	15	2/ - 2	July 31	1	2/ - 2
Germany, Austria	54	45	July 31	2	1
Greece	18	14	Feb. 29	8	8
Ireland	14	17	Aug. 31	2	3
Italy	5	14	July 31	3	2
Latvia	1	2/	Aug. 31	3/	0
Netherlands	24	29	Feb. 29	19	19
Norway	7	8	Feb. 29	5	10
Poland	3/	2/ - 3	July 31	4/	4/
Portugal	1	4	Feb. 29	4	3/
Sweden	2/ - 1	2	Sept. 30	1	3/
Switzerland	14	17	Dec. 31	10	11
United Kingdom	193	220	Aug. 31	38	48
Total imports of above	391	416			
Spain	3	16			
Total imports	394	432		118	126
Total exports	2	6		0	- 2
Total European net imports	392	426		118	124
Shipments to non-Europe	99	147			
Total European net imports and shipments to non-Europe	491	573			

Compiled from official sources except as otherwise stated.

1/ Forecast of net imports for the entire year found in WS-37, November 1939, p. 8.
2/ Net exports.
3/ Less than 500,000 bushels.
4/ Net exports of less than 500,000 bushels.

394 432
193 220
201 212
14 17
187 195 200-

THE RYE SITUATION

Acreage of fall-sown rye in six countries

Rye acreage for harvest in 1940, in the six countries reporting, is about 27 percent less than that of 1939. The total in these countries is, however, of no value as an indication of the trend in world acreage, since the six countries accounted for only about 15 percent of the estimated world acreage, excluding Soviet Russia and China during the past three years.

Table 14.- Winter rye: Acreage in specified countries for harvest, 1937-40

Country	1937	1938	1939	1940
	1,000 acres	1,000 acres	1,000 acres	1,000 acres
United States 1/	3,846	4,021	3,811	3,214
Canada 1/	894	741	1,102	947
Greece	169	178	156	151
Lithuania	1,250	1,296	1,221	1,248
Luxemburg	15	18	18	16
Rumania	1,052	1,177	1,087	853
Total, above	7,226	7,431	7,395	6,429

1/ Acreage, all rye harvested or for harvest.

Rye acreage, yield and production in the United States

The acreage of rye remaining for harvest as grain in the United States is estimated at 3,214,000 acres, or about 1 percent less than the 10-year average of 3,250,000 acres. In 1939 the harvested acreage was 3,811,000. The 16 percent decrease in the acreage for harvest in 1940 compared with 1939 resulted from a 21.5 percent reduction in rye seedings. The acreage seeded for all purposes this season is estimated to have been 5,640,000 acres. About 57 percent of the sown acreage will be harvested for grain, the remainder being pastured, turned under, used for other purposes, or abandoned.

The 11.3 bushel yield per acre indicated on May 1, is 1.0 bushel above the yield obtained in 1939 but slightly below the 10-year average of 11.4 bushels. States in which prospective yields are above both those obtained in 1939 and average are North Dakota, South Dakota, Wisconsin, Michigan, Montana, Idaho, Washington, Oregon, California, Utah, and Kentucky.

The 1940 production of rye is indicated as of May 1 at 36,476,000 bushels, compared with 39,249,000 bushels produced in 1939, and the 10-year (1929-38) average of 38,095,000 bushels.

Table 15.- Acreage, yield, and production in the United States

State	Acreage left for harvest for grain 1940	Yield per acre: Average 1929-38	Yield per acre: 1939	Yield per acre: Indicated 1940	Production: Average 1929-38	Production: 1939	Production: Indicated 1940
	1,000 acres	Bushels	Bushels	Bushels	1,000 bu.	1,000 bu.	1,000 bu.
Wis.	268	11.1	10.0	11.5	2,768	2,380	3,082
Minn. ...	389	15.2	14.0	14.0	6,533	7,350	5,446
N. Dak. .	650	9.3	8.5	10.5	7,865	7,106	6,825
S. Dak. .	478	10.8	9.0	13.0	4,555	4,752	6,214
Nebr. ...	326	9.3	8.0	7.5	3,008	3,568	2,445
Other States ..	1,103	---	---	---	13,366	14,093	12,464
U. S. ...	3,214	11.4	10.3	11.3	38,095	39,249	36,476

Loan on 1940 rye

A loan on the 1940 rye crop will be available to producers cooperating in the AAA Farm Program in the major rye-producing States of Michigan, Minnesota, Montana, Nebraska, North Dakota, South Dakota, Wisconsin, and Wyoming. This was announced by the Department on May 22.

The loan will be available on farm-stored rye grading No. 2 or better or grading No. 3 solely on the basis of test weight. The loan rate, as was the case last year, will vary with the 1940 loan rate for No. 2 Hard winter wheat. Also as under the 1939 loan program, the rye loan rate for any area will be 22 cents less than the applicable 1940 wheat loan rate, but not more than 38 cents per bushel.

This will be the second successive year that a loan on rye has been made in connection with the AAA Program. Loans will be made by the Commodity Credit Corporation and local administration will be handled by State and county AAA committees.

In order to be eligible for a loan, a farmer must have planted within his 1940 total soil-depleting allotment. Interest on the loans will be 3 percent, compared with 4 percent in 1939. These will be demand loans, callable at any time the rye is needed to supply seed for other sections of the country; otherwise the loans will mature ten months from their respective dates. A storage allowance of 7 cents per bushel will be paid if the rye is delivered to the Corporation in settlement of the loan. The full storage allowance will also be paid if loans are called prior to maturity by Commodity Credit Corporation for the purpose of supplying seed for other sections.

In 1939, loans were made to 2,700 farmers on 1,500,000 bushels of rye. Commodity Credit Corporation reports that as of May 10, 987,000 bushels had been redeemed by farmers through repayment of loans, and about 513,000 bushels remained under loan.

WHERE TO FIND STATISTICS ON THE WHEAT SITUATION NOT INCLUDED IN THIS ISSUE: 1/

1/ Selected tables used most frequently.

STATISTICS ON THE RYE SITUATION IN "THE WHEAT SITUATION" FEBRUARY 26, 1940