WHEAT: SOURCES OF U.S. SUPPLY, 1923-40

United States production in 1939 and 1940 was materially less than in 1937 and 1938, but only about 15 million bushels above the 1930-39 average. Carry-over stocks, after reaching a low point in 1937, have increased in the last 5 years. The carry-over of 264 million bushels in 1940 is about 80 million bushels larger than the 1930-39 average.

WHEAT: DISTRIBUTION OF U.S. SUPPLY, 1923-39

Wheat exports declined from about 100 million bushels in 1937-38 and 1938-39 to about half that quantity in 1939-40. Because of higher wheat prices relative to corn prices, the quantity of wheat fed in 1939-40 was about one-fourth less than a year earlier. This item largely accounts for the variations in total domestic disappearance.
### Wheat: Supply and Distribution in Continental United States, 1928-40

#### SUPPLY

<table>
<thead>
<tr>
<th>Year beginning July</th>
<th>In country</th>
<th>Commercial</th>
<th>Elevators</th>
<th>Total</th>
<th>New crop (flour included)</th>
<th>Total supply</th>
</tr>
</thead>
<tbody>
<tr>
<td>On farms</td>
<td>In merchant</td>
<td>Elevators</td>
<td>Elevators</td>
<td>Total</td>
<td></td>
<td></td>
</tr>
<tr>
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<td>37,117</td>
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<td>759,682</td>
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<td>65,760</td>
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<td>1927</td>
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<td>21,052</td>
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<td>15,857</td>
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<td>561,083</td>
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<td>626,766</td>
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<td>30,420</td>
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<td>764,971</td>
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<tr>
<td>1940</td>
<td>60,021</td>
<td>33,730</td>
<td>87,527</td>
<td>90,964</td>
<td>297,542</td>
<td>760,623</td>
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</table>

<table>
<thead>
<tr>
<th>Year beginning July</th>
<th>In country</th>
<th>Commercial</th>
<th>Elevators</th>
<th>Total</th>
<th>New crop (flour included)</th>
<th>Total supply</th>
</tr>
</thead>
<tbody>
<tr>
<td>On farms</td>
<td>In merchant</td>
<td>Elevators</td>
<td>Elevators</td>
<td>Total</td>
<td></td>
<td></td>
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<td>33,642</td>
<td>67,064</td>
<td>104,011</td>
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<td>35,101</td>
<td>28,130</td>
<td>69,430</td>
<td>108,570</td>
<td>618,112</td>
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<tr>
<td>1944</td>
<td>40,372</td>
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<td>81,334</td>
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<td>764,971</td>
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<tr>
<td>1945</td>
<td>60,021</td>
<td>33,730</td>
<td>87,527</td>
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<td>297,542</td>
<td>760,623</td>
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#### DISTRIBUTION

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<tr>
<th>Year beginning July</th>
<th>Exports</th>
<th>Supplies</th>
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<tbody>
<tr>
<td>Only wheat as flour in commercial and merchant mills</td>
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</tr>
<tr>
<td>On farms</td>
<td>In country</td>
<td></td>
</tr>
<tr>
<td>1928</td>
<td>78,798</td>
<td>67,213</td>
</tr>
<tr>
<td>1924</td>
<td>65,189</td>
<td>51,425</td>
</tr>
<tr>
<td>1926</td>
<td>105,280</td>
<td>49,761</td>
</tr>
<tr>
<td>1927</td>
<td>145,689</td>
<td>48,242</td>
</tr>
<tr>
<td>1928</td>
<td>103,114</td>
<td>31,106</td>
</tr>
<tr>
<td>1929</td>
<td>92,175</td>
<td>48,179</td>
</tr>
<tr>
<td>1931</td>
<td>76,969</td>
<td>36,106</td>
</tr>
<tr>
<td>1932</td>
<td>96,521</td>
<td>26,576</td>
</tr>
<tr>
<td>1933</td>
<td>20,807</td>
<td>10,979</td>
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<tr>
<td>1934</td>
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<td>4,059</td>
</tr>
<tr>
<td>1937</td>
<td>83,740</td>
<td>16,320</td>
</tr>
<tr>
<td>1938</td>
<td>84,599</td>
<td>22,067</td>
</tr>
<tr>
<td>1939</td>
<td>23,636</td>
<td>21,252</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year beginning July</th>
<th>Exports</th>
<th>Supplies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Only old wheat in all stocks positions</td>
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<td></td>
</tr>
<tr>
<td>1928</td>
<td>78,798</td>
<td>67,213</td>
</tr>
<tr>
<td>1924</td>
<td>65,189</td>
<td>51,425</td>
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<tr>
<td>1926</td>
<td>105,280</td>
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<tr>
<td>1927</td>
<td>145,689</td>
<td>48,242</td>
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<tr>
<td>1928</td>
<td>103,114</td>
<td>31,106</td>
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<tr>
<td>1929</td>
<td>92,175</td>
<td>48,179</td>
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<tr>
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<td>76,969</td>
<td>36,106</td>
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<tr>
<td>1932</td>
<td>96,521</td>
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<td>83,740</td>
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<tr>
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<td>84,599</td>
<td>22,067</td>
</tr>
<tr>
<td>1939</td>
<td>23,636</td>
<td>21,252</td>
</tr>
</tbody>
</table>
Farmers are now making plans for the seeding of winter wheat to be harvested in 1941. This issue of The Wheat Situation, therefore, has been prepared with particular reference to the outlook for the wheat crop to be seeded this fall.

Summary of the Outlook for the 1941 Wheat Crop

Present indications are that the acreage seeded to wheat for harvest in 1941 for the country as a whole will be about the same as was seeded for harvest in 1940. Wheat prices in the United States are expected to continue above the level which would induce exports without subsidy payments, so long as the Government loan and export subsidy programs continue. In other words, prices in this country may remain independent, to a considerable extent, of prices in other countries.

World acreage, excluding Soviet Russia and China, is expected to remain close to the 275 million acres harvested in 1939. Unless the acreage is materially smaller than this expectation, or yield per acre is small, large world supplies will continue during the 1941-42 season.

The acreage allotted for seeding the 1941 crop under the Agricultural Adjustment Act is 62 million acres. This is the same as the allotment for the 1940 crop, when actual seedings amounted to 64.4 million acres. If the total wheat seedings for harvest in 1941 are about the same as last year, and average yields are obtained, production will total about 750 million bushels. This would leave about 50 million bushels for export or addition to carry-over after deducting a 10-year average disappearance of about 700 million bushels. On this basis, the carry-over at the close of the 1941-42 season would be very little
different from that at the beginning, when it is expected to be 300 million bushels or more. Large prospective carry-over stocks on July 1, 1941 assure ample supplies of milling wheats for the year beginning at that time.

Summary of the Situation for the 1940 Wheat Crop

With the turn of events in Europe in May, wheat prices in the United States became largely independent of the European situation. The dominant price influence is now the loan program. The price decline toward the new crop basis appears to be about complete, with prices now averaging close to the levels of a month ago. Prices are also at about the levels of a year ago, and continue considerably above export parity.

The estimate of the domestic wheat crop was raised 32 million bushels (August 1 basis) and that of the carry-over 4 million bushels, compared with a month ago. The crop is now indicated to be about 761 million bushels and the carry-over 284 million bushels. The total wheat supply in 1940-41, accordingly, is expected to be about 1,045 million bushels. With domestic disappearance expected to be about 700 million bushels, this would leave about 345 million bushels available for export in 1940-41 or for carry-over on July 1, 1941. Export prospects for 1940-41 are very uncertain. In 1939-40 about 45 million bushels of United States wheat and flour were exported.

World wheat supplies 1/ for the year beginning July 1, 1940 may be 100 to 150 million bushels smaller than a year earlier, when they totaled about 5,445 million bushels, the largest supply on record. Information on which to base an estimate of supplies is scantier than usual this year, but it appears that the world carry-over on July 1, 1940 was about 215 million bushels larger than the 1,175 million bushel carry-over on July 1, 1939, and the 1940 world crop may be reduced by about 350 million bushels from the large 1939 crop estimated at 4,270 million bushels.

August 26, 1940

1/ References to world stocks and production exclude Soviet Russia and China.
WHEAT: PRICES AT KANSAS CITY AND LIVERPOOL, AND U.S. SUPPLIES FOR EXPORT AND CARRY-OVER, 1923-40

CENTS PER BUSHEL

Liverpool parcels

PRICES

No. 2 Hard Winter, Kansas City

SPREAD BETWEEN KANSAS CITY AND LIVERPOOL PRICES*

LIVERPOOL PARCELS

Kansas City,

U.S. SUPPLIES FOR EXPORT AND CARRY-OVER*

BUSHELS (MILLIONS)

Year-end stocks

Net exports or imports

EXPORTS

IMPORTS

10-YEAR AVERAGE

1923 1926 1929 1932 1935 1938

YEAR BEGINNING JULY

* LIVERPOOL PRICES SINCE SEPT. 3, 1929, WHEN LIVERPOOL MARKET CLOSED, COMPUTED ON BASIS OF PRICES IN EXPORTING COUNTRIES AND CONVOYED OCEAN FREIGHT RATES.

+ CARRY-OVER PLUS PRODUCTION LESS DOMESTIC UTILIZATION

* PRELIMINARY

Figure 1

The prospective supply for export and carry-over in the United States is below the 1924-33 average. With the likelihood that very large quantities of wheat will be stored, domestic wheat prices may be expected to continue higher relative to values at Liverpool than they were during the 1924-33 period.
Week 17: Average prices per ton, Liverpool and Kansas City, and spread between those prices, by months, 1928-29

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<th>Month</th>
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<th></th>
<th></th>
<th>Kansas City</th>
<th></th>
<th></th>
<th>Spread</th>
<th></th>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>June</td>
<td>194.6</td>
<td>157.1</td>
<td>37.5</td>
<td>195.8</td>
<td>156.8</td>
<td>30.0</td>
<td>196.0</td>
<td>157.0</td>
<td>20.0</td>
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<td>157.7</td>
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<td>158.5</td>
<td>30.3</td>
<td>195.0</td>
<td>159.0</td>
<td>20.0</td>
</tr>
<tr>
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<td>37.3</td>
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<td>30.3</td>
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<td>159.0</td>
<td>20.0</td>
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<td>158.3</td>
<td>37.3</td>
<td>194.8</td>
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<td>30.3</td>
<td>195.0</td>
<td>159.0</td>
<td>20.0</td>
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<tr>
<td>Oct</td>
<td>193.6</td>
<td>158.6</td>
<td>37.3</td>
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<td>158.5</td>
<td>30.3</td>
<td>195.0</td>
<td>159.0</td>
<td>20.0</td>
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<tr>
<td>Nov</td>
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<td>158.8</td>
<td>37.3</td>
<td>194.8</td>
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<td>30.3</td>
<td>195.0</td>
<td>159.0</td>
<td>20.0</td>
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<tr>
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<td>158.5</td>
<td>30.3</td>
<td>195.0</td>
<td>159.0</td>
<td>20.0</td>
</tr>
</tbody>
</table>

1. Parcels are less than cargo lots. 2. Liverpool prices since September 2, 1929 compared on basis of prices in exporting countries and converted ocean freight rates.

3. Compiled as follows: Kansas City - Kansas City Grain Market Bureau, average of daily prices weighted by carload sales. Liverpool: Board of Trade's King's Horse. This is average of daily prices. Since September 2, 1929, when Liverpool was used instead of calculating prices in exporting countries and converted ocean freight rates. Converted free shippings per thousand of 440 pounds to cokes of 660 pounds at 700 per ton in the U.S. basis. December 1929 - January 1920, average monthly average rates of exchange. February 1920 - January 1920, average weekly average rates of exchange. Official rates for shipments beginning September 2, 1929 are as follows: September 20.005, October-December 320, January 1920, 320.005, February to March 320.005.

3. Wheat supplies for export and carry-over, United States, 1928-29

<table>
<thead>
<tr>
<th>Year</th>
<th>Net</th>
<th>Stocks</th>
<th>Year</th>
<th>Net</th>
<th>Stocks</th>
<th>Year</th>
<th>Net</th>
<th>Stocks</th>
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<td>1927-28</td>
<td>194.6</td>
<td>157.1</td>
<td>1928-29</td>
<td>193.0</td>
<td>157.7</td>
<td>1929-30</td>
<td>193.2</td>
<td>158.0</td>
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<tr>
<td>1928-29</td>
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<td>158.0</td>
<td>1929-30</td>
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<td>158.8</td>
<td>1932-33</td>
<td>194.0</td>
<td>159.0</td>
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1. Carry-over plus production less domestic utilization. 2. Contains some non-cargo wheat and only one crop from June 30, 1927 to June 30, 1927 and thereafter. 3. Some wheat is included in the figures.
-7-

WHEAT: WORLD SUPPLY AND PRICE, 1923-40

```
YEAR BEGINNING JULY

<table>
<thead>
<tr>
<th>Year</th>
<th>Stocks</th>
<th>Production I</th>
<th>Net Exports</th>
<th>Total Exports</th>
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<td></td>
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</tr>
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<td>1923</td>
<td>647</td>
<td>847</td>
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<td>723</td>
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<td>619</td>
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<td>701</td>
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<tr>
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<td>673</td>
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<td>687</td>
<td>875</td>
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<td>914</td>
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<tr>
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<td>1,050</td>
<td>823</td>
<td>735</td>
<td>1,954</td>
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<tr>
<td>1930</td>
<td>943</td>
<td>886</td>
<td>781</td>
<td>1,602</td>
</tr>
<tr>
<td>1931</td>
<td>1,046</td>
<td>942</td>
<td>732</td>
<td>1,680</td>
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<tr>
<td>1932</td>
<td>1,043</td>
<td>737</td>
<td>1,190</td>
<td>1,912</td>
</tr>
<tr>
<td>1933</td>
<td>1,144</td>
<td>552</td>
<td>745</td>
<td>1,611</td>
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<tr>
<td>1934</td>
<td>1,193</td>
<td>586</td>
<td>650</td>
<td>1,632</td>
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<tr>
<td>1935</td>
<td>952</td>
<td>626</td>
<td>668</td>
<td>1,525</td>
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<tr>
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<td>767</td>
<td>627</td>
<td>620</td>
<td>1,507</td>
</tr>
<tr>
<td>1937</td>
<td>519</td>
<td>876</td>
<td>552</td>
<td>1,066</td>
</tr>
<tr>
<td>1938</td>
<td>599</td>
<td>932</td>
<td>851</td>
<td>1,272</td>
</tr>
<tr>
<td>1939</td>
<td>1,175</td>
<td>755</td>
<td>819</td>
<td>1,799</td>
</tr>
<tr>
<td>1940</td>
<td>1,210</td>
<td></td>
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</tr>
</tbody>
</table>
```

**Production** and export figures from official sources. Prices compiled from daily prices in the London Grain, Seed and Oil Reporter.

---

With world wheat supplies for the 1940-41 year likely to be only moderately smaller than supplies a year earlier, world prices may be expected to remain at low levels. The closing of most Continental markets to exporting countries is also a depressing factor.

---

**Figure 2**

Wheat: Estimated world supply, disappearance and prices, 1922-39

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*AVG. BRITISH PARCELS DEFLATED BY STATIST. INDEX NUMBERS (1910-14 = 100).

Prices since Sept. 2, 1939 computed on basis of prices in exporting countries and convoyed ocean freight rates.

---

**PRELIMINARY**
The total wheat acreage seeded for harvest in 1940 was about the same as a year earlier, and only slightly below the 66.9 million acres seeded for the 5-year period 1929-33, when acreages changed little. Acreages in the last 2 years have been materially below those for 1937 and 1938.
Winter wheat: Acreage seeded, yield per acre, and production, United States, 1919-40

<table>
<thead>
<tr>
<th>Year of harvest</th>
<th>Seeded acreage</th>
<th>Yield per seeded acre</th>
<th>Production</th>
</tr>
</thead>
<tbody>
<tr>
<td>1919</td>
<td>51,391</td>
<td>14.6</td>
<td>718,160</td>
</tr>
<tr>
<td>1920</td>
<td>45,505</td>
<td>13.5</td>
<td>613,227</td>
</tr>
<tr>
<td>1921</td>
<td>45,479</td>
<td>13.3</td>
<td>602,793</td>
</tr>
<tr>
<td>1922</td>
<td>47,413</td>
<td>12.1</td>
<td>571,459</td>
</tr>
<tr>
<td>1923</td>
<td>45,408</td>
<td>12.2</td>
<td>555,499</td>
</tr>
<tr>
<td>1924</td>
<td>38,538</td>
<td>14.8</td>
<td>537,563</td>
</tr>
<tr>
<td>1925</td>
<td>40,922</td>
<td>9.8</td>
<td>400,619</td>
</tr>
<tr>
<td>1926</td>
<td>40,504</td>
<td>15.6</td>
<td>561,607</td>
</tr>
<tr>
<td>1927</td>
<td>44,334</td>
<td>12.4</td>
<td>548,188</td>
</tr>
<tr>
<td>1928</td>
<td>48,431</td>
<td>12.0</td>
<td>579,066</td>
</tr>
<tr>
<td>1929</td>
<td>43,967</td>
<td>13.3</td>
<td>586,239</td>
</tr>
<tr>
<td>1930</td>
<td>45,032</td>
<td>14.1</td>
<td>633,605</td>
</tr>
<tr>
<td>1931</td>
<td>45,647</td>
<td>18.1</td>
<td>825,396</td>
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<tr>
<td>1932</td>
<td>43,371</td>
<td>12.0</td>
<td>491,795</td>
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<tr>
<td>1933</td>
<td>44,445</td>
<td>8.5</td>
<td>376,518</td>
</tr>
<tr>
<td>1934</td>
<td>44,585</td>
<td>9.8</td>
<td>437,963</td>
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<tr>
<td>1935</td>
<td>47,064</td>
<td>9.9</td>
<td>465,329</td>
</tr>
<tr>
<td>1936</td>
<td>49,765</td>
<td>10.4</td>
<td>519,074</td>
</tr>
<tr>
<td>1937</td>
<td>57,656</td>
<td>11.9</td>
<td>685,824</td>
</tr>
<tr>
<td>1938</td>
<td>56,539</td>
<td>12.2</td>
<td>688,133</td>
</tr>
<tr>
<td>1939</td>
<td>46,364</td>
<td>12.2</td>
<td>563,432</td>
</tr>
<tr>
<td>1940</td>
<td>45,014</td>
<td>12.3</td>
<td>555,839</td>
</tr>
</tbody>
</table>

The winter wheat acreage seeded for the 1940 crop (45.0 million acres) was only slightly smaller than the 46.4 million acres seeded a year earlier, and about the same as the average (44.5 million acres) for the 5-year period 1939-33, although materially less than the acreage seeded for the 1937 and 1938 crops. The acreage for harvest in 1941 is expected to be little different from that for 1940.
WHEAT: Estimated acreage, yield, and production, world (excluding Soviet Russia and China), 1923-39

Figure 5

World wheat acreage has been steadily increasing over a period of years, culminating in the largest acreage on record in 1939. In 1939, the acreage was somewhat reduced but still large. World production was not large in 1934-36 because yields per acre were considerably below average. In 1937, with more normal yields, production was again large, and in 1938 and 1939, with very high yields per acre, record crops were produced. The acreage in 1941 is expected to be about the same as in 1939.
WHEAT: ESTIMATED STOCKS IN MAJOR EXPORTING COUNTRIES AS OF JULY 1, 1922-40

<table>
<thead>
<tr>
<th>Year</th>
<th>United States</th>
<th>Canada*</th>
<th>Argentina</th>
<th>Australia</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Million bushels</td>
<td>Million bushels</td>
<td>Million bushels</td>
<td>Million bushels</td>
<td>Million bushels</td>
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<tr>
<td>1922</td>
<td>110</td>
<td>52</td>
<td>82</td>
<td>29</td>
<td>273</td>
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<tr>
<td>1923</td>
<td>134</td>
<td>47</td>
<td>67</td>
<td>42</td>
<td>290</td>
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<tr>
<td>1924</td>
<td>137</td>
<td>71</td>
<td>79</td>
<td>38</td>
<td>326</td>
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<tr>
<td>1925</td>
<td>111</td>
<td>50</td>
<td>73</td>
<td>37</td>
<td>271</td>
</tr>
<tr>
<td>1926</td>
<td>101</td>
<td>64</td>
<td>85</td>
<td>27</td>
<td>277</td>
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<tr>
<td>1927</td>
<td>111</td>
<td>69</td>
<td>89</td>
<td>46</td>
<td>315</td>
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<tr>
<td>1928</td>
<td>115</td>
<td>128</td>
<td>107</td>
<td>43</td>
<td>393</td>
</tr>
<tr>
<td>1929</td>
<td>252</td>
<td>182</td>
<td>180</td>
<td>47</td>
<td>586</td>
</tr>
<tr>
<td>1930</td>
<td>294</td>
<td>163</td>
<td>70</td>
<td>57</td>
<td>574</td>
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<tr>
<td>1931</td>
<td>328</td>
<td>157</td>
<td>94</td>
<td>77</td>
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<td>1932</td>
<td>391</td>
<td>160</td>
<td>73</td>
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<td>652</td>
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<td>739</td>
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<td>102</td>
<td>699</td>
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<td>1935</td>
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<td>226</td>
<td>105</td>
<td>68</td>
<td>545</td>
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<td>1936</td>
<td>142</td>
<td>155</td>
<td>72</td>
<td>52</td>
<td>421</td>
</tr>
<tr>
<td>1937</td>
<td>105(83)</td>
<td>52</td>
<td>59</td>
<td>53</td>
<td>267(247)</td>
</tr>
<tr>
<td>1938</td>
<td>174(154)</td>
<td>35</td>
<td>72</td>
<td>63</td>
<td>364(324)</td>
</tr>
<tr>
<td>1939</td>
<td>234(228)</td>
<td>116</td>
<td>198</td>
<td>70</td>
<td>680(632)</td>
</tr>
<tr>
<td>1940</td>
<td>298(286)</td>
<td>313</td>
<td>64</td>
<td>144</td>
<td>809(796)</td>
</tr>
</tbody>
</table>

* Includes Canadian wheat in United States.
# Includes United States wheat in Canada.
\( (\) Preliminary.

Compiled as follows:
United States - Stocks on farms, in country mills and elevators, commercial, in merchant mills and elevators, and stored for others by merchant mills. \( (\) = all new wheat excluded.
Canada - 1922 to 1925, carry-over August 31, plus net exports and estimated retention of flour during July and August, 1924 to date, carry-over July 31, plus net exports and estimated retention of flour for July.
Argentina - Carry-over on December 31, plus exports and estimated domestic consumption, July 1 to December 31.
Australia - 1922 to 1924, exports only plus estimated domestic consumption, July 1 to December 31.
1925 to date, carry-over on December 1, plus net exports and estimated domestic consumption, July 1 to November 30.
OUTLOOK FOR THE 1941 WHEAT CROP

BACKGROUND 2/. The acreage seeded to wheat for harvest in 1940 in the United States was 64.4 million acres, which is only slightly more than the 63.9 million acres seeded for harvest in 1939, and compares with an average of 66.9 million acres for the period 1929-33, when acreages changed little (figures 3 and 4). However, the 1939-40 acreages represented a very large reduction from seedings for the 1937 and 1938 crops, when 81.1 and 75.6 million acres, respectively, were seeded - the largest in the history of the country.

World wheat acreage 3/ has been steadily increasing, culminating in the last 3 years in the largest acreages on record. The acreage for the 1939 crop was moderately smaller than for the 1937 or 1938 crops (figure 5). World production 3/ for a number of years preceding 1938 did not increase with the upward trend in acreage, however, because of small yields per acre. In 1938 and 1939 yields per acre were very high and the largest world crops in history were produced. In both of these years production exceeded consumption, and world carry-over stocks 3/ on July 1, 1940 were the largest in history (table, figure 2).

World trade in wheat and flour declined sharply following the peak year 1928-29, largely as the result of drastic restrictions on imports and increased production in major importing countries. In the early part of this period exports from the United States declined with those from other surplus-producing countries. During the period 1934-35 to 1936-37, small crops in the United States were followed by net imports (table, page 2). World wheat and flour exports in 1937-38 were about 518 million bushels, in 1938-39 about 638 million bushels, and in 1939-40 about 620 million bushels. Net exports from the United States in 1937-38 were 95 million bushels, in 1938-39 they were 106 million bushels, and in 1939-40 they were 45 million bushels.

The acreage allotted for seeding the 1941 crop under the Agricultural Adjustment Act is 62 million acres. This is the same as the allotment for the 1940 crop, when actual seedings amounted to 64.4 million acres (figure 3). This year there do not appear to be any circumstances which might induce growers in the country as a whole to make important changes in acreage from last year.

If the total wheat seedings for harvest in 1941 are about the same as those of last year, and the 20-year (1920-39) average yield per seeded acre of 11.71 bushels is obtained, production will total about 750 million bushels. This would leave about 50 million bushels for export or addition to carry-over after deducting the average 1930-39 domestic disappearance of about 700 million bushels. On this basis, the carry-over at the close of the 1941-42 season would be very little different from that at the beginning, when it is expected to be 300 million bushels or more. Large prospective carry-over stocks on July 1, 1941 assure ample supplies of milling wheat for the year beginning at that time.

2/ See also background statements on pages 13 and 18.
3/ All references to world acreage, yield, production, and stocks in this report exclude Soviet Russia and China.
The annual average yields per seeded acre in the United States usually vary between about 10 and 14 bushels. A 10-bushel yield and an acreage the same as that of last year would result in a crop about 50 million bushels short of average annual domestic disappearance, and thereby reduce the moderately large carry-over. On the other hand, a yield of 14 bushels would result in a crop materially above domestic disappearance and export probabilities and would add to the carry-over stocks. In the latter event, the carry-over at the close of the 1941-42 marketing season might possibly be increased by about 150 million bushels, depending upon export opportunities.

Present indications are that insect pests will affect the coming crop to about the same extent as they did the 1940 crop. Somewhat more than normal grasshopper and chinch bug injury may again occur in the North Central States, while injury from hessian fly and other insects are likely to be about normal or less in all areas.

The wheat acreage in Europe in 1941 is expected to be larger than the reduced acreage harvested in 1940, if weather and war activities permit it should be equal and possibly exceed the 1939 acreage. It is too early to appraise the probabilities for the 1941 Canadian wheat crop or the 1940-41 wheat crops of Australia and Argentina, but there is no reason to expect a material reduction in the total acreage for these countries from the 1939 levels, the last year for which complete figures are available. World acreage in 1941, therefore, may not be greatly different from the 275 million acres in 1939 (figure 5). Average yields on such an acreage would result in a crop almost equal to probable world consumption, and thus would not significantly reduce the large world carry-over stocks.

Unless the acreage is materially smaller than is now expected, or yields per acre are small, large world supplies will continue during the 1941-42 season. Wheat prices in the United States, on the other hand, are expected to continue above the level which would induce exports without subsidy payments, so long as the Government loan and export subsidy programs continue. In other words, prices in this country may remain independent, to a considerable extent, of prices in other countries. The large quantities of wheat held under loan in 1938-39 and 1939-40 operated to support domestic prices. With prospective large supplies in other surplus producing countries, exports from the United States in 1941-42 are expected to be of only moderate size even with a subsidy program when some unusual developments occur.

THE DOMESTIC WHEAT SITUATION FOR THE 1940 CROP

BACKGROUND.—The carry-over of old wheat in the United States averaged about 230 million bushels in the 10-year period 1930-39, during which period a record peak of about 360 million bushels was reached in 1933 and a low in 1937 of about 85 million bushels (lowest since 1919). The domestic disappearance during the 10 years 1930-39 averaged about 695 million bushels, with the highest of about 755 million bushels in 1931 and the lowest of about 625 million bushels in 1933 (chart and table, pages 1 and 2).

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 38 and 38 cents, respectively, compared with average prices for the four 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 generally, prices received by producers declined to an average of 65.4 4/ 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 tentatively estimated at 70.2 4/ cents. This also is relatively high compared with the usual relationship to prices in other countries, as a result of only a moderately large carry-over, reduced acreage, poor prospects for 1940 yields, and the holding of wheat in expectation of higher prices. Prices advanced sharply in September 1939, following the outbreak of the European War, and again in December, influenced by war developments and by poor crop prospects in Argentina and the United States. In the middle of May 1940, following the turn of events in Europe, selling became heavy and most of the gains were lost.

United States wheat crop estimate
increased 32 million bushels

A total 1940 wheat crop of 760,623,000 bushels was indicated by August 1 reports on yield per acre and condition. This is an increase of 31,979,000 bushels over the production indicated a month earlier, with practically all of the increase accounted for by the unexpected outturn of the winter wheat crop. The August 1 indicated production is nearly 1 percent above both last year's crop and the 10-year (1929-38) average of 754,971,000 bushels and 754,685,000 bushels, respectively. The indicated yield per harvested acre at 14.4 bushels for all wheat is somewhat above last year's yield and well above the 10-year average of 13.2 bushels.

The preliminary estimate of 1940 winter wheat production was 555,839,000 bushels, compared with 563,431,000 bushels produced last year and the 10-year average production of 571,067,000 bushels. The August 1 estimate showed an increase of about 6 percent over the production indicated on July 1, and was accounted for by the extremely favorable filling, maturing, and harvesting weather of late June and July in most of the Central States. With the increased use of combines, harvesting and threshing were largely completed by August 1 excepting in the more northern areas and in some eastern sections where harvesting was delayed by late July rains. For the country as a whole, the preliminary 1940 yield is 15.9 bushels per harvested acre, compared with 14.9 bushels last year and the 10-year average of 14.3 bushels.

The 1940 spring wheat crop (including durum) was estimated at 204,784,000 bushels on the basis of August 1 conditions. This estimate is only slightly

4/ Includes loan wheat at average loan values.
higher than the July 1 forecast and compares with 191,540,000 bushels produced in 1939 and the 10-year (1929-38) average of 183,619,000 bushels. Prospects for production of durum wheat were lower than on July 1, but production of other spring wheat increased enough to more than offset the decline. Production of durum wheat in 1940 was estimated at 34,179,000 bushels compared with 34,360,000 bushels produced in 1939 and 29,619,000 bushels, the 10-year (1929-38) average of 183,619,000 bushels. Production of other spring wheat in 1940 was estimated at 170,605,000 bushels, compared with 157,180,000 bushels produced in 1939 and the 10-year average of 154,000,000 bushels.

United States old-wheat stocks estimated at 284\,900,000 bushels

Stocks of old wheat in the United States on July 1, 1940, at the beginning of the new marketing year, are estimated at 284,080,000 bushels, which includes 12.6 million bushels in the insurance reserve (chart and table, pages 1 and 2). This carry-over is 4 million bushels larger than the preliminary estimate of 280 million bushels made in June, and compares with a revised estimate of 252,160,000 bushels a year earlier. This is the fourth time that old and new wheat were reported separately in commercial stocks, and the third time in merchant mill stocks. New wheat stocks in the latter position were estimated for 1937 5/4, making a new series including only old wheat beginning July 1937. New wheat always has been reported separately in farm, and in interior mill and elevator stocks, and is not included in any of the carry-over estimates. When the new wheat in commercial stocks and in merchant mills is included, July 1, 1940 stocks total 297,542,000 bushels, compared with 293,366,000 bushels a year earlier (table, page 2).

Table 1.- Estimated prospective wheat supplies and probable distribution by classes for 1940-41

<table>
<thead>
<tr>
<th>Item</th>
<th>Hard:</th>
<th>Soft:</th>
<th>Hard:</th>
<th>Durum:</th>
<th>White:</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>red:</td>
<td>red:</td>
<td>red:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Farms and interior mills and elevators</td>
<td>44</td>
<td>16</td>
<td>37</td>
<td>10</td>
<td>13</td>
<td>119</td>
</tr>
<tr>
<td>Commercial</td>
<td>39</td>
<td>4</td>
<td>34</td>
<td>5</td>
<td>2</td>
<td>84</td>
</tr>
<tr>
<td>Merchant mills</td>
<td>52</td>
<td>5</td>
<td>14</td>
<td>3</td>
<td>6</td>
<td>81</td>
</tr>
<tr>
<td>Total carry-over</td>
<td>135</td>
<td>25</td>
<td>88</td>
<td>18</td>
<td>21</td>
<td>284</td>
</tr>
<tr>
<td>Production 2/</td>
<td>226</td>
<td>216</td>
<td>140</td>
<td>35</td>
<td>34</td>
<td>761</td>
</tr>
<tr>
<td>Total supply</td>
<td>421</td>
<td>241</td>
<td>225</td>
<td>55</td>
<td>106</td>
<td>1,045</td>
</tr>
<tr>
<td>Prospective utilization</td>
<td>270</td>
<td>212</td>
<td>115</td>
<td>35</td>
<td>68</td>
<td>700</td>
</tr>
<tr>
<td>Available for carry-over, insurance stocks, and export</td>
<td>161</td>
<td>29</td>
<td>110</td>
<td>18</td>
<td>37</td>
<td>345</td>
</tr>
</tbody>
</table>

1/ Bureau of Census figures raised to represent all merchant mills. Includes stored for others as well as owned wheat in merchant mills and elevators.
2/ August estimate.
5/ Estimated on the basis of: (1) the percentage of new wheat in total wheat stocks in important winter wheat States in 1938, and (2) the percentage of new wheat reaching market centers in 1937 compared with 1938 as represented by commercial stocks.
Supplies of all classes of wheat abundant

Table 1 shows the estimated July 1 carry-over of old wheat, current crop estimates and probable prospective utilization, by classes for 1940-41. Total domestic disappearance in 1940-41 is expected to be larger than in 1939-40 as a result of increased use of wheat for feed. The actual utilization by classes will depend, of course, on a number of factors, two of which are the prices of wheat relative to feed grain prices and supplies in the various sections of the country, and the relative prices of the different classes of wheat. It will be observed that stocks of commercial bread milling types - hard red winter and hard red spring - are abundant. Table 2 shows the estimated supply and distribution by classes for 1939-40, using stocks of old wheat. Table 3 shows the analysis by classes beginning with 1929.

Table 2.- Estimated prospective wheat supplies and distribution by classes for 1939-40

<table>
<thead>
<tr>
<th>Item</th>
<th>Hard mil. bu</th>
<th>Soft mil. bu</th>
<th>Hard mil. bu</th>
<th>Durum mil. bu</th>
<th>White mil. bu</th>
<th>Total mil. bu</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carry-over July 1, 1938 (old wheat): Farms and interior mills and elevators</td>
<td>44</td>
<td>19</td>
<td>38</td>
<td>11</td>
<td>15</td>
<td>127</td>
</tr>
<tr>
<td>Commercial</td>
<td>29</td>
<td>5</td>
<td>24</td>
<td>4</td>
<td>2</td>
<td>64</td>
</tr>
<tr>
<td>Merchant mills 1/</td>
<td>41</td>
<td>5</td>
<td>10</td>
<td>2</td>
<td>3</td>
<td>61</td>
</tr>
<tr>
<td>Total carry-over</td>
<td>114</td>
<td>29</td>
<td>72</td>
<td>17</td>
<td>20</td>
<td>252</td>
</tr>
<tr>
<td>Production</td>
<td>307</td>
<td>203</td>
<td>130</td>
<td>35</td>
<td>80</td>
<td>755</td>
</tr>
<tr>
<td>Total supply</td>
<td>421</td>
<td>232</td>
<td>202</td>
<td>52</td>
<td>100</td>
<td>1,007</td>
</tr>
<tr>
<td>Exports and shipments 2/</td>
<td>22</td>
<td>3</td>
<td>5</td>
<td>--</td>
<td>18</td>
<td>48</td>
</tr>
<tr>
<td>Carry-over June 30, 1940 (old wheat):</td>
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<td>25</td>
<td>85</td>
<td>18</td>
<td>21</td>
<td>234</td>
</tr>
<tr>
<td>Apparent disappearance 3/</td>
<td>264</td>
<td>204</td>
<td>112</td>
<td>34</td>
<td>61</td>
<td>675</td>
</tr>
</tbody>
</table>

1/ Bureau of Census figures raised to represent all merchant mills and elevators. Includes stored for others as well as owned wheat in merchant mills and elevators. Excludes 10,314,000 bushels reported as being new wheat.
2/ From reports of Foreign and Domestic Commerce of the United States. Exports include only flour made from domestic wheat. Shipments are to Alaska, Hawaii, Puerto Rico, and Virgin Islands.
3/ Balancing item.

Price decline appears nearing completion

The price decline toward the new crop basis appears to be about complete, with prices averaging about the same as a month ago. Prices are currently close to the levels of a year ago and they continue to remain considerably above export parity. For the week ended August 17, the average of all classes and grades was about the same as for the week ended July 20, and also for the week ended August 19, 1939. Whereas prices in winter wheat markets were about the same as a month earlier, prices of hard spring wheat were about 7 cents lower. Compared with a year ago hard winter wheat prices were about 5 cents higher whereas hard spring was about 4 cents lower (table 3).
Table 3.- Weighted average cash price of wheat, specified markets and dates, 1939 and 1940

<table>
<thead>
<tr>
<th>Month and date</th>
<th>All classes: No. 2</th>
<th>No. 1</th>
<th>No. 2 Hard</th>
<th>No. 2</th>
<th>Soft</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cents</td>
<td>Cents</td>
<td>Cents</td>
<td>Cents</td>
<td>Cents</td>
</tr>
<tr>
<td>May</td>
<td>80.2</td>
<td>96.8</td>
<td>75.7</td>
<td>94.7</td>
<td>85.6</td>
</tr>
<tr>
<td>June</td>
<td>74.5</td>
<td>78.5</td>
<td>76.9</td>
<td>76.3</td>
<td>84.4</td>
</tr>
<tr>
<td>July</td>
<td>67.5</td>
<td>72.0</td>
<td>66.4</td>
<td>70.7</td>
<td>77.8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Month</th>
<th>Cents</th>
<th>Cents</th>
<th>Cents</th>
<th>Cents</th>
<th>Cents</th>
<th>Cents</th>
</tr>
</thead>
<tbody>
<tr>
<td>May</td>
<td>79.1</td>
<td>76.6</td>
<td>70.4</td>
<td>79.2</td>
<td>77.1</td>
<td>71.3</td>
</tr>
<tr>
<td>June</td>
<td>70.8</td>
<td>66.3</td>
<td>68.3</td>
<td>70.6</td>
<td>75.8</td>
<td>70.6</td>
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<tr>
<td>July</td>
<td>75.2</td>
<td>78.5</td>
<td>68.3</td>
<td>72.3</td>
<td>77.0</td>
<td>69.6</td>
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</table>

<table>
<thead>
<tr>
<th>Week ending</th>
<th>Cents</th>
<th>Cents</th>
<th>Cents</th>
<th>Cents</th>
<th>Cents</th>
<th>Cents</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 6</td>
<td>69.0</td>
<td>73.8</td>
<td>68.8</td>
<td>72.5</td>
<td>70.9</td>
<td>60.9</td>
</tr>
<tr>
<td>13</td>
<td>66.7</td>
<td>72.2</td>
<td>65.2</td>
<td>70.3</td>
<td>80.7</td>
<td>60.4</td>
</tr>
<tr>
<td>20</td>
<td>67.0</td>
<td>71.3</td>
<td>64.9</td>
<td>68.1</td>
<td>75.2</td>
<td>78.5</td>
</tr>
<tr>
<td>27</td>
<td>65.4</td>
<td>71.5</td>
<td>62.3</td>
<td>68.3</td>
<td>73.8</td>
<td>76.7</td>
</tr>
<tr>
<td>Aug. 3</td>
<td>69.7</td>
<td>74.0</td>
<td>66.7</td>
<td>70.9</td>
<td>76.7</td>
<td>76.7</td>
</tr>
<tr>
<td>10</td>
<td>70.7</td>
<td>73.1</td>
<td>62.3</td>
<td>70.1</td>
<td>74.3</td>
<td>75.4</td>
</tr>
<tr>
<td>17</td>
<td>71.3</td>
<td>71.2</td>
<td>64.4</td>
<td>68.4</td>
<td>76.1</td>
<td>72.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>High 2/</th>
<th>Cents</th>
<th>Cents</th>
<th>Cents</th>
<th>Cents</th>
<th>Cents</th>
<th>Cents</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 6</td>
<td>71.3</td>
<td>74.0</td>
<td>68.8</td>
<td>72.5</td>
<td>70.9</td>
<td>60.9</td>
</tr>
<tr>
<td>Low 2/</td>
<td>65.4</td>
<td>71.2</td>
<td>62.3</td>
<td>68.1</td>
<td>73.8</td>
<td>72.0</td>
</tr>
</tbody>
</table>

Weekly average of daily cash quotations, basis No. 1 sacked. Seattle series discontinued June 1940. 2/ July 6 - August 17, 1940, and corresponding dates, 1939.

Figure 1, page 5 shows that since September 1939, United States prices have been relatively high compared with values at Liverpool. In 1937-38 No. 2 Hard Winter at Kansas City averaged 26.5 cents below prices of parcels at Liverpool, end over the 6 years, 1926-27 to 1931-32, they averaged 15 cents below prices at Liverpool. From October 1938 to June 1939 No. 2 Hard Winter at Kansas City averaged 5.3 cents above prices of parcels at Liverpool. Prices at Liverpool for the 1939-40 year are not available, because British markets have been closed since September 2, 1939. However, using values computed on the basis of prices in exporting countries and convoyed ocean freight rates, it is estimated that prices of No. 2 Hard Winter at Kansas City have averaged about 6 cents above the price of wheat parcels at Liverpool.

Computed on the basis of export price values, the export indemnity which would be required to export wheat to Europe is now about 28 cents per bushel from the Pacific Coast and about 20 cents from the Gulf compared with about 35 and 25 cents, respectively, a year ago.

With the turn of events in Europe in May, wheat prices in the United States have become independent, to a considerable extent, of prices in other countries. The dominant price influence is now the loan program. A large portion of receipts at markets has been placed in storage. This is reducing the quantity of wheat which is available at prices materially below loan values. At present, white wheat at Portland is about at the loan, red at St. Louis and hard winter at Kansas City about 6 and 9 cents, respectively, below, and hard spring at Minneapolis about 14 cents below the loan.

BACKGROUND.- Total world supplies of wheat increased sharply from 1924 to 1933, largely as a result of increased acreage (figures 2 and 5). 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.

World wheat prices declined in the period 1924-33 with the increase in world supplies (figure 2). 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 in demand. Prices in 1939-40 averaged higher than a year earlier, influenced by general expectations of increased demand for wheat as a result of the war, and by poor crop prospects in Argentina and the United States.

World production indicated to be about
8 percent below 1939 crop

The 1940 world wheat production 7/, based largely on preliminary unofficial forecasts, is estimated at 3,925 million bushels. This is about 8 percent below that of 1939, and about 15 percent below the record 1938 crop. Table 4 gives estimates for different parts of the world. These unofficial estimates, which are necessarily based on fragmentary data, are given as an indication of expected production. The Northern Hemisphere total is indicated at about 3,500 million bushels, which is about 9 percent below that of last year.

According to the Dominion Bureau of Statistics at Ottawa, the total acreage sown to wheat in the Prairie Provinces of Canada was placed at 27,750,000 acres, which is a 11 percent increase over the 25,813,000 acres last year. The condition of spring wheat in Canada on July 31, placed at 87 percent of the long-time average yield per acre, was 5 points lower than on June 30, but only 2 points under the comparable figure for last year. Recent weather has been favorable, however, and with the larger acreage, another good crop is expected. The 1940 crop of winter wheat in Canada was placed at 22,880,000 bushels from 775,400 acres, as compared with 22,271,000 bushels from 735,000 acres in 1939. The increase in production was the result of the larger acreage sown, since yields per acre were smaller this year than last. On the basis of present indications, it seems reasonable to expect a total crop about the same as last year when 490 million bushels were harvested.

7/ All references to world acreage, production and stocks in this report exclude Soviet Russia and China except where noted.
Table 4.—Wheat: Production, in specified countries, 1937-40

<table>
<thead>
<tr>
<th>Country</th>
<th>1937</th>
<th>1938</th>
<th>1939</th>
<th>1940 1/</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Northern Hemisphere</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>North America:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>United States</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td>Canada</td>
<td>875,676</td>
<td>931,702</td>
<td>754,971</td>
<td>761,000</td>
</tr>
<tr>
<td>Mexico</td>
<td>180,210</td>
<td>360,010</td>
<td>489,623</td>
<td>490,000</td>
</tr>
<tr>
<td>Total (3)</td>
<td>1,066,841</td>
<td>1,303,557</td>
<td>1,259,365</td>
<td>1,264,000</td>
</tr>
<tr>
<td><strong>Europe</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Europe, excl. Danube Basin and</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Soviet Russia (26)</td>
<td>1,178,000</td>
<td>1,393,000</td>
<td>1,263,000</td>
<td>1,060,000</td>
</tr>
<tr>
<td>Danube Basin (4)</td>
<td>361,000</td>
<td>466,000</td>
<td>453,000</td>
<td>300,000</td>
</tr>
<tr>
<td>Total (30)</td>
<td>1,539,000</td>
<td>1,859,000</td>
<td>1,716,000</td>
<td>1,360,000</td>
</tr>
<tr>
<td>North Africa (14)</td>
<td>119,000</td>
<td>121,000</td>
<td>151,000</td>
<td>125,000</td>
</tr>
<tr>
<td>Asia (6)</td>
<td>678,000</td>
<td>741,000</td>
<td>738,000</td>
<td>750,000</td>
</tr>
<tr>
<td>Total 43 countries</td>
<td>3,402,841</td>
<td>4,024,557</td>
<td>3,864,365</td>
<td>3,499,000</td>
</tr>
<tr>
<td>Estimated Northern Hemisphere total, excluding Soviet Russia and China 2/</td>
<td>3,406,000</td>
<td>4,029,000</td>
<td>3,869,000</td>
<td>3,502,000</td>
</tr>
<tr>
<td><strong>Southern Hemisphere</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Argentina</td>
<td>184,801</td>
<td>336,201</td>
<td>119,453</td>
<td>200,000</td>
</tr>
<tr>
<td>Australia</td>
<td>187,256</td>
<td>155,369</td>
<td>210,110</td>
<td>150,000</td>
</tr>
<tr>
<td>Union of South Africa</td>
<td>10,157</td>
<td>17,093</td>
<td>15,310</td>
<td>14,000</td>
</tr>
<tr>
<td>Estimated world total, excluding Soviet Russia and China 2/</td>
<td>3,852,000</td>
<td>4,605,000</td>
<td>4,270,000</td>
<td>3,925,000</td>
</tr>
</tbody>
</table>

Compiled from official data.
1/ Data are, in most instances, unofficial forecasts and should be interpreted as preliminary indications only.
2/ Includes, besides countries listed, estimates for wheat-producing countries for which reports are not available.

Production in Europe, other than the Danube Basin and Soviet Russia, is still tentatively indicated at 1,060 million bushels. This is about 16 percent below the total estimate for these countries in 1939. Production in all Europe, excluding Soviet Russia, appears to be about 20 percent below that of last year. Harvesting is now general over the greater part of Europe, and completed in southern areas.

The crops in Belgium, The Netherlands, and parts of France are expected to be sharply reduced from last year and average. Some reduction in the crop in French North Africa is reported, largely as a result of a prolonged spring drought. The first official estimate for Spain is 1,217,253,000 bushels. This is some increase over the harvests of recent years, which were reduced by war activities, but it is still below normal consumption needs of the country. The first official estimate for Italy is 268,226,000 bushels. Though this is a reduction of nearly 10 percent from the large
harvests of the past 3 years, it closely corresponds to the average for the 5 years 1933-37. The first official estimate for Greece is placed at 34,170,000 bushels, which compares with 38,290,000 bushels harvested in 1939. An increase in the wheat acreage for this season of around 8 to 10 percent has been estimated, so that yields per acre appear well below those of a year ago. The crop in Germany is expected to be below the large crops of the past 2 years, although not much below average. In the Scandinavian Countries the crop is reported below normal as the result of unfavorable weather. Reports indicate that the crop in Sweden will be considerably below a year ago. The British Islands are expecting a better than average crop, largely as a result of increased acreage.

Production in the Danubian countries estimated at 300 million bushels is also unchanged from a month ago. This is a reduction of 34 percent from the large 1939 harvest. The estimate of 300 million bushels includes Bessarabia and northern Bukovina - territory now ceded to Soviet Russia. This area normally produces about 20 percent of the Rumanian crop but this year it appears to account for a much larger share of that country's total.

The harvest in Soviet Russia is well advanced, but information on yields remains meager. Trade sources continue to indicate only moderate prospects, even though official comment shows optimism. In general, the most favorable reports have come from the Black Sea region.

The latest official estimate of the wheat crop in Japan was 61,308,000 bushels compared with 61,086,000 bushels in 1939. The acreage was reported at 2,064,000 acres compared with 1,827,000 acres a year ago. The preliminary forecast of the wheat crop in China by the United States Agricultural Attache is 700 million bushels, as compared with an estimate of 667 million bushels for 1939.

Conditions in Argentina and Australia have been unfavorable, a situation which makes an early estimate of the crop more uncertain than usual. At present below-average conditions in Argentina and probably a reduced acreage indicate a crop not to exceed 200 million bushels. The weather has been generally rainy and mild since the latter part of June. Recent weather however, has been clear and cold, which was needed to check the growth especially in the central zone, where growth had been too rapid for plants to be hardy enough to withstand adverse conditions later in the season. In Australia the season has been very dry, and immediate rains are needed in all States. Much of the wheat has failed to germinate, and that which had already germinated is reported in a precarious condition. Production is tentatively placed at only about 150 million bushels.

The official estimate for India is 402.6 million bushels, compared with the 1939 harvest of 370.6 million bushels.

World wheat carry-over July 1, 1940 about 215 million bushels larger than a year earlier

The world carry-over July 1, 1940 is now tentatively indicated at 1390 million bushels, which is about 42 million bushels less than the
preliminary figure previously carried. This would be 215 million bushels larger than a year earlier (table 5). On the basis of a carry-over of this size, apparent disappearance in 1939-40 was 4,053 million bushels, compared with 4,066 million bushels a year earlier. As pointed out in previous issues, with information from European countries on imports, stocks, and mill output almost entirely discontinued, any figures on stocks and disappearance are at best only indications.

Table 5.—Estimated world supply and distribution, year beginning July 1, 1933-39

<table>
<thead>
<tr>
<th>Item</th>
<th>Year beginning July 1</th>
<th>Increase</th>
<th>or decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1938: estimates</td>
<td>1939: indications</td>
<td>Million</td>
</tr>
<tr>
<td>Carry-over July 1 1/</td>
<td>599</td>
<td>1,175</td>
<td>+ 576</td>
</tr>
<tr>
<td>Production 1/</td>
<td>4,605</td>
<td>4,270</td>
<td>- 335</td>
</tr>
<tr>
<td>Total supply</td>
<td>5,204</td>
<td>5,445</td>
<td>+ 241</td>
</tr>
<tr>
<td>Net exports from Soviet Russia</td>
<td>37</td>
<td>2</td>
<td>- 2</td>
</tr>
<tr>
<td>Total of above</td>
<td>5,241</td>
<td>5,443</td>
<td>- 202</td>
</tr>
<tr>
<td>Disappearance</td>
<td>4,066</td>
<td>4,053</td>
<td>- 13</td>
</tr>
<tr>
<td>Carry-over June 30 1/</td>
<td>1,175</td>
<td>1,390</td>
<td>215</td>
</tr>
</tbody>
</table>

1/ Excluding stocks and production in Soviet Russia and China.
2/ Net imports.

Estimated total stocks on July 1 in the four major exporting countries (figure 6) show a net increase of about 157 million bushels compared with a year earlier. Outstanding are the large Canadian stocks, which alone increased about 195 million bushels. While stocks in Australia 8/ increased by about 74 million bushels, those in Argentina decreased by about 144 million bushels.

Carry-over stocks in the Danubian countries were probably about the same as a year earlier, perhaps slightly larger, while those in European importing countries were probably moderately larger than in July 1939.

World trade in wheat and flour will be greatly restricted if blockade continues

On the basis of the indicated poor wheat crop in Europe, world trade in wheat and flour probably would be well above that of any recent year, were it not for European military and political conditions. A continuation of the blockade and present governmental policies in surplus countries, however, will greatly restrict the movement in 1940-41. Takings by European countries probably may total between 250 to 275 million bushels and those by non-European countries perhaps 150 million bushels. Trade figures for recent years and months are shown in tables 9 to 14.

8/ Australian wheat growers, it is reported, have been urged by the Commonwealth Government to restrict sowings for 1940-41 and to convert part of their wheat lands to pasture. No definite action appears to have been taken by the Government, but it has been announced that the Government would later consider a plan whereby a percentage of the wheat acreage on each farm should be cut for hay instead of grain.
The Canadian wheat supply remaining as carry-over in Canada and the United States on August 1 is 301 million bushels (table 6). This is larger than expected on the basis of total supplies less exports and domestic consumption. A year ago the carry-over was 103 million bushels. If the 1940 Canadian crop turns out to be about 490 million bushels, after deducting 130 million bushels for domestic consumption, there would remain an additional 360 million bushels, making total supplies available for export or carry-over of about 660 million bushels. On this basis the Canadian surplus supplies would be sufficient to take care of total world trade under war conditions and still leave a large carry-over. Of the stocks remaining in Canada on August 1, 60 to 70 million bushels are owned by the British Government, according to an announcement made by the Hon. J. A. MacKinnon, Minister of Trade and Commerce. During the last month, a sale of 100 million bushels would bring total British ownership up to 160 to 170 million bushels. This sale, however, was in the form of futures, which will be exchanged into actual cash wheat from time to time through ordinary trade channels.

Table 6.- Estimated wheat surplus for export or carry-over for three exporting countries, August 1, 1937-40 1/

<table>
<thead>
<tr>
<th>Position</th>
<th>1937</th>
<th>1938</th>
<th>1939</th>
<th>1940</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mil. bu.</td>
<td>Mil. bu.</td>
<td>Mil. bu.</td>
<td>Mil. bu.</td>
</tr>
<tr>
<td>Canada</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In Canada</td>
<td>32</td>
<td>23</td>
<td>95</td>
<td>273</td>
</tr>
<tr>
<td>In the United States</td>
<td>4</td>
<td>1</td>
<td>8</td>
<td>28</td>
</tr>
<tr>
<td>Australia</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>31</td>
<td>42</td>
<td>63</td>
<td>2/ 112</td>
</tr>
<tr>
<td>Argentina</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>18</td>
<td>30</td>
<td>154</td>
<td>3/ 4</td>
</tr>
<tr>
<td>Total</td>
<td>85</td>
<td>96</td>
<td>300</td>
<td>417</td>
</tr>
</tbody>
</table>

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 February, and unofficial estimates for succeeding months. 3/ See text.

The supply for export or carry-over in Australia on August 1 is estimated at 112 million bushels compared with 43 million bushels a year earlier. High shipping costs and the great distance from European markets greatly reduced export outlets for Australian wheat.

Supplies available for export or carry-over in Argentina are very small. Computed on the basis of total supplies less domestic consumption until the new crop next January less exports through July, the surplus is negligible. However, in the decree restricting further exports 2/, the

2/ Effective July 29 the Argentine Government prohibited further exports of wheat and flour without permits. It is indicated, however, that permits for exportation would still be issued for sales already made to whatever destination, and for future sales to neighboring countries, provided remaining supplies were adequate for domestic requirements.
Argentine Government placed its exportable surplus at 31 million bushels. If this quantity is available it would appear that either the carry-over or crop, or both, was underestimated. The Argentine surplus a year ago was 154 million bushels (table 5).

Prices at Buenos Aires decline; at Winnipeg remain at peg

The October futures at Buenos Aires averaged about 6 cents lower for the week ended August 17 than for that ended July 20. Minimum prices in Argentine markets were abolished on August 19, and prices declined from the peg of 70 cents to 62 1/2 cents on August 23. Prices at Winnipeg have remained at the pegged level during the past month.

Table 7: Average closing price of September wheat futures, specified markets and dates, 1939 and 1940

<table>
<thead>
<tr>
<th>Period</th>
<th>Winnipeg</th>
<th>Liverpool</th>
<th>Buenos Aires</th>
<th>Chicago</th>
<th>Kansas</th>
<th>Minneapolis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apr.</td>
<td>62.8</td>
<td>84.7</td>
<td>63.3</td>
<td>---</td>
<td>---</td>
<td>69.0</td>
</tr>
<tr>
<td>May</td>
<td>66.6</td>
<td>76.0</td>
<td>64.6</td>
<td>---</td>
<td>---</td>
<td>74.8</td>
</tr>
<tr>
<td>June</td>
<td>61.8</td>
<td>68.5</td>
<td>60.4</td>
<td>---</td>
<td>---</td>
<td>73.5</td>
</tr>
<tr>
<td>July</td>
<td>54.3</td>
<td>66.9</td>
<td>55.0</td>
<td>---</td>
<td>---</td>
<td>66.3</td>
</tr>
<tr>
<td>Week ended</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>July 6</td>
<td>58.8</td>
<td>66.9</td>
<td>58.1</td>
<td>2/</td>
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1/ October futures. Conversions at noon buying rate of exchange 1939; 1940 Winnipeg 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/ August futures.

3/ July 6-August 17, 1940 and corresponding dates, 1939.

FEATURES OF CANADA'S WHEAT POLICY

The storage of the 1940 wheat crop in Canada will be difficult. With the prospect of a wheat crop in the neighborhood of 490 million bushels added to a 300 million-bushel August 1 carry-over of old wheat, Canada's regular storage space is considerably short of being adequate. The present net storage space, after deducting 10 percent for working space, is estimated
at about 380 million bushels. To this can be added temporary facilities for handling 30 million bushels and the storage of about 20 million bushels in United States terminal elevators. The 430 million-bushel total of these items is far short of being able to take care of the situation, and in order that an equitable use of available storage space may be made by all producers, early deliveries will be limited to 5 bushels per acre. This will also permit all farmers to get full payment for at least a part of their crop before the elevators are filled. Then, as the season advances and the situation is eased, deliveries in larger quantities will be permitted. The Board is authorized to pay farm storage at rates not to exceed 1/45 cent per day.

Other features of the present wheat policy of Canada are: (1) Removal of the 5,000-bushel limitation on deliveries to the Board. (2) The Winnipeg wheat futures market to remain open with pegged prices to continue at or about the present levels. (3) A processing tax of 15 cents per bushel to apply on all wheat used for flour or other wheat products entering domestic human consumption in Canada. (4) Continuation of the payment of minimum prices for carlots of wheat, basis Fort William—Port Arthur, or Vancouver. These are as follows:

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A REVIEW OF WHEAT PRICES IN 1939-40

Domestic wheat prices in 1939-40 averaged higher than a year earlier, influenced by generally expected increased demand for wheat as a result of the war, and by poor crop prospects in Argentina and the United States. Prices received by growers in the United States in 1939-40 averaged 75 cents. This is 19 cents higher than a year earlier and is a greater increase than was the case in British markets. The price of parcels at Great Britain estimated at about 82 cents, converted at current rates of exchange, was only about 11 cents higher than a year earlier.

With the 1939 domestic crop only a little larger than the annual domestic disappearance, with a large proportion of the wheat held off the market

10/ Simple average of 12 months for both United States and British prices. British prices computed on the basis of prices in exporting countries and conveyed ocean freight after September 2, 1939, when British markets were closed. The weighted average price to United States growers was 70.2 (see page ).

11/ British Parcels in shillings per 480 pounds computed for 1939-40 were 31.80 compared with 24.01 in 1938-39; in cents per bushel converted at par adjusted by Sauerbeck index they were 70 in 1939-40 and 68 in 1938-39.
under loan, and the export-aid program continued, domestic wheat prices in 1939-40 held well above world export levels. The export indemnity necessary to move round lots of wheat to Europe varied from about 20 to 35 cents.

Wheat prices advanced with war and poor crop prospects

Wheat prices in both the United States and other export countries advanced precipitously the first of September 1939 following the declaration of war in Europe. During September, October, and November prices in Canada declined as a result of free selling of the large Argentine surplus by the Grain Board. While prices in Canada lost more than one-half of their early September gain by early October (after which they continued at about the same level until late November), prices in the United States by early October lost only about one-third of their early September gain, and this was regained by the last of October and November as a result of serious deterioration which had been developing in United States winter wheat prospects.

From late November to the middle of December prices in both the United States and Canada again advanced as a result of severe crop damage in Argentina and a change in the Argentina selling policy, and also as a result of continued drought in the United States winter wheat area. In January prices reacted to the extreme advance in December, but from then until about the middle of April prices tended gradually upward, influenced by the waning of hopes for an early peace and by pessimistic crop news from Europe. During the last half of April and early May domestic winter wheat prospects improved and prices weakened. Following the invasion of Belgium and Holland on May 10, there was a very temporary price advance but then prices broke precipitously. Capitulation was so rapid that traders who had been holding for war gains liquidated their large holdings. Price levels then were moderately higher than a year earlier. Total world prospective supplies had been decreased, and the price effect of export supplies in Australia and India has been diminished because of difficulties involved in shipping. From the middle of May on, prices declined toward the new domestic crop basis. Improvement in winter wheat prospects in the United States contributed to the extent of the decline, but a part of the effect of this development was offset by the stabilizing effect of fixed prices in Winnipeg and Buenos Aires.

Prices in 1939-40 advantageous to those who held wheat

Price developments in 1939-40 were generally advantageous to growers who stored their wheat 12/. In July and August wheat prices at Kansas City and Minneapolis averaged 9 to 12 cents below loan values. In September, October, and November, prices at Kansas City averaged about 8 cents above loan values while those at Minneapolis averaged about 4 cents above loan values. After the sharp advance in December, prices at Kansas City for the 5 months, December-April, averaged 24 cents above loan values, and those at Minneapolis for the same period averaged about 18 cents above loan values.

12/ Except for farm wheat resealed or taken over by the Commodity Credit Corporation April 30, all wheat loans were liquidated by April 30, 1939.
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Notes:
1. Years 1934-35 omitted in averages because supplies were abnormally small.
2. Preliminary.
3. New data in commercial and merchant mill stocks prior to July 1, 1937 in figures for years and in the average.
4. From reports of Foreign and Domestic Commerce of the United States. Exports are regular exports plus shipments to Alaska, Hawaii, and Puerto Rico, and include wheat, and flour made wholly of domestic wheat.
5. Balancing item.
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1/ Includes flour milled from Canadian wheat. 2/ Includes Mexico, Panama, Cuba, Brazil, Chile, Peru, and Venezuela for all years, and Haiti and Colombia from 1931 to 1938. 3/ Includes Hong Kong, Kwantung, and Chosen. 4/ Less than 500,000 bushels.
Table 10.-United States domestic exports of wheat by specified countries, semi-annually, beginning July 1937

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<th>1939-40</th>
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<td>1,000 bushels</td>
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1/ Preliminary.
2/ Trade data for Germany include Austria beginning May 6, 1938; Sudeten area as far as ascertainable beginning November 10, 1938; Czecho-Slovak provinces occupied by Germany, beginning March 18 or 19, 1939, and Memel beginning March 25, 1939.
3/ Less than 500 bushels.

Compiled from official records of the Bureau of Foreign and Domestic Commerce.
Table 11.- United States exports of wheat flour, made wholly from United States wheat, to specified countries, semi-annually, beginning July 1937

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<td>United Kingdom</td>
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<td>Costa Rica</td>
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<td>Nicaragua</td>
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<td>Panama 3/</td>
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1/ Preliminary.
2/ To convert to wheat equivalent multiply by 4.7.
3/ Includes Republic of Panama and Canal Zone.
Table 12.- Wheat: Imports into the United States for domestic utilization and for grinding in bond and export, 1923-38

<table>
<thead>
<tr>
<th>Year beginning July</th>
<th>Full duty wheat</th>
<th>Wheat unfit for human consumption</th>
<th>Total imports</th>
<th>Flour in terms of wheat</th>
<th>For grinding in bond</th>
<th>Flour: For grinding in bond, 1923-38</th>
</tr>
</thead>
<tbody>
<tr>
<td>1923</td>
<td>13,783,423</td>
<td>-</td>
<td>13,783,423</td>
<td>794,920</td>
<td>13,904,377</td>
<td></td>
</tr>
<tr>
<td>1924</td>
<td>272,548</td>
<td>-</td>
<td>272,548</td>
<td>31,575</td>
<td>5,813,353</td>
<td></td>
</tr>
<tr>
<td>1925</td>
<td>1,661,943</td>
<td>-</td>
<td>1,661,943</td>
<td>81,804</td>
<td>13,421,480</td>
<td></td>
</tr>
<tr>
<td>1926</td>
<td>46,808</td>
<td>-</td>
<td>46,808</td>
<td>28,463</td>
<td>13,171,683</td>
<td></td>
</tr>
<tr>
<td>1927</td>
<td>161,297</td>
<td>-</td>
<td>161,297</td>
<td>26,926</td>
<td>15,043,679</td>
<td></td>
</tr>
<tr>
<td>1928</td>
<td>79,136</td>
<td>-</td>
<td>79,136</td>
<td>12,234</td>
<td>22,480,962</td>
<td></td>
</tr>
<tr>
<td>1929</td>
<td>44,607</td>
<td>-</td>
<td>44,607</td>
<td>8,004</td>
<td>12,903,364</td>
<td></td>
</tr>
<tr>
<td>1930</td>
<td>40,756</td>
<td>307,336</td>
<td>348,092</td>
<td>5,461</td>
<td>19,013,900</td>
<td></td>
</tr>
<tr>
<td>1931</td>
<td>6,057</td>
<td>-</td>
<td>6,057</td>
<td>1,278</td>
<td>12,878,851</td>
<td></td>
</tr>
<tr>
<td>1932</td>
<td>5,767</td>
<td>1,354</td>
<td>7,121</td>
<td>3,201</td>
<td>9,372,151</td>
<td></td>
</tr>
<tr>
<td>1933</td>
<td>143,546</td>
<td>5,739</td>
<td>149,385</td>
<td>3,882</td>
<td>11,341,052</td>
<td></td>
</tr>
<tr>
<td>1934</td>
<td>5,905,320</td>
<td>8,146,044</td>
<td>14,051,364</td>
<td>18,048</td>
<td>11,064,092</td>
<td></td>
</tr>
<tr>
<td>1935</td>
<td>25,282,519</td>
<td>9,205,128</td>
<td>34,487,647</td>
<td>123,366</td>
<td>11,978,659</td>
<td></td>
</tr>
<tr>
<td>1936</td>
<td>30,205,430</td>
<td>4,057,016</td>
<td>34,262,446</td>
<td>192,606</td>
<td>13,468,667</td>
<td></td>
</tr>
<tr>
<td>1937</td>
<td>597,776</td>
<td>4,150</td>
<td>601,926</td>
<td>31,683</td>
<td>2,819,031</td>
<td></td>
</tr>
<tr>
<td>1938</td>
<td>39,086</td>
<td>206,969</td>
<td>246,055</td>
<td>25,399</td>
<td>8,988,542</td>
<td></td>
</tr>
<tr>
<td>1939</td>
<td>66,595</td>
<td>4/</td>
<td>86,284</td>
<td>121,481</td>
<td>9,939,089</td>
<td></td>
</tr>
</tbody>
</table>

Imports for consumption from United States Tariff Commission, July 1923 to December 1933, and from Bureau of Foreign and Domestic Commerce, January 1934 to date.

1/ Beginning June 18, 1930, a new classification, wheat unfit for human consumption, was introduced by the 1930 Tariff Act.

2/ Wheat for grinding in bond for export, which enters duty free. Beginning June 18, 1930, includes wheat ground into flour in bond for export to Cuba, a new classification in the 1930 Act. From June 18, 1930 to September 3, 1936 the duty on this wheat equaled the reduction in Cuban duty and the reduction in the consumption tax applicable by treaty to such flour imported into Cuba. On September 3, 1936 the consumption tax was repealed.

3/ General imports prior to July 1934, subsequently imports for consumption. Beginning July 1934, excludes flour imported free for export in manufactured foods.

4/ Effective January 1, 1939, the new trade agreement with Canada reduced the tariff to 5 percent ad valorem on "wheat unfit for human consumption."
Table 13.- Movement of wheat, including flour, from principal exporting countries, 1936-37 to 1940-41

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>bushels</td>
<td>bushels</td>
<td>bushels</td>
<td>bushels</td>
<td>bushels</td>
<td>bushels</td>
</tr>
<tr>
<td>United States 1/</td>
<td>4,179</td>
<td>43,354</td>
<td>2,725</td>
<td>2,725</td>
<td>2,725</td>
<td>2,725</td>
</tr>
<tr>
<td>Canada</td>
<td>213,028</td>
<td>94,546</td>
<td>159,855</td>
<td>94,546</td>
<td>159,855</td>
<td>159,855</td>
</tr>
<tr>
<td>Australia</td>
<td>97,712</td>
<td>123,453</td>
<td>96,685</td>
<td>58,949</td>
<td>58,949</td>
<td>58,949</td>
</tr>
<tr>
<td>Soviet Union</td>
<td>5,266</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td>Hungary</td>
<td>27,428</td>
<td>9,368</td>
<td>27,660</td>
<td>6,994</td>
<td>18,442</td>
<td>30,219</td>
</tr>
<tr>
<td>Yugoslavia</td>
<td>17,954</td>
<td>5,012</td>
<td>5,346</td>
<td>4,536</td>
<td>4,079</td>
<td>6,660</td>
</tr>
<tr>
<td>Rumania</td>
<td>36,258</td>
<td>32,100</td>
<td>43,940</td>
<td>28,902</td>
<td>31,247</td>
<td>27,037</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>7,275</td>
<td>8,189</td>
<td>2,633</td>
<td>5,632</td>
<td>179</td>
<td>4,749</td>
</tr>
<tr>
<td>British India</td>
<td>16,571</td>
<td>19,677</td>
<td>10,097</td>
<td>12,762</td>
<td>8,900</td>
<td>2,368</td>
</tr>
<tr>
<td>Total</td>
<td>605,266</td>
<td>512,973</td>
<td>616,136</td>
<td>54,274</td>
<td>June 30</td>
<td></td>
</tr>
</tbody>
</table>

Shipments as given by trade sources:

<table>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>bushels</td>
<td>bushels</td>
<td>bushels</td>
<td>bushels</td>
<td>bushels</td>
<td>bushels</td>
<td>bushels</td>
</tr>
<tr>
<td>North America 4/</td>
<td>245,896</td>
<td>207,352</td>
<td>3,430</td>
<td>2,319</td>
<td>3,598</td>
<td>29,984</td>
<td>23,367</td>
</tr>
<tr>
<td>Argentina</td>
<td>114,425</td>
<td>173,776</td>
<td>3,648</td>
<td>2,230</td>
<td>2,306</td>
<td>21,840</td>
<td>21,029</td>
</tr>
<tr>
<td>Australia</td>
<td>102,116</td>
<td>5,000</td>
<td>5,000</td>
<td>5,000</td>
<td>5,000</td>
<td>5,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Soviet Union</td>
<td>39,924</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1,344</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Danube &amp; Bulgaria:</td>
<td>52,643</td>
<td>39,616</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>5,304</td>
<td>560</td>
</tr>
<tr>
<td>British India 5/</td>
<td>10,097</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total above</td>
<td>564,453</td>
<td>450,784</td>
<td>67,524</td>
<td>44,986</td>
<td>44,986</td>
<td>44,986</td>
<td>44,986</td>
</tr>
<tr>
<td>Total European</td>
<td>450,784</td>
<td>450,784</td>
<td>450,784</td>
<td>450,784</td>
<td>450,784</td>
<td>450,784</td>
<td>450,784</td>
</tr>
<tr>
<td>Total ex-European</td>
<td>146,760</td>
<td>146,760</td>
<td>146,760</td>
<td>146,760</td>
<td>146,760</td>
<td>146,760</td>
<td>146,760</td>
</tr>
</tbody>
</table>

1/ Includes flour milled in bond from foreign wheat.
2/ From official sources, through December, supplemented by unofficial estimates for the following 6 months.
4/ From Broomhall's Corn Trade News.
5/ Official exports reported through February 1940 only. Not available subsequently.
6/ Black Sea shipments only.
7/ Official.
Table 14.— Shipments of wheat, including flour from principal exporting countries for the fiscal year 1938-39 and specified dates 1939 and 1940

<table>
<thead>
<tr>
<th>Period</th>
<th>Argentina</th>
<th>Australia</th>
<th>Danube</th>
<th>North America</th>
</tr>
</thead>
<tbody>
<tr>
<td>July-June</td>
<td>114,272</td>
<td>173,776</td>
<td>102,116</td>
<td>1/41,684</td>
</tr>
</tbody>
</table>

Week ended:

<table>
<thead>
<tr>
<th>Date</th>
<th>1939</th>
<th>1940</th>
<th>1939</th>
<th>1940</th>
<th>1939</th>
<th>1940</th>
<th>1939</th>
<th>1940</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 6</td>
<td>4,372</td>
<td>3,409</td>
<td>1,468</td>
<td>2/</td>
<td>624</td>
<td>232</td>
<td>5,368</td>
<td>3,185</td>
</tr>
<tr>
<td>13</td>
<td>3,660</td>
<td>2,726</td>
<td>1,860</td>
<td>2/</td>
<td>1,240</td>
<td>216</td>
<td>2,840</td>
<td>4,194</td>
</tr>
<tr>
<td>20</td>
<td>2,276</td>
<td>2,771</td>
<td>1,108</td>
<td>2/</td>
<td>736</td>
<td>64</td>
<td>4,056</td>
<td>2,683</td>
</tr>
<tr>
<td>27</td>
<td>2,076</td>
<td>3,339</td>
<td>1,696</td>
<td>2/</td>
<td>2,072</td>
<td>18</td>
<td>3,112</td>
<td>3,958</td>
</tr>
<tr>
<td>Aug. 3</td>
<td>3,240</td>
<td>3,648</td>
<td>830</td>
<td>2/</td>
<td>312</td>
<td>0</td>
<td>3,920</td>
<td>3,430</td>
</tr>
<tr>
<td>10</td>
<td>3,544</td>
<td>2,230</td>
<td>880</td>
<td>2/</td>
<td>152</td>
<td>0</td>
<td>4,256</td>
<td>2,319</td>
</tr>
<tr>
<td>17</td>
<td>2,672</td>
<td>2,906</td>
<td>1,160</td>
<td>2/</td>
<td>168</td>
<td>0</td>
<td>5,632</td>
<td>3,598</td>
</tr>
</tbody>
</table>

Compiled from Brookhail's Corn Trade News.
1/ Official exports, July-February, compared with 58,949,000 bushels in the same period of 1938-39.
2/ Not available.

Table 15.— Percentage of hard red, and soft red winter wheat in specified grades, 1939-40

(Based on inspected receipts at representative markets, July 1 to July 31)

<table>
<thead>
<tr>
<th>Item</th>
<th>Hard Red Winter wheat</th>
<th>Soft Red Winter wheat</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sub-class</td>
<td>1939</td>
</tr>
<tr>
<td></td>
<td>Percent</td>
<td>Percent</td>
</tr>
<tr>
<td>Dk. Hd.</td>
<td>44</td>
<td>58</td>
</tr>
<tr>
<td>Hard</td>
<td>55</td>
<td>42</td>
</tr>
<tr>
<td>Yellow H.</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Grade</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>Sample</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Special Grades</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Tough</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Light Smutty</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Smutty</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Light Garlicky</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Garlicky</td>
<td>17</td>
<td>20</td>
</tr>
</tbody>
</table>
THE RYE SITUATION

A rye crop of 37.5 million bushels is indicated for this year, according to the estimate of the Crop Reporting Board on August 1, compared with 39.2 million bushels last year and the 10-year (1929-38) average production of 38.1 million bushels. The current estimate is 6 million bushels larger than the estimate in July. The acreage for harvest is 3.1 million acres, which is 19 percent less than last year and 5 percent below the 10-year average. All of the States with large acreages show declines from a year ago. Both the acreage and production of rye this year are the lowest since 1936. The indicated yield per harvested acre is 12.1 bushels compared with 10.3 bushels last year and 11.4 bushels the 10-year (1929-38) average. A large proportion of the crop reached maturity in advance of the severe heat wave that occurred during the latter part of July. In Montana and other States of the Rocky Mountain region, where the crop reaches maturity a little later, yields were reduced slightly by the high temperatures. In that area, yields per acre as reported are near the 10-year average. Elsewhere throughout the rye-producing area they are well above average except in Nebraska and Kansas. The quality of the grain is generally very good in the important States from North Dakota and South Dakota eastward.

The United States stocks of rye at the beginning of the 1940-41 marketing year are estimated at 21 million bushels. A year ago the carry-over was 23 million bushels. With a crop indicated at 37 million bushels, the total supply of rye for the 1940-41 season will amount to 58 million bushels, compared with 62 million bushels a year earlier, and the 1935-39 average of 61 million bushels (table 16). The apparent disappearance of rye in 1939-40 was 41 million bushels, or about the same as a year earlier and about 7 million bushels less than the 1935-39 average. During 1935-39, of the average total disappearance of 43 million bushels, it is estimated that 9 million bushels were used for food, 9 million bushels for distilled spirits, 10 million bushels for seed, and 15 million bushels for feed.

Exports of rye from the United States in 1939-40 totaled less than 1 million bushels (figure 7). Exports in 1940-41 will be even less if the European countries, including Belgium, Denmark, The Netherlands, and Norway, which usually import rye from the United States, continue to be blockaded.

Although supplies of rye in 1939-40 were about the same as a year earlier, prices were considerably higher. This was largely the result of the strength of wheat prices, and the placing of about 1.5 million bushels of rye under loan. Prices in July 1940 were above those of a year ago, largely because the rye loan was not announced until July 26 last year, whereas this year it was announced May 22. Recent prices are about the same as a year ago. Average prices received by farmers are shown annually 1900-1939 in the table accompanying figure 7, monthly, July 1935 to July 1940 in table 17, and weighted average prices of No. 2 rye at Minneapolis July 1935 to July 1940 in table 18.
Rye: Acreage, yield per acre, production, net exports or imports, and price received by farmers, United States, 1900-40

<table>
<thead>
<tr>
<th>Year</th>
<th>Acreage harvested</th>
<th>Yield per acre</th>
<th>Production</th>
<th>Net exports</th>
<th>Price received by farmers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,000 acres</td>
<td>1,000 bushels</td>
<td>1,000 bushels</td>
<td>Cents per bushel</td>
<td></td>
</tr>
<tr>
<td>1900</td>
<td>2,127</td>
<td>12.9</td>
<td>27,413</td>
<td>2,145</td>
<td>53.2</td>
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<tr>
<td>1901</td>
<td>2,409</td>
<td>12.8</td>
<td>30,773</td>
<td>2,712</td>
<td>56.5</td>
</tr>
<tr>
<td>1902</td>
<td>2,744</td>
<td>13.9</td>
<td>33,862</td>
<td>5,864</td>
<td>50.8</td>
</tr>
<tr>
<td>1903</td>
<td>2,260</td>
<td>12.8</td>
<td>26,452</td>
<td>751</td>
<td>56.5</td>
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<td>2,205</td>
<td>12.9</td>
<td>24,061</td>
<td>9</td>
<td>64.8</td>
</tr>
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<td>2,257</td>
<td>13.6</td>
<td>31,173</td>
<td>1,177</td>
<td>61.1</td>
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<tr>
<td>1906</td>
<td>2,154</td>
<td>13.7</td>
<td>29,609</td>
<td>769</td>
<td>58.9</td>
</tr>
<tr>
<td>1907</td>
<td>2,075</td>
<td>13.6</td>
<td>28,247</td>
<td>2,143</td>
<td>72.1</td>
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<td>2,130</td>
<td>13.9</td>
<td>28,590</td>
<td>1,285</td>
<td>74.5</td>
</tr>
<tr>
<td>1909</td>
<td>2,212</td>
<td>13.6</td>
<td>30,065</td>
<td>1,012</td>
<td>74.6</td>
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<tr>
<td>1910</td>
<td>2,262</td>
<td>12.9</td>
<td>29,098</td>
<td>7/3</td>
<td>74.4</td>
</tr>
<tr>
<td>1911</td>
<td>2,452</td>
<td>12.8</td>
<td>31,135</td>
<td>7/3</td>
<td>81.0</td>
</tr>
<tr>
<td>1912</td>
<td>2,728</td>
<td>13.9</td>
<td>37,311</td>
<td>1,898</td>
<td>68.7</td>
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<td>1913</td>
<td>3,089</td>
<td>13.1</td>
<td>40,390</td>
<td>2,235</td>
<td>62.9</td>
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<td>1914</td>
<td>3,144</td>
<td>13.4</td>
<td>42,120</td>
<td>12,860</td>
<td>83.3</td>
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<tr>
<td>1915</td>
<td>3,417</td>
<td>13.7</td>
<td>46,752</td>
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<td>3,626</td>
<td>12.2</td>
<td>43,089</td>
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<td>113.0</td>
</tr>
<tr>
<td>1917</td>
<td>5,068</td>
<td>11.9</td>
<td>60,721</td>
<td>16,342</td>
<td>176.4</td>
</tr>
<tr>
<td>1918</td>
<td>6,994</td>
<td>12.5</td>
<td>85,443</td>
<td>37,829</td>
<td>152.1</td>
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<tr>
<td>1919</td>
<td>7,168</td>
<td>11.0</td>
<td>76,659</td>
<td>40,674</td>
<td>104.5</td>
</tr>
<tr>
<td>1920</td>
<td>6,285</td>
<td>12.6</td>
<td>81,913</td>
<td>46,856</td>
<td>114.8</td>
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<td>1921</td>
<td>4,551</td>
<td>12.6</td>
<td>61,623</td>
<td>28,244</td>
<td>84.0</td>
</tr>
<tr>
<td>1922</td>
<td>6,757</td>
<td>14.9</td>
<td>100,386</td>
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<td>63.8</td>
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<tr>
<td>1923</td>
<td>4,556</td>
<td>11.3</td>
<td>56,961</td>
<td>19,300</td>
<td>55.3</td>
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<td>1924</td>
<td>3,943</td>
<td>14.8</td>
<td>58,345</td>
<td>50,291</td>
<td>95.2</td>
</tr>
<tr>
<td>1925</td>
<td>3,400</td>
<td>11.1</td>
<td>42,316</td>
<td>12,644</td>
<td>79.3</td>
</tr>
<tr>
<td>1926</td>
<td>3,319</td>
<td>10.2</td>
<td>34,850</td>
<td>22,697</td>
<td>67.1</td>
</tr>
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<td>1927</td>
<td>3,558</td>
<td>11.8</td>
<td>51,076</td>
<td>26,346</td>
<td>85.8</td>
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<tr>
<td>1928</td>
<td>3,310</td>
<td>11.5</td>
<td>37,310</td>
<td>9,487</td>
<td>83.6</td>
</tr>
<tr>
<td>1929</td>
<td>3,330</td>
<td>11.3</td>
<td>35,882</td>
<td>2,999</td>
<td>85.7</td>
</tr>
<tr>
<td>1930</td>
<td>3,638</td>
<td>12.4</td>
<td>45,068</td>
<td>139</td>
<td>84.5</td>
</tr>
<tr>
<td>1931</td>
<td>3,582</td>
<td>12.4</td>
<td>45,457</td>
<td>908</td>
<td>84.1</td>
</tr>
<tr>
<td>1932</td>
<td>3,531</td>
<td>11.8</td>
<td>39,424</td>
<td>304</td>
<td>86.1</td>
</tr>
<tr>
<td>1933</td>
<td>4,126</td>
<td>8.9</td>
<td>31,114</td>
<td>/-11,249</td>
<td>62.7</td>
</tr>
<tr>
<td>1934</td>
<td>2,015</td>
<td>6.4</td>
<td>17,070</td>
<td>/-11,249</td>
<td>71.8</td>
</tr>
<tr>
<td>1935</td>
<td>4,191</td>
<td>14.2</td>
<td>58,974</td>
<td>-2,457</td>
<td>39.5</td>
</tr>
<tr>
<td>1936</td>
<td>2,132</td>
<td>9.1</td>
<td>25,319</td>
<td>-2,457</td>
<td>80.5</td>
</tr>
<tr>
<td>1937</td>
<td>3,840</td>
<td>13.0</td>
<td>48,030</td>
<td>6,578</td>
<td>67.4</td>
</tr>
<tr>
<td>1938</td>
<td>4,021</td>
<td>12.8</td>
<td>55,564</td>
<td>748</td>
<td>82.4</td>
</tr>
<tr>
<td>1939</td>
<td>3,501</td>
<td>10.3</td>
<td>39,425</td>
<td>732</td>
<td>41.2</td>
</tr>
<tr>
<td>1940</td>
<td>3,062</td>
<td>12.1</td>
<td>37,190</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1/ From reports of Foreign and Domestic Commerce of the United States. Includes flour.
2/ December 1 farm price, 1900-1907.
3/ Net imports.
4/ Preliminary.

Figure 7
Rye production in 1940 was only slightly less than in 1939, somewhat above average yields, compared with relatively low yields a year earlier, affecting a reduction in acreage. Reduced production in 1939 compared with a year earlier was associated with an improvement in price.
Table 16.- Rye: Supply and distribution, United States, 1935-40

<table>
<thead>
<tr>
<th>Year beginning</th>
<th>Supply</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Stocks</td>
<td>Total</td>
</tr>
<tr>
<td>July</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1935</td>
<td>8,560</td>
<td>2,723</td>
</tr>
<tr>
<td>1936</td>
<td>6,379</td>
<td>15,920</td>
</tr>
<tr>
<td>1937</td>
<td>1,406</td>
<td>4,480</td>
</tr>
<tr>
<td>1938</td>
<td>1,000</td>
<td>8,699</td>
</tr>
<tr>
<td>1939</td>
<td>7,784</td>
<td>15,812</td>
</tr>
<tr>
<td>1940</td>
<td>9,500</td>
<td>11,268</td>
</tr>
</tbody>
</table>

1/ Less than 500 bushels.

Table 17.- Average price per bushel of rye received by farmers, United States, 1935-40 1/

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1935</td>
<td>36.0 35.5 36.5 42.1 40.4 40.0 41.4 44.4 42.9 40.6 40.6 43.8 39.5</td>
</tr>
<tr>
<td>1936</td>
<td>51.1 75.1 79.5 80.4 81.5 90.0 97.9 98.9 95.8 99.9 96.0 85.3 80.9</td>
</tr>
<tr>
<td>1937</td>
<td>81.0 70.6 68.1 63.8 60.8 59.2 64.1 63.4 58.7 52.2 49.8 46.0 67.4</td>
</tr>
<tr>
<td>1938</td>
<td>41.1 32.4 32.9 32.3 32.1 32.3 34.7 33.3 32.9 33.0 36.4 39.1 33.3</td>
</tr>
<tr>
<td>1939</td>
<td>34.3 34.2 44.0 45.1 44.6 52.3 56.7 55.7 55.6 57.1 52.4 40.3 34.1</td>
</tr>
<tr>
<td>1940</td>
<td>36.4</td>
</tr>
</tbody>
</table>

Compiled from reports of the Agricultural Marketing Service based on returns from special price reporters. Monthly prices, by States, weighted by production to obtain a price for the United States; average for the year obtained by weighting State price averages for the crop marketing season.

2/ Prices include unredeemed rye at average loan values.
3/ Preliminary; final figure will be somewhat higher.
Table 18. Rye, No. 2: Weighted average price per bushel of reported cash sales, Minneapolis, by months, 1935-40 1/

<table>
<thead>
<tr>
<th>Year</th>
<th>Jul</th>
<th>Aug</th>
<th>Sept</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>June</th>
</tr>
</thead>
<tbody>
<tr>
<td>1935</td>
<td>48.1</td>
<td>45.0</td>
<td>46.5</td>
<td>51.9</td>
<td>48.6</td>
<td>49.0</td>
<td>53.5</td>
<td>56.9</td>
<td>52.1</td>
<td>49.7</td>
<td>51.7</td>
<td>58.2</td>
</tr>
<tr>
<td>1936</td>
<td>75.0</td>
<td>82.5</td>
<td>86.7</td>
<td>85.1</td>
<td>91.6</td>
<td>109.9</td>
<td>113.2</td>
<td>110.6</td>
<td>109.0</td>
<td>112.4</td>
<td>108.9</td>
<td>99.5</td>
</tr>
<tr>
<td>1937</td>
<td>86.2</td>
<td>77.3</td>
<td>77.9</td>
<td>74.0</td>
<td>68.5</td>
<td>69.8</td>
<td>75.9</td>
<td>74.4</td>
<td>66.9</td>
<td>61.0</td>
<td>58.0</td>
<td>55.5</td>
</tr>
<tr>
<td>1938</td>
<td>48.4</td>
<td>40.8</td>
<td>40.5</td>
<td>41.5</td>
<td>40.2</td>
<td>42.9</td>
<td>46.1</td>
<td>45.2</td>
<td>43.1</td>
<td>43.1</td>
<td>50.9</td>
<td>50.0</td>
</tr>
<tr>
<td>1939</td>
<td>43.1</td>
<td>41.7</td>
<td>52.7</td>
<td>52.1</td>
<td>51.0</td>
<td>66.9</td>
<td>70.3</td>
<td>66.5</td>
<td>69.5</td>
<td>58.8</td>
<td>44.9</td>
<td>55.9</td>
</tr>
<tr>
<td>1940</td>
<td>43.9</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Compiled from Minneapolis Daily Market Record. Average of daily prices weighted by car-lot sales.


WHERE TO FIND STATISTICS ON THE WHEAT SITUATION NOT INCLUDED IN THIS ISSUE: 13/

THE WORLD WHEAT SITUATION
Supply and distribution
Averages 1924-28, 1928-37, annual 1914, 1937...
Acreage and production
Production in specified countries, 1936-38...
Production in specified countries, 1939 (text)...
Winter wheat acreage sown in specific countries...
International trade
International trade in wheat flour, 1909-38...
World shipments to Europe and non-Europe, averages 1910-14, 1930-34, and annual...

THE DOMESTIC WHEAT SITUATION
Supply and distribution
All wheat, averages 1910-14, 1924-28, 1928-37, annual, 1913-16, 1937...
Production
Classes, 1919-39...
Stocks
January 1, 1936-40...
Price and income
Sales, price per bushel, and cash income, 1910-39
Average price received by farmers in the United States, 1908-39...

13/ This issue contains tables used most frequently.