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THE WORLD WHEAT SITUATION

With winter wheat crops in the developing stage in the United States and Europe and spring wheat sowing under way in many European countries, in Canada and the United States, the world wheat market becomes increasingly sensitive to meteorological data and favourable or unfavourable climatic conditions over production areas. The 1932 wheat crops of the world are therefore being watched with interest at the present moment and will be for the next few months. Crop development between now and the end of July will be the basic factor in building up a new statistical position which will govern in a large measure the market outlook for the new crop year that lies ahead.

The most important development of the past month has undoubtedly been the crystallization of opinion that the 1932 winter wheat crop in the United States is far below normal and gives promise of a greatly reduced outturn compared with last year and in fact, compared with recent years.

On April 8th, 1932, the United States Department of Agriculture issued a report dealing with the condition and probable outturn of the 1932 winter wheat crop. The report states -

"A winter wheat crop of 458,000,000 bushels is indicated by condition on April 1. This is 42 per cent below the very large crop of 787,000,000 bushels in 1931, and 17 per cent less than the average of 551,000,000 bushels produced during the five-year period, 1924-1928.

"The condition of winter wheat on April 1 was reported at 75.8 per cent of normal compared with 88.8 per cent on April 1, 1931 and the ten-year average of 80.9 per cent for that date. The April 1 condition and preliminary reports from correspondents indicate an acreage abandonment of nearly 14 per cent for the United States as a whole, which compares with the ten-year average abandonment of 12 per cent.

"The condition is below average in the Great Plains area and in the South Atlantic and Gulf States, and above average in all other sections from the Rockies to the Atlantic Coast. Weather conditions during the fall and winter were generally favourable except in the Great Plains area. In that area, there was a marked shortage of moisture during the fall and winter. In portions of this area the drouth still persists and a rather heavy abandonment of acreage and relatively low yields are indicated. Elsewhere abandonment is expected to be light and better than average yields are in prospect.

"While April 1 is too early for an accurate forecast of final production; an analysis of condition and weather reports indicates a total production of winter wheat of about 458,000,000 bushels. The actual production may vary considerably from this early-season estimate, depending upon whether the effects of future weather up to harvest time prove to be more or less favourable than the average for past years.

"The probable production of hard red winter wheat is reported at about 266,000,000 bushels as compared with 501,000,000 last year; soft red winter wheat, 155,000,000 bushels, compared with 246,000,000 bushels last year and fall-sown white wheat, 37,000,000 bushels compared with 41,000,000 last year."

AN IMPORTANT FACTOR

The winter wheat crop of the United States is the largest winter wheat crop in the world and in 1931 accounted for 65 per cent of the total wheat production of North America. In 1931 this crop exceeded the volume of production in Canada, the Argentine and Australia combined. Therefore any severe contraction in the outturn of the United States winter wheat crop will have an important effect upon the world wheat situation.

Important under normal conditions, the winter wheat crop to the south becomes of far greater importance when evaluated in the light of the existing wheat situation. It cannot be ignored that large accumulated stocks of unsold wheat in the United States have been exceedingly bearish factors during the past three years. These stocks have

been built up as a result of many causes, among which may be mentioned the rather generous yields in recent years culminating in the exceptionally large outturn in 1931 and stabilization measures adopted since the wheat crisis of 1929. In spite of efforts to solve the wheat problem in the United States, the present crop year witnessed even greater difficulties than had hitherto been encountered. The United States commenced the present crop year with a record carry-over of 319 million bushels which added to a production of 892 million bushels in 1931 meant immediately available supplies of 1,211 million bushels of wheat. At best, domestic consumption could only account for about 750 million bushels, leaving a balance of 461 million bushels for which a market eventually had to be found. This in short, is the position the United States has occupied during the present year with the reservation that part of the surplus was firmly held and assurance was given that only limited supplies would be placed on the market during the current crop year. Even if the United States exports on a substantial basis during the coming three months, the carry-over at the end of June will be somewhat over 300 million bushels. While this situation is primarily a problem of the United States, its repercussions have been world wide, and rumoured deviations from the holding and export policy of the Grain Stabilization Corporation have only recently had an evident direct effect in reducing world prices.

In the light of the situation outlined above, the possibilities of a reduced winter wheat crop become increasingly important. If the 1932 crop does not exceed 500 million bushels (which figure allows for a measure of improvement) and if a moderate spring wheat crop of say 225 million bushels is harvested, total wheat production in the United States in 1932 will not entirely cover requirements for domestic consumption. On this basis, during 1932-33, a small part of the accumulated carry-over will likely be consumed in the United States and moderate exports during the 12 month following June 30, 1932, will result in the United States returning to a normal or near normal carry-over on June 30, 1933. These conclusions will of course have to be modified by the measure of improvement or deterioration that takes place during the coming two and one half months. Based upon present knowledge of the situation it is possible to look forward to an improvement in the statistical position of wheat in the United States and in the world at large as a result of the situation that has been described.

EUROPEAN CROPS

Growing crops in Europe are the subject of varying reports but it is too early to offer definite comments upon the European situation. In general it may be said that crops in northern Europe are inclined to be backward, and that crops in central Europe including France, Spain and Germany are in good condition. The Danubian countries report favourable development generally with the exception of Hungary where the condition of the wheat and rye crops is reported as unsatisfactory. European crops are in an early stage of development at the present time and present indications, taking Europe as a whole, point to about an average condition for this time of the year.

RUSSIA

Russia continues to offer a field for speculation among students of the wheat situation. Since it became known late in February that relief measures had to be adopted in areas where crops were poor in 1931, the Russian situation has been attracting attention. A scarcity of domestic supplies following a rather ambitious export program last fall, is no doubt giving concern to Soviet officials. The spring seed collection campaign has been slow and none too successful. On April 2nd our correspondent in London cabled that the seed collection plan had been 73 per cent fulfilled and on April 14th advised that 76.5 per cent of the plan had been carried out whereas it had been originally planned to have all seed collected by March 10th. These figures indicate the difficulty that Russia is experiencing in getting the 1932 production under way rather than any marked reduction in acreage, a state of affairs that will have to await further confirmation.

The following extract from the "Economic Review of the Soviet Union" under date of April 15, 1932, outlines some of the difficulties being experienced in Russia.

"Since the eastern sections of the country suffered considerably from drought last year, a number of the state and collective farms there were unable to provide the necessary seeds for the spring sowing from their own resources. Some also were in need of grain for consumption. For these regions special provisions were made for government loans of grain for sowing and consumption, amounting to 53,500,000 poods (880,000 metric tons) of grain. The regions in which they will be distributed include the Lower and Middle Volga, the Urals, Kazakstan, the Bashkir Republic, West Siberia and the Tatar Republic."

INTERNATIONAL TRADE

World shipments of wheat and wheat flour from August 1, 1931 to April 16, 1932 amounted to 566 million bushels compared with shipments of 534 million bushels for the same period in 1930-31 and 441 million bushels for the corresponding period in 1929-30.

During the first 37 weeks of the present crop year North American shipments have amounted to 226 million bushels compared with 248 million bushels for the same period in 1930-31. The Argentine and Australia to date have shipped 100 and 107 million bushels respectively compared with 71 and 99 million bushels for the same period in 1930-31. Russia has shipped 71 million bushels during the present crop year compared with shipments of 86 million bushels during the same period in 1930-31. The origin of world shipments for the first 37 weeks of 1931-32 and 1930-31 are shown in the following table:

	1931-32	1930-31
	(per cent of total shipments)	
North America	39.8	44.9
Argentine	17.6	12.8
Australia	19.0	18.0
Russia	12.4	15.5
Others	11.2	8.8
	100.0	100.0

Mr. Broomhall estimates world import requirements for the present crop year at 776 million bushels. To date 566 million bushels have been shipped leaving a balance of 210 million bushels still to be shipped to fulfil Mr. Broomhall's estimate. World shipments of wheat and wheat flour for the first 37 weeks of the present crop year have averaged 15,310,000 bushels per week whereas average weekly shipments of 14,000,000 bushels will complete Mr. Broomhall's estimate. It would appear therefore that world shipments will exceed the amount indicated by the foregoing estimate of world import requirements.

THE SOUTHERN HEMISPHERE

The peak movement from the southern hemisphere is now over and it is probable that shipments from this source will be moderate for the balance of the crop year. Taking into account the revised estimate of the 1931 crop and the carry-over at the end of July, 1931, total supplies in the Argentine for the current crop year amounted to 276 million bushels. Allowing for domestic consumption of 90 million bushels and a carry-over of 40 million bushels on July 31, 1932, total available supplies in the Argentine for the present crop year amount to 146 million bushels. During the first 37 weeks of the present crop year shipments have amounted to 100 million bushels, leaving a balance of 46 million bushels still to be shipped in the remaining 15 weeks of the crop year.

In Australia, total supplies for the present crop year - the carry-over at the end of July, 1931 plus the new crop - amounted to 205 million bushels. Allowing for domestic consumption of 50 million bushels, and for a carry-over of 25 million bushels at the end of July, 1932, supplies available for export during the present crop year amounted to 130 million bushels. From August 1, 1931 to April 16, 1932, shipments from Australia have amounted to 107 million bushels, leaving a balance of 23 million bushels to be shipped during the balance of the crop year.

Allowing for normal carry-overs at the end of July, 1932, the Argentine and Australia have about 69 million bushels available for shipment during the balance of the crop year. This figure compares with actual shipments of 127 million bushels from April 16, 1931 to July 31, 1931. It is apparent, therefore that Canada and the United States are in a more favourable position in respect to the world wheat market than at the same time last year. It is equally probable that in the remaining three and one half months of the present crop year that Canada and the United States will play a relatively more important part and the southern hemisphere a relatively less important part than in preceding months. The relatively small supplies of wheat available in the Argentine and Australia for the balance of this year compared with the same period last year are due in part to reduced production and in part to heavier shipments during January, February and March this year compared with last year. In the first three months of 1932 the Argentine and Australia shipped 125 million bushels compared with 103 million bushels for the first three months of 1931.

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THE BALANCE OF THE CROP YEAR

According to Mr. Broomhall's estimate of import requirements there remains to be shipped from April 16 to July 31 some 210 million bushels of wheat and wheat flour. Since Mr. Broomhall estimates world import requirements at 776 million bushels, or about 9 million bushels under world shipments for 1930-31 and since world shipments to date in 1930-31 have exceeded the volume of 1930-31 by about 13 million bushels and since the European market is broader today than at any time during the present crop year, it is more than likely that total world shipments will exceed the figure named by Mr. Broomhall. Only a drastic decline in the volume of world trade in wheat for the remaining 15 weeks of the present crop year can prevent this situation. It is not too much to estimate import requirements for the balance of the crop year at from 225 to 235 million bushels. Of this amount the Argentine and Australia can supply about 70 million bushels leaving 155 million bushels that will have to be largely supplied by Canada and the United States. Balances still to come forward from Russia and the Danube are relatively small. It is apparent therefore that Canada and the United States will have to supply about 150 million bushels during the remaining three and one half months of the present crop year, probably about 75 million bushels from each country.

THE CANADIAN SITUATION

On April 12th, the Dominion Bureau of Statistics issued a report showing the stocks of Canadian grain in all positions as at March 31, 1932. The report showed that stocks of all grains were 179 million bushels less than at the same date in 1931.

Stocks of wheat on March 31, 1932 amounted to 243 million bushels compared with 280 million bushels at the same date last year, or a reduction of 27 million bushels. Stocks of wheat on farms were 35 million bushels smaller than on the same date last year, showing a much smaller volume to be marketed during the last four months of the present crop year as compared with the last four months of 1930-31.

The report estimated that the Canadian carry-over at the end of July, 1932 would be about 104 million bushels, the smallest carry-over since July 31, 1928 and about 30 million bushels less than the carry-over of July 31, 1931. Exports for the remaining four months of the present crop year were estimated at 73 million bushels. In arriving at this estimate the export situation was thoroughly canvassed and particular attention was paid to the bookings at Vancouver for the month of April. Bookings at this port for the present month are high and exceed in volume the total exports of wheat from all ports for the month of April, 1931. Of importance also was the recent rail movement of over one million bushels of wheat from Fort William to Montreal where stocks are relatively low in view of the opening of navigation.

The general statistical position of Canadian wheat supplies continues to compare favourably with that of last year. The carry-over on July 31, 1931 amounted to 134 million bushels while the 1931 crop is estimated at 304 million bushels, making total supplies of 438 million bushels for the present crop year. Preliminary consumption data indicates that 121 million bushels will be consumed in Canada this year, leaving a balance of 316 million bushels available for export and carry-over. For the eight months ending March, exports amounted to 141 million bushels, leaving a balance of 176 million bushels available for export and carry-over at the end of March, 1932, compared with a balance of 214 million bushels available for export and carry-over at the end of March, 1931.

During the past five months cash prices at Winnipeg have averaged higher than for the corresponding months in 1930-31, as shown by the following table: (Monthly averages of daily cash closing quotations for No. 1 Northern Wheat basis in store Fort Arthur and Fort William in cents per bushel)

	1930-31	1931-32		1930-31	1931-32
August.......	92.5	55.1	December.......	55.4	60.6
September....	78.1	53.6	January........	53.9	60.0
October......	72.5	59.9	February.......	59.3	63.2
November.....	64.4	67.3	March..........	56.7	63.1

NOTE:- The present issue of the Monthly Review of the Wheat Situation is accompanied by the second Statistical Supplement in which are included tables which generally appear in the Monthly Review itself.