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LIBRARYWEEKLY SUMMARY OF THE WHEAT SITUATIONMAY 16, 1940International Trade

World shipments for the week ending May 11, 1940 amounted to 7,596,000 bushels compared with 10,465,000 bushels in the previous week and 12,360,000 bushels in the corresponding week last year.

Cumulative world shipments from August 1, 1939 to May 11, 1940 were 386,477,000 bushels compared with 453,800,000 bushels for the same period in 1938-39.

Primary Movement

Primary receipts of wheat for the week ending May 10, 1940 were 1,668,674 bushels compared with the revised figure of 1,413,751 bushels for the previous week and 1,056,368 bushels for the corresponding week a year ago.

Revised cumulative receipts from August 1, 1939 to May 10, 1940 were 389,202,852 bushels compared with 274,175,334 bushels in the same period in 1938-39.

Visible Supply

The visible supply of Canadian wheat on May 10, 1940 was 293,553,956 bushels as compared with 298,448,228 bushels in the previous week and 129,122,973 bushels a year ago.

Export Clearances

Overseas export clearances of Canadian wheat for the week ending May 10, 1940 were 4,672,224 bushels, compared with 3,128,082 bushels for the previous week and 3,280,433 bushels for the corresponding week a year ago.

Imports of Canadian wheat into the United States for consumption and milling in bond for the week ending May 10, 1940 were 73,000 bushels as compared with 225,000 bushels for the previous week and 154,000 bushels for the corresponding week in 1939.

Cumulative overseas clearances plus United States imports of wheat from August 1, 1939 to May 10, 1940 were 128,434,316 bushels, compared with 106,801,286 bushels for the same period in 1938-39.

Prices

The Winnipeg cash closing price of No. 1 Northern on Tuesday, May 14, 1940 was 84 7/8 cents, showing a decrease of 3 3/8 cents from the previous Tuesday's close of 88 1/4 cents.

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## WORLD EVENTS

### 1. Market Conditions

The present week has witnessed one of the most serious breaks on record in Winnipeg and Chicago wheat prices, as Chicago futures plummeted the 10-cent limit on two successive days, and Winnipeg also dropped the 10-cent limit on one of these days. Altogether, between the close on Saturday, May 11, and the close on Wednesday, May 15, the Winnipeg May future declined from 89 3/8 to 74 7/8 cents for a loss of 14 1/2 cents. The July and October futures similarly lost 15 and 15 1/8 cents respectively. The loss was more severe at Chicago, where the May future dropped from \$1.08 3/4 at the close on Saturday to 85 3/4 cents on Wednesday for a loss of 23 cents. The Chicago July and September futures each lost 22 7/8 cents in the same period.

On Thursday, May 16, buying was again in evidence at Winnipeg although the May future closed unchanged, with July up 1/4 cent and October up 1/2 cent. At Chicago the recovery was more pronounced with the May future up 4 1/2 cents and the July and September futures up 3 1/8 and 3 cents.

### 2. Factors Affecting the Decline

The events which created this market situation were initiated by the German invasion and advances in the Netherlands and Belgium. On May 10, the date of the invasion, Chicago rose 3 1/8 cents and Winnipeg 1 5/8 cents, on news of the increased hostilities. The rise at Winnipeg was conservative, however, because Canadian export outlets in the Netherlands and Belgium were jeopardized. These two countries had been the leading neutral importers of Canadian wheat, the Netherlands taking 9,527,031 bushels and Belgium taking 6,775,696 bushels of Canadian wheat and wheat flour in the 8-month period, August 1939 - March 1940.

On Monday, May 13, while the Winnipeg market was closed, the Chicago market sold off in the last hour of trading, partly influenced by the break in security prices, and partly by pessimism over the war developments. During the trading on Tuesday and Wednesday, reports emphasizing the loss of export markets in Europe, and speculation over an earlier-than-expected termination of the war while wheat stocks remained high in exporting countries gave force to the liquidation.

### 3. Statistical Factors

Apart from the influence of war developments, statistical information of the past week has been "bearish" from a market viewpoint. The United States winter wheat crop was officially estimated on May 10 at 459,691,000 bushels, an increase of 33 millions over the official estimate a month earlier, and 18 millions higher than the average of the May 1 private estimates. In Canada, the official acreage intentions report of May 9 indicated a six per cent increase in the intended wheat acreage for 1940, placing the latter at 28,245,900 acres which is a record level.

### 4. Export Sales of Canadian Wheat

This week's precipitous drop in prices induced new export sales of Canadian wheat on a major scale for the first time since April 16. Export sales during the three market days, May 14-16, were estimated at 12,000,000 bushels. The buying was presumably for United Kingdom account.



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