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WHEAT-FLAX-SOYBEAN OUTLOOK



LOOKING AHEAD IN 1947

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WHEAT

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PRICES Prices of wheat received by farmers in the United States advanced to \$1.92 on December 15, 1946, the highest level since 1920, in spite of the third record crop of over one billion bushels. This advance has been due largely to a very heavy export demand, together with high prices for wheat in other wheat-exporting countries, and a shortage of grain cars to move the crop to seaboard. With an average crop in 1947 and a possible decline in export-demand toward the end of the year, farmers can expect wheat prices to decline somewhat with the marketing of the new crop. However, wheat prices are supported at 90 per cent of parity for two years, or through 1948. This will give wheat farmers time to reduce their wheat acreage and production to fit more nearly the reduced demand.

WORLD SUPPLIES Latest reports indicate a world wheat production for 1946, exclusive of China and Russia, of 4.2 billion bushels, the largest wheat crop since 1940—about a fifth larger than that of 1945 and a little larger than the 1935-39 average.

War and postwar demand for food, and short crops in the southern hemisphere, reduced the record world supply of 1,740 million bushels of wheat on July 1, 1943, in four major wheat-exporting countries to 373 million bushels on July 1, 1946. This was the smallest since 1938.

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Because of this low carry-over the supplies of wheat available for consumption during the 1946-47 season total less than 4.6 billion bushels, which is slightly more than a year ago but much less than the unusually high prewar (1933-39) annual average of 5.6 billion bushels.

World wheat imports by deficit countries are expected to continue into late 1947 but perhaps at a reduced rate. Over one billion bushels of wheat are needed in the food-deficit countries during 1946-47. Nearly 75 per cent of this, or 732 million bushels, would have to come from the four chief wheat-exporting countries (Argentina, Australia, Canada, and the United States). This is somewhat less than was exported from those countries in 1945-46 but more than is estimated will be available for export in 1947-48. Shipment, however, will depend on prices and on available foreign exchange. Factors indicating continued import demand are below-average harvests in Europe and other important countries, a desire to build up stocks, and a shortage of rice in the Orient. World import requirements may be expected to support U. S. wheat prices during the first half of 1947.

DOMESTIC SITUATION

U. S. wheat supplies in 1946-47 are estimated at 1,257 million bushels, made up of a carry-over of old wheat on July 1 of 101 million bushels and a new crop of 1,156 million bushels. This crop is the largest on record. The carry-over is the smallest in 20 years, with the exception of 1937. The total supplies available are below those of recent years but one-fourth over the 10-year prewar average. Prospects for the 1947 wheat crop indicate a production of 949 million bushels of winter wheat and, with an average spring wheat crop of 225 million bushels, a total of 1,170 million bushels may be expected.

About 770 million bushels are expected to be used in the United States during the year. About 510 million bushels will be used for food, 180 million bushels for feed, and 88 million bushels for seed. This would leave about 487 million bushels for export and carry-over. A normal carry-over of 234 million bushels would leave about 252 million bushels available for export. Food needs in deficit foreign countries may take more than the estimated 250 million bushels, if cars are available to move the wheat to seaports.

STOCKS

OCTOBER 1 About 314 million bushels of wheat have been consumed since July 1, 1946, leaving a total of 957 million bushels in storage and off the farm on October 1, 1946. Stocks in storage on farms October 1 were the second largest in 21 years, exceeded only by farm stocks on October 1, 1942. This heavy farm storage was due largely to lack of grain cars to move the wheat off the farms into storage in terminals and

mills, together with a belief that wheat prices will advance further. Heavier than normal movement to market has taken place since October 1, reducing wheat stocks on farms to 366 million bushels on January 1, 1947.

MINNESOTA PRODUCTION

Minnesota ranks eleventh as a wheat-producing state on the basis of 1,391,000 acres harvested in 1946, and thirteenth on the basis of production with 27,080,000 bushels. Use of wheat as a nurse crop for new seedings of legumes and grasses may be advisable in 1947 and 1948. Some reduction in wheat acreage may well be made in favor of oil crops. Minnesota's goal for wheat acreage has been set at 1,190,000 acres—15 per cent less than the acres planted in 1946.

FLAX

PRICES Prices received by Minnesota farmers for flax jumped from an average of \$3.79 per bushel to \$6.90 per bushel in November, the highest prices on record, and advanced a nickel more in December. The United States Department of Agriculture announced a support price of \$6.00 per bushel for flaxseed during 1947 as an incentive to increase the acreage and production. Shortage of linseed oil, which is an important ingredient of paints, together with the accumulated demand for paint and paint products may keep flax prices at a rather high level for some time. This demand and also the usefulness of flax as a nurse crop for legumes and grasses suggest that an increased acreage be planted to flax in 1947 and 1948.

WORLD SITUATION

A short supply of oils will not allow paint manufacturers to fill the world's needs for years to come. The destruction in Europe, the extensive building program, and the neglect of maintenance of buildings in the United States have created an unusual demand.

World production of flaxseed in 1946 is estimated at 141.8 million bushels, or 7 per cent above the 1945 crop and 4 per cent above the 1935-39 crop average annual production of 136.8 million bushels. Because of high prices and flax demand, plantings in 1947 are expected to be larger than the 1944-46 average.

DOMESTIC SITUATION

The 1946 production of flax in the United States is estimated at 22,962,000 bushels from 2,430,000 acres, 34 per cent below the 34,557,000 bushels produced the preceding year from 3,785,000 acres.

Estimated requirements for linseed oil in the United States for 1947 and 1948 are 700 million

pounds, which is equivalent to 36.4 million bushels of flaxseed and a gross of 41 million bushels, allowing for seed and dockage loss. Assuming some imports, about 5 million acres of flax should be planted in 1947 in the United States to supply the estimated need for linseed oil.

MINNESOTA SITUATION Minnesota ranked first among the states in acreage and production of flaxseed in 1946 with 886,000 acres producing 9,303,000 bushels of flax. This was 36.5 per cent of the United States acreage and 40.5 per cent of the production.

SOYBEANS

PRICES Price received by farmers for soybeans was \$2.93 per bushel on January 15, 1947, the highest since May 15, 1924. Owing to the unusual shortage of fats and oils, prices for soybeans will likely remain above the support price of 90 per cent of parity during 1947. The parity price of soybeans on January 15 was \$2.06 per bushel.

DOMESTIC SITUATION Soybean production for beans in 1946 reached an all-time high of 197 million bushels, 2.5 per cent over that of 1945, harvested from 9.6 million acres, about one million acres less than was harvested in 1945.

MINNESOTA SITUATION Minnesota produced 10.7 million bushels of soybeans on 610,000 acres and ranks sixth as a soybean-producing state in both acreage and production.

DEMAND Soybeans rank high as a source of edible oil. About 48 per cent of the oil used in oleomargarine production in the second quarter of 1946 was from soybeans. Its nearest competitor is cottonseed, with about 47 per cent of the total. The United States demand for soybean oil for 1947-48 is expected to be 1,370 million pounds. This will require an increase of 90,000 acres of soybeans for 1947 harvest in the United States. A goal of 570,000 acres has been set for Minnesota.

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