With so many uncertainties before him, what should the grower do? Here's the way it looks now to this observer:

First, it will be well to be prepared to store. If you do not have your own storage, you can obtain government credit, if needed, to build it. If you must use commercial storage, shop for an economical deal, since you will have to pay the charges.

Clean and disinfect bins to destroy weevil. After bins are filled, treat for weevil as necessary to prevent damage.

If prices are a few cents below the loan rate at harvest, store your wheat.

If there is no important decline in the crop and prices are a few cents above the loan rate at harvest and you must pay for commercial storage at substantial rates, better sell a fair share of the crop.

If you store and prices do not rise over the loan rate by Jan. 31, 1952, apply for a government loan or purchase agreement.

If you store and prices rise 5 to 15 cents over the loan rate, with no great decline in the supply prospect and no great increase in war tension, do some selling.

Plant a full winter wheat acreage next fall. Use best practices to obtain a high yield. Prices for the 1952 crop are likely to be good.

year ago when it was about 9 percent below prewar.

If exports should be as large as in the last season, total utilization will be about 1,080,000,000 bushels, which is a little more than the present estimate of the crop, so that a small reduction would be made in the carryover. But, stocks would still be about 350,000,000 bushels. Any material change in the crop prospect or in exports from the figure suggested would change the carryover accordingly.

While the total wheat supply promises to be liberal, the "free" supply will depend on how much is impounded in the support program. Probably about half of the July 1 carryover, or around 200,000,000 bushels, is owned by the government. How much of the 1951 crop will be placed under loan will depend on how far prices go below the loan during the crop-moving period and on whether they stay below until the end of the period for loan applications on Jan. 31, 1952.

Last season, prices were over the loan in December and January and probably many farmers who had been waiting did not apply for loans. Only about 195,000,000 bushels were tied up in loans and purchase agreements. Lack of a storage allowance on farm-stored wheat or a storage payment on wheat put in commercial storage reduces the incentive to place wheat under loan this year.

Speculative and storage demand for wheat may be somewhat weaker in the next six or eight months than a year previous when fear that war might spread and inflation encouraged stocking up by mills, bakers and flour wholesalers as well as outright speculative buying. Governments, including our own, sought to build up reserves. Now, peace talk abounds, inflation has lost some of its punch and, instead of stockpiling, some of the reserves may be used if war tensior does not increase again.

The loan rate for the 1951 crop has not been announced, but, if the parity price on July 1 is the same as on May 15, the national average farm loan rate, at 90 percent of parity, will be $2.17 a bushel. With the usual differentials, that would mean about $2.49 at Chicago, $2.44 at Missouri river markets, $2.46 at Minneapolis and $2.39 at Portland. Prices right now are 5 to 10 cents below the probable loan rate.

In 8 of the 13 seasons under the present loan program, prices were below the loan value during the early part of the crop year. Each time they rose over the loan later in the season. In the other five seasons, prices were over the loan throughout the crop year. See chart.

In view of all the uncertainties as to final domestic and world production, volume of exports, amounts to be impounded under loans, war and inflation, any comments as to future prices must be highly conditional. At present, prices appear likely to remain somewhat below the loan in the crop-moving period.

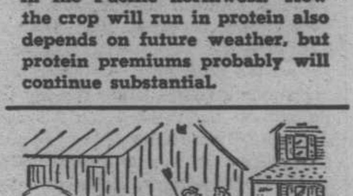
However, big exports and holding by producers on the possibility of war or inflation may prevent prices from going much below the loan. Many producers probably will store without a loan until late in the application period, but enough wheat probably will be impounded to pull prices over the loan later in the season.

Rises Could Be Modest

Any rise in prices could be rather modest, however, unless a marked increase occurs in war tension, a serious crop scare arises, or renewal of inflationary pressure due to defense spending pushes up general commodity prices again. If feed crops are not extremely good this season, a moderate shortage in feed supplies for the amount of livestock to be fed might give wheat prices a boost.

Upper limits of any advance probably would be, first, the level where substantial sales would be made from impounded stocks. More extreme conditions might push prices high enough to lead OPS to impose a ceiling. The lowest point at which a ceiling could be placed would be at parity which, currently, is a national average of $2.41 a bushel at the farm, or about $2.72 at Chicago.

Changes in the relative levels of prices for the different types of wheat will depend on the crop outcome. Compared with 10-year averages, the crop looks small in the hard winter wheat region, normal or a little above in the red winter wheat states, abundant in the hard spring and durum states and a little above normal in the Pacific northwest. How the crop will run in protein also depends on future weather, but protein premiums probably will continue substantial.



"I don't think Junior likes his new teacher. He's taking her a crab apple."