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DEPARTMENT OF TRADE AND COMMERCE
DOMINION BUREAU OF STATISTICS - CANADA
AGRICULTURAL DIVISION

(Issued March 1947)

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WORLD WHEAT SITUATION

Current Requirements - It is quite generally recognized that the over-all world food situation is only a little better than that which prevailed last year. While production of all grains in 1946 is estimated to have been about 10 per cent greater than in 1945, little relief has been afforded to many areas which are still suffering from critical shortages of cereals and other foodstuffs. Much of the 1946 increase in production took place in areas such as Spain, Turkey, Central Russia and parts of Europe which normally contribute little to the world trade in grain. Moreover, much of the increase was in corn, and in various coarse grains which are not extensively used for human food—except in a few countries. Again, the world shortages of rice, sugar and fats have led in the past two or three years to the extensive use of cereals as substitute foods and an additional drain has thus been created on the exportable surpluses of bread grains.

The fact that the greater part of the 1946 exportable supplies of wheat, corn and oats was located in North America has added to the difficulty of meeting requirements of the deficit areas in a timely manner. Export movement from North America during the latter half of 1946 was seriously hampered by limitations of rail transport; by Maritime and other strikes, and by lack of supplies in forward positions. As a result of this curtailed movement, domestic food supplies in deficit producing areas, although in some cases larger than a year ago, have been consumed rapidly. It is reported by the Office of Foreign Agricultural Relations of the United States Department of Agriculture that in some European importing countries, supplies early in 1947 have been reduced to dangerously low levels and thus far during the 1946-47 season there already have been several instances where rations could not be maintained. Some of these areas are more dependent upon pre-harvest imports now than they were a year earlier. Fortunately for such areas the rate of grain exports from the United States has increased markedly in recent weeks and with the opening of navigation on the Great Lakes in April a considerable increase may be expected in overseas clearances of Canadian wheat.

The Supply Situation - By July 1, 1946 the combined stocks of wheat in the four principal reporting countries had fallen to the lowest level since 1938. Up until this time the large reserves accumulated during the early war years had been more or less readily available for shipment to deficit areas, but with the virtual depletion of these supplies in the first half of 1946 the accumulation of export supplies became dependent upon the magnitude of the 1946 wheat crop. While the 1946 world wheat crop at 5.9 billion bushels, was some 600 million bushels greater than in 1945, it was still nearly 100 million bushels below the 1935-39 average of 6.0 billion bushels (according to the latest estimate of the Office of Foreign Agricultural Relations). The combined exportable surplus of Canada, the United States, Australia and the Argentine from the 1946 wheat crop has been estimated at 720 million bushels. This compares unfavourably with the

record total of nearly 875 million bushels of wheat and flour equivalent exported from these four countries in the July 1945-June 1946 year.

European wheat production in 1946 was still well below the 1935-39 average. Taking this into consideration along with the reduced 1946-47 import supplies it is apparent that a large proportion of the bread grain deficit, if it is filled at all, will have to be met through the use of substitute grains, particularly corn, of which considerable quantities have already been shipped or programmed for shipment from the United States. The Argentine also appears to have a good corn crop in sight and has reportedly been negotiating forward sales with European buyers. While the use of coarse grains for human consumption as a wheat substitute has definite practical limitations the receipt and effective utilization of these alternate supplies in deficit areas will likely determine whether the food situation will deteriorate below last year's acute position.

The Outlook for 1947-48 - Pessimistic reports on the condition of the winter wheat crop seeded in the fall of 1946 in the United Kingdom and Continental Europe have led some informed sources to the conclusion that European wheat requirements in 1947-48 may be no less heavy than during the current crop year. Should the winter-kill prove to be of serious extent and the current wet weather further delay spring seeding, there may be ample grounds for assuming another year of shortages in the affected countries. Over and above the weather factors, too, it is unlikely that all deficits of draught power, labour, suitable seed and fertilizers can be made good within the next year or two, and any lack of these items is certain to have a negative effect upon production. In India, a moderately good wheat crop is now being harvested but some imports will still be required.

There are no indications as yet that Australia and the Argentine will seed increased acreages of wheat in 1947 and it is too early to venture any estimate as to probable 1947 yields in these countries. In Canada, soil moisture conditions in the spring wheat areas are reported good but here, too, it is much too early to hazard a production estimate. The only plausible assumption at this stage, and this is also true of Australia and the Argentine, is that average conditions will prevail. In 1946 Canada's yield per acre was slightly above the long-time normal, while Argentina's wheat outturn was of average magnitude. Australia's crop was below the long-time average. The United States has increased its over-all wheat acreage by some 4 million acres; and given average conditions in the spring wheat area and a continuation of the present excellent condition of the winter wheat crop, a record production in excess of 1,200 million bushels, compared with 1,156 million bushels in 1946, could be achieved.

If the 1947 production pattern develops along the lines noted above, it is conceivable that wheat may still be in relatively short world supply during the 1947-48 crop year. At least one other factor may affect the broad picture. With the expiration of UNRRA a tendency may develop in some quarters to place trade on a cash basis. However, should a shortage in effective demand impose certain limitations on the movement of food to deficit areas, it seems reasonable to suppose that most deficit countries would curtail or even cease the importation of almost all other commodities before they would willingly allow imports of bread grains to be diminished.

Recommendation of FAO Regarding Proposed International Wheat Agreement -

The Preparatory Commission of FAO at its recent session in Washington prepared a set of recommendations as to the guiding principles that in its opinion should be followed in drawing up an International Wheat Agreement. These recommendations are quoted in full in the Appendix, pages 25 et seq. of this issue of the Monthly Review.

CANADIAN SITUATION

Supply Position - Exports of wheat and flour in terms of wheat amounted to approximately 16 million bushels during the month of February, bringing the total for the first seven months of the crop year to 126.1 million bushels. During the same period last year 231.7 million bushels of wheat and flour equivalent were exported. An estimated 189.6 million bushels remained on March 1 for export or carry-over at the end of the crop year.

Canadian Wheat Supplies

	1946-47	1945-46
	million bushels	
Carry-over in North America July 31	69.9	258.1
New Crop	420.8 1/	318.5 2/
Total Supply	490.7	576.6
Estimated domestic requirements	175.0	167.0 2/
Available for export or carry-over	315.7	409.6
Deduct:		
Overseas Clearances of wheat as grain August 1—February 28	84.6	189.0
United States imports of Canadian wheat	1.5	9.6
Total wheat exports	86.1	198.6
Exports of wheat flour in terms of wheat August 1—February 28.	40.0	33.1
Total exports wheat and wheat flour	126.1	231.7
Balance on March 1 for export or carry-over	189.6	177.9

1/ Subject to revision.

2/ Final estimate.

Farmers' Marketings - The following table shows primary receipts of wheat in the Prairie Provinces for the 1946-47 crop year along with comparative figures for 1945-46:

Week ending		Manitoba	Saskatchewan	Alberta	Total	Last Year 1/
			- bushels -			
August	1-8	225,324	396,627	797,492	1,419,443	605,679
	15	665,222	679,789	1,019,934	2,364,945	423,014
	22	1,700,523	2,026,729	1,585,626	5,312,878	2,044,285
	29	5,360,908	7,254,234	1,965,910	14,581,052	7,113,392
September	5	4,993,343	11,916,951	2,733,362	19,643,656	9,358,343
	12	4,653,986	12,712,510	2,283,827	19,650,323	15,193,544
	19	3,986,469	15,047,267	2,838,144	21,871,880	11,822,333
	26	1,892,442	9,173,163	5,246,998	16,312,603	5,445,459
October	3	1,313,287	6,231,719	3,248,141	10,793,147	7,112,538
	10	1,995,033	6,911,412	2,782,356	11,688,801	19,991,064
	17	734,685	4,983,080	6,632,554	12,350,319	24,041,587
	24	1,338,741	8,340,613	8,043,332	17,722,686	15,725,692
	31	1,756,616	10,128,806	8,218,988	20,104,410	11,604,812
November	7	1,246,737	7,731,400	5,989,216	14,967,353	10,510,916
	14	1,058,969	6,499,519	4,925,980	12,484,468	5,351,009
	21	1,044,603	5,411,116	3,505,063	9,960,782	4,740,836
	28	785,594	2,026,657	1,958,926	4,771,177	4,504,852
December	5	733,235	2,006,180	2,072,693	4,812,108	4,957,763
	12	779,599	2,730,715	2,509,304	6,019,618	3,878,858
	19	561,032	1,221,075	1,462,492	3,244,599	2,370,691
	26	559,641	954,169	1,449,232	2,963,042	2,048,895
January	2	313,963	865,717	1,050,774	2,230,454	2,100,993
	9	429,560	805,685	1,547,759	2,783,004	4,687,443
	16	613,282	1,083,451	2,026,944	3,723,677	4,178,327
	23	162,835	430,858	1,204,067	1,797,760	2,418,082
	30	233,677	729,581	1,502,475	2,465,733	1,427,216
February	6	152,320	387,709	615,159	1,155,188	871,835
	13	77,464	122,907	797,975	998,346	1,017,366
	1/ 20	126,417	510,564	1,191,498	1,828,479	1,096,857
	27	194,358	802,119	1,335,337	2,331,814	1,636,700
March	6	253,625	1,088,529	818,469	2,160,623	1,753,760
	13	440,083	1,234,798	989,986	2,664,867	1,609,023
	20	308,548	1,244,394	1,267,817	2,820,759	1,643,608
Total		40,692,121	133,690,043	85,617,830	259,999,994	193,286,772

1/ Revised.

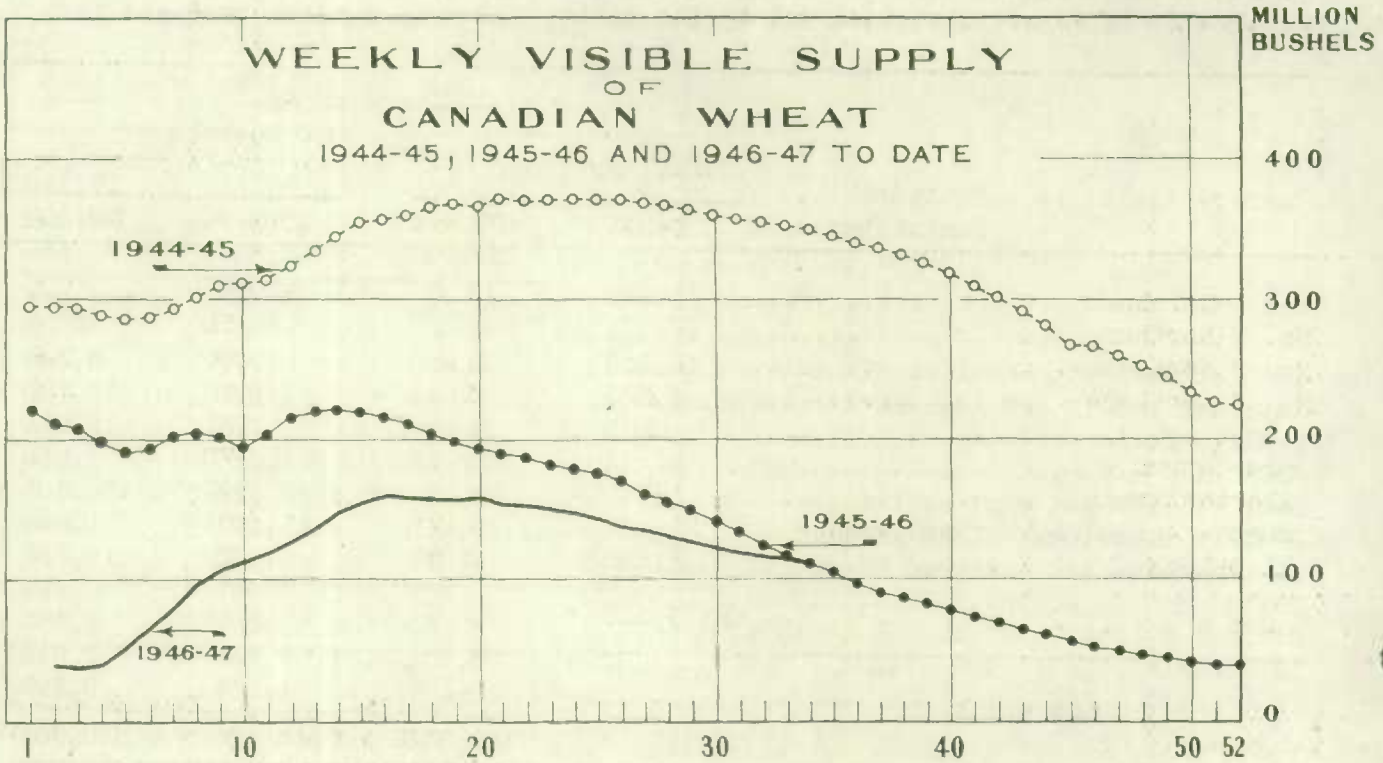
Up to March 20 of the current crop year, farmers in the Prairie Provinces had marketed 260 million bushels of wheat as compared with 193.3 million bushels delivered during the corresponding period of the last crop year. The province of Saskatchewan accounted for 51 per cent of the 1946-47 marketings recorded in the table above, with Alberta and Manitoba supplying 33 per cent and 16 per cent respectively. With the arrival of better weather conditions in March, the trend in weekly marketings has turned upwards—reaching a figure of 2.8 million bushels for the week ending March 20.

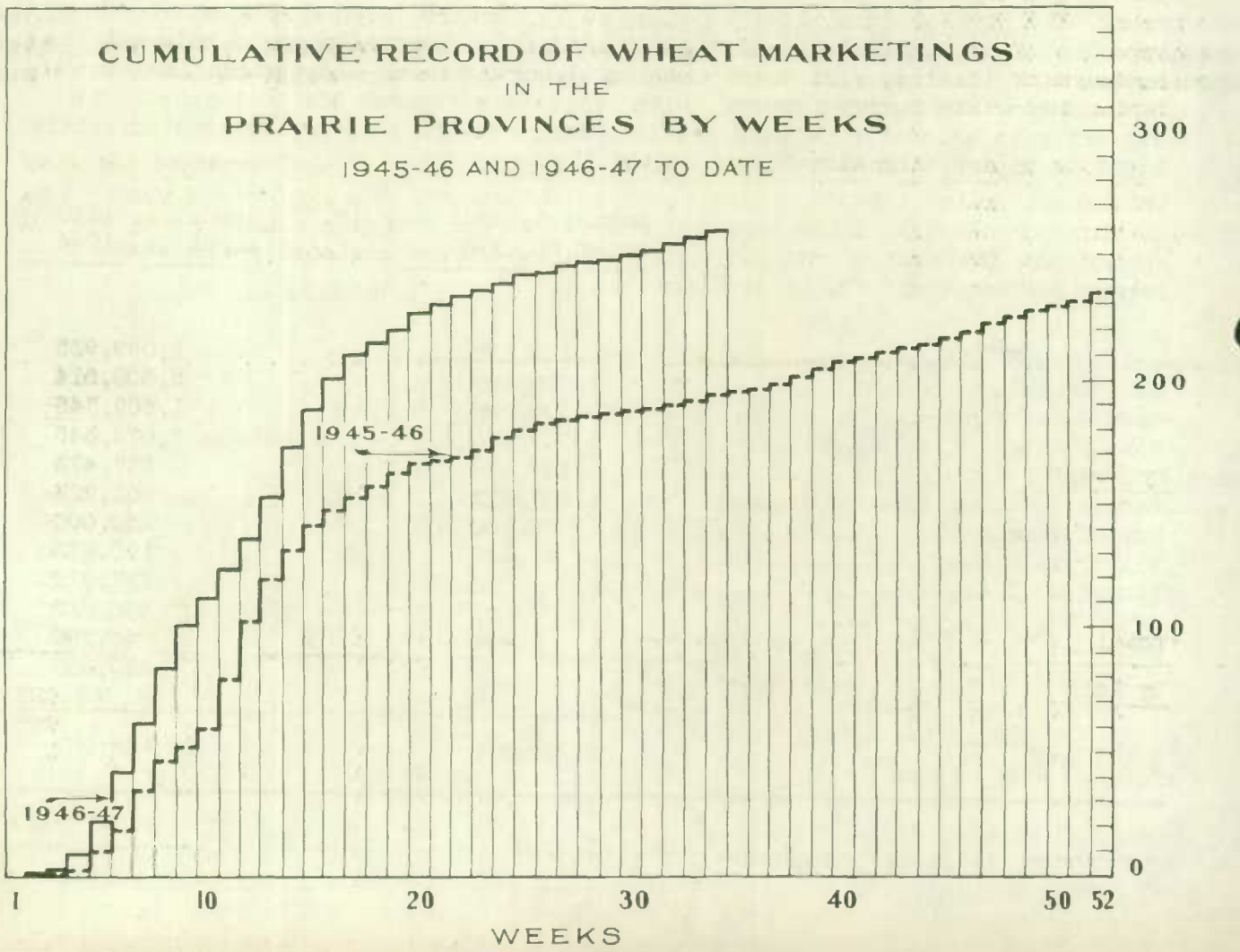
Wheat Visible Supply - The following table shows stocks of Canadian wheat in store and in transit in Canada and the United States on March 20, 1947, along with comparative figures for approximately the same date in 1946 and 1945:

	1947	1946	1945
		- 000 bushels -	
Country Elevators - Manitoba	5,565	3,125	19,310
Saskatchewan	30,865	18,705	92,605
Alberta	33,950	18,050	70,660
Total	70,380	39,880	182,575
Interior Private and Mill Elevators	2,820	4,772	5,546
Interior Public and Semi-Public Terminals	64	1,976	13,180
Pacific Ports	2,747	7,065	18,611
Churchill	43	1,878	1,878
Fort William and Port Arthur	14,971	23,114	56,805
Eastern Elevators - Lake Ports	12,615	11,293	21,044
St. Lawrence and Seaboard Ports	1,312	8,963	16,562
United States Ports	806	3,662	20,169
Storage Afloat	620	570	1,445
In Transit - Rail	6,938	8,938	7,646
In Transit - U.S.A.	-	1,569	5,502
Total	113,316	113,680	350,963

Movement of Wheat to Maritime Ports - The table below sets out the movement of wheat by RAIL from ports on the Great Lakes and the St. Lawrence river during the current season, with comparable figures for last year. The disparity in shipments between the two years continues to reflect the currently tight transportation situation.

	August 1, 1946 to March 20, 1947	August 1, 1945 to March 21, 1946
	- bushels -	
Collingwood	322,278	1,099,955
Midland	3,690,459	5,508,514
Owen Sound	508,998	1,609,345
Port McNicoll	3,347,444	7,076,345
Goderich	122,658	597,473
Sarnia	1,608,813	201,923
Port Colborne	66,100	50,000
Walkerville	71,622	195,873
Kingston	-	717,978
Prescott	-	330,815
Montreal	1,496	44,368
Three Rivers	-	220,000
Total	9,739,868	17,652,589


WEEKLY VISIBLE SUPPLY
OF
CANADIAN WHEAT
1944-45, 1945-46 AND 1946-47 TO DATE
MILLION BUSHELS
400
300
200
100
0
1944-45
1945-46
1946-47
1
10
20
30
40
50
52


CUMULATIVE RECORD OF WHEAT MARKETINGS
IN THE
PRAIRIE PROVINCES BY WEEKS
1945-46 AND 1946-47 TO DATE
300
200
100
0
1945-46
1946-47
1
10
20
30
40
50
52
WEEKS

Grading of Wheat - The following table shows the grading of wheat inspected during the seven-month period August to February 1947. Comparable figures for 1946 are also included in the table:

	Inspections			
	August-February 1947		August-February 1946	
	Cars	Per Cent	Cars	Per Cent
No. 1 Northern	14,260	13.0	39,331	31.5
No. 2 Northern	49,471	45.3	49,256	39.4
No. 3 Northern	12,359	11.3	12,180	9.8
No. 4 Northern	2,820	2.6	3,290	2.6
Garnet	501	0.5	1,231	1.0
Amber Durum	2,848	2.6	1,370	1.1
Alberta Winter	1,342	1.2	742	0.6
Tough - All varieties and grades	21,572	19.7	14,394	11.5
All Others	4,183	3.8	3,072	2.5
T o t a l	109,356	100.0	124,866	100.0

As additional 1946 grain is inspected the generally lower grading of the 1946 wheat crop relative to the 1945 crop is further emphasized. Only 13 per cent of inspections during the August to February period graded No. 1 Northern as compared with a proportion of 31.5 per cent for the same period in the previous crop year. The percentage of toughs continues to increase with nearly one-fifth of the August to February inspections falling into this classification. Of interest also is the marked increase in inspections of Alberta Winter wheat which has occurred during the current crop year.

Wheat Shipments to the United States - Shipments of Canadian wheat to the United States between August 1, 1946 and February 20, 1947 have lagged 48.5 million bushels behind the quantity shipped during the same period a year ago. Nearly 700,000 bushels moved by rail to United States Seaboard ports between February 20 and March 20 of this year.

Shipments August 1 - March 20

	1947	1946
	- bushels -	
By Vessel		
U.S.A. Pacific Ports	-	15,000
Buffalo	8,442,773	46,948,319
Chicago	-	331,494
Erie	2,948,381	6,981,861
Total - Vessel Shipments	11,391,154	54,276,674
By Rail		
U.S.A. Seaboard Ports	995,340	6,569,985
Other U.S.A. Points	15,418	96,795
Total - Rail Shipments	1,010,758	6,666,780
GRAND TOTAL	12,401,912	60,943,454

Rail Movement from Fort William-Port Arthur - Shipments of wheat from the Lakehead during February amounted to 1.8 million bushels as compared with a movement of 2.5 million bushels in January. Severe weather and keen competition from other users of box cars, together with heavy requirements for grain cars in the Western Division, continued to retard the seasonal eastward rail movement of grain.

Shipments month-by-month during the past four crop years are shown in the following table:

	1946-47	1945-46	1944-45	1943-44
		- bushels -		
August	187,825	23,255	91,891	990,879
September	175,773	57,533	169,603	1,547,042
October	255,754	73,776	86,571	780,035
November	256,249	99,197	97,512	711,238
December	1,601,883	2,280,636	1,236,339	898,566
January	2,462,002	4,533,707	1,936,038	4,364,157
February	1,816,087	1,127,764	764,629	4,397,318
March		2,223,266	1,091,909	1,076,193
April		1,015,730	196,042	107,257
May		536,462	66,154	269,533
June		920,233	58,642	108,739
July		130,276	52,726	47,517
Total - 12 months		13,021,835	5,848,056	15,298,474

The grades of wheat shipped during February 1947 and the provincial distribution of this rail movement are shown in the following table:

	Ont.	Que.	N.B.	N.S.	P.E.I.	U.S.A.
			- bushels -			
1 Northern	10,500	-	273,000	-	-	-
2 Northern	3,000	-	-	473,500	-	-
4 Northern	83,517	84,467	12,000	3,767	6,767	-
No. 5	13,262	39,050	-	-	-	-
Feed	17,000	12,000	-	1,000	2,000	-
Tough 3 Northern	-	-	418,500	-	-	-
Tough 4 Northern	116,384	95,033	2,633	4,500	1,500	-
Tough No. 5	42,018	16,267	-	1,500	-	-
Rejected 4 Northern	3,400	18,900	-	1,000	-	-
Rej. No. 5 Rej. Mxd. Htd.	-	1,750	-	-	-	-
Tf. Rej. 4 Northern	2,000	17,017	1,133	2,000	-	-
Tf. Rej. No. 5 Rej. Mxd. Htd.	-	1,166	-	-	-	-
Smutty 2 Northern	-	2,000	-	-	-	-
Smutty 3 Northern	-	4,443	-	-	-	-
Tf. Smutty Rej. No. 5	-	3,000	-	-	-	-
Tf. Smutty Rej. No. 5 Rej. Mxd. Htd.	1,000	3,000	-	-	-	-
Tf. No. 4 C.W. Mixed	1,133	1,133	-	-	-	-
Sample Fireburnt	-	-	-	-	-	3,603
Tf. Sample Fireburnt	-	-	-	-	-	3,483
1 C.W.A.D.	7,500	-	-	-	-	-
3 C.W.A.D.	2,633	-	-	-	-	-
1 A.R.W.	1,628	-	-	-	-	-
Total	304,975	299,226	707,266	487,267	10,267	7,086

GRAND TOTAL - 1,816,087

Freight Assistance Shipments - Claims filed for payment on freight assistance shipments of wheat indicate that, during the first half of the current crop year, shipments to all provinces, except British Columbia, were down in comparison with shipments for the same period a year ago. However, in connection with the current data particularly, it should be emphasized that the filing of late claims will necessitate upward revisions in the shipment figures. Thus, it may be expected that the actual decline in shipments as between the two years will turn out to be less than the table now indicates. Ontario, Quebec and British Columbia continue to absorb the major part of the western wheat shipped under the freight assistance policy.

The provincial distribution of wheat shipments is shown in the following table, by months, with comparative totals for the crop year 1945-46:

1946-47	Ontario	Quebec	New Brunswick	Nova Scotia	Prince Edward Island	British Columbia	Total
			- bushels -				
August	575,133	506,603	58,888	71,892	34,130	408,712	1,655,358
September .	421,850	418,623	56,213	74,710	28,572	412,533	1,412,501
October ...	1,089,833	716,078	88,977	73,313	30,502	372,238	2,370,941
November ..	1,182,925	947,810	107,557	141,058	56,203	404,487	2,840,040
December ..	890,995	816,568	69,690	118,800	53,237	355,607	2,304,897
January ...	617,053	548,865	56,825	63,032	35,573	147,931	1,469,279
T o t a l .	4,777,789	3,954,547	438,150	542,805	238,217	2,101,508	12,053,016
Same Period 1945-46 .	6,762,949	4,897,701	557,839	609,203	283,430	1,999,980	15,111,102

Millfeed shipments on which claims have been filed under the freight assistance policy during the first half of the current crop year exceed slightly those recorded for the same period a year ago. It may be anticipated that the filing of late claims will increase the spread still further.

The provincial distribution of millfeeds under the freight assistance plan is shown for the five eastern provinces in the following table. One column of figures covers the first six months of the present crop year and the other the corresponding period a year ago:

	August 1, 1946 to January 31, 1947	August 1, 1945 to January 31, 1946
	- tons -	
Ontario	138,671	122,898
Quebec	164,045	160,448
New Brunswick	28,797	29,042
Nova Scotia	30,102	31,243
Prince Edward Island	8,333	8,317
T o t a l	369,948	351,948

Monthly Overseas Clearances, Etc., in Comparison with the Customs Exports of Wheat and Wheat Flour

	Overseas Clearances of Canadian Wheat	U. S. Imports 1/ of Canadian Wheat for consumption and milling in bond	Customs Exports of Canadian Wheat Flour	Total	Customs Exports of Wheat and Wheat Flour
		- 000 bushels -			
1944-45					
August	12,351	9,043	3,391	24,785	19,899
September	11,798	8,940	5,470	26,208	32,107
October	15,428	5,758	4,908	26,094	33,624
November	14,658	4,891	4,417	23,966	27,601
December	9,972	2,169	5,591	17,732	32,815
January	14,730	1,413	3,781	19,924	8,944
February	10,858	766	4,642	16,266	11,998
March	13,890	763	5,571	20,224	15,665
April	22,703	2,157	6,154	31,014	21,606
May	39,351	2,499	6,307	48,157	35,432
June	34,366	1,725	7,257	43,348	50,552
July	38,322	1,737	5,168	45,227	43,362
Total	238,427	41,861	62,657	342,945	333,605
1945-46					
August	35,358	1,114	4,979	41,451	48,074
September	26,645	1,143	4,294	32,082	34,428
October	37,551	1,265	4,789	43,605	36,139
November	29,679	2,139	4,501	36,319	42,817
December	20,163	1,582	4,344	26,089	42,443
January	19,984	1,988	5,125	27,097	20,373
February	19,592	351	5,111	25,054	14,959
March	22,780	587	4,690	28,057	20,075
April	16,220	559	6,651	23,430	20,095
May	15,131	465	7,507	23,103	23,003
June	16,161	754	4,771	21,686	14,718
July	6,471	386	5,275	12,132	18,910
Total	265,735	12,333	62,037	340,105	336,034
1946-47 2/					
August	5,981	227	8,896	15,104	17,339
September	10,134	1	5,563	15,698	11,338
October	12,478	437	4,436	17,351	23,653
November	20,494	441	6,156	27,091	23,008
December	10,815	124	3,248	14,187	17,488
January	14,303	91 3/	6,209	20,603	20,406
February	10,439	154 3/	5,536	16,129	13,637
Total	84,644	1,475	40,044	126,163	126,869

1/ U.S.A. official figures.

2/ Subject to revision.

3/ Estimate.

Overseas Clearances of Canadian Wheat by Destination, August 1946 to February 1947 - The following statistics on monthly overseas clearances have been compiled by the Statistics Branch of the Board of Grain Commissioners:

Destination	January	February 1/	August-February
		- bushels -	
BRITISH EMPIRE			
United Kingdom	12,753,608	9,167,861	62,273,328
Eire	-	-	1,244,391
Africa			
British South Africa	-	-	1,708,645
Asia			
India	-	-	2,008,905
Europe			
Malta	362,133	196,000	1,280,564
North America			
Barbados	-	-	1,000
Jamaica	2,717	1,213	15,661
St. Vincent	1	-	3
Trinidad and Tobago	364	-	2,774
Other Br. W. Indies	-	-	2,291
TOTAL BRITISH EMPIRE	13,118,823	9,365,074	68,537,562
FOREIGN COUNTRIES			
Africa			
Egypt	668,000	282,613	4,060,046
Asia			
Iraq-Iran	-	-	632,573
Europe			
Belgium	-	298,666	2,915,668*
France	-	-	325,126
Greece	14,933	-	14,933*
Netherlands	-	352,800	3,034,777
Norway	-	-	1,441,721
Portugal	-	-	655,176
Switzerland	-	-	1,009,702
North America			
Costa Rica	33,333	-	33,333
Cuba	3,619	-	3,619*
Dominican Republic	-	-	10,011
Honduras	10,000	-	10,000
Salvador	16,667	-	16,667
South America			
Brazil	18,666	-	1,061,898*
Colombia	89,802	140,067	500,993*
Ecuador	-	-	52,103 2/
Peru	328,533	-	328,533
TOTAL FOREIGN COUNTRIES	1,183,553	1,074,146	16,106,879
GRAND TOTAL EXPORTED	14,302,376	10,439,280	84,644,441

1/ Subject to revision.

2/ Revised to include 37,437 bushels previously reported destined to Chile in November.

* Includes seed wheat to the following countries: Belgium 33,593 bushels; Brazil 18,666 bushels; Greece 14,933 bushels; Colombia 181,208 bushels and Cuba 3,619 bushels.

Current Wheat Prices - The table below sets out the weekly averages of both domestic and export prices of western Canadian wheat for the weeks ending March 1 through March 22. Prices of wheat for domestic use and for export to the United Kingdom remain unchanged but strong price advances have been registered for 'commercial' wheat for export to countries other than the United Kingdom. On March 17 the Canadian Wheat Board price for the 'commercial' class was quoted at $3.20 per bushel for No. 1 C.W. Durum, with No. 1 Northern at $3.10. By March 22 these prices had been reduced, in sympathy with the United States' market, to $3.00 and $2.90 respectively.

	Average Prices for the weeks ending -			
	March 1	March 8	March 15	March 22
	- cents and eighths per bushel -			
Wheat 1/				
(1) Class I Domestic				
(A) Domestic Use 2/				
1 Hard	155	155	155	155
1 Northern	155	155	155	155
2 Northern	152	152	152	152
3 Northern	150	150	150	150
4 Northern	145	145	145	145
Number 5	142	142	142	142
Number 6	138	138	138	138
Feed	136	136	136	136
1 C. W. Garnet	150	150	150	150
2 C. W. Garnet	148	148	148	148
3 C. W. Garnet	146	146	146	146
1 Alberta Red Winter	165	165	165	165
2 Alberta Winter	164	164	164	164
3 Alberta Winter	161	161	161	161
1 C. W. Amber Durum	165	165	165	165
2 C. W. Amber Durum	162	162	162	162
3 C. W. Amber Durum	160	160	160	160
(B) Country Points - 20 cents per bushel under Schedule A.				
(2) Class II Export				
(A) United Kingdom 2/				
1 Hard	155	155	155	155
1 Northern	155	155	155	155
2 Northern	152	152	152	152
3 Northern	150	150	150	150
(B) Commercial				
1 Hard	256/7	273/7	292/1	291/5
1 Northern	256/7	273/7	292/1	291/5
2 Northern	253/7	270/7	289/1	288/5
3 Northern	251/7	268/7	287/1	286/5
1 C. W. Amber Durum	266/7	283/7	302/1	301/5
2 C. W. Amber Durum	263/7	280/7	299/1	298/5
3 C. W. Amber Durum	261/7	278/7	297/1	296/5

1/ Price - Basis in store Fort William-Port Arthur and Vancouver.

2/ Plus 3 1/2 cents per bushel carrying charge.

A New Wheat Variety is Licensed - On March 19 a new and valuable variety of wheat was licensed in Canada. The new wheat has been named "Saunders", in honour and recognition of the great work of the late Dr. William Saunders and his son, the late Dr. (Sir) Charles E. Saunders, who gave Canada its first truly great wheat - Marquis.

Perhaps the outstanding characteristic of the new variety is its earliness; and consequently its ability to escape early frosts. It is almost as early as Garnet and will likely replace both Garnet and Red Bobs in most areas where these varieties are now in use. A wheat possessing the characteristic of Saunders has been long awaited especially in many northern districts where frost is a serious hazard, and where Garnet has accordingly been produced in quantity despite its undesirable milling qualities.

Dr. L. H. Newman, the Dominion Cerealist, states that Saunders wheat is the result of a truly co-operative effort by the plant breeders, the plant pathologists at Winnipeg, by the Cereal Chemists of the various co-operating institutions at Edmonton and Saskatoon, the Board of Grain Commissioners, the Experimental Farm, by selected millers in Canada, the United States and Great Britain, and many others. This variety has been produced in the remarkably short time of less than nine years from its inception.

The Saunders variety originated from a cross made under the direction of Mr. J. G. Carl Fraser, of the Cereal Division, Ottawa, between Thatcher and the Brandon selection 44.7. The cross was made in 1938 and has been under test for five years in the Early Wheat Test and for four years in the regular Co-operative Test of Wheat varieties.

It has also been extensively tested over a wide range of conditions and has shown to particular advantage in Northern Alberta in the Foothills areas. It shows some advantage in Northern Saskatchewan but is not recommended for Manitoba.

In the tests at Alberta Stations on a five year average, Saunders out-yielded Marquis and Red Bobs. In the four year average, the new variety outyielded Marquis, Red Bobs, and Redman. In comparison with Thatcher there is no significant difference in yield or in loose smut resistance. Saunders, however, is appreciably earlier in maturity, being almost as early as Garnet and is more resistant to bunt than Thatcher. In kernel character Saunders is much superior to Thatcher, resembling Marquis more closely.

Quality tests conducted by collaborating laboratories indicate that Saunders has been found satisfactory.

Some two hundred bushels are now available and will be increased at three of the Dominion Experimental Stations in Western Canada and will be made available to selected growers in 1948. Seed in commercial quantities should, therefore, be available within the next two to three years.

Box Car Priorities Ended - The six week box car priority orders issued on February 14 were withdrawn during the second week in March. It was evidently considered that the railways themselves could be relied upon to handle the distribution of box cars in a fair and equitable manner. It was stated that the railways had found the priority order restrictive and difficult to comply with while storms blocked traffic and tied up equipment.

Flour Milling Situation - During the first seven months of the current crop year wheat flour production amounted to 16,377,917 barrels, exceeding the output for the same period of the previous crop year by over a million barrels. Should it prove possible to maintain the current level of milling, a new record will be set in 1946-47 for the production of Canadian wheat flour

During February 1947 the mills turned out 2,212,207 barrels of flour. Mills reporting operations for February had a total rated milling capacity of 92,535 barrels per 24-hour day, and on the basis of a 24-day working period in the month 99.6 per cent of the rated capacity was effective.

Exports of wheat flour (data based on Customs returns) during the first seven months of the present season amounted to 8,898,574 barrels as compared with 7,358,466 barrels for the same period in 1945-46.

In the following table the record of production and exports during the past nine years is shown, together with statistics for the first seven months of the current crop year.

Production and Exports of Wheat Flour

(barrels of 196 pounds)

Crop Year	Production	Exports
1937-38	12,867,728	3,609,656
1938-39	15,197,297	4,604,245
1939-40	17,778,311	6,781,367
1940-41	19,575,833	10,288,827
1941-42	19,905,741	10,205,778
1942-43	23,590,516	12,575,215
1943-44	24,303,833	13,464,371
1944-45	24,634,905	13,923,832
1945-46	26,435,341	13,786,177
1946-47 August	2,158,627	1,977,008
September	2,227,748	1,236,125
October	2,432,875	985,726
November	2,518,555	1,368,060
December	2,350,040	721,744
January	2,477,865	1,379,676
February	2,212,207	1,230,235
Total - 7 months	16,377,917	8,898,574
Same Period 1945-46	15,133,864	7,358,466

UNITED STATES SITUATION

Increased Grain Exports Anticipated - On March 5, the Production and Marketing Administration of the United States Department of Agriculture released a statement concerning the United States grain export program. The report reads in part as follows:

"This program originally called for the exportation of 400,000,000 bushels of grain and grain products during the period July 1946 - June 1947. As previously announced, the targets have been raised in view of the continuing great need for United States grain abroad, and the higher rates of shipment which have been reached. The effort now is to reach the 400,000,000 bushel total as soon as possible, and to exceed it as much as possible during the rest of the marketing year.

During the seven months, July through January, exports totalled approximately 244,000,000 bushels of U. S. grain. ..... It is estimated that continuation of recent grain shipping rates (an average of 50,000,000 bushels a month during December and January) would bring exports to the 400,000,000 bushel figure by about May 1, with additional shipments during May and June constituting the year's excess over the basic goal. .....

Of the 400,000,000 bushel total in the original program it was contemplated that 267,000,000 bushels would consist of wheat and wheat flour equivalent (including 17,000,000 bushels carried over from the 1945-46 export program) and 133,000,000 bushels of corn, oats and other grains and grain products. While these are the targets of the original 400,000,000 bushel program, the proportion of wheat in the total program has been increased. This has been done because of the preference of foreign claimants for wheat for food purposes, the difficulties in drying and shipping other grains, and the problems in the effective use of these other grains by claimant countries.

Of the wheat and flour total of 267,000,000 bushels, 142,000,000 bushels were listed for shipment as wheat (133,000,000 bushels by PMA and 9,000,000 bushels by the commercial trade), and 125,000,000 bushels as flour. Most of the flour, and a large part of the 133,000,000 bushels of corn and other grains and grain products is to be procured by claimants through commercial channels (chief exceptions being PMA procurement for UNRRA and U.S. Occupied Zones in Europe and the Far East).

Secretary Anderson reported to the President on November 29 that as of November 15 the PMA had shipped, had on hand, or had under contract the 133,000,000 bushels of whole grain wheat needed to meet the Government procurement requirements under the original targets of the program. The Secretary also pointed out in his November 29 report that it might be desirable to ship somewhat more wheat and correspondingly less corn and other grains under the 400,000,000-bushel program. .....

The combined exports of wheat and flour by PMA and the commercial trade from July 1, through January 31 (in terms of wheat) totalled 197,500,000 bushels, leaving 69,500,000 bushels to be shipped through June 30, 1947, in order to meet the basic target of 267,000,000 bushels of wheat and flour included in the 1946-47 export program. The unshipped balance of 69,500,000 bushels on February 1, consisted of 18,400,000 bushels of wheat by PMA, 3,800,000 bushels of wheat by the commercial trade, and 47,300,000 bushels of wheat in the form of flour.

As of February 1, the PMA had about 49,900,000 bushels more than enough wheat to meet its portion of the unshipped balance of wheat, and nearly 14,000,000 bushels of wheat in the form of flour. The remainder of flour, much of which is to be procured by the commercial trade for shipment through June 30, 1947, totalled 33,300,000 bushels. As the full amount of flour procurement and shipments is reached, the additional wheat which PMA has bought will add to the 267,000,000 bushel wheat and flour target."

February exports of United States grain have been reported at 50.6 million bushels. March, April and May allocations have been set at 57.7; 57.7 and 51.5 million bushels respectively. Should it prove possible to move these quantities (and the transportation situation appears to have improved considerably) United States exports of all grains would easily reach the 400 million bushel mark by May 1 and might approach 500 million bushels by the end of the crop year (June 30). It is estimated that upwards of 300 million bushels of wheat and flour equivalent are likely to clear the country by May 1 and that the exports of wheat and flour equivalent for the crop year may run from 325 to 350 million bushels. If this forecast is justified, the United States carry-over of old wheat will again be at a relatively low level.

Spring Seeding Intentions and 1947 Outlook - On March 20 the Crop Reporting Board of the United States Department of Agriculture issued its report on Prospective Plantings for 1947. This release is based upon reports received on or about March 1 from farmers in all parts of the country with reference to their acreage plans for 1947. The table below shows the position with regard to several major crops.

Planted Acreages

	Average 1936-1945	1946 Actual	1947 Indicated	Per Cent of 1946
	000 acres	000 acres	000 acres	%
Spring Wheat	19,077	19,304	19,280	100
Corn, All	92,914	90,027	87,599	97
Oats	41,669	47,048	46,620	99
Barley	14,763	11,594	11,714	101
Flaxseed	3,182	2,639	4,488	170

As indicated in the table the spring wheat acreage is particularly unchanged from last year. Winter wheat plantings in the fall of 1946 at 56,426,000 acres were, however, more than 4 million acres above the previous year's seedings. On the combined 1947 winter and spring wheat acreage of 75,706,000 acres the Grain Branch of the Production and Marketing Administration has estimated that the 1947 wheat outturn might run to a record 1,212,000,000 bushels (assuming average yields of spring wheat and a winter wheat crop about as indicated in the December 1 crop report.) This estimate does not appear to be unduly optimistic as recent reports state that the winter wheat crop has nearly maintained the excellent prospects shown when it entered winter dormancy.

Chicago Cash Wheat - Offerings on the Chicago spot market have been sporadic during the month with a large share of the scanty arrivals being applied on previous contracts. Demand through most of the period was far in excess of the supply and prices advanced sharply with No. 2 Hard selling at $2.89 per bushel on March 15. In comparison No. 1 Red sold on February 14 for $2.39. Early in the third week of the month local mills were purchasing but pressure on the market eased toward the end of the week and on March 20, No. 1 Hard sold for $2.73. However, by the 24th the trend was evidently reversed and No. 1 Hard was quoted at $2.83 1/2. Among the factors strengthening the cash wheat position are lack of sufficient box cars for movement of grain to delivery points and the necessity of allocating a large proportion of deliveries to meet export commitments.

The following are the daily cash prices by grades on the Chicago market:

February	25, 1947	None	
	26	None	
	27	None	
	28	None	
March	1	2 Red	263
	3	None	
	4	1 Red	264
		3 Red Light, Smutty Tough	258 1/2
	5	None	
	6	None	
	7	2 Red	268 1/2
	8	None	
	10	None	
	11	1 Red	280
		1 Hard	275
	12	None	
	13	2 Hard	276
		2 Mixed	280
	14	1 Hard	283
	15	2 Hard	289
	17	None	
	18	None	
	19	1 Hard	278
	20	1 Hard	273
	21	None	
	22	None	
	24	1 Hard	283 1/2
	25	None	
	26	None	

Chicago Wheat Futures - All futures advanced sharply during the period under review with exceptionally heavy gains being made in the nearby positions. On March 18, the March future touched $3.05. At this point a reaction set in and on the 20th the same future closed at $2.74. An upward trend, however, developed subsequently and was still under way on March 26th. One trade paper reports that the great strength in the nearbys was a result of the very tight cash wheat situation, particularly in the south-west where cash interests have had difficulty in securing grain to fill previous sales to the C.C.C., and where mills have been having difficulty in securing cash wheat for grinding. Some relief was afforded in the third week of the month, when the Government was reported to have traded some 2.5 million bushels of south-west contracts for north-west wheat. Unfavourable crop news from Europe and the likelihood of a small carry-over at the end of the crop year are among the factors strengthening the new crop futures.

The following are the high points of closing in the wheat futures market at Chicago for the various contract months:

	March	May	July	September	December
	- cents and eighths per bushel -				
February 25	238/4	227/2	207	200	
26	238	227/6	206/6	200/6	
27	243	231	207/4	202/2	
28	253	240/6	216/2	211/4	
March 1	260	244/4	217	211/2	
3	259	244	216/4	209/6	
4	254	239/4	212/4	206/4	
5	258	245	218	210/4	
6	260/4	246/6	220/6	215	
7	261/4	247/2	220	213/2	
8	264	250/4	224	217	
10	273/7	260/2	233/7	226	
11	272/4	258/4	234/4	226	
12	272/4	257	232	224/2	
13	279/4	264/6	237/4	228/6	
14	284	266/2	237/2	228/2	
15	286/4	266	235/4	226	
17	296/4	275/4	240	229/4	
18	286/4	265/4	229/6	219/4	
19	277/4	255/4	219/6	209/6	
20	274	250	220/6	211/6	
21	276	255/2	224/4	216	
22	286	259/4	227	217/6	
24		268/4	232/2	222	218
25		270/6	236/4	227/4	223
26		271/2	238	228/4	224/4

ARGENTINE SITUATION

Grain Marketing Methods - A report dealing concisely with current grain handling methods in the Argentine has been received from a correspondent in that country. The correspondent advises that -

"The Argentine Trade Promotion Institute, as an official Government agency, is entrusted with the monopoly of handling all grains for domestic use and for export. All the Argentine production of grains must be sold to the Institute, which it in turn sells to foreign or domestic buyers. The Institute, insofar as exports are concerned, will deal only with foreign Governments, not foreign firms, and the purchasing agreement is usually incorporated into a formal trade treaty between the Argentine Government and the foreign Government concerned. It is the Institute's responsibility to ensure that these various treaty provisions with respect to grain are carried out, and it must regulate its buying and selling activities accordingly.

Since the Institute's inception it has been realizing profits of at least 100% on all transactions with foreign Governments and, as all future grain profits as well as profits from its other activities have been estimated and have been earmarked to help finance the Government's Five Year Plan, it is expected that the Institute will continue to endeavour to obtain profits of at least this percentage as long as world conditions will allow.

With respect to the present crop year, the Institute has announced that it will pay the following basic prices to producers for grain per 100 kilos f.a.s. port of shipment in bags:

Wheat	17 Argentine paper pesos for first 300 tons 15 pesos for tonnages over and above the initial figure. (After March 15, 1947 the price is to be a straight 15 pesos, if grower has not previously sold.)
Maize	10.00 pesos
Oats	13.50 pesos
Barley	14.50 pesos
Rye	15.50 pesos
Millett	18.50 pesos
Birdseed	30.50 pesos

The following is a resume of the Institute's method of handling grain. All transactions are deemed to be made under oath.

In general the Argentine farmer does not possess storage space on the farm, and, as a result, as soon as he harvests and sacks his grain he delivers it to his village store-keeper. The store-keeper stores the grain in warehouse space rented from the railway (there are few country elevators) and holds it for sale to either an Institute agent direct or to the Institute through a grain broker. For his services he receives a satisfactory commission. The grain brokers' commission amounts to one-half per cent of the basic price.

Upon buying the grain the Institute issues a Purchase Agreement to the store-keeper or broker for the quantity of grain involved, and at the same time, it pays in cash an amount equal to 90% of the announced basic price, less freight charges to the nearest port. The remaining 10% is paid at a later date, a period of time which may extend to several months. The producers, therefore, eventually

receive the announced basic price for his grain, less freight charges to the nearest port. The store-keeper and/or broker are compensated by the Institute. In this respect it is interesting to note that the grain broker still has a part to play, as he controls for the farmer the quality of the grain and the final liquidation of each sale. It is estimated that over 50% of all grains are handled through brokers.

The Institute, as owner of the grain in possession of the store-keeper, entrusts the mechanics of distribution to its subsidiary organization, the Comision Nacional de Granos. This body moves the grain to the ports, after having satisfied the local miller's requirements.

The Institute sells to foreign Governments on an f.o.b. bulk basis ..... For proper stowage, ships must carry a portion of their grain cargoes in bags, and for the quantities necessary for this purpose 0.90 pesos per 100 kilos is charged to the foreign buyer. The foreign buyers, moreover, must pay certain taxes over and above the sale price. These taxes, based on the Institute's sale price, are as follows:

Customs	0.03 %
Sales	1.25 %
Export Permit	0.50 %
Elevators	1.50 %
Grain Law	0.04 pesos per 100 kilos.

The services of private shippers are used, and at present the British Government is the only government which is allowed to designate its own shippers. Other governments are guided by suggestions of the Institute in this respect. The British Government, moreover, insists on a guarantee on out-turn at the port of discharge, while other governments accept Certificate Final at the port of shipment. The British Government pays by telegraphic transfer after the Bills of Lading are delivered to a local bank, but other governments must open confirmed letters of credit.

Up to the present the Institute's attitude towards the local grain trade has been reasonable, and the trade is confident that this state of affairs will continue."

Argentine Wheat Exports Slow - Trade sources indicate that movements of wheat from the Argentine during the first quarter have been very slow. The exportable wheat surplus for the year is reported to be 95 million bushels and contracts are said to have been made for almost the full amount. Contracts reported to date are Brazil 44 million bushels; Spain 15 million; Switzerland about 8 million; Uruguay 6 million; Chile 3.7 million and Roumania almost a million. According to Broomhall, the United Kingdom has been negotiating for some 18.5 million bushels, with Italy also in the market for a considerable quantity. The Trade Promotion Institute has not released the prices involved in these negotiations but trade sources estimate that some recent sales have been made at a rate well in excess of $3.00 per bushel. The price to producers varies from $1.38 per bushel f.o.b. ports for the first 11,000 bushels delivered to $1.22 per bushel for any deliveries in excess of that quantity. Farmers are stated to be very dissatisfied with these prices and are said to be withholding deliveries.

AUSTRALIAN SITUATION

Stocks and Exports - A cable received from the Canadian Government Trade Commissioner in Melbourne, Australia, under date of March 18 states that

"Australian wheat stocks at March 8 totalled 89.7 million bushels. Exports of wheat during February totalled 22,280 long tons to New Zealand and India, and flour 58,291 long tons mostly to Malaya, Ceylon and Hong Kong. The export price of wheat has been increased by 1/6d to 16s a bushel bulk.

Australia recently agreed to sell about 4 1/2 million bushels of wheat to New Zealand over next four seasons at 5/9d a bushel. A Committee has been appointed by the Commonwealth Government to inquire into costs of wheat production in Australia".

The exportable wheat surplus from the crop harvested in December-January has been variously estimated at from 38 to 40 million bushels. Most of this will doubtless move in the form of flour to Pacific destinations. For the first time in over a year a shipment of wheat or flour equivalent has been reported as moving from Australia to Europe. During the week ending March 8, a shipment of 376,000 bushels to Europe was recorded. Recent advices indicate that little, if any, additional Australian wheat or flour will leave the Pacific area this year.

Australia-New Zealand Wheat Agreement - A despatch containing details of the Australia-New Zealand Wheat Agreement has been received from Mr. M.R.M. Dale, the Canadian Assistant Commercial Secretary at Wellington, New Zealand. Mr. Dale's report includes interesting background material as well as a concise statement of the Agreement—and is quoted in full herewith:

"The New Zealand Government has entered into a contract with the Australian Government under which New Zealand will obtain wheat from Australia at 5/9d. per bushel for the next four years. The New Zealand Government has agreed to take up to 4 1/2 million bushels a year and not less than 3 1/2 million bushels in any one of the four seasons.

The original contract was made as a result of negotiations between the New Zealand Minister of Industries and Commerce (Mr. Sullivan) and the former Australian Minister of Commerce and Agriculture (Mr. Scully) in December 1945. The New Zealand Director of Stabilization accompanied Mr. Sullivan to Australia and was largely responsible for the provisions of the contract.

The basic background of the agreement is noteworthy: under the Australia-New Zealand Pact of 1944, article 35 (c) provided for joint assistance to industry. The New Zealand Director of Stabilization saw in this provision an opportunity to support the New Zealand policy of stabilization, and to enable New Zealand to obtain a supply of wheat which otherwise would have had to come from an uneconomic industry. The New Zealand Government recognized that if arrangements were made they would have to be at a price much lower than the rate being obtained for export wheat at the time—(9/6d per bushel f.o.b.), but on the other hand it would be much higher than that to which—(based on past records) prices might be expected to fall during the period of the agreement. Very high import prices would be followed by high prices for the New Zealand crop, and even though very low prices followed, uneconomic production in New Zealand would be stimulated and imports reduced in consequence.

Australia ultimately decided, however, that it could not sell from the then current crop (1945-46) under the ruling export price and a contract was completed for 4,500,000 bushels to be supplied out of that crop at 9/6d. per bushel f.o.b. bulk. The contract contained other details such as the extra price for bagged wheat and shipping arrangements. When this contract was under discussion, the question of supplies for the following four years arose and it was agreed that in due course a further agreement be negotiated. In discussing with Mr. Sullivan the price that might be included in a further agreement, it was agreed that a fall in export prices was possible and that if prices did fall away in the following twelve months from the then current price the price for four years was a matter for discussion. It was agreed, however, that the price would be no higher than 5/9d. per bushel. It might be less, but it would not be more. No other details were decided upon and no contract made as in the case of the 1945-46 crop, the understanding being that it would be negotiated later and if it were made the price would be no greater than 5/9d.

When Mr. Nash, the New Zealand Minister for Finance was recently in Australia, he had with him the New Zealand Wheat Controller and a contract was then negotiated and approved. Its main clauses are as follows:

(1) Australia to supply all New Zealand's requirements over the four years 1946-47 to 1949-50.

(2) A maximum of 4,500,000 bushels would be supplied out of any one season's crop at 5/9d. per bushel f.o.b. bulk with a total maximum at this price of 13,500,000 bushels.

(3) Any quantity supplied above 4,500,000 from any one season's crop or above a total of 13,500,000 would be at a price to be negotiated.

(4) New Zealand would not take less than 3,500,000 bushels from any one of the four season's crops.

One final implication of this contract should be noted: the wheat is to be sold for the farmers by the Australian Wheat Board. Although this Board is a quasi Government Board, it will only sell the wheat to the Australian Government at current prices, therefore the Australian Government is required to make up the difference between the contract price of 5/9d. a bushel and the current price of 14/- f.o.b. Australia."

Preliminary Outlook for Wheat Production in 1947 - As previously stated, prospects for the United States 1947 wheat crop remain excellent. Overall acreage has increased by more than 4 million acres over 1946 seedings and winter wheat, generally, is deemed to have maintained the satisfactory condition reported last fall. Total indicated wheat plantings exceed the government goal set a few months ago by some 5 million acres. While it is too early to hazard a forecast with regard to the Canadian spring wheat crop, indications are that Ontario winter wheat has come through the season to date in fairly good condition.

In the Southern Hemisphere little information is available as to the production outlook. Seeding in Australia and the Argentine will not get under way until April or later. Rains reported recently from the Argentine should, however, prove very beneficial in building up soil moisture content. Trade sources report that Argentine farmers are very dissatisfied with the prices they receive, and it is feared in some quarters that unless the Government announces a satisfactory producer price policy before seeding time, the farmers may concentrate on crops other than grains. Broomhall reports that the Australian Government's plans call for a seeded wheat acreage this year of 15.5 million bushels, much above the level of recent years. Since Australian farmers, too, are reportedly displeased with their Government's current price policy, it appears doubtful whether this objective will be attained. The Wheat Stabilization Plan proposed by the Government last year has encountered much opposition from the States, and will not likely be implemented.

Through the courtesy of Mr. M. R. Ahuja, India Government Trade Commissioner at Toronto, a crop advice cabled from India on March 25 is quoted herewith. "All India first wheat forecast 1946-47 which relates to information up to period ending December 1946 or beginning of January 1947. Area in thousands of acres, 34,127 against 34,529 corresponding revised last year. Until the date of reporting, condition of crop appeared fairly good on the whole". A recent trade estimate places the 1947 India wheat harvest (now under way) at about 375 million bushels, a moderate increase over last year's outturn of 332 million bushels.

In many areas of Continental Europe, particularly in France and the United Kingdom a severe winter has left the condition of winter crops an unknown quantity. Fall-sown grains are, however, starting to show green in some countries and fairly reliable estimates of winter losses should soon be available. At the present time, the soil is very wet in western and central European countries, and spring work, generally, is very backward. Unless weather conditions improve and allow farmers to do the necessary field work, it is doubtful whether normal acreages will be realized this spring in many areas. In the United Kingdom the weather has been more seasonable during the past few days, but serious flooding has occurred in some areas. The fields are soaked and it is anticipated that spring work will have been generally delayed by over a month. It may prove impossible to cultivate some fields in time to produce crops this year. While reports still indicate that winter grains have suffered extensive damage in many parts of the country, no official or trade sources have as yet attempted to predict the extent of the losses.

February 28 Argentine wheat surplus is placed at 95 million bushels this year - Broomhall.

March 1 President Truman last night asked swift congressional approval of the administration's $350,000,000 emergency allocation for European countries still unable to purchase sufficient food, and similar action on former President Hoover's recommendation of a $475,000,000 food program for Germany - Chicago Journal of Commerce.

March 3 The Interstate Commerce commission authorized U.S. railroads under certain circumstances and in certain states to substitute refrigerator cars for boxcars on westbound grain movements.

March 8 A report from Eire states that the acreage seeded to winter wheat is the smallest in many years. It also states that stocks of wheat suitable for spring seeding are insufficient to provide for much increase in spring plantings.

March 10 Dr. Fitzgerald, secretary-general of the International Emergency Food Council stated late last week that world exports of wheat during the 1947-48 season may top one billion bushels and that during the current season these would amount to 720 million bushels. The latter figure would be much larger if the wheat had been available, he stated - Broomhall.

March 13 The House of Commons tonight gave third reading to the Bill amending The Wheat Board Act and continuing the Board as the sole wheat buying and selling agency until 1950. The Bill now goes to the Senate.

March 14 According to a press report the International Emergency Food Council said yesterday the world rice shortage is becoming worse and asked producing countries to help meet the emergency.

March 17 The Minister of Agriculture announced today in the Canadian House of Commons increases, effective March 18, in the support and ceiling prices of oats and barley. The Canadian Wheat Board is to become the sole exporter of these grains. The Board's buying price for flaxseed is also to be increased, effective August 1, 1947 from the present level of $3.25 to $5.00 per bushel, basis in store Fort William-Port Arthur or Vancouver. The Minister also stated that it is the policy of the government to continue to pay freight on grain for feeding purposes and millfeeds shipped east from Fort William-Port Arthur and west from Calgary and Edmonton into British Columbia until July 31, 1948.

March 18 The International Wheat Conference convened today in London, England.

The Chicago March wheat future touched $3.05 today, closing at 2.86/4. The Canadian Wheat Board price to countries other than the United Kingdom was $3.10 for No. 1 Northern basis in store Fort William-Port Arthur.

March 25 United States flour mills begin the year 1947, as in 1946, with an all-time high production of wheat flour. Reported production during January of this year amounted to 27.9 million sacks, compared with 25.6 million in January, 1946.

APPENDIX

Recommendations in Regard to Wheat - FAO Preparatory Commission on World Food Proposals - During the deliberations of the FAO Preparatory Commission on World Food Proposals (Washington 28 October 1946 - 24 January 1947) a number of conclusions were reached and recommendations made relative to various food commodities. That portion of the Commission's Report dealing with wheat is reproduced herewith:

"The Preparatory Commission has given much thought to the problem of wheat both because of its importance in world trade and because a new International Wheat Agreement will shortly be negotiated under the auspices of the existing Wheat Council. The Commission has had before it a Memorandum on Wheat ..... giving the background to these discussions and has also heard evidence from the Secretary of the International Wheat Council.

In nearly all countries wheat has for long been subject to varying degrees of protection and price support. This has resulted in widely divergent prices in different countries and has been a persistent source of intergovernmental friction. Wheat production reacts slowly to declining prices. In times of general depression, producers tend to maintain and even to increase their acreage under wheat in an effort to expand reduced incomes. Wheat consumption is also inelastic, particularly in countries with a high standard of nutrition. In times of prosperity, poorer countries may eat more, but direct human consumption in richer countries may even be reduced. In bad times, poorer countries cannot afford to increase their consumption. A small excess of supply, therefore, results in a disproportionate fall of prices, particularly where there is no profitable alternative open to producers.

Before the war, there was a chronic surplus and attempts were made to stabilize prices by limitation of production and exports. Under present conditions of world scarcity the first objective must be to increase production and consumption without endangering the producer's welfare and then to accumulate sufficient reserves to ensure against recurrence of famine and crop failures.

Adequate but not excessive stocks are also needed to promote price stability. The Commission is convinced that the solution of the world's wheat problem is to be sought in the direction of steady expansion of consumption rather than in restriction of production.

The Commission puts forward the following recommendations as to the guiding principles that, in its opinion, should be followed in drawing up an International Wheat Agreement.

Guiding Principles of an International Wheat Agreement

(1) Objectives

(a) To co-ordinate and reinforce national policies designed to promote greater stability of wheat prices.

(b) To establish a co-ordinated system of world wheat reserves through national holding of stocks adequate to ensure against crop failures and famine.

(c) To promote increased consumption, paying attention particularly to the nutritional needs and programs of members.

(d) To provide security for efficient producers and to encourage the use of areas unsuited to wheat production for more suitable products.

(2) Prices

A price range should be negotiated for international transactions in wheat. For this purpose a basic minimum (floor) price and a basic maximum (ceiling) price would be set for one grade of wheat agreed to be most representative of international wheat prices, and price schedules would be calculated by the International Wheat Council for other selected representative grades. These schedules would be binding for the trade in wheat among parties to the Agreement.

(3) Stocks

(a) Exporting and importing members should agree on maximum and minimum amounts of stocks of old wheat to be held at the end of their respective crop years, allowing for such stocks to fall below such minima or increase above such maxima in certain cases specifically agreed upon, such as crop failures or droughts and bumper crops respectively.

(b) As part of their minimum stocks, each member should undertake to hold an agreed quantity as part of an International Famine Reserve which, in case of need, would be made available on appropriate terms to a member country, or at the Council's discretion to nonmembers.

(c) Within the spread between the agreed minimum and maximum stocks, provision should be made for special Price Stabilization Reserves, to an amount limited by agreement, to be accumulated by each member when wheat prices in international trade drop to the floor, and to be sold when these prices rise to the ceiling. Such reserves should be accumulated first by exporting countries, and only upon request by an exporting country that has filled its reserve to the agreed level would importing countries have to fill up their Price Stabilization Reserves. Similarly when prices are at the ceiling, importing countries will draw on their Price Stabilization Reserves for their own requirements before calling on exporting countries to sell from their Price Stabilization Reserves. Importing countries should have the right to claim balance-of-payment waiver under conditions to be determined. Exporting countries should have the right to draw on their Price Stabilization Reserves to meet their domestic requirements and maintain their normal export trade.

(d) Any exporting member may give notice to the Wheat Council that instead of accumulating stocks, either wholly or in part, for a Price Stabilization Reserve, it intends to use its best endeavors to maintain its production over a stated period in excess of that required for its domestic consumption and commercial export sales anticipated at the floor price. With the approval of the Wheat Council such member may thereupon sell out of this excess production agreed amounts for an agreed period, at special prices below the floor price, under the rules established for such sales, and subject to the understanding that the first claim on its total exportable supply is for the satisfaction of commercial demand at the floor price, allowance being made for minor day-to-day price fluctuations and for prices to rise if, in spite of such first claim, the supply does not suffice to keep the price down to the floor level.

(e) Members should undertake to keep the Wheat Council continuously informed of the amount, quality, and location of their reserves to the end that the Wheat Council keep full international accounts of such reserves in terms of wheat and keep members informed of their position in regard to the obligations as to the accumulation, holding, or disposal of such stocks.

(4) Export Supplies

The Agreement should recognize the principle of management of export supplies, when for any export-program year—in spite of the provisions made in (3) (c) above for the management of stocks—a condition of world scarcity or world surplus of wheat is anticipated. The former might be agreed to be the case when export supply is or is expected to be smaller than import demand at the ceiling price; and the latter when export supply is or is expected to be larger than import demand at the floor price, taking into account in both cases any obligations under (3) above.

(a) Under conditions of scarcity, recourse should be had to international programming and allocation of export supplies.

(b) Under conditions of surplus the Wheat Council should estimate the anticipated total import demand and bring into operation a previously agreed system of export quotas.

(i) This overall export quota should be allocated among the various exporting members on the basis of percentages to be agreed. Export quantities unlikely to be shipped by a member during its crop year might be transferred to other members.

(ii) The overall export quota should be adjusted during any crop year if it becomes apparent that the import demand is larger or smaller than was assumed when the overall quota was determined.

(iii) Exporting and importing countries shall take appropriate measures to make quotas or any adjustment thereof immediately effective.

(iv) As a transitory measure during the changeover from the current wheat scarcity to the prospective wheat surplus, quotas might, with the approval of the Wheat Council, be used to prevent too sudden a fall in prices.

(c) Purchases from and sales to non-members should be regulated by providing that—irrespective of price—exporting members sell to non-members in times of scarcity only after the normal demands of importing members have been satisfied; and importing members buy from non-members in times of surplus only after they have purchased their normal import supply from exporting members. ("Normal" as used in this and other paragraphs would need to be defined in the Agreement.)

(5) Sales at Special Prices

(a) Under conditions of surplus as defined above, provision should be made enabling exporting members to sell for agreed periods quantities of wheat to be agreed by the Wheat Council, at special prices (below the floor price) also to be agreed by the Wheat Council, to governments of countries undertaking to use such wheat for nutritional needs and programs approved by FAO, which should also keep in touch with the International Monetary Fund in conformity with paragraph 125(a), Chapter V.

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(b) Appropriate conditions, to be agreed by the Wheat Council, should be attached to the supply of wheat at special prices. They may include undertakings by the recipient governments:

(i) To desist from any exports of wheat as long as they import wheat at the special prices and to prevent the wheat sold at the special prices from being resold in regular markets;

(ii) To continue their normal imports of wheat at current market prices; and

(iii) To pass on the benefit resulting from the reduced price in full to the ultimate consumers in accordance with the approved program.

(c) The Wheat Council should be authorized and directed to supervise all special-price sales of wheat and provision should be made for any member to call for an investigation by the Wheat Council as to whether the general principles or the particular conditions attaching to such sales are being fulfilled. FAO should be authorized to supervise special price sales in regard to (iii) above.

(6) Provision for Periodical Review

(a) If a world surplus of wheat persists over an agreed period, consultation among exporting and importing members should aim at improving this situation by such means as:

(i) Review of stock-holding provisions.

(ii) Review of production policies of both importing and exporting countries in co-operation with FAO, looking especially at gradual shifts away from uneconomic wheat production to production of more suitable crops.

(iii) Review of the price range looking at lowering either the price ceiling or both the price floor and ceiling.

(b) If a world scarcity of wheat exists or is expected, consultation among exporting and importing members should aim at alleviating this situation by such means as:

(i) Temporary allocation of supplies on an equitable basis and use of the famine reserve.

(ii) Review of stock-holding provisions and release of stocks.

(iii) Stimulation of production in suitable areas and, if necessary, reconsideration of the price range.

(7) Duration, Renewal and Termination

(a) The Wheat Agreement should be concluded for a period not in excess of five years.

(b) If there is a prospect for the continuation of a world surplus of wheat beyond the duration of a current Wheat Agreement, members should begin to renegotiate it early enough to permit conclusion of the new agreement before the expiration of the old one.

(c) Should the agreement not be renewed at a time when stocks were above the agreed minima, countries should remain under obligation to reduce their stocks only at an agreed rate. This obligation might be embodied in a memorandum of agreement attached to the Wheat Agreement proper."