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MONTHLY REVIEW OF THE WHEAT SITUATION

OCTOBER 25, 1940

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THE WORLD WHEAT SITUATION - SUMMARY

During the past four weeks, North American markets have been on the firm side, with Chicago prices gaining several cents, and Winnipeg trading slightly above the pegs. The strength in both markets has been of a somewhat artificial nature. United States markets are primarily affected by the substantial volume of wheat being placed under loan. Well in excess of 200 million bushels have already been taken off the market through Commodity Credit Corporation loans, and by December practically the whole of the United States surplus wheat above the year's domestic requirements is expected to be absorbed by loans. Already domestic buyers are having to bid several cents above the loan values in order to obtain current supplies of wheat, and these bids for cash wheat are reflected in the level of the nearby December future. The May and July futures at Chicago are ruling well below December. The release of loan wheat during the late spring, and the current favourable prospects for the new winter wheat crop are having a depressing effect on the more distant futures. At Winnipeg the small rise sustained mostly in the October future has been attributed to a substantial drying up of wheat offers since the Canadian Wheat Board has undertaken to accept deliveries, within the quotas, of wheat from the 1939 crop. Previously the remaining 1939 supplies had been pressing on the market. The probability of offerings of 1940 wheat on the open market under any wide departure of prices from the minimum levels is acting as a ceiling on current price movements.

Over the past few weeks there have been no major developments to alter the world wheat situation depicted a month ago. In the meantime, it is becoming more definite that the Australian crop will be a small one. The 100 million bushel forecast of a month ago is being reiterated more freely, and a few trade estimates have been placed under that figure. Scattered rains have been reported in the main crop areas, but not in sufficient volume to recuperate the crop. The main consideration is that Australia will not have an unmanageable surplus for the 1941 season, although there may again be difficulty in finding markets for the entire Australian supply. Recently Australia effected a sale of almost two million bushels of wheat to Greece. This meant a new market outlet for Australia; it also emphasized the paucity of Danubian supplies of wheat.

The United States winter wheat crop is getting off to a good start, in sharp contrast with the unprecedented drought conditions that prevailed in the autumn of 1939. However, the remarkable recovery which the winter wheat crop made last spring considerably modifies the implication that the 1941 winter wheat crop is likely to exceed the 1940 crop by any wide margin. For the current crop season, the United States has a surplus above consumption requirements of 375 million bushels. At least 250 million bushels is required for normal carry-over requirements. As for the remainder, it has become evident that the United States will not endeavour to press these supplies upon export

markets. A significant step was taken on October 8 when the Federal Surplus Commodities Corporation suspended its wheat export subsidy program to far eastern markets, with the exception of the Philippines. Up to that date, it was estimated that United States wheat exports from July 1 of this year had totalled only 10 million bushels, with the new order further curtailing the rate of export. While the order was apparently directed at the Japanese-controlled ports of China, it also suggested that the United States is prepared to accept a minor wheat-export role under present conditions.

The Argentine wheat crop at October 1 ranged in condition from good to very good, with the exception of a few minor areas still suffering from excessive rains. Generally speaking, the crop has had a reserve of three weeks' subsoil moisture. November is the crucial month for the Argentine crop. In years past, November frosts or hot winds or rust have reduced many promising crops. At the present time, prospects are for a crop in the neighbourhood of 200 million bushels. While the remaining surplus of wheat in Argentina has evidently been under-estimated, it is improbable that there will be any old-crop surplus at the end of December. This would leave a 1941 exportable surplus of 100 million bushels. Argentina has a reasonably assured market for 35 to 40 million bushels annually in Brazil. Spain and Portugal will in all probability take some of the new-crop supplies. While British imports of Argentine wheat are more problematical in respect to quantity, at most Argentina would not be left without ready markets for more than 40 million bushels of wheat during 1941. Apart from any possible British interest in this surplus, the United States is devoting increasing attention to the problem of Latin American commodity surpluses. A recent appropriation by Congress of \$500,000,000 to the Export-Import Bank for the financing of such surpluses has opened the way for possible negotiations in this regard, should the Argentine Government find its wheat surplus burdensome.

Current Buenos Aires wheat futures prices are at their lowest levels since 1933. This is somewhat surprising in the light of the small old-crop supplies. The reason is partly technical, inasmuch as light-weight low quality wheat is being tendered against deliverable contracts. In addition, traders are taking a pessimistic view of export prospects.

The Wheat Situation in Canada

During the past month, the Canadian Wheat Board has proceeded with the enlargement of wheat delivery quotas at individual points where available space has warranted the increase. More recently the congestion at the Head of the Lakes has reached a point where the railways have again been compelled to place an embargo on rail shipments from country points to Fort William-Port Arthur, with the exception of 25 cars daily permitted to be shipped from Alberta points. On October 18 there were in store in country elevators 171,675,000 bushels of wheat, and 5,182,000 bushels of other grains, out of a total country elevator storage capacity privately estimated at 220 million bushels after allowing for newly acquired space in annexes and deducting for necessary working space. The total visible supply of Canadian wheat has been setting new records weekly and on October 18 reached 432,779,509 bushels.

The weekly volume of the primary movement has been declining recently, and for the week ending October 18, amounted to 13,995,288 bushels. Total receipts of wheat from farms in the Prairie Provinces from August 1 to date have amounted to 181,945,360 bushels, in comparison with 290,837,780 bushels

delivered last year. It is interesting to note, however, that the average primary movement of the first eleven weeks of the crop year during the past ten years amounted to 123,320,759 bushels, as compared with this year's deliveries of 181,945,360 bushels to date.

Export clearances of wheat only have continued at a slow rate, amounting to 1,424,769 bushels for the past week. For the first eleven weeks of the present crop year, the export clearances have totalled 18,224,699 bushels, as compared with 26,647,385 bushels in the same period of the 1939-40 crop year.

Because of the quota on deliveries, and the consequent difficulty many producers found in delivering carlot quantities, the line and pool elevators on October 15 announced that they would increase the street price of Board wheat by 1/2 cent per bushel, thereby bringing the street price more into line with the track price. This increase was made retroactive to August 1 to all producers who had already delivered wheat at the street price. Track prices are available to producers who deliver 750 bushels or more. Prior to this year track prices were limited to deliveries of 1,000 bushels or more.

CALENDAR OF WHEAT EVENTS

1940

- Sept. 27. Winnipeg futures trade above pegs.
28. Winnipeg futures up 1 1/4 to 1 3/8 cents, and Chicago futures up 2 1/4 to 2 7/8 cents to establish new seasonal highs. Chicago strength attributed to diminishing supplies outside Government loans. Light offerings at Winnipeg permitted reflection in that market of Chicago upturn. Buenos Aires market off, due to improving crop and slow export demand.
- Oct. 1. U.S.S.R. and Portugal reported inquiring for Canadian wheat.
2. Showers across United States south-western winter wheat area with more forecast.
United States private estimates place spring wheat crop at 224,000,000 bushels, which is 9,000,000 bushels above the average of private estimates a month ago.
Swedish winter wheat crop estimated at 10,692,000 bushels, sharply below the 1939 production of 25,328,000 bushels. Winter wheat comprises about 80 per cent of the total Swedish wheat crop.
3. Australian wheat acreage officially estimated at 12,569,000 acres, compared with 13,300,000 acres in 1939.
Canadian Wheat Board announces farm storage rates equivalent to 1/45 cent per bushel per day.
4. Winnipeg futures during week lose almost all of previous week's gains.
5. United States winter wheat crop reported getting off to one of best starts in several years. Commodity Credit Corporation up to October 2 had made loans on 177,000,000 bushels of new-crop wheat.
7. Scattered rains reported in Australia.
8. United States Federal Surplus Commodities Corporation suspends its wheat export subsidy program to far eastern ports except the Philippines.
9. International Institute of Agriculture (Rome) reports the 1940 European wheat crop, exclusive of Russia, at 1,460,000,000 bushels, which is a decrease of 205,000,000 bushels from the 1939 production.

CALENDAR OF WHEAT EVENTS (Concluded)

1940

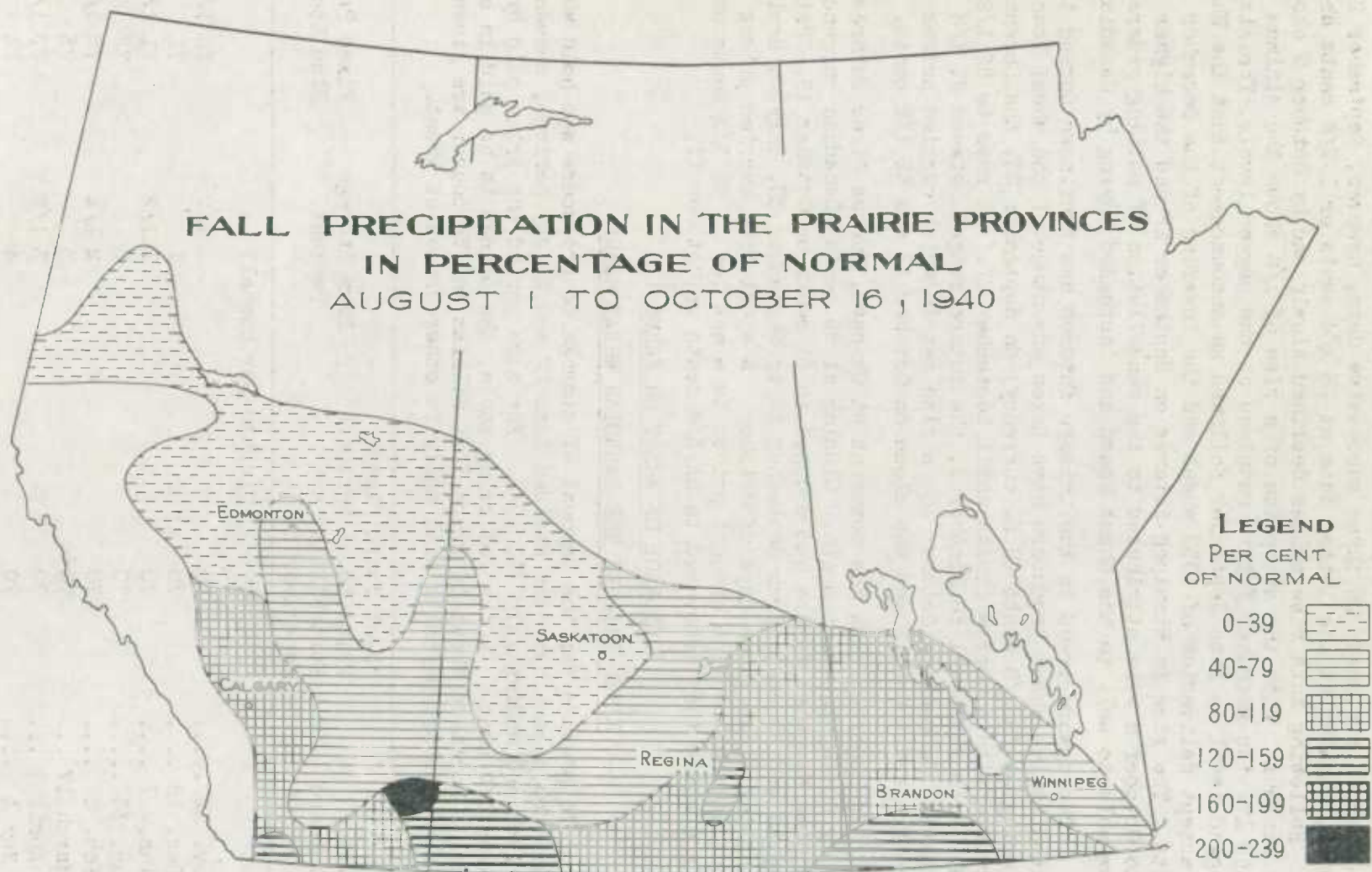
- Oct. 10. United States spring wheat crop officially estimated at 236,493,000 bushels, an increase of 8,772,000 bushels over the previous estimate. This raises the total 1940 United States crop to 792,332,000 bushels. Rainy weather of past week of benefit to United States winter wheat crop.
- 12. Commodity Credit Corporation wheat loans as of October 8 reported at 209,000,000 bushels.
Argentine remaining surplus officially estimated at 8,870,000 bushels. Trade circles regard this figure as much too low.
- 15. Australia reported to have sold 50,000 tons (1,867,000 bushels) of wheat to Greece.
Australian new crop still not expected to exceed 100,000,000 bushels. Complete embargo on rail shipments of wheat to Fort-William-Port Arthur, except for 25 cars daily from Alberta.
- 16. Street spread on Board wheat reduced by 1/2 cent per bushel by elevator companies, and made retroactive to August 1.

Autumn Precipitation in the Prairie Provinces

Deficiencies in autumn moisture supplies for the period August 1 to October 16 are evident over a large proportion of the wheat-growing area in the Prairie Provinces according to records of rainfall at individual points. Except for a small area in the south-east, Manitoba has received close to normal rainfall with above-normal amounts occurring in the south-western districts. In Saskatchewan precipitation has been about normal in the eastern districts and the greater part of the southern districts. The south-western section and a small area east of Regina received abnormal rainfall ranging from 120 to 159 per cent of normal. Over the remainder of the province autumn moisture supplies are well below normal, and in the north and west-central sections are particularly low, ranging between 15 and 40 per cent of normal. This relatively dry area extends into Alberta almost to the foothills and as far north as the limit of the wheat-growing area, the greater rainfall deficiencies existing in the more northerly areas, including the Peace River district. Along the foothills and in the extreme south, precipitation has been about normal with heavy rainfall in the vicinity of Medicine Hat.

The importance of autumn rainfall as a factor in the 1941 crop prospects is derived through its effect on subsoil moisture reserves. Any precipitation occurring before freeze-up in the fall is a welcome addition to soil moisture reserves. When preseasonal rainfall is heavy the spring wheat crop in the Prairie Provinces is less dependent on early spring rains. But even though preseasonal precipitation is light, good rains in the spring months can counteract such deficiency, as was the case during the crop season just closed.

FALL PRECIPITATION IN THE PRAIRIE PROVINCES IN PERCENTAGE OF NORMAL AUGUST 1 TO OCTOBER 16, 1940



LEGEND PER CENT OF NORMAL

0-39	
40-79	
80-119	
120-159	
160-199	
200-239	

PRICES

From September 23 to September 25, the Winnipeg December future was traded at the pegged minimum. On three successive days, however, September 26 to 28, prices rose, closing at the latter date at 73 1/4 cents or 1 5/8 cents above the minimum. Following this rise prices declined slowly and by October 9 closed again at the minimum. With the exception of a rise of 1/8 above the minimum on October 16 and 17, the December future remained at the pegged level. The rise above the pegged level in late September followed an announcement that the Wheat Board would accept deliveries of 1939 wheat and the lowering of the December future peg by 3 cents. The rise in Winnipeg futures on September 26 and the higher prices prevailing to October 8 were attributed to the cancellation of selling orders by producers now able to sell to the Wheat Board and increased buying by Canadian mills.

The upward trend in the Chicago futures has continued during the past month as United States wheat producers have taken advantage of the wheat loan program. Closing at 79 5/8 cents (U.S. currency) on September 23, the December future fluctuated within narrow limits until September 27. It rose to 82 1/8 on September 28. From October 1 to October 9, the future ranged between 81 1/8 cents and 82 1/2 cents. Commencing October 10, a rise set in which carried prices to a high of 86 cents on October 17 and the close on October 19 was 85 1/2 cents.

In contrast with the movement at Chicago, Buenos Aires futures dropped sharply during the past month. Closing at 66 cents (Canadian currency) on September 21, the November future had dropped to 51 cents on October 18. Prices firmed around 58 and 59 cents from September 25 to September 30, only to decline sharply during the first three days of October. A short rise carried prices up on October 8, but another decline brought prices to a new low of 49 3/8 cents on October 16 from which they recovered to 51 3/4 cents on October 17.

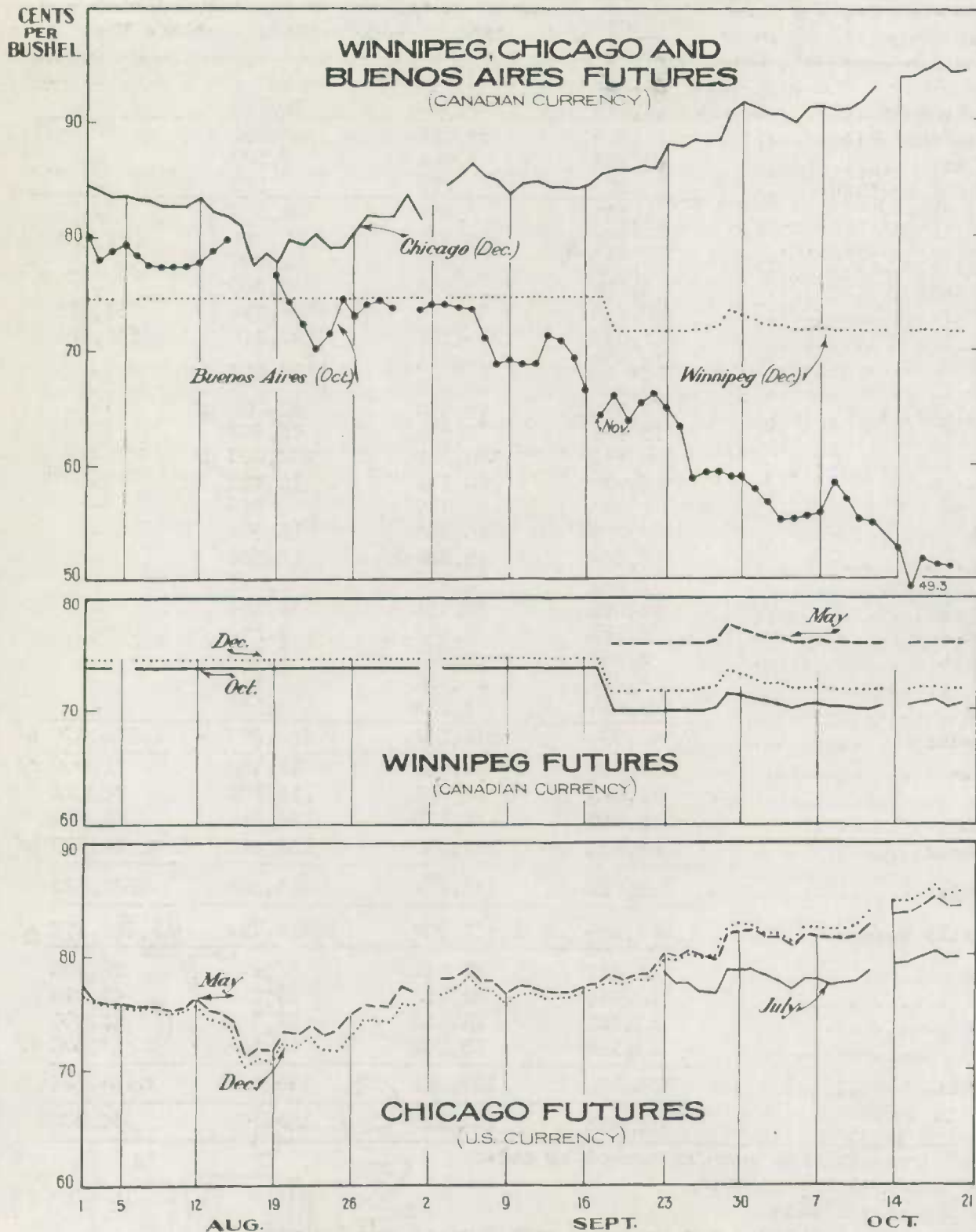
STORAGE OF WHEAT ON FARMS

RATES PAID BY THE CANADIAN WHEAT BOARD

To provide for the payment of storage to producers who hold wheat on farms, the crop season has been divided into 22 and 23 day periods, commencing November 1, 1940 and ending July 31, 1941. For each period the price paid by the Board increases 1/2 cent. In the following table, the prices to be paid in each period for No. 1 Northern Wheat in store Fort William and Vancouver are given. The same rate of storage payments will apply to other grades of wheat.

Time of Delivery to the Wheat Board	Wheat Board Fixed		
	Price No. 1 Northern Fort William and Vancouver	Farm Storage Payment	Fixed Price Plus Storage
(cents per bushel)			
Nov. 1 to Nov. 22	70	1/2	70 1/2
Nov. 23 to Dec. 15	70	1	71
Dec. 16 to Jan. 7	70	1 1/2	71 1/2
Jan. 8 to Jan. 30	70	2	72
Jan. 31 to Feb. 22	70	2 1/2	72 1/2
Feb. 23 to March 17 ...	70	3	73
March 18 to April 9 ...	70	3 1/2	73 1/2
April 10 to May 1	70	4	74
May 2 to May 24	70	4 1/2	74 1/2
May 25 to June 16	70	5	75
June 17 to July 8	70	5 1/2	75 1/2
July 9 to July 31	70	6	76

DAILY CLOSING WHEAT FUTURES QUOTATIONS IN LEADING MARKETS



1940 WHEAT PRODUCTION

The following available production estimates for 1940, are reproduced from the United States Department of Agriculture "Foreign Crops and Markets" under date of October 14.

Wheat: Production in Specified Countries,
Average 1933-1937, Annual 1938-1940.

Country	Average 1933-1937	1938	1939	1940
	(1,000 bushels)			
United Kingdom	61,848	73,349	61,565	-
England and Wales	57,605	69,253	58,053	-
Scotland	3,965	3,883	3,360	-
Northern Ireland	273	213	152	-
Ireland	5,460	7,398	9,520	-
Spain	142,903 a/	96,000 b/	111,773	121,253
Portugal	17,035	15,802	18,400	-
Switzerland	5,514	7,804	6,360	-
Greece	26,166	36,019	38,291	34,171
Italy	267,045	300,701	293,945	268,226
Germany	174,504	204,954	{ 206,257	-
Austria	14,436	16,207		-
Czechoslovakia	58,371	66,660	40,000 c/	-
Poland	75,868	79,802	83,407	-
France	299,649	360,012	287,000 d/	-
Belgium	15,799	20,131	12,822	-
Luxemburg	1,093	1,830	945	-
Denmark	12,770	16,935	15,065	-
Netherlands	15,664	15,938	15,304	-
Norway	1,684	2,637	2,551	-
Sweden	25,022	30,134	31,384	-
Finland	4,579	9,403	8,341	-
Lithuania	8,997	9,233	9,429	-
Latvia	6,574	7,052	7,774	-
Estonia	2,609	3,139	3,133	-
Total	1,243,590	1,381,190	1,263,266	1,075,000 e/
Bulgaria	53,647	78,951	71,155	71,000 f/
Hungary	81,070	98,778	113,102	76,272
Rumania	111,788	177,155	163,611	89,000
Yugoslavia	86,334	111,330	105,660	66,000 b/
Total	332,839	466,214	453,528	302,272
Total Europe	1,576,429	1,847,404	1,716,794	1,377,272 e/
Algeria	34,408	34,942	42,622	27,600
Egypt	42,305	45,935	49,008	49,824
Morocco	24,331	23,172	38,764	23,900
Tunisia	13,118	13,962	18,555	17,000 b/
Total	114,162	118,011	148,949	118,324
Turkey	113,015	156,720	169,309	170,000

Compiled from official sources except as noted.

a/ 1937 production estimated.

b/ Unofficial estimate.

c/ Estimate for territory not included with Germany and Hungary.

d/ Reported by the press as official.

e/ Estimate based on incomplete data and unofficial forecasts.

f/ Unofficial; appears too high unless the 1939 figure has been revised upward.

UNITED STATES CROP REPORT

On October 10, the Crop Reporting Board of the United States Department of Agriculture released the crop report as of October 1, 1940, from which the following section relating to wheat is quoted:

"The October 1 preliminary estimate of all wheat production of 792,332,000 bushels shows a 5 per cent larger crop than the 754,971,000 bushels produced in 1939. It is also 5 per cent above the 10-year (1929-38) average production of 754,685,000 bushels, but substantially below the 931,702,000 bushel crop of 1938. The increase in the production estimate compared with a month ago is due to higher indicated yields in most of the important spring wheat States. Winter wheat production is unchanged from the August 1 estimate of 555,839,000 bushels.

"The production of all spring wheat is now estimated at 236,493,000 bushels compared with 191,540,000 bushels in 1939 and the 10-year average of 183,619,000 bushels. This month's indicated production is 8,772,000 bushels higher than the September 1 estimate. Seven and one-half million bushels of this increase occurred in the hard red spring wheat States, Minnesota and the Dakotas. Small increases occurred also in the Western States.

"The indicated production of durum wheat is 37,020,000 bushels. The 1939 crop was 34,360,000 bushels, and the 10-year average is 29,619,000 bushels. The 1940 production has been exceeded in only one year since 1932, the crop of 40,697,000 bushels in 1938. The increase of 4 per cent in the October 1 estimate compared with September 1 is accounted for by increases of 1.0 bushel and .5 bushel per acre in Minnesota and North Dakota respectively. The indicated yield for the 3 durum wheat States is 11.1 bushels per acre, compared with 11.2 bushels last year and the 10-year average of 9.1 bushels per acre. All of the durum wheat States show yields considerably above average.

"Estimated production of spring wheat other than durum was raised this month to 199,473,000 bushels, compared with 157,180,000 bushels last year and the 10-year average of 154,000,000 bushels. This indicated production is the largest since 1932, with the exception of the crop of 1938. The indicated yield per acre is 13.8 bushels, compared with 12.3 bushels last year, and the 10-year average of 10.6 bushels. Above average yields were realized in all of the important other spring wheat States excepting Washington.

"Farm Stocks: Stocks of wheat on farms on October 1 are estimated at 359,746,000 bushels or 45.4 per cent of 1940 production. This represents slightly larger holdings on farms than the 333,658,000 bushels on the corresponding date in 1939, and the 10-year (1929-38) average of 338,228,000 bushels. In 1938, the most recent year of larger October 1 farm stocks, the quantity on farms was 400,476,000 bushels. The disappearance of wheat from farms between July 1 and October 1 was 518,107,000 bushels. This movement from farms was larger than last year or average, when the quantities were 506,685,000 and 471,622,000 bushels respectively."

AUSTRALIAN CABLE

The following cable was received on October 16 from the Canadian Government Trade Commissioner in Melbourne:

Adverse seasonal conditions persist throughout wheat belts and production now estimated at 100,000,000 bushels. Unsold surplus 1939-40 crop estimated between 40 and 50 million bushels. Cash sale of 1,900,000 bushels of wheat to Greece reported. Wheat Board's price for truck lots four shillings threepence farthing per bushel or four shillings twopence halfpenny minimum 1,000 bushels, Melbourne basis equivalent to seventy-five cents and seventy-four cents Canadian, respectively. Price to millers three shillings eleven pence farthing per bushel bulk equivalent to sixty-nine cents Canadian. Commonwealth Government advancing £A950,000 for drought relief and wheat farmers' plight subject to Conference called by Minister for Commerce for October 25. Arrival 600,000 bushels Australian flour reported at Tientsin but Eastern purchases handicapped by necessity for buyers to provide tonnage. No change in export quotations flour given in last cable.

ARGENTINE LETTER

The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of October 3, 1940, dealing with the grain situation in Argentina.

Seeded Areas - First Official Estimate

The first official forecast of the areas which have been planted with the principal field crops (excluding maize) for the season 1940-41 has been made public by the Department of Rural Economy and Statistics of the Ministry of Agriculture of the Republic.

The whole area seeded to the five crops dealt with amounts to 32,202,100 acres, which is lower than that of last season by 1,093,600 acres.

Reproduced hereunder are the areas estimated as having been planted with the various crops for the new season, together with the percentage increase or decrease in relation to the last season:

	Hectareas	Acres	Increase or Decrease %
Wheat	6,900,000	or 17,049,900	- 4.4
Linseed	2,700,000	6,671,700	- 12.2
Oats	1,500,000	3,706,500	+ 7.6
Barley	832,000	2,055,900	- 3.1
Rye	1,100,000	2,718,100	+ 18.4
	13,032,000	32,202,100	- 3.3

The decreases noted, especially in the areas of wheat and linseed, are attributed by the officials to the frequency and abundance of the rains which fell during seeding. In some of the zones these caused inundations of the farm lands, and in others delayed the preparation of the soil.

The increases in the areas devoted to oats and rye took place in the western sections of the cereal zone, where the unusual precipitation has been rather beneficial.

Of the acreage planted to barley, according to the official memorandum 1,334,340 acres have been seeded with malting varieties, which is a reduction of 30,166 acres as compared with last season.

In the statement below will be found the acreages of the several crops planted in recent seasons:

	Wheat	Linseed	Oats	Barley	Rye
	(acres)				
1940-41	17,049,900	6,671,700	3,706,500	2,055,900	2,718,100
1939-40	17,832,700	7,599,600	3,446,200	2,121,500	2,295,700
1938-39	20,867,600	6,607,500	3,360,600	2,053,400	2,253,600
5-year average.	18,576,300	7,300,400	3,546,800	1,900,700	2,479,700
10-year average.	18,972,300	7,501,000	3,588,800	1,771,500	2,062,400

Crop Conditions

Fine and seasonable weather, favourable for the growing crops, was the rule during September, and reports from the various districts indicate that the fields look well, with strong and healthy plants, the only important exception being the province of Entre Rios, where things are rather backward, but not hopelessly so.

Excerpts from the monthly official report on crop conditions, which was issued on October 2, follow:

The Wheat Crop.— Except in the eastern part of the province of Entre Rios and some portions of the central west of Buenos Aires, where the frequency of the rains caused deterioration of some fields of wheat, especially on low-lying lands, the condition of the wheat crop is good; further, it is very good in southern Santa Fe and northern Buenos Aires. Although in the northern sections of the cereal zone much of the crop has headed already, generally speaking there is a certain backwardness in development; but the practical importance of this backwardness is offset by ample soil moisture.

In the northern part of Santa Fe some fields are affected by "septoriosis", but the infection is not regarded as serious. Some damage has been caused by green fly in the Rio Segundo district of Cordoba, but the low temperatures are tending to reduce the activities of this pest.

Supplies and Markets

Wheat has continued to move out fairly freely, taking into account the reduced stocks. Shipments during September totalled 7,745,000 bushels, which includes the small quantity of 8,000 bushels of flour in terms of wheat. The August total was 10,197,000 bushels.

In the following statement of the statistical position, some revisions have had to be made. Another quarter of a million tons (approximately 9,186,000 bushels) has been added to stocks, which presumably pertains to the 1938-39 crop; and a substantial addition has been made to the flour shipments, to put these in accord with the data of the Statistical Bureau.

Third official estimate 1939-40 crop	119,452,000	bushels
Carry-over from 1938-39 crop	68,566,000	"
Official addition to stocks, July 14, 1940	27,557,000	"
Further unofficial addition	9,186,000	"
Total Supplies	224,761,000	"
Deduct for seed and domestic requirements	101,044,000	"
Surplus available for export	123,717,000	"
Shipments to) Wheat (Revised)	114,670,000	bushels
September 30) Wheat as flour (Revised) .	2,732,000	"
	117,402,000	"
Balance still available	6,315,000	"

There was only slight activity in the wheat market during September. As shown in the statement above, little of the old grain remains to be disposed of, and much of it is of inferior grade and light weight. This light weight wheat has been something of a problem recently in the Futures Market. No one wants it; but a lot of it has been tendered in fulfilment of contracts, and acceptance is obligatory, with allowances for the light weight (53 1/2 lb. per bushel). Even so, it is unwelcome, and is turned over to some one else as quickly as possible.

The millers do not want it, as the proportion of offal is too great, and offal is very low in price, with the export outlet more or less closed. Hence an artificial selling pressure has been created, especially in Buenos Aires, which has carried prices to a lower level than the statistical position justifies.

The United Kingdom made a number of small purchases during the month, aggregating in all about 40,000 tons (1,470,000 bushels). Neighbouring countries in South America were the only other buyers, Uruguay being one of them, having oversold her own wheat production some months ago in order to secure foreign exchange and being now under the necessity of rebuying to provide for domestic requirements.

On the basis of the acreage seeded, given average abandonments and an average yield, the new crop of wheat should produce something over 5 million tons (183,716,000 bushels), of which half would be available for export. But it is, of course, far too early yet to attempt to make an accurate forecast.

At the close of the month Spot wheat in Buenos Aires was worth 6.47 pesos per 100 kilos, equal to 52 1/2 cents United States per bushel at official exchange rates; and the December option 6.63, or say 53 3/4 cents per bushel.

Outside the market February new crop wheat was changing hands at 6.37 to 6.42 per 100 kilos.

Winnipeg's closing price at the end of the month was 73 cents for December wheat.

WEEKLY WORLD SHIPMENTS OF WHEAT AND WHEAT FLOUR

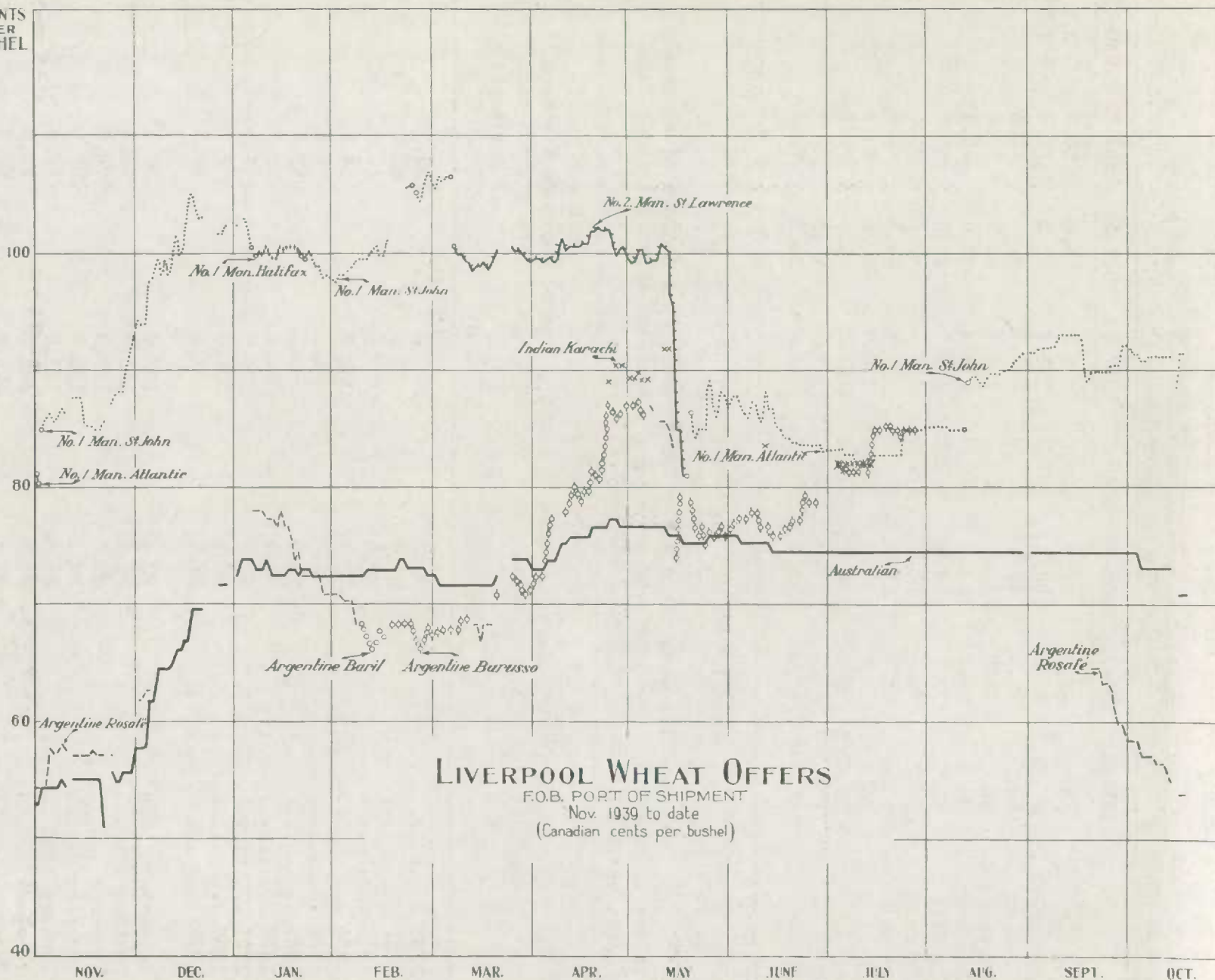
(Broomhall's Records)

Week ending	North America	Argentina	Australia ^{1/}	Russia	Danube	Other	TOTALS
(thousand bushels)							
Aug. 10	2,320	2,232	-	-	240	-	4,792
17	3,600	2,912	-	-	192	-	6,704
24	2,176	2,744	-	-	88	-	5,008
31	3,480	1,776	-	-	200	-	5,456
Sept. 7	4,000	1,824	-	-	200	-	6,024
14	2,664	1,960	-	-	264	-	4,888
21	2,936	2,344	-	-	144	-	5,424
28	1,928	1,408	-	-	128	-	3,464
Oct. 5	2,698	1,054	-	-	-	192	3,944
12	2,768	2,251	-	-	-	188	5,187
19	2,543	1,390	-	-	-	240	4,173
TOTAL	31,113	21,895	-	-	1,456	600	55,064
Comparative 1939							
Same week	2,512	2,696	1,159	-	1,112	-	7,479
TOTALS 2/	44,416	37,120	13,185 ^{3/}	912	11,296	2,144	109,073

^{1/} Not available. ^{2/} Twelve weeks.

^{3/} Since September 2, 1939 weekly allocations from monthly figures published by the Australian Wheat Board.

CENTS
PER
BUSHEL



Monthly Average Winnipeg Cash Prices - No. 1 Northern Wheat
Crop Years 1933-34 to 1940-41.

	(cents per bushels)							
	1933-34	1934-35	1935-36	1936-37	1937-38	1938-39	1939-40	1940-41
August	73.4	86.0	84.5	102.2	131.8	76.6	54.9	72.2
September .	67.2	82.3	90.3	103.9	133.6	63.3	73.9	71.7
October	60.5	78.2	90.8	110.9	142.3	61.5	70.3	
November ..	63.7	79.6	85.7	108.4	134.6	59.0	70.5	
December ..	60.3	79.2	84.7	120.2	137.4	60.6	82.4	
January	65.0	79.0	84.8	124.7	149.1	59.9	82.8	
February ..	65.6	79.5	82.1	127.0	144.6	60.4	83.8	
March	66.4	81.9	82.1	135.7	138.4	59.5	87.0	
April	65.5	87.6	80.5	138.9	138.4	60.5	89.2	
May	70.6	85.7	76.8	130.6	115.2	65.5	79.7	
June	77.1	81.7	79.5	124.2	114.3	61.8	72.3	
July	82.0	81.4	93.4	145.6	98.4	55.3	71.4	

Wheat Prices and the General Price Level ^{1/}

The following table shows the general index numbers of wholesale prices in Canada and Great Britain and of No. 1 Northern Wheat (Winnipeg Cash Price, basis in store Port Arthur and Fort William)

	General Index Canada 1930=100	Board of Trade United Kingdom 1930=100	Wheat No. 1 Manitoba Northern Fort William and Port Arthur basis 1930=100
1930	100.0	100.0	100.0
1931	83.3	87.8	62.4
1932	77.0	85.6	59.0
1933	77.5	85.7	64.8
1934	82.7	88.1	79.4
1935	83.3	89.0	89.6
1936	86.1	94.4	99.5
1937	97.7	108.8	142.3
1938	90.8	101.4	107.7
1939	87.1	102.8	68.5
September, 1939	90.3	105.6	78.5
October	91.6	110.9	74.6
November	92.7	118.6	74.8
December	94.3	122.3	87.5
January 1940	95.3	125.3	87.9
February	95.6	128.3	89.0
March	96.1	128.8	92.4
April	96.0	132.2	94.7
May	94.8	133.7	84.6
June	94.2	134.4	76.8
July	95.2	139.4	75.8
August	95.5	140.1	76.6
September	96.0		76.1

^{1/} Prepared by the Internal Trade Branch.

THE CANADIAN SITUATION

I. GRADING OF THE 1940 WHEAT CROP

The following table shows the grading of both old and new crop inspections during August and September 1940, compared with total inspections for August and September 1939. The inspection reports for these months this year did not show new and old-crop inspections separately.

Number of Cars Grading No. 3 Northern or Better				
1940-41			1939-40	
	Cars	Per Cent of Inspections	Cars	Per Cent of Inspections
August	9,919	95.50	13,478	94.55
September	18,900	98.01	58,166	95.82

Omitting special grades such as Garnets, Durums, White Springs and Winters, the number of cars of new wheat inspected in September 1940 totalled 19,283, of which 18,900 or 98.01 per cent graded No. 3 Northern, or higher. September 1940 inspections of new Durum wheat amounted to 269 cars, of which 258 or 95.91 per cent graded No. 3 Amber Durum or higher. In September 1939, new Durum inspections numbered 2,257 cars of which 1,999 or 88.57 per cent graded No. 3 Amber Durum or higher.

II. LAKE MOVEMENT

The following table summarizes the movement of wheat down the Lakes from the opening of navigation in 1940, with comparative figures for 1939.

From opening of navigation to -	To Canadian Lower Lake Ports	To St. Lawrence Ports	To Buffalo	To Other United States Ports	To United Kingdom and Continental Ports	TOTALS
(b u s h e l s)						
Oct. 14, 1940	92,336,103	6,339,833	19,280,052	8,509,874	-	126,465,862
Oct. 14, 1939	86,449,471	11,801,824	18,704,555	11,008,628	225,026	128,189,504

III. VISIBLE SUPPLY

The following table shows stocks of Canadian wheat in store and in transit in Canada and the United States on October 18, 1940 along with comparative figures for approximately the same date last year.

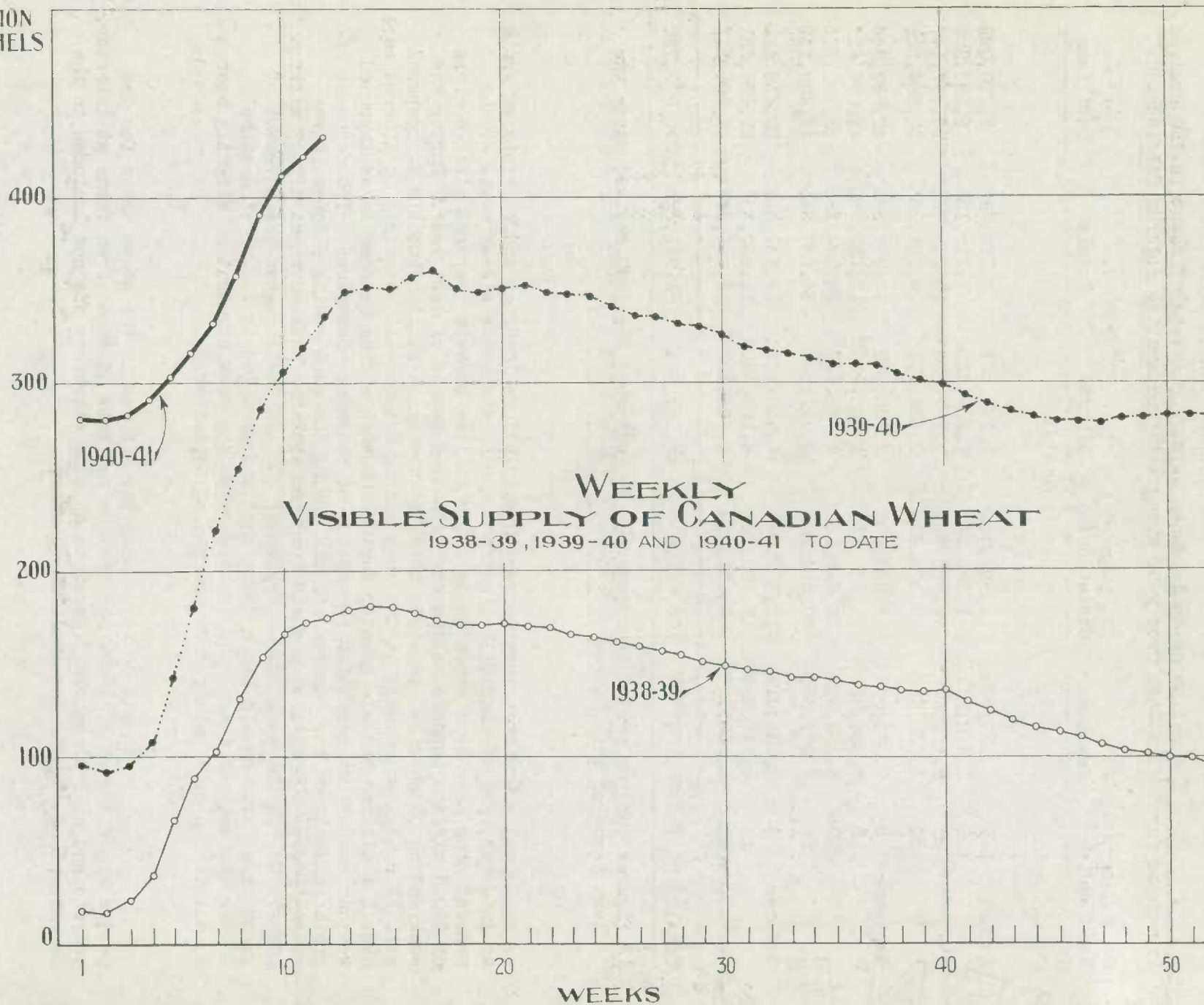
	1940		1939	
	Durum	Other	Durum	Other
	(000 bushels)			
Country Elevators - Manitoba	1,735	20,810	2,210	10,530
Saskatchewan	690	100,485	940	64,000
Alberta	-	47,955	-	36,300
Totals	2,425	169,250	3,150	110,830
Interior Private and Mill Elevators	65	5,558	20	5,670
Interior Public and Semi-Public Terminals .	0	17,693	6	16,034
Pacific Ports	-	16,979	-	5,640
Churchill	-	2,617	-	2,330
Fort William and Port Arthur	1,134	81,663	3,642	73,539
In Transit - Lake	71	3,696	79	3,560
In Transit - Rail	-	27,185	-	40,252
Eastern Elevators - Lake Ports	1,970	42,320	4,012	31,516
St. Lawrence and Seaboard Ports	784	20,783	1,235	19,867
U. S. Lake Ports	-	17,342	25	5,812
U. S. Atlantic Seaboard Ports	2,965	15,709	2,749	6,598
In Transit - U. S. A.	-	2,570	-	-
Totals	9,414	423,365	14,918	321,648
	<u>432,779</u>		<u>336,566</u>	

On October 18, 1940 the visible supply of Canadian wheat in store and in transit in Canada and the United States totalled 432,779,000 bushels compared with 336,566,000 bushels at approximately the same date last year, an increase of 96,213,000 bushels. Stocks of common wheats at 423,365,000 bushels were 101,717,000 bushels greater, but stocks of Durum wheat were 5,504,000 bushels less.

The increase in the visible supply in the twelve weeks since the beginning of the 1940-41 crop season has amounted to 150,499,000 bushels. In the same period of the 1939-40 crop season the increase amounted to 241,566,000 bushels.

The increases in stocks over those of a year ago were distributed through practically all storage and handling facilities. Country elevators reported stocks of 171,675,000 bushels which were 57,695,000 bushels greater than a year ago. Other principal increases in stocks were 11.5 million bushels at United States lake ports, 11.3 million bushels at Pacific ports, 9.3 million bushels at United States Atlantic seaboard ports, 8.8 million bushels in Eastern elevators at lake ports and 5.6 million bushels at Fort William-Port Arthur. Wheat in transit by rail at October 18, 1940 was 13.1 million bushels less than at the same date in 1939.

MILLION
BUSHELS



IV. PRIMARY MOVEMENT

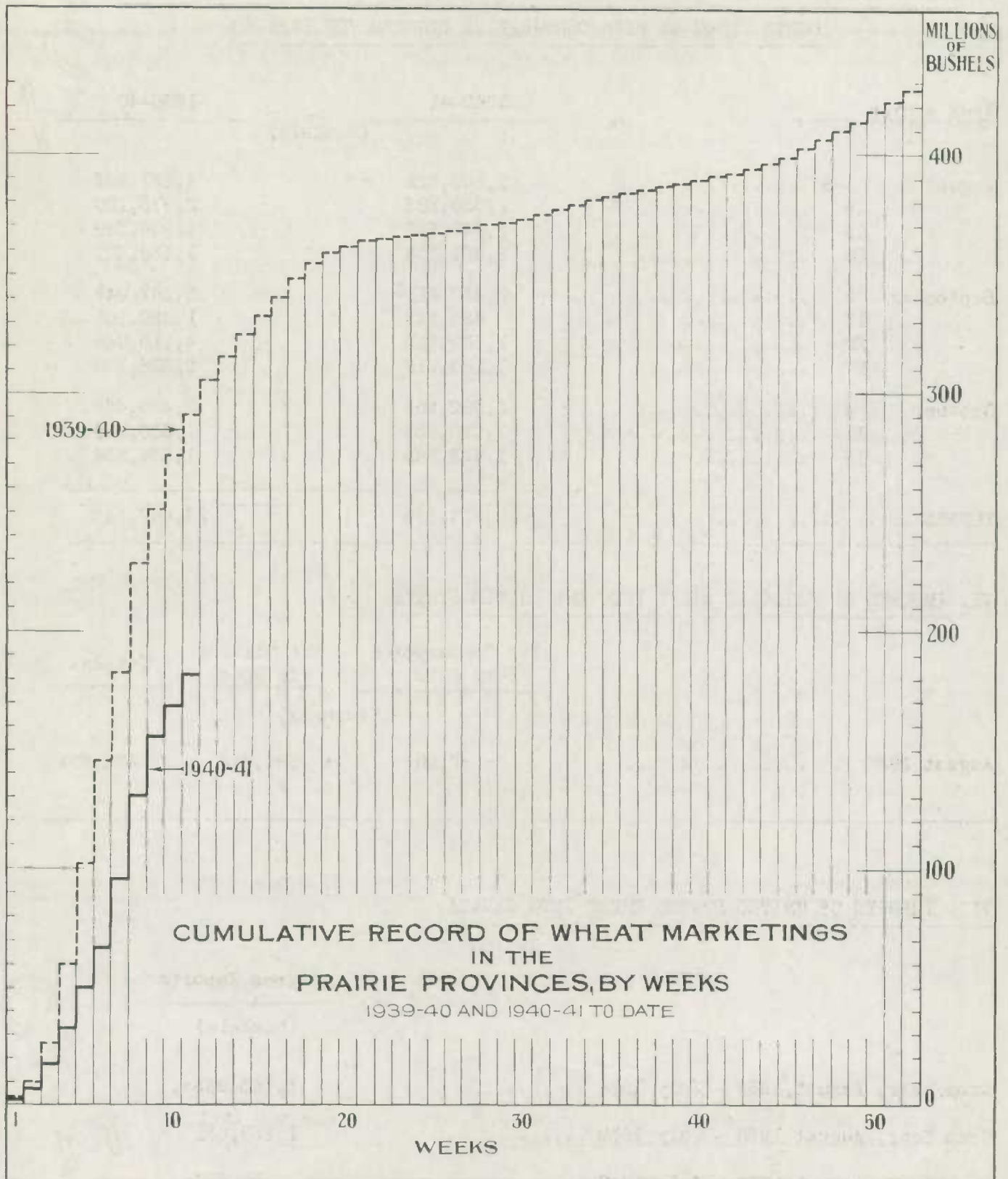
The following table shows primary receipts of wheat in the Prairie Provinces for the 1940-41 crop year along with comparative figures for 1939-40:

<u>Week ending</u>	<u>Manitoba</u>	<u>Saskatchewan</u>	<u>Alberta</u>	<u>Totals</u>	<u>Last Year</u>
	(bushels)				
August 1-9	174,005	1,199,854	1,146,823	2,519,482	3,710,024
16	1,498,381	1,682,347	1,337,423	4,518,151	5,693,928
23	2,772,421	6,195,539	1,787,109	10,755,069	16,907,147
30	3,633,622	9,079,696	2,438,615	15,151,933	33,304,321
September 6	2,073,098	11,063,850	3,840,983	16,977,931	42,560,766
13	3,084,958	11,806,253	1,728,850	16,620,061	42,806,627
20 ^{1/}	5,691,921	17,727,231	5,765,133	29,184,285	37,675,205
27	4,201,888	20,014,208	10,321,749	34,537,845	45,909,713
October 4	2,535,617	13,357,799	8,854,436	24,747,852	22,430,411
11	1,327,214	7,400,564	4,209,685	12,937,463	22,638,321
18	1,136,027	7,135,259	5,724,002	13,995,288	17,201,317
Totals	28,129,152	106,662,600	47,153,608	181,945,360	290,837,780

^{1/} Figures for the period from August 1 to September 20, 1940 revised since the last issue of this Review.

Country elevator receipts, platform loadings and receipts of grain at interior, private and mill elevators during the first eleven weeks of the present crop year have amounted to 181.9 million bushels compared with receipts of 290.8 million bushels in the corresponding period of last year. During the week ending October 18, receipts totalled nearly 14 million bushels as compared with 12.9 million bushels in the week ending October 11. Receipts in Alberta were over 1.5 million bushels greater during the week ending October 18 as improved weather conditions permitted resumption of threshing operations. The movement of grain in Manitoba has tapered off and during the week ending October 18 was slightly over 1.1 million bushels compared with the peak movement of 5.7 million bushels during the week ending September 20. In Saskatchewan the movement of grain from farms has likewise diminished and amounted to 7.1 million bushels during the week of October 18 compared with the peak movement of slightly over 20 million bushels during the week ending September 27.

It should be noted that the figures in the above table for the period since August 1, 1940, now include receipts of wheat from farms at interior, private and mill elevators. Receipts at such elevators are not included in the corresponding figures for the 1939-40 season.



V. TOTAL EXPORT CLEARANCES OF CANADIAN WHEAT FROM CANADIAN AND AMERICAN SEABOARD PORTS, 1940-41 WITH COMPARATIVE FIGURES FOR 1939-40.

Week ending		1940-41	(bushels)	1939-40
August	1-9	1,506,622		4,131,803
	16	1,059,383		2,973,100
	23	1,947,543		1,904,389
	30	2,861,338		1,538,471
September	6	2,457,281		3,187,047
	13	895,149		1,059,101
	20	1,532,713		4,110,848
	27	1,160,710		2,696,100
October	4	2,082,555		2,409,468
	11	1,296,636		1,300,394
	18	1,424,769		1,336,664
TOTALS		18,224,699		26,647,385

VI. IMPORTS OF CANADIAN WHEAT INTO THE UNITED STATES

	For Consumption Duty Paid	For Milling in Bond	Totals
	(bushels)		
August 1940	7,997	584,974	592,971

VII. IMPORTS OF UNITED STATES WHEAT INTO CANADA

	Customs Imports
	(bushels)
Crop Year, August 1937 - July 1938	5,743,953
Crop Year, August 1938 - July 1939	1,558,551
Crop Year, August 1939 - July 1940	10,306
August, 1940	-

VIII. THE STATISTICAL POSITION

(a) In Canada only: The table below summarizes the statistical position of wheat in Canada as at October 1, 1940, with comparative figures for the same date in 1939. The calculation is based upon available supplies for the crop year in Canada only, from which are deducted the Customs exports for the months of August-September. Supplies available for export or carry-over at October 1, 1940, are shown at 688.2 million bushels, representing an increase in current supplies of 255.2 million bushels, compared with those of a year earlier.

	1939-40	1940-41
	(bushels)	
Carry-over in Canada, July 31	94,631,948	273,086,845
New Crop	489,623,000 <u>1/</u>	561,104,000 <u>2/</u>
Total Supplies	584,254,948	834,190,845
Domestic Requirements	121,774,279	120,000,000 <u>3/</u>
Available Supplies	462,480,669	714,190,845
Exports, August-September	29,495,302	25,970,310
Balance for Export or Carry-over, October 1 .	432,985,367	688,220,535

(b) In Canada and the United States: A second method of calculating the statistical position takes into account stocks in the United States as well as in Canada, then works from the elevator returns of overseas clearances plus United States' imports for consumption and milling in bond. The calculation shown below, based on this method, indicates a balance of 720.7 million bushels on October 1, available for export or for the July 31 carry-over in Canada and the United States, compared with 442.9 million bushels a year earlier, indicating an increase of 277.8 million bushels in the current available supplies between the two years.

	1939-40	1940-41
	(bushels)	
Carry-over in Canada and the United States, July 31	102,910,853	300,741,062
New Crop	489,623,000 <u>1/</u>	561,104,000 <u>2/</u>
Total Supplies	592,533,853	861,845,062
Domestic Requirements	121,774,279	120,000,000 <u>3/</u>
Available Supplies	470,759,574	741,845,062
Export Movement, August-September		
Overseas Clearances	22,668,267	14,900,793
United States' Imports	1,638,207	1,192,971
Flour as Wheat	3,581,231	5,069,295
	27,887,705	21,163,059
Balance for Export or Carry-over, October 1 .	442,871,869	720,682,003

1/ Subject to final revision, January 21, 1941.

2/ Subject to revision, November 8, 1940.

3/ Tentative.

IX. MONTHLY OVERSEAS CLEARANCES, ETC., IN COMPARISON WITH THE CUSTOMS EXPORTS OF WHEAT AND WHEAT FLOUR.

September exports of wheat and flour, based on overseas clearance records from Canadian and United States ports, amounted to 9,602,994 bushels. This amount is 2.4 million bushels less than the Customs export total for the month of September.

	Overseas Clearances of Canadian Wheat	U. S. Imports of Canadian wheat for con- sumption and milling in bond	Customs Exports of Canadian Wheat Flour	Totals	Customs Exports of Wheat and Wheat Flour
			(bushels)		
1938-39					
August	6,878,655	9,924	1,288,215	8,178,794	7,654,270
September ..	13,798,454	924,770	1,436,826	16,162,050	14,053,684
October	22,668,632	1,224,923	2,378,705	26,272,260	26,958,075
November	19,091,220	895,531	2,150,437	22,137,188	23,853,951
December	6,767,988	499,883	1,642,882	8,910,753	17,625,408
January	8,585,226	855,884	1,707,921	11,149,031	9,586,884
February	7,280,330	1,017,813	1,308,447	9,606,590	7,054,780
March	5,452,361	897,365	1,623,384	7,973,110	8,187,661
April	3,862,253	878,034	1,238,738	5,979,025	4,070,350
May	14,674,858	1,000,717	2,321,001	17,996,576	15,976,267
June	10,711,089	985,981	1,805,350	13,502,420	16,442,366
July	9,317,464	1,035,725	1,815,197	12,168,386	15,595,751
Totals	129,088,530	10,226,550	20,719,103	160,034,183	166,959,447
1939-40					
August	10,547,763	944,372	1,706,742	13,198,877	11,979,671
September ..	12,120,504	693,835	1,874,489	14,688,828	17,515,631
October	6,225,133	396,611	1,998,648	9,220,392	18,847,495
November	15,218,051	1,030,351	2,577,645	18,826,047	23,212,844
December	11,011,279	406,637	4,062,213	15,480,129	38,474,661
January	15,946,245	938,657	3,263,922	20,148,824	13,621,527
February	13,212,338	827,327	2,517,021	16,556,686	9,115,258
March	17,190,619	857,361	3,220,106	21,268,086	11,848,383
April	13,753,300	738,565	2,339,415	16,831,280	7,421,151
May	18,293,320	821,326	3,251,677	22,366,323	26,717,997
June	9,180,759	569,602	2,291,886	12,042,247	15,861,993
July	10,004,408	629,854	1,412,388	12,046,650	13,279,904
Totals	152,703,719	9,454,498	30,516,152	192,674,369	207,896,515
1940-41					
August	8,376,192	592,971	2,590,902	11,560,065	13,992,063
September ..	6,524,601	600,000 ^{1/}	2,478,393	9,602,994 ^{1/}	11,978,247
Aug.-Sept. 1940-41	14,900,793	1,192,971 ^{1/}	5,069,295	21,163,059 ^{1/}	25,970,310
Aug.-Sept. 1939-40	22,668,267	1,638,207	3,581,231	27,887,705	29,495,302

^{1/} Subject to revision.

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