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MONTHLY REVIEW OF THE WHEAT SITUATION

DECEMBER 23, 1940



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THE WORLD WHEAT SITUATION - SUMMARY

During the past four weeks the most significant developments have been on the supply side. In the balance, somewhat larger supplies of wheat are in sight in the major exporting countries than were apparent a month ago. While Australia's poor yield has been confirmed, the Argentine crop has turned out larger than was generally looked for, and an upward revision has been made in the estimate for the United States wheat crop as well. In Australia the first official estimate at 91.9 million bushels bore out earlier expectations that the crop would fall below 100 million bushels. With an unsold carry-over of old-crop wheat privately reported at 50 million bushels, Australia is entering the 1941 crop year with an exportable surplus of 87 million bushels. Argentina has just come through a crop season that was very favourable during the growing period. Although wet harvesting conditions have prevailed, the new wheat crop was officially estimated in round numbers at 8 million metric tons, equivalent to 293.9 million bushels. This production was from 30 to 40 million bushels larger than had been anticipated. While Argentina's carry-over of old-crop wheat must have been very small, the exportable surplus from the present total supplies has been placed at 196.3 million bushels. On December 18, the United States wheat estimate for 1940 was revised upward by 24.4 million bushels to 816.7 million bushels, representing a further augmentation of western hemisphere wheat supplies.

The increased United States supplies do not suggest increased export competition from the country to the south since the apparent policy for some time has been not to press export sales under present conditions. On the other hand, the large Argentine crop indicates that Canada will be faced with greater competition from Argentine supplies in available markets other than the United Kingdom, although the latter country will undoubtedly take some wheat from Argentina as well. The extent of the Argentine competition is indicated in the f.o.b. offers, where, for example, on December 18, Argentine Rosafe new-crop wheat was being offered for export from Buenos Aires at 56 cents per bushel in Canadian funds. This quotation was 22 cents below Australian f.o.b. offers at 78 cents, and 37 cents below No. 1 Northern offered f.o.b. St. John at 93 cents on the same day. While heavier freight charges on Argentine wheat absorb part of the disparity between Argentine and Canadian prices, it follows that Argentine wheat will be favoured in markets where price alone is the dominant consideration. For example, Spain is in urgent need of wheat imports at the present time to a reported extent of 36.7 million bushels. Since the commercial agreement recently concluded between Spain and the United Kingdom, the latter country is apparently favourably disposed toward the granting of navicerts for the entry of wheat into Spain. The Spanish Government has already approached the United States for a loan coupled with wheat imports, but with this development still pending. Spain is now trying to arrange for the transport of Argentine wheat in her own vessels.

The Canadian Government Trade Commissioner at Melbourne has reported a further sale of 3.7 million bushels of Australian wheat to Greece. For the past four weeks, wheat shipments from Russia have been reported, and in the week ending December 14, these were almost 1.2 million bushels. Total shipments for the four weeks amounted to 2.1 million bushels. It is believed that this wheat is intended for Greece in fulfilment of a 3.7 million bushel sale to that country made by Russia earlier in the autumn.

The Wheat Situation in Canada

Canadian exports of wheat and flour, based on overseas clearances for wheat, have totalled 45,663,228 bushels for the August-November period in 1940. This volume is 10.3 million bushels less than the amount exported in the same period of 1939. This deficiency in the 1940 exports as compared with a year ago is not severe when it is considered that an annual market of 60 million bushels for Canadian wheat has been lost, as judged by our 1939-40 trade with the Continent before the German invasion of the Low Countries and Scandinavia. The Customs exports of wheat and flour for the four months ended in November totalled 59,354,856 bushels, but these included additional wheat shipped to the United States for storage.

The primary movement of wheat in western Canada received a new stimulus through enlargement of delivery quotas. For the past four weeks the total primary movement has averaged 10 million bushels weekly, and the total amount of wheat delivered from farms between August 1 and December 13 has amounted to 264 million bushels. The current deliveries from farms have overtaken last year's rate of marketings since mid-November, and are reducing the lag behind last year's exceptionally heavy deliveries in the autumn months. Up to December 13, 1939, a total of 358 million bushels had been delivered from farms. This year, the general delivery quota was raised to 10 bushels per seeded acre on November 27, and to 12 bushels per acre on December 13. In addition, quotas of 15 and 20 bushels have been provided for a further number of delivery points.

The visible supply of Canadian wheat on December 13 established a further new record at 478,205,000 bushels, and it is probable that this figure will continue to mount. Examination of the amounts of wheat in store at country points and at Fort William-Port Arthur reveals additional space available for the receipt of wheat from farms. Against a total country elevator capacity of 271 million bushels at present, including annexes, there were 223.8 million bushels of wheat in store on December 13. After allowing 9.5 million bushels of the capacity for working space, there is room for another 37.7 million bushels in country elevators. Interior public and semi-public terminals could take an additional 2.5 million bushels, while there is space in interior private and mill elevators for another 7.5 million bushels. Elevators at the Head of the Lakes have 61 million bushels in store, and could take another 27 million bushels. In total there is approximately 75 million bushels of western elevator space in sight for further delivery of wheat, although part of this space may be used up by a reduction in the 13.8 million bushels now in rail transit.

A considerable portion of the presently available space in western elevators is due to shipments of 33.2 million bushels down the Lakes during the last four weeks of navigation which closed on December 12. Early winter weather handicapped the end-of-the-season movement, and this is revealed by comparison of the volume shipped with that of the last four weeks of navigation in 1939 which amounted to 61 million bushels. A considerable portion of the late shipments has gone into winter storage afloat, although the actual amount unloaded at Lower Lake points and the amount left in vessels has not yet been fully determined.

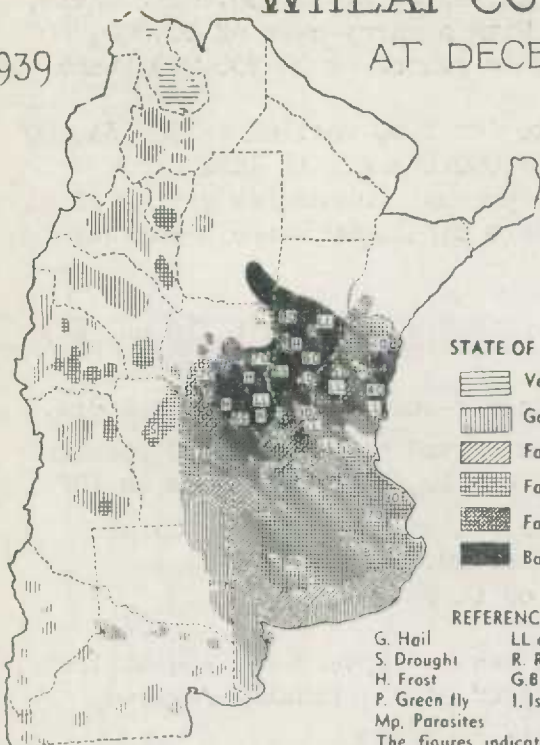
The winter rail movement is under way from Georgian Bay and Lower Lake elevators to Maritime ports. Up to December 12, the volume totalled 4,985,884 bushels, although Maritime elevators were fairly well stocked when the current rail movement began. Last year, the rail movement up to December 14 at 10,054,404 bushels was double the present year's volume, although Maritime elevators were empty when the 1939 movement began.

ARGENTINE WHEAT CONDITION

1939

AT DECEMBER 1

1940



STATE OF CROPS

- Very good
- Good
- Fair to Good
- Fair
- Fair to Bad
- Bad

REFERENCES

- G. Hail
 - S. Drought
 - H. Frost
 - P. Green fly
 - Mp. Parasites
 - LL excess rain
 - R. Rust
 - G.B. Worms
 - I. Isoca
- The figures indicate the percentage of area considered lost.



The first estimate of the Argentine 1940 wheat crop was issued by the Argentine Ministry of Agriculture on December 13 at 8,000,000 metric tons, equivalent to 293,920,000 bushels. This estimate was higher than generally anticipated, although it had been mentioned as a possibility. This crop is almost two-and-a-half times the size of the 1939 crop of 119,453,000 bushels, but is below the 1938 crop of 367,443,000 bushels. The official condition maps as of December 1, 1939 and 1940 shown above display the contrast in the general condition of the two crops. The provinces of Cordoba and Santa Fe which experienced extremely adverse conditions a year ago from excessive rains and frost came through the present season in generally good condition, as was the case in the main-producing province of Buenos Aires. The 1940 crop experienced some rust damage, and in a small area in the south of Santa Fe conditions were only fair. Since the end of November, frequent rains have been hampering the harvesting of the present crop, although the weather is now drying.

An official estimate of the Argentine wheat surplus for the crop year just commencing shows 196,265,000 bushels available for export.

CALENDAR OF WHEAT EVENTS

1940

- December 3. Australian wheat crop officially estimated at 91,900,000 bushels, the smallest crop since 1919. With a carry-over of 50,000,000 bushels, the exportable surplus is placed at 86,900,000 bushels.
6. Japanese wheat production estimate for 1940 revised to 66,134,000 bushels, as compared with 61,086,000 bushels in 1939. Finland's wheat production within present boundaries estimated at 5,989,000 bushels as compared with 8,341,000 bushels in 1939 within former boundaries.
13. Canadian Wheat Board raises general delivery quota to 12 bushels per seeded acre. Droughty conditions reported for newly-sown wheat crop in India. Argentine wheat crop officially estimated at 293,920,000 bushels as compared with the small crop of 119,453,000 bushels in 1939. United States Commodity Credit Corporation wheat loans total 265,909,733 bushels as of December 10. Of this volume, 45,705,748 bushels were stored on farms.
18. United States 1940 wheat estimate revised upward by 24.4 millions to 816,698,000 bushels, as compared with a finally revised production of 751,435,000 bushels in 1939.

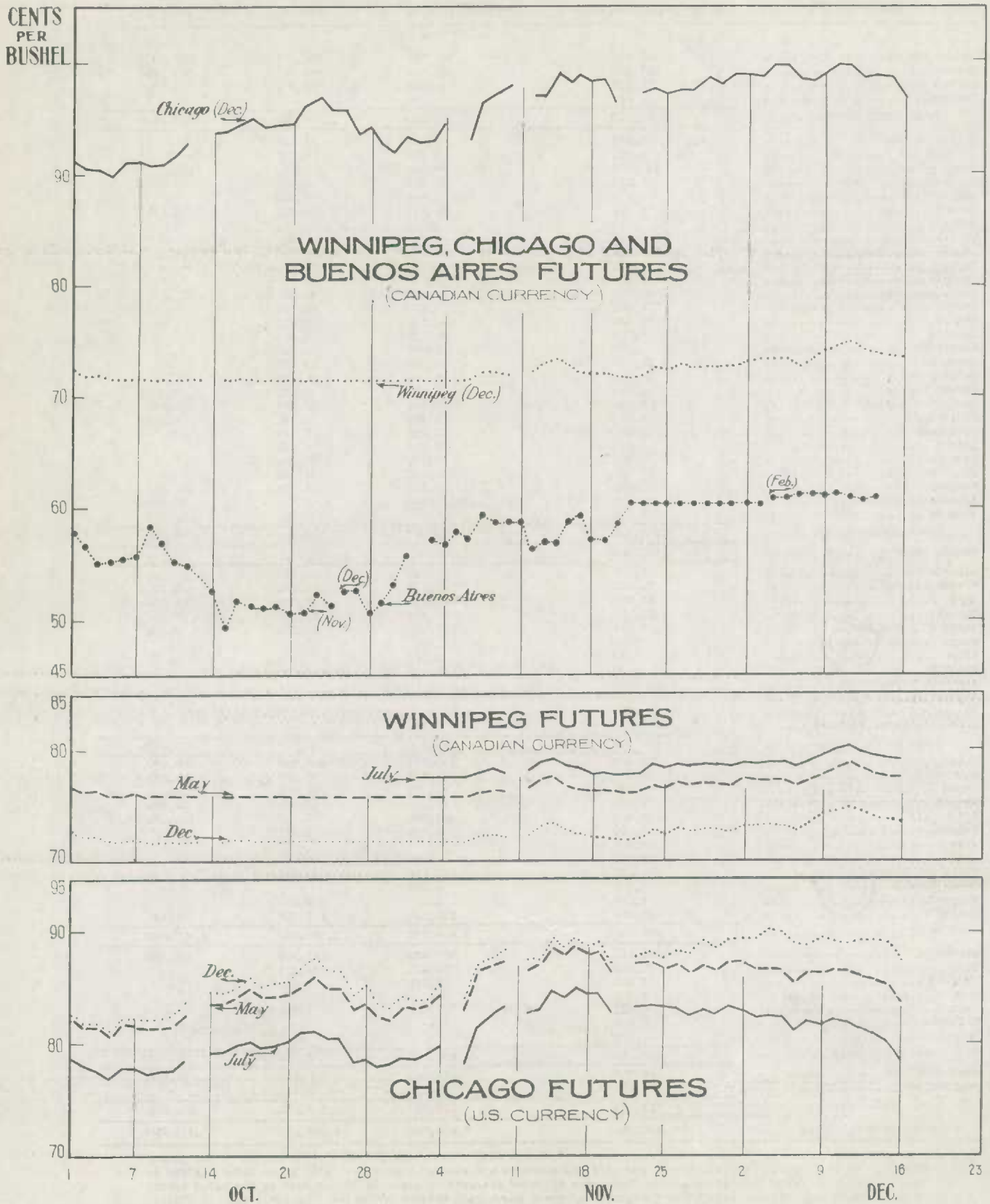
PRICES

No clear cut trend in wheat prices was displayed in the various wheat markets during the past four weeks. Chicago December wheat prices, after easing almost 2 cents on November 20, resumed their firm trend and reached the season's best levels on December 4 at 90 1/8 cents, and again on December 10 at 90 1/4 cents in United States funds. Since December 10, the December future has inclined to soften. The Chicago May and July futures did not share the strength with the December contract. Considerable loan wheat will be available for delivery against the May and July contracts, and favourable prospects for the new winter wheat crop are also reflected in the July contract. Consequently, the May and July deliveries have widened their spreads below December.

Winnipeg futures have continued to trade above the minimum levels throughout the past four weeks. A show of strength was made between December 6 and December 11, when all Winnipeg futures rose approximately 2 cents. On the latter date the December future closed at 74 3/4 cents, May at 78 3/4 cents and the July future at 80 3/8 cents for their best levels of the season. Since then the trend has been easier. Spreads between the futures have been practically unchanged.

Argentine futures for February, March and April have been trading fractionally above the pegged minimum levels.

DAILY CLOSING WHEAT FUTURES QUOTATIONS IN LEADING MARKETS



1940 WHEAT PRODUCTION

The table below shows very few revisions in the estimates for individual countries, as published last month. The estimate for Finland has been raised slightly, and that for Japan shows an increase of almost 5 million bushels. The first official estimates of Australian and Argentine production appear below.

Wheat: Production by Country and Continent, Average 1933-34 to 1937-38, Annual 1938-39 to 1940-41.

Country	Average 1933-34 to 1937-38	1938-39	1939-40	1940-41
	(1,000 bushels)			
United States	641,372	931,702	754,971	792,332
Canada	247,821	360,010	489,623	547,179
Mexico	11,590	11,845	14,771	13,000
Guatemala	300	-	-	-
Total North America	901,100	1,303,900	1,259,700	1,352,800
United Kingdom	61,848	73,349	61,565	-
Ireland	5,460	7,398	9,520	-
Spain a/	142,903	96,000	105,742	121,253
Portugal	17,035	15,802	18,962	9,260
Switzerland	5,514	7,804	6,360	-
Greece	26,166	36,019	38,291	34,171
Albania	1,663	1,650	-	-
Malta	271	298	279	-
Italy	267,045	300,701	293,210	268,226
Germany	174,504	204,954	206,257	-
Austria	14,436	16,207	-	-
Czechoslovakia	58,371	66,660	40,000 b/	-
Poland	75,868	79,802	83,407	-
France	299,650	360,121	287,000 c/	-
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	2,609
Sweden	25,022	30,184	31,384	16,681
Finland	4,579	9,403	8,341	5,989
Lithuania	8,997	9,233	9,429	-
Latvia	6,574	7,052	7,774	-
Estonia	2,609	3,139	3,133	-
Bulgaria	53,647	78,951	71,155	-
Hungary	81,070	98,778	113,102	74,956
Yugoslavia	86,334	111,330	105,660	72,252 d/
Rumania	111,788	177,155	163,611	89,295
Total Europe	1,578,400	1,849,500	1,712,500	1,375,000
Soviet Union e/	1,200,000	1,500,000	-	-
Algeria	34,408	34,942	42,622	27,600
French Morocco	24,331	23,172	38,764	23,900
Egypt	42,305	45,935	49,008	49,995
Tunisia	13,118	13,962	18,555	17,000 e/
Union of South Africa	15,824	17,093	15,310	17,153
Kenya	591	916	-	-
Libya	390	1,293	919	-
Eritrea	125	-	-	-
Anglo-Egyptian Sudan	221	-	-	-
Angola	359	-	-	-
Basutoland	866	-	-	-
North. & South. Rhodesia	175	169	-	-
Total Africa	132,700	139,000	167,700	139,000
China f/	758,000	640,000	667,000	700,000
Manchuria	33,822 g/	34,318 g/	31,232 f/	30,864 f/
Japan	46,478	45,244	61,086	66,134
Chosen	9,248	10,401	12,565	12,600
India	356,459	401,856	370,869	402,600
Palestine	3,215	1,631	3,277	-
Iran	73,397 h/	-	-	-
Iraq	15,634	22,046	-	-
Syria and Lebanon	16,241	23,674	22,303	-
Transjordan	2,799	3,127	-	-
Cyprus	2,077	2,017	2,510	-
Turkey	113,016	156,720	169,309	170,122
Total Asia	1,430,400	1,414,000	1,437,000	1,507,000
Argentina	225,152	367,433	119,453	293,920
Chile	31,230	35,511	31,611	-
Uruguay	13,252	15,461	9,901	-
Brazil	5,510	-	-	-
Peru	2,582	3,787	4,115	-
Colombia	3,617	-	-	-
Bolivia	1,000 i/	-	-	-
Total South America	282,350	432,000	175,000	351,000
Australia	158,719	155,368	210,160	91,900
New Zealand	7,408	5,564	8,010	-
Total Australasia	166,100	160,950	218,200	100,000
Estimated World Total	5,500,000	6,600,000	6,200,000	6,171,000

a/ 1936 and 1937 unofficial. b/ Estimate for territory not included with Germany and Hungary. c/ Reported by the press as official. d/ Unofficial. e/ Calculated from official acreages and average yields per acre; since these figures do not take into account heavy harvesting losses, they were adjusted downward by about 10-15 per cent in the world total. f/ Office of American agricultural attaché at Shanghai. g/ South Manchurian Railway estimates. h/ 1933-1936. i/ 1931.

AUSTRALIAN CABLE

The following cable was received on December 6 from the Canadian Government Trade Commissioner in Melbourne:

Latest estimated production of wheat 1940-41 season is ninety million bushels. Further sale to Greece of approximately 3,700,000 bushels but no other large scale sale of wheat overseas lately. Good prospects in eastern markets but business handicapped by lack of shipping space. Price of wheat to millers for gristing into flour for shipment to Burma, Malaya, Asiatic Territory as far north as Hong Kong, East Indies and Mauritius raised by Australian Wheat Board to two-pence a bushel viz. four shillings twopence three farthings bagged and four shillings one penny farthing for bulk (equivalent to seventy-four and seventy-two cents Canadian, respectively). Otherwise, official prices remain as quoted in last cable. Stabilization plan envisaged by Federal Government now guarantees three shillings ten pence a bushel f.o.b. ports bagged wheat (equivalent to sixty-seven cents Canadian) for a maximum crop of 140,000,000 bushels. All handling and storage costs will be found out of this price yielding approximately three shillings twopence halfpenny to farmer at country sidings (equivalent to fifty-six cents Canadian). Current export quotations flour nine pounds five shillings per ton 49 pound calico bags equivalent to thirty-two dollars fifty-six cents Canadian and eight pounds seventeen shillings and sixpence per ton 150-pound sacks equivalent to thirty-one dollars twenty-two cents Canadian.

ARGENTINE LETTER

The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of December 4, 1940, dealing with the grain situation in Argentina.

Seeded Areas - Third Official Estimate

Based on the reports supplied by the inspectors of the Department of Rural Economy and Statistics, the Ministry of Agriculture has issued its third estimate of the areas seeded to wheat, linseed, oats, barley and rye for the 1940-41 season, this being presumably the final calculation.

Each of the items shows an increase, but the variations from the earlier figures are only slight, as will be seen from the comparative statement of the first and third estimates set out below.

	<u>Third estimate</u>		<u>First estimate</u>	
	hectareas	acres	hectareas	acres
Wheat	7,110,000	or 17,568,800	6,900,000	or 17,049,900
Linseed	2,735,500	6,759,400	2,700,000	6,671,700
Oats	1,578,000	3,899,200	1,500,000	3,706,500
Barley	865,800	2,139,400	832,000	2,055,900
Rye	1,113,100	2,750,500	1,100,000	2,716,100
T o t a l s	13,402,400	33,117,300	13,032,000	32,202,100

In comparison with the acreages of last season, the above figures show a decrease in the case of wheat of 1.5 per cent, and of linseed 11.1 per cent, but the other crops show increases respectively of oats 13.1 per cent; barley 0.8 per cent; rye 19.8 per cent.

Of the area planted with barley there are 1,349,000 acres of malting varieties.

To facilitate comparisons with other recent seasons, the various crop acreage totals are reproduced below.

	Wheat	Linseed	Oats	Barley	Rye
	(acres)				
1940-41	17,568,800	6,759,400	3,899,200	2,139,400	2,750,500
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

Official Minimum Prices for Wheat and Linseed

As a result of constant pressure by rural organizations, with considerable backing from the public press, the Government on November 20 by Decree established minimum prices for wheat and linseed as from December 1, of 6.75 pesos per 100 kilos for wheat (say 54 3/4 cents per bushel); and 9.25 pesos per 100 kilos for linseed or say 70 cents per bushel. No private transactions will be permitted at lower prices.

The scheme will be partly financed by the official Board in charge of selling wheat to the local millers at 9. pesos per quintal. If the millers purchase wheat elsewhere than through the Board they must pay to it 2.25 for each 100 kilos so bought.

The official Board is now purchasing all wheat or linseed offered at the basic prices established.

In a statement on the subject the Ministry of Agriculture pointed out what is involved in the measure, saying in part:

'The purchase of these products will absorb approximately 500,000,000 pesos, the greater part of which the Government has no assurance whatever of being able to recover, in view of the very poor prospects of selling the grain and linseed abroad, owing to the war. On this point it is only necessary to say that in normal times our exports of grains to Continental Europe represent more than 50 per cent of our total grain exports, and this business is now totally paralyzed by the blockade.

It is not too much to say that of the total which may be invested in the purchase of wheat and linseed of the new crop, at the end of next year there will remain about 160,000,000 pesos without much prospect of recovery. To this there may have to be added the possible loss on the purchases of maize of the last crop, calculated at approximately 90,000,000 pesos, besides a balance which is still owing to the National Bank of more than 130,000,000 pesos, loss sustained by the Government on the purchase of wheat of the last crop. Thus the Government will have to face obligations totalling about 400,000,000 with small prospects of recovery.

In addition, it is necessary to bear in mind that in April of next year a new crop of maize will be harvested, which if the war continues as at present there will be no better prospects of marketing than there are for the current crop. Hence the farmers will have to bear in mind the obligations already undertaken by the Government and the possible losses, and realize that it would be very difficult for it to offer the same assistance with the new crop as is being accorded with the old one.

Crop Conditions

Weather conditions during the month of November were quite favourable for the grain and seed crops, the state of which is, generally speaking, rather better than normal, although some light damage has been sustained from various causes in some of the districts.

The Official Report which made its appearance this morning contains the following information about the several crops:

The Wheat Crop: Considered as a whole, the state of the wheat crop is somewhat superior to normal. The first yields in the northern part of the cereal zone, while not being extraordinary as had been foreseen by some authorities, are nevertheless fully satisfactory. Some fields in the northern part of Cordoba, although affected by rust, yielded more than 1000 kilograms per hectarea (14 3/4 bushels per acre.)

Light damage to some of the wheat fields has been caused by root-rot in Central Santa Fe, parts of Cordoba and south-western Buenos Aires. There is a wide diffusion of rust almost throughout the cereal zone, especially with certain varieties of wheat. Hail caused local damage in various provinces, especially in Entre Rios and Cordoba.

Supplies and Markets

Shipments of wheat in November reached a total almost identical with that of the preceding month, 6,771,000 bushels, as compared with 6,790,000 bushels. The November shipments consisted of 6,589,000 bushels of grain and 182,000 bushels of flour in terms of wheat. The last month of the year commences with the supply position as indicated below:

Third official estimate 1939-40 crop	119,452,000 bushels
Carry-over from 1938-39 (revised)	119,638,000 "
Total supplies	239,090,000 "
Deduct for seed and domestic requirements	101,044,000 "
Balance for export (revised)	138,046,000 "
Shipments to) Wheat	127,815,000 bushels
November 30) Wheat as flour	3,142,000 " 130,964,000 "
Balance still available	7,082,000 "

The adjustment in the above figures is necessary in order to bring them into line with the official statistics, the balances shown in which have borne little relationship to the official crop estimates. The balance still available for export in the foregoing statement is practically identical with that shown as at November 30 in the official published figures.

There was very limited activity in the wheat market during the month. Buying was practically confined to Brazil and the local millers, and the transactions were mostly for new crop grain. It is understood that most of the balance of the old crop grain has been sold although not yet shipped. Of the new crop the United Kingdom is reported to have purchased 100,000 tons (3,674,000 bushels). While extensive orders from this source are not looked for at present, it is anticipated that a certain quantity of Argentine wheat will be required for mixing with the strong Canadian wheat if and when boat space is available.

While the official Board is open to purchase all wheat offered by growers at the minimum price recently established, which is above the world price by about 10 per cent, a number of transactions are said to be taking place between the millers or the exporters and the growers at a price somewhat below the official minimum, the inducement being that a prompt cash settlement is effected in full, whereas a sale to the Government usually means a delay which may be inconvenient.

Much of the buying by millers will probably still be direct from the grower, although there may be no financial advantage as compared with purchasing from the Board. The millers are accustomed to buy on sample parcels of wheat suitable for their "mix", and are likely to continue to do this for part of their

requirements rather than rely solely on Argentine official grading in filling their needs. They are making an official protest to the authorities against the imposition of the tax of 2.25 per 100 kilos which they must pay on purchases not made through the Board.

With little of the new crop yet threshed, the probable volume is a subject of constant discussion. The general conclusion appears to be that with a continuation of present weather conditions, there will be about 4 million tons (146,972,000 bushels) of wheat to dispose of after local consumption and the demand from neighbouring countries have been provided for. Present prospects for marketing it are not very bright.

As a step towards guarding against future over-production, power has been conferred on the official Board to require producers selling their grain to it to undertake not to increase their acreage under wheat next season, and if later required to do so to reduce their wheat acreage to an extent not greater than 10 per cent. This year's wheat area is unusually low.

At the close of the month there were no official quotations for wheat, registration of transactions at lower than the Government's minimum price of 6.75 pesos per quintal (54 3/4 cents United States per bushel) being prohibited. The prevailing price prior to the appearance of the minimum was 6.30 (51 1/8 cents per bushel). New crop wheat for February delivery closed the month at 6.79, or say 55 1/8 cents per bushel. On the same day in Winnipeg December wheat closed at 72 1/2 cents.

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, 1940	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	2,696	1,056	-	-	-	-	3,752
12	2,768	2,248	-	-	-	-	5,016
19	2,544	1,384	-	-	-	-	3,928
26	1,944	224	-	-	-	-	2,168
Nov. 2	2,736	1,520	-	-	-	-	4,256
9	4,224	2,296	-	-	-	-	6,520
16	4,232	1,064	-	-	-	-	5,296
23	4,678	2,147	-	160	-	152	7,137
30	4,182	1,620	-	512	-	208	6,522
Dec. 7	3,295	995	-	280	-	176	4,746
14	2,616	871	-	1,176	-	224	4,887
T o t a l s	59,019	32,625	-	2,128	1,456	760	95,388
<u>Comparative 1939</u>							
Same week	2,664	2,440	810 ^{2/}	-	1,448	-	7,362
T o t a l s	74,384	68,328	22,694 ^{2/}	912	23,808	2,520	192,646



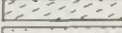
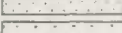
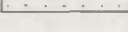
^{1/} Not available. ^{2/} Since September 2, 1939 weekly allocations from monthly figures published by the Australian Wheat Board.

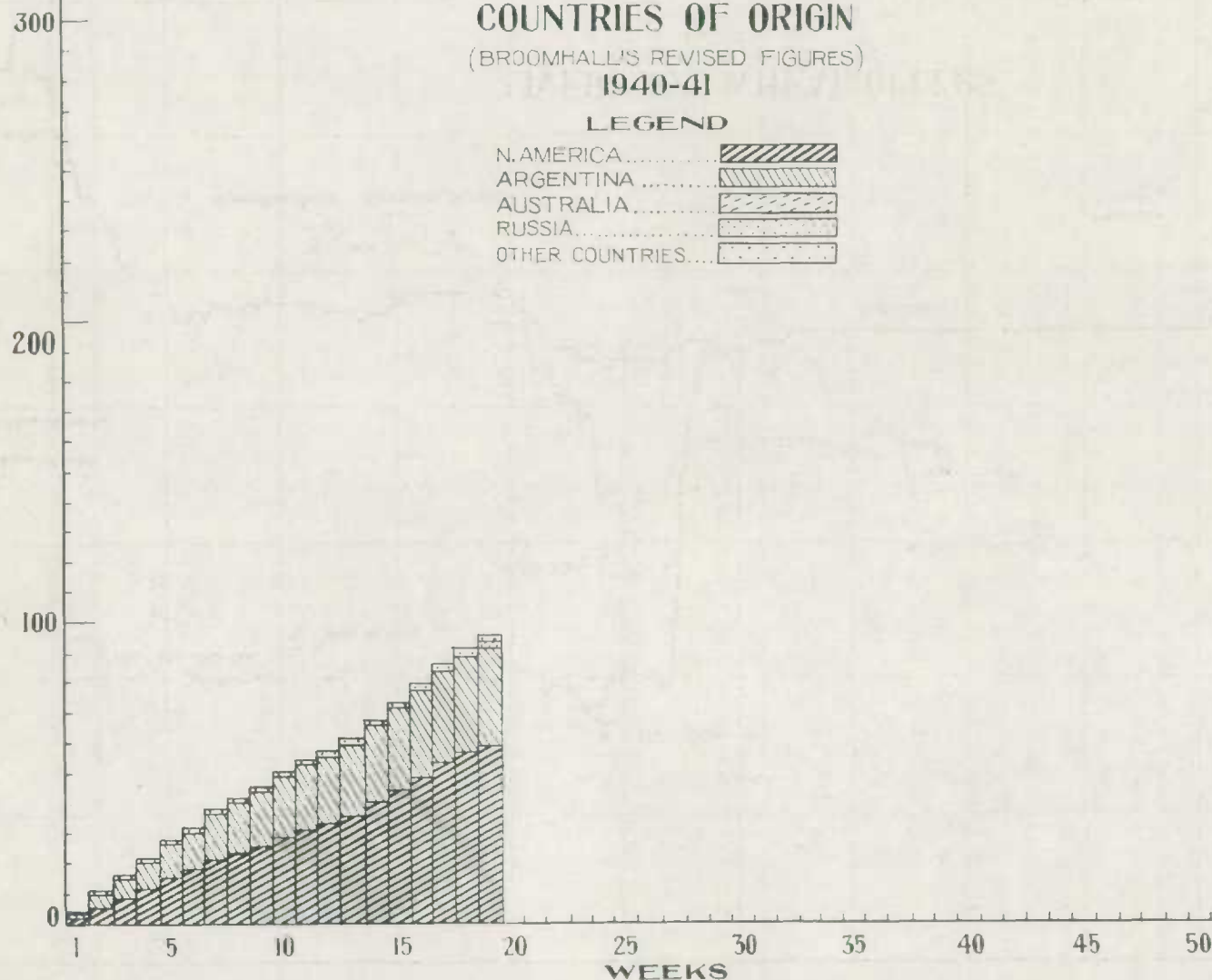
BUSHEL
'000,000'

CUMULATIVE RECORD OF WORLD SHIPMENTS OF WHEAT AND FLOUR BY COUNTRIES OF ORIGIN

(BROOMHALL'S REVISED FIGURES)
1940-41

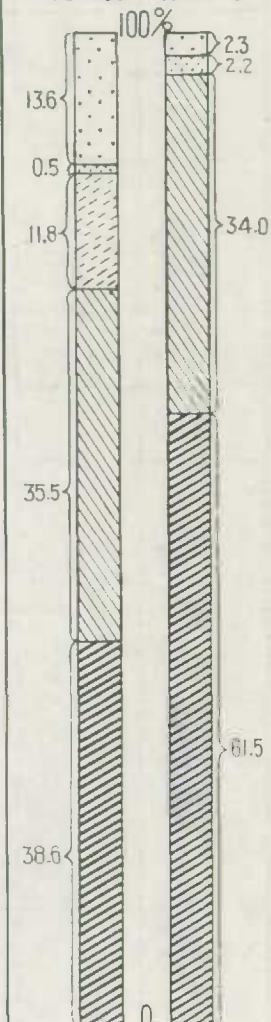
LEGEND

N. AMERICA	
ARGENTINA	
AUSTRALIA	
RUSSIA	
OTHER COUNTRIES....	

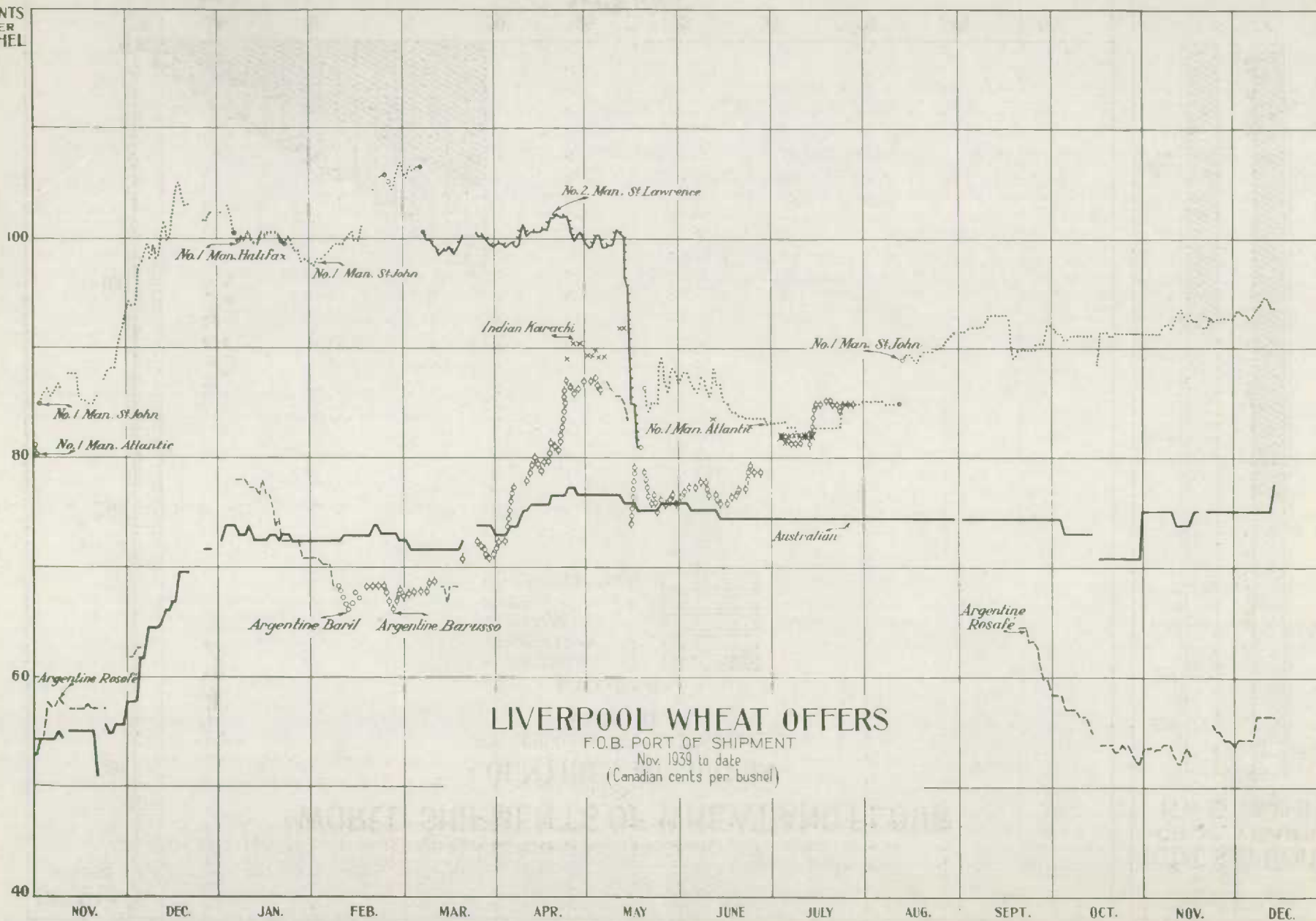


PERCENTAGE OF TOTAL SHIPMENTS CROP YEARS

1939-40 1940-41



CENTS
PER
BUSHEL



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

(cents per bushel)

	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	121.8	76.6	54.9	72.2
September.	67.2	82.3	90.3	105.9	131.6	63.3	73.9	71.7
October ..	60.3	78.2	90.8	110.9	141.3	61.5	70.3	70.4
November .	63.7	79.6	85.7	108.4	131.6	59.0	70.5	71.8
December .	60.3	79.2	84.7	120.2	137.4	60.6	82.4	
January ..	65.0	79.0	84.8	121.7	140.1	58.9	82.8	
February .	65.6	78.5	82.1	127.0	141.6	60.4	83.8	
March	66.4	81.9	82.1	135.7	133.4	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	79.8	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	80.6
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
November, 1939.....	92.7	118.0	74.8
December	94.3	121.3	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	123.7	84.6
June	94.2	124.4	76.8
July	95.2	139.4	75.8
August	95.5	140.1	76.6
September	96.0	141.1	76.1
October	96.2	142.7	74.7
November	97.0	-	76.2

THE CANADIAN SITUATION

I. VALUE OF CANADIAN FIELD CROPS, 1940

On December 11, the Dominion Bureau of Statistics issued a bulletin giving by provinces the first estimate of the farm value of field crop production for 1940 as compared with the values for 1938 and 1939.

Summary

The principal field crops produced in Canada in 1940 have a gross value of \$648,286,000 which is 3 per cent below the revised gross value of the 1939 production, which amounted to \$669,672,000. Apart from 1939, the 1940 value of field crops was the highest since 1930 when field crop production was valued at \$662,040,900. Annual comparisons of the value of field crop production since 1930 are as follows:

	Dollars
1930	662,040,900
1931	435,966,400
1932	452,526,900
1933	458,598,000
1934	549,079,600
1935	511,872,900
1936	612,300,400
1937	556,222,000
1938	550,069,000
1939	669,672,000
1940	648,286,000

Considering individual commodities, the 1940 wheat crop in Canada is valued at \$280,582,000, as compared with \$265,656,000 in 1939. The increased production this year more than offset a decline in the average farm price from 54 cents per bushel on the 1939 crop to 51 cents on the 1940 crop. While oats and barley production were slightly increased in 1940 compared with 1939, the average farm price of oats was reduced from 30 cents per bushel in the past crop year to 26 cents in the present season. The average barley price was similarly reduced from 34 cents to 29 cents. This resulted in a \$15,297,000 reduction in the value of the oats crop which is placed at \$93,546,000 for 1940, while the barley crop was reduced \$4,731,000 in value to \$30,693,000. The value of the rye crop was also reduced by \$2,222,000 to \$4,201,000. Although the price of flaxseed is substantially lower for the 1940 crop than for 1939, increased production of flaxseed this year raised the value of the crop by \$487,000 to \$3,546,000.

Value of the Wheat Crop, by Provinces, 1938, 1939 and 1940

	1938	1939	1940
	(Dollars)		
Prince Edward Island	173,000	165,000	209,000
Nova Scotia	54,000	45,000	65,000
New Brunswick	158,000	147,000	155,000
Quebec	705,000	508,000	504,000
Ontario	12,640,000	15,753,000	14,700,000
Manitoba	30,500,000	34,650,000	37,100,000
Saskatchewan	79,924,000	135,000,000	135,200,000
Alberta	85,956,000	78,000,000	91,200,000
British Columbia	1,155,000	1,388,000	1,449,000
CANADA	211,265,000	265,656,000	280,582,000

II. GRADING OF THE 1940 WHEAT CROP

The following table shows the grading of both old and new crop inspections for the months of August to November 1940, compared with total inspections for August to November 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
October	9,601	97.16	24,123	92.78
November	5,343	87.01	12,158	84.30
Totals	43,763	95.78	107,925	93.54

Omitting special grades such as Garnets, Durums, White Springs and Winters, the number of cars of new wheat inspected in November 1940 totalled 6,141, of which 5,343 or 87.01 per cent graded No. 3 Northern, or higher. November 1940 inspections of Durum wheat amounted to 55 cars, of which 51 or 92.73 per cent graded No. 3 Amber Durum or higher. In November 1939, new Durum inspections numbered 76 cars of which 72 or 94.74 per cent graded No. 3 Amber Durum or higher.

III. MOVEMENT OF WHEAT TO MARITIME PORTS

The rail movement to Maritime ports to date has been about half the volume of the exceptionally heavy movement a year ago. This year there were already stocks on hand in Maritime elevators, whereas a year ago, the elevators had no stocks before the rail movement started.

Origin and Amount of Wheat Shipments to Maritime Ports, to December 12, 1940 with Comparative Figures for 1939.

Origin	Total to December 12, 1940	Total to December 14, 1939
	(bushels)	
Depot Harbour	-	96,304
Port McNicoll	2,531,345	4,805,553
Midland	681,205	2,943,855
Collingwood	383,311	389,652
Owen Sound	227,746	634,524
Goderich	947,287	340,716
Sarnia	-	452,700
Port Colborne	214,157	300,000
Prescott	-	91,100
Toronto	833	-
Totals	4,985,884	10,054,404

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:

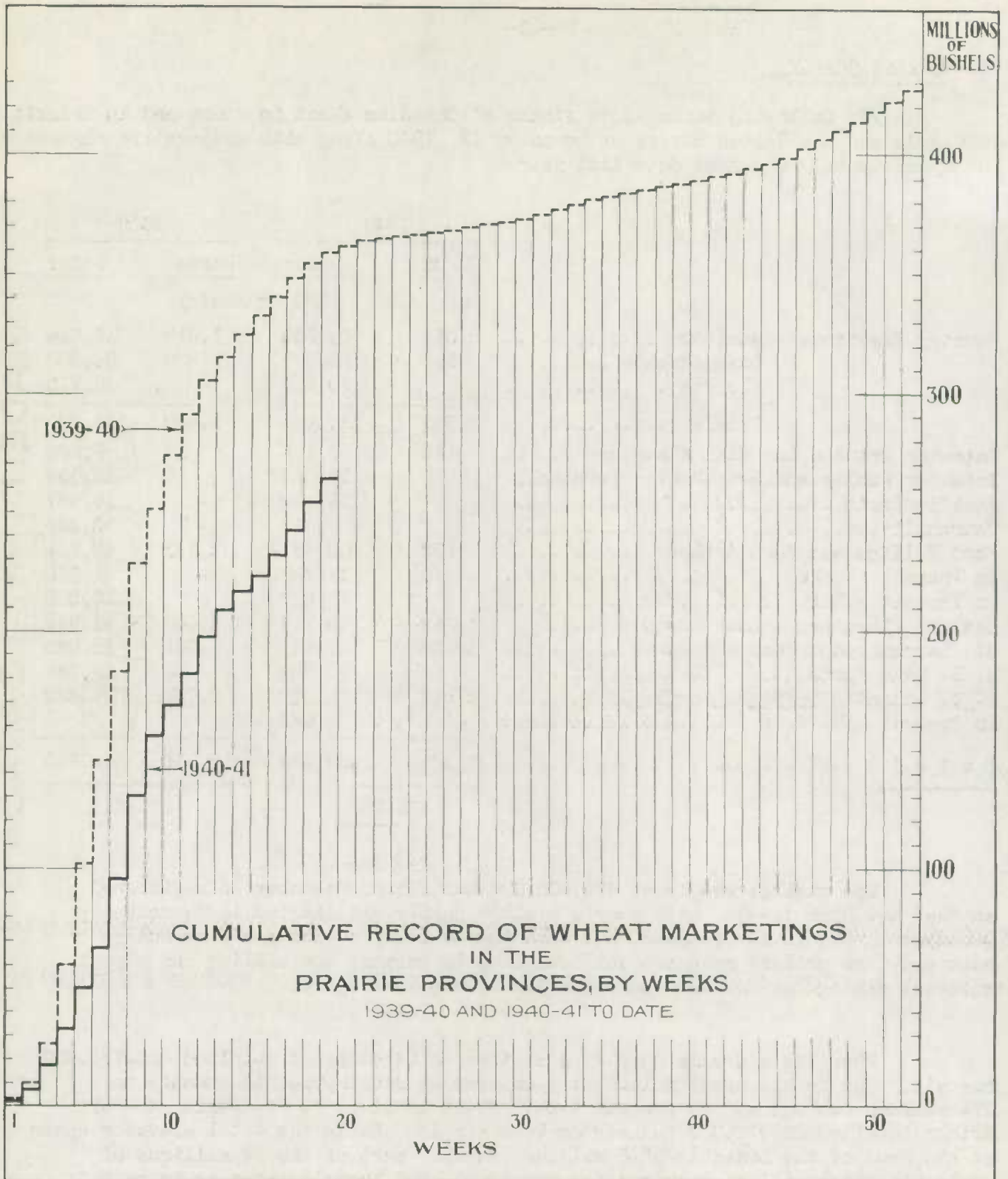
Week ending	Manitoba	Saskatchewan	Alberta	Totals	Last Year
	(bushels)				
August 1-9	166,536	1,199,854	1,145,623	2,512,013	3,710,024
16	1,497,036	1,682,347	1,337,423	4,516,806	5,693,928
23	2,763,373	6,195,539	1,787,109	10,746,021	16,907,147
30	3,615,408	9,079,696	2,438,615	15,133,719	33,304,321
September 6	2,053,474	11,063,850	3,840,983	16,958,307	42,560,766
13	3,058,979	11,806,253	1,728,850	16,594,082	42,806,627
20	5,636,549	17,727,231	5,765,133	29,128,913	37,675,205
27	4,153,784	20,014,208	10,321,749	34,489,741	45,909,713
October 4	2,508,263	13,357,799	8,854,436	24,720,498	22,430,411
11	1,309,191	7,400,564	4,209,685	12,919,440	22,638,321
18	1,136,753	7,153,621	5,726,693	14,017,067	17,201,317
25	1,192,155	6,617,166	8,407,828	16,217,149	15,632,072
November 1	779,729	4,525,620	6,247,489	11,552,838	8,928,109
8	591,186	3,171,556	3,033,079	6,795,821	9,361,301
15	796,217 ^{1/}	3,871,654 ^{1/}	2,851,833 ^{1/}	7,519,704 ^{1/}	7,291,513
22	1,053,873	4,689,842	3,763,836	9,507,551	9,418,194
29	1,073,552	4,915,729	4,175,890	10,165,171	7,267,486
December 6	1,230,444	5,361,634	4,286,018	10,878,096	5,343,429
13	1,147,805	4,710,584	3,773,581	9,631,970	4,089,090
T o t a l s	35,764,307	144,544,747	83,695,853	264,004,907	358,168,974

^{1/} Figures revised since last issue of this Review.

V. LAKE MOVEMENT

The following table summarizes the movement of wheat down the Lakes during the whole of the navigation season 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
(bushels)						
Dec.12,1940	124,373,304	6,833,854	34,241,659	9,241,732	-	174,690,549
Dec.14,1939	123,030,215	14,416,755	54,421,665	17,686,759	225,026	209,780,420



VI. VISIBLE SUPPLY

The following table shows stocks of Canadian wheat in store and in transit in Canada and the United States on December 13, 1940 along with comparative figures for approximately the same date last year.

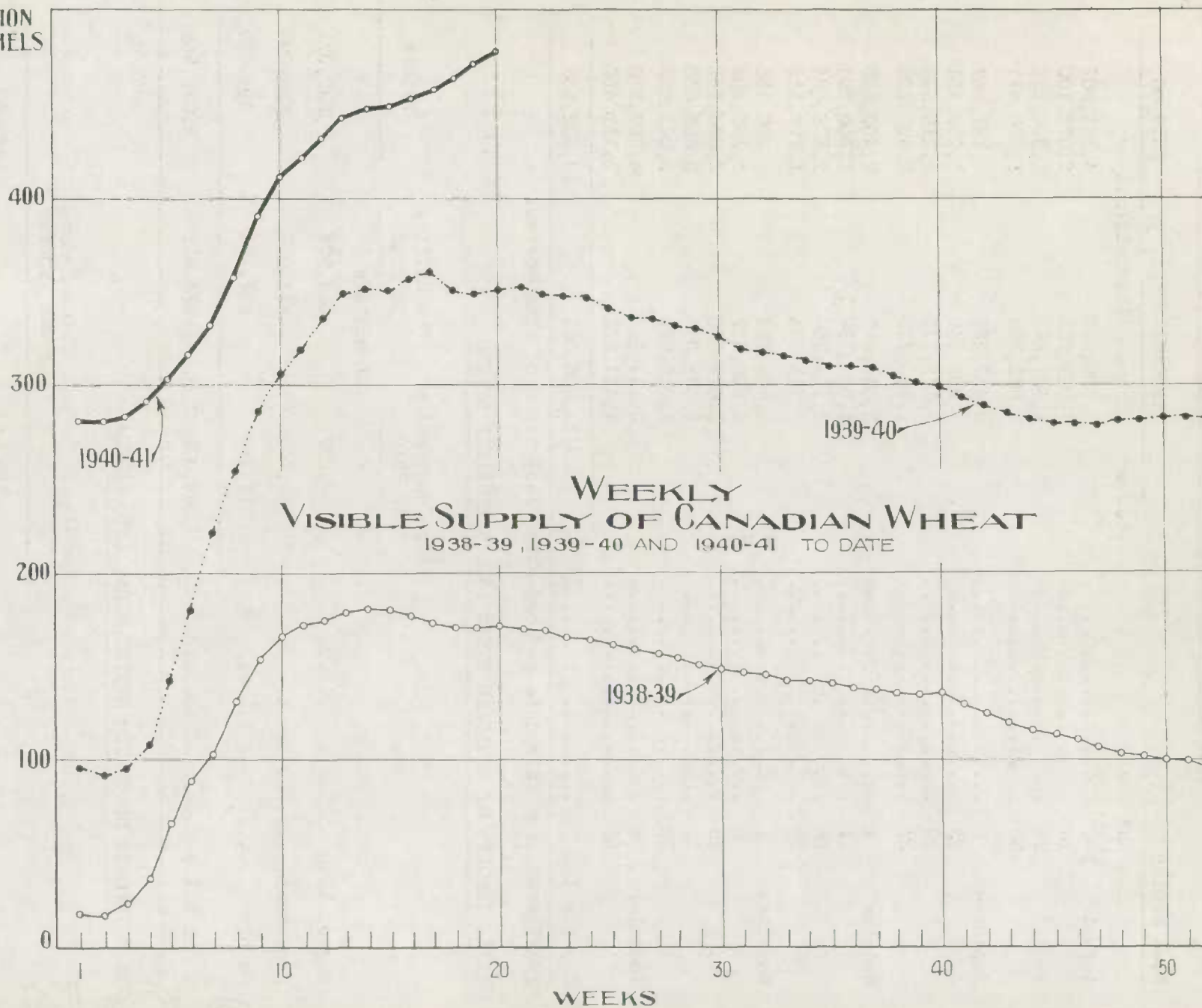
	1940		1939	
	<u>Durum</u>	<u>Other</u>	<u>Durum</u>	<u>Other</u>
	(000 bushels)			
Country Elevators - Manitoba	2,055	26,840	1,910	12,610
Saskatchewan	885	123,075	920	84,950
Alberta	-	70,920	-	46,710
Totals	2,940	220,835	2,830	144,270
Interior Private and Mill Elevators	113	7,174	12	6,580
Interior Public and Semi-Public Terminals.	0	17,014	2	15,699
Pacific Ports	-	19,423	-	15,957
Churchill	-	2,617	-	2,485
Fort William and Port Arthur	592	60,385	2,641	41,911
In Transit - Lake	70	11,739	-	1,370
In Transit - Rail	-	13,817	-	10,205
Eastern Elevators - Lake Ports	1,262	43,714	4,003	44,969
St. Lawrence and Seaboard Ports	1,432	21,583	1,365	19,030
U. S. Lake Ports	-	25,349	25	10,785
U. S. Atlantic Seaboard Ports	2,512	20,992	2,790	24,482
In Transit - U. S. A.	-	4,642	-	-
T o t a l s	8,921	469,284	13,668	337,743
	<u>478,205</u>		<u>351,411</u>	

The visible supply at 478,205,000 bushels on December 13 registered another new high level. Last year's visible supply had started to decrease by December 1, but it is probable that with the delivery quotas again recently enlarged, the primary movement will continue to surpass the milling and export movement making for further increases in the visible supply.

Wheat in store in country elevators on December 13 totalled 223,775,000 bushels. The total capacity including annexes at country points amounts to 271 million bushels at the present time. Wheat in store at Fort William—Port Arthur totalled 60,977,000 bushels on December 13. While the total elevator space at the Head of the Lakes is 92.6 million bushels, part of the 32 millions of available space will be required for the 13,817,000 bushels shown as in rail transit.

The December 13 statement on the visible supply shows 11,809,000 still in lake transit. The bulk of this will be added to winter storage afloat, on which a complete statement will not be available for another week or so.

MILLION
BUSHELS



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

<u>Week ending</u>		<u>1940-41</u>	<u>1939-40</u>
		(bushels)	
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	1,062,178 1/	1,300,394
	18	1,594,706	1,336,664
	25	741,734	1,777,115
November	1	2,609,404	966,858
	8	1,846,438	3,188,408
	15	3,014,550	2,836,442
	22	3,582,005	3,653,635
December	29	1,015,665	5,041,608
	6	2,194,665	4,259,672
	13	1,441,922	1,131,433
<u>T o t a l s</u>		<u>34,606,561</u>	<u>49,502,556</u>

1/ Figures from this date revised since last issue of this Review.

VIII. IMPORTS OF CANADIAN WHEAT INTO THE UNITED STATES

	<u>For Consumption Duty Paid</u>	<u>For Milling in Bond</u>	<u>Totals</u>
	(bushels)		
August 1940	7,997	584,974	592,971
September	38,700	581,298	619,998
October	17,395	807,185	824,580
<u>T o t a l s</u>	<u>64,092</u>	<u>1,973,457</u>	<u>2,037,549</u>

IX. IMPORTS OF UNITED STATES WHEAT INTO CANADA

	<u>Customs Imports</u>	
	<u>1940-41</u>	<u>1939-40</u>
	(bushels)	
August	-	29
September	-	4,036
October	398	1,006
<u>T o t a l s</u>	<u>398</u>	<u>5,071</u>

X. THE STATISTICAL POSITION

(a) In Canada only: The table below summarizes the statistical position of wheat in Canada as at December 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-November. Supplies available for export or carry-over at December 1, 1940, are shown at 640.9 million bushels, representing an increase in current supplies of 250.0 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>	547,179,000 <u>2/</u>
Total Supplies	584,254,948	820,265,845
Domestic Requirements	121,774,279	120,000,000 <u>3/</u>
Available Supplies	462,480,669	700,265,845
Exports, August-November	71,555,641	59,354,856
Balance for Export or Carry-over, December 1 .	390,925,028	640,910,989

(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 682.3 million bushels on December 1, available for export or for the July 31 carry-over in Canada and the United States, compared with 414.8 million bushels a year earlier, indicating an increase of 267.4 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>	547,179,000 <u>2/</u>
Total Supplies	592,533,853	847,920,062
Domestic Requirements	121,774,279	120,000,000 <u>3/</u>
Available Supplies	470,759,574	727,920,062
Export Movement, August-November		
Overseas Clearances	44,111,451	31,408,285
United States' Imports	3,665,169	2,737,549
Flour as Wheat	8,157,524	11,517,394
	55,934,144	45,663,228
Balance for Export or Carry-over, December 1 .	414,825,430	682,256,834

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

2/ Subject to revision, January 21, 1941.

3/ Tentative.

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

November exports of wheat and flour, based on overseas clearance records from Canadian and United States ports, amounted to 13,669,200 bushels. This amount is 6.7 million bushels less than the Customs export total for the month of November.

	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	8,176,794	7,554,270
September ...	13,793,454	924,770	1,438,826	16,162,050	14,052,684
October	22,668,637	1,224,923	2,378,705	26,272,260	26,958,075
November	19,031,220	825,531	2,110,37	22,137,133	23,853,951
December	6,767,988	499,883	1,642,332	8,910,753	17,625,408
January	8,555,226	855,884	1,707,321	11,149,011	9,556,884
February	7,180,330	1,017,813	1,303,447	9,606,590	7,054,780
March	5,442,361	897,365	1,623,344	7,973,110	8,187,661
April	3,862,253	878,034	1,238,78	5,979,025	4,070,350
May	14,674,858	1,000,717	2,321,001	17,996,76	15,333,267
June	10,711,089	985,981	1,805,350	13,502,430	16,442,366
July	9,317,464	1,035,725	1,815,197	11,168,386	15,595,751
Totals	122,038,530	10,226,550	20,719,103	160,034,183	166,953,447
1939-40					
August	10,547,763	944,372	1,706,742	13,198,877	11,970,671
September ...	11,120,504	693,835	1,874,489	14,688,828	17,515,31
October	6,225,133	996,611	1,998,648	9,220,392	18,843,495
November	15,218,051	1,030,351	2,577,645	18,826,04	27,213,844
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	733,565	2,339,415	16,831,280	7,421,151
May	18,293,320	821,226	3,251,677	22,366,223	26,717,997
June	9,180,759	569,602	2,291,886	12,042,247	15,861,993
July	10,004,408	620,854	1,412,388	12,046,650	13,279,904
Totals	152,703,719	9,454,493	30,516,152	192,674,369	207,896,318
1940-41					
August	8,376,192	592,971	2,590,902	11,560,065	12,932,063
September ...	6,554,601	619,998	2,478,393	9,622,992	11,978,247
October	6,610,523	824,580	3,375,868	10,810,971	13,054,755
November	9,896,969	700,000 ^{1/}	3,072,231	13,669,200	20,649,791
Aug.-Nov.1940-41	31,408,285	2,737,549 ^{1/}	11,517,394	45,663,228 ^{1/}	59,354,858
Aug.-Nov.1939-40	44,111,451	3,665,169	8,157,524	55,934,144	71,555,641

^{1/} Subject to revision.

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