

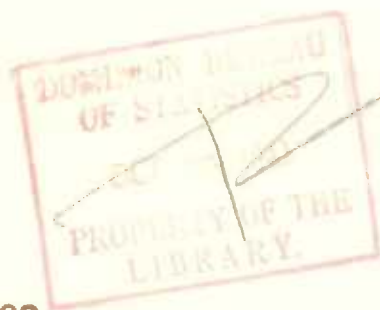
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CANADA

DOMINION BUREAU OF STATISTICS
AGRICULTURAL BRANCH



Vol. 12

No. 2

MONTHLY REVIEW OF THE WHEAT SITUATION

OCTOBER 24, 1941

Published by Authority of the Hon. James A. MacKinnon, M.P.
Minister of Trade and Commerce
Ottawa

Price \$1 a year

DEPARTMENT OF TRADE AND COMMERCE
DOMINION BUREAU OF STATISTICS - CANADA
AGRICULTURAL BRANCH
(Issued October 1941)

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THE WORLD WHEAT SITUATION - SUMMARY

Interest at this time of year would normally be centered on the new crops in Australia and Argentina now within two months of the harvest period, but western Canada has remained prominently in the picture because of very unfavourable weather conditions. Snow in the northerly areas, particularly in the Peace River district, and persistent rains elsewhere, notably in Manitoba, have seriously hindered threshing operations and resulted in considerable damage to wheat and other grains. A wheat crop of less than average size is coming to market very slowly and the high quality measured by grading standards, which characterized the large 1940 crop, will be much less evident in the grain now being harvested.

Of the Southern Hemisphere crops it can be said that the situation in Australia is infinitely better than it was a year ago and the wheat yield may be almost double that of last year, while in Argentina the outlook is less favourable than it was twelve months ago. Latest cabled advices from Australia indicate that with the exception of the drought areas in New South Wales and Queensland the new crop outlook is quite favourable. Preliminary estimates of production are in the neighbourhood of 160 million bushels compared with 82.6 million bushels harvested last year. Plans for the erection of new grain storage facilities to be located between country stations and seaboard ports have been announced by the Australian Wheat Board, according to press cables, and it is understood that the British Government has agreed to pay certain storage charges on grain that will be stored, presumably for its account, for a period of one year or more. At the commencement of 1941, the unsold carry-over from the 1939-40 crop amounted to 25 million bushels, says a statement released by the Australian Wheat Board. To this was added 64 million bushels from the 1940-41 harvest but by mid-July only 42 million bushels remained for sale and of this amount 22.5 million bushels were earmarked for local and export flour requirements. From these figures it would appear that Australia will go into the new crop year with a very moderate carry-over of old crop, although she is still storing a substantial amount of wheat that has been sold but not shipped.

Argentine reports point to a smaller crop than was harvested a year ago. Frost hit the crops in sections of Santa Fe and Cordoba in the last week of September when they were in a vulnerable stage, and the resultant damage is estimated at 15 per cent of the total wheat area of the provinces affected. The second official estimate of Argentine wheat acreage shows, however, that the area sown to wheat was 260,000 acres larger than a year ago and this may offset to some extent the damage done by frost. The importance of October rains is emphasized in both official and unofficial reports and on these rains will depend the yield of wheat in most areas. It appears that high temperatures almost immediately followed the September frost and there was deterioration in areas where the moisture supply was deficient. Some relief was afforded by fairly general rains on or about October 4, but additional moisture is needed to ensure proper filling of the wheat.

In the United States an upward revision of the spring wheat crop to 276,228,000 bushels in the October estimate raised the total production of all wheat in 1941 to 961,194,000 bushels. The winter wheat September estimate of 684,966,000 bushels was undisturbed. Farm stocks of wheat on October 1 were placed at 492.3 million bushels and were the largest in any year of record extending back to 1926. Loans had been made on 255.5 million bushels of 1941 wheat up to and including October 11, but almost 22 per cent or 54.9 million bushels of this wheat was stored on farms.

European crop news is somewhat scanty. Ploughing and seeding operations are progressing although the late harvest in some areas has delayed preparation of land for the new crop. There appears to be sufficient moisture in most areas to ensure germination of crops. Finland and Sweden report smaller crops than last year, the latter country indicating a decrease of 19 per cent, but Spain appears to have raised a larger wheat crop in 1941, although it is still substantially below the domestic requirements of that country. In Great Britain, the wheat crop is turning out better than expected and while the yield per acre may prove to be less than average, the increased area sown to wheat for the 1941 harvest is likely to result in a total yield above average. Weather has been favourable for fall ploughing and the seeding of new crops, and a further increase of 2,000,000 acres contemplated for grains for the 1942 harvest will go partly into wheat, although feed grains will get a substantial share of any new acreage planted. Efforts are being made to increase acreage this year in a number of European countries, particularly in the Balkans, but a shortage of labour may restrict this programme. The total European wheat crop is estimated by Broomhall at 1,480,000,000 bushels, compared with 1,430,000,000 bushels estimated a month ago by the United States Department of Agriculture. This new figure is substantially above the sub-normal production in 1940, but not as good as the average production of 1,516,000,000 in the five-year period, 1930-34 as computed by the United States Department of Agriculture.

Bread rationing in Italy became effective October 1, according to press cables. The new wheat crop in Italy, although slightly larger than last year's harvest was below expectation and insufficient to meet ordinary domestic requirements. The basic daily ration of bread is reported to be about 6 1/2 ounces rising to double that amount for workers engaged in heavy tasks. Italy in recent years has been consuming more than 290 million bushels of wheat annually but the production in 1941 is currently estimated at only 262.7 million bushels.

European Crop Estimates

Estimates of European wheat crops recently published by the United States Department of Agriculture include the following:

	<u>1941</u>	<u>1940</u>
	(bushels)	
Italy	262,715,000	261,252,000
Spain	108,944,000	79,412,000
Portugal	14,882,000	9,921,000
Sweden <u>1/</u>	12,493,000	15,450,000
Finland <u>1/</u>	6,224,000	6,908,000

1/ Official estimates.

The Wheat Situation in Canada

Weather conditions have seriously hampered the cutting and threshing of wheat in western Canada. The areas hardest hit were central and northern Alberta, chiefly the Peace River district, and the centre and south of Manitoba. Progress reports to mid-October showed only 60 per cent of the Alberta crop threshed and 80 per cent of the Manitoba crop safely in the bins. On the other hand, operations in Saskatchewan were almost completed, and since then the weather has been favourable. Quality will be impaired by the unfavourable harvest weather but the full extent of the damage cannot yet be measured.

A serious shortage of feed grains in eastern Canada, estimated at 56 million bushels, including millfeeds, has resulted in the appointment of a Controller of feed grains. As a measure of relief to farmers in eastern Canada the Government will bear the cost of transporting feed grains from Fort William or Port Arthur to points in the East. Previously it had been announced that the Government would pay only one-third of the transportation costs.

Export clearances of Canadian wheat continue to keep well ahead of figures for the corresponding period a year ago. Weekly clearances for the first eleven weeks of the crop year averaged 2.6 million bushels. Total clearances for the period August 1--October 17, 1941 have amounted to 28,168,825 bushels compared with 18,160,176 bushels in the same period a year ago. These figures exclude wheat flour exports as well as wheat imports by the United States. In the latter connection, an interesting development was the enquiry recently from Texas mills for Canadian wheat to be milled in bond in Texas. Some Canadian wheat has gone forward from Chicago to Galveston.

CALENDAR OF WHEAT EVENTS

1941

- Sept. 22. Snow in the Peace River district and rains in Manitoba and eastern Saskatchewan over week-end will further delay threshing and add to crop damage.
23. Australian Wheat Board announced plans for new grain storage facilities to be located between country stations and seaboard ports. British Government has agreed to pay certain storage charges on grain held for one year or more.
24. British Minister of Food, Lord Woolton, reported to have announced that wheat stocks in Great Britain are largest in history. Controlled price of four-pound loaf reduced one halfpenny to sell at eightpence.
25. European weather is favourable for threshing of grain crops. Good corn crop reported in the Balkans.
26. Farmers in western Canada experience more rain and snow. Reports from Manitoba and Peace River indicate serious damage from sprouting.
27. Wheat quotas increased at 158 points in western Canada by the Canadian Wheat Board. Bread rationing in Italy to start on October 1, the basic daily ration to be about 6 1/2 ounces.
29. Canadian Government by Order-in-Council prohibits imports from Japan except under special permit from the Minister of National Revenue.
30. Prime Minister Churchill in British House of Commons announced that shipping losses in past three months were reduced two-thirds from previous three months.
- Oct. 1. Argentine crops are in need of rain according to a Broomhall cable. Wheat crops of Finland and Sweden reported smaller than in 1940.
2. October wheat at Winnipeg advanced 2 cents to 2 1/8 cents. September frosts in northern Argentina reported to have seriously damaged wheat.
3. Primary marketings of wheat in Prairie Provinces since August 1 only about 35 per cent of total for corresponding period in 1940.
4. Rains reported fairly general in Argentina affording relief to dry areas.
6. Texas flour mills reported to be inquiring for Canadian wheat for milling in bond.
7. Canadian Wheat Board announces raising of general wheat quota from 5 bushels per authorized acre to 8 bushels.

CALENDAR OF WHEAT EVENTS - Concluded

1941

- Oct. 8. Australian weather reported to be more favourable for growing crops with some rain in the dry areas of New South Wales.
9. Unfavourable war news from Russian front had a weakening effect on markets. Winnipeg wheat declined 2 7/8 cents to 2 1/2 cents per bushel.
10. Broomhall reports that European crop production is below average for the second successive year but increased sowings in many countries this year are indicated.
11. Winds of gale velocity whip across southern Alberta further delaying harvesting operations and causing some damage to crops. Argentina's exportable surplus of wheat officially estimated at 94,937,000 bushels.
13. "Thanksgiving" holiday in Canada and "Columbus Day" in the United States.
14. Wet weather is interfering with the seeding of winter wheat crops in eastern Kansas.
15. Export sales of Canadian wheat estimated at 2,000,000 bushels.
16. General quota of 8 bushels per authorized acre raised to 12 bushels by the Canadian Wheat Board. Chicago wheat prices declined 10 cents per bushel, the maximum permitted for one day.
17. New trade treaty between Canada and Brazil was signed at Rio de Janeiro.
18. Prime Minister of Canada announced supplementary bonus plan for spring wheat farmers in western Canada based on cultivated acreage under the Prairie Farm Assistance Act. The Government plans also to pay the cost of transporting feed grains from Fort William—Port Arthur to points in eastern Canada.
20. Broomhall cable says that rains will soon be needed in northern areas of Argentina.

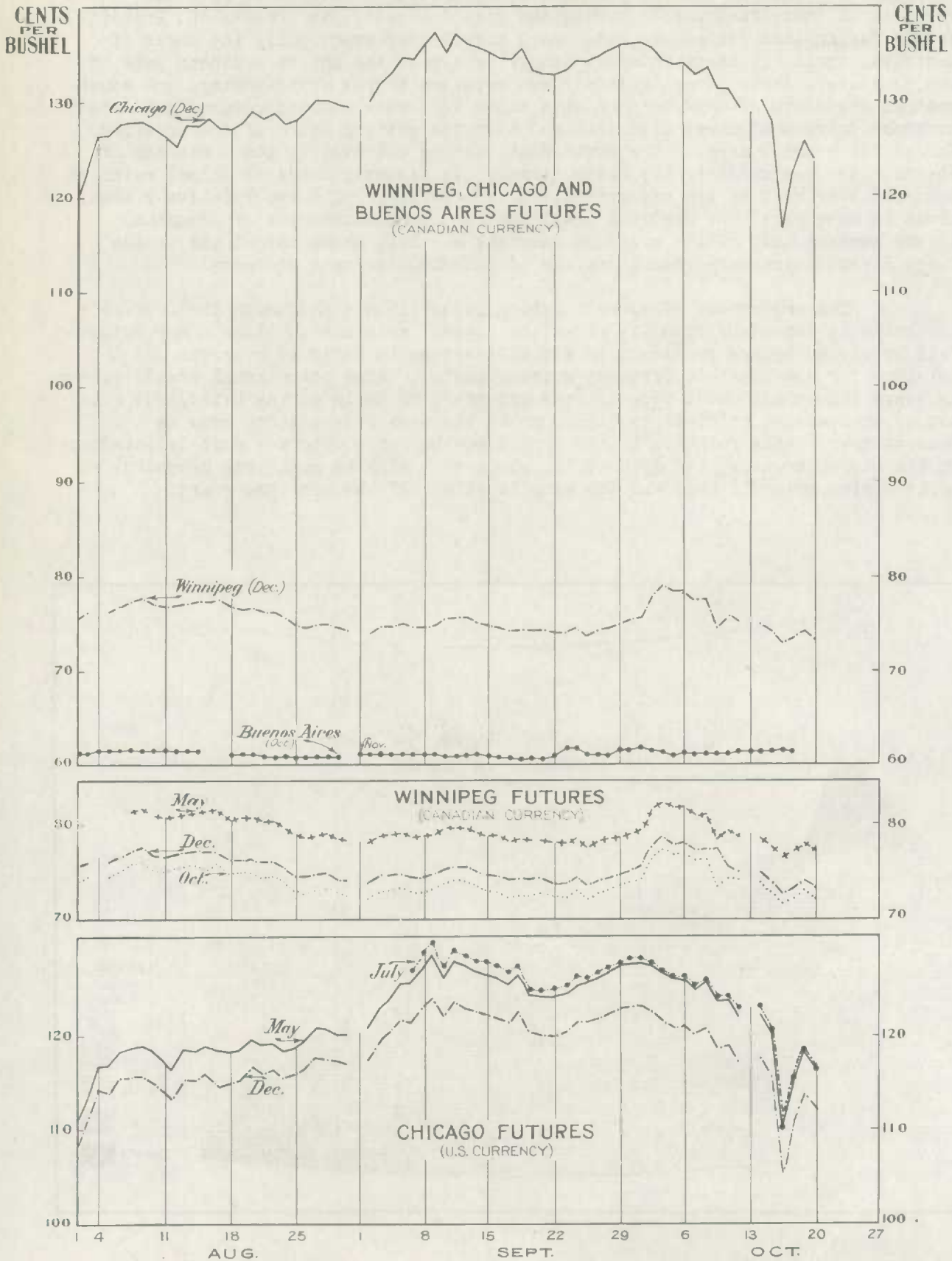
PRICES

Since the last Review, October wheat at Winnipeg has registered its highest and lowest closing levels of the current season. Heavy inter-market spreading with Chicago resulted in a sharp advance on October 3, which carried the price to 77 3/8 cents, the highest point of closing in the crop year to date. The trend thereafter was downward and partially in sympathy with weakness at Chicago, culminating in the registering of a new low level of 71 5/8 cents at the close of the market October 16. Prices rallied a bit in the succeeding days.

At Chicago, the price of wheat kept going steadily downward from the beginning of October and lost about 6 cents in ten days but the market really nose-dived on October 16, with a break of 10 cents per bushel to reach a low point of \$1.05 1/2 for the December future compared with the closing price of \$1.23 1/8 on October 1. Sharp recovery followed but the spread between Winnipeg and Chicago in December futures on October 20 was about 9 5/8 cents (Canadian funds) narrower than it was when the month opened. News from the European theatre of war and developments in the Far East were given credit for the market weakness at Chicago.

Prices at Buenos Aires showed more life following the frost visitation to parts of Argentina's wheat area in the closing days of September. The December future reached its highest level but the advance was not large and subsequent fluctuation was narrow in range.

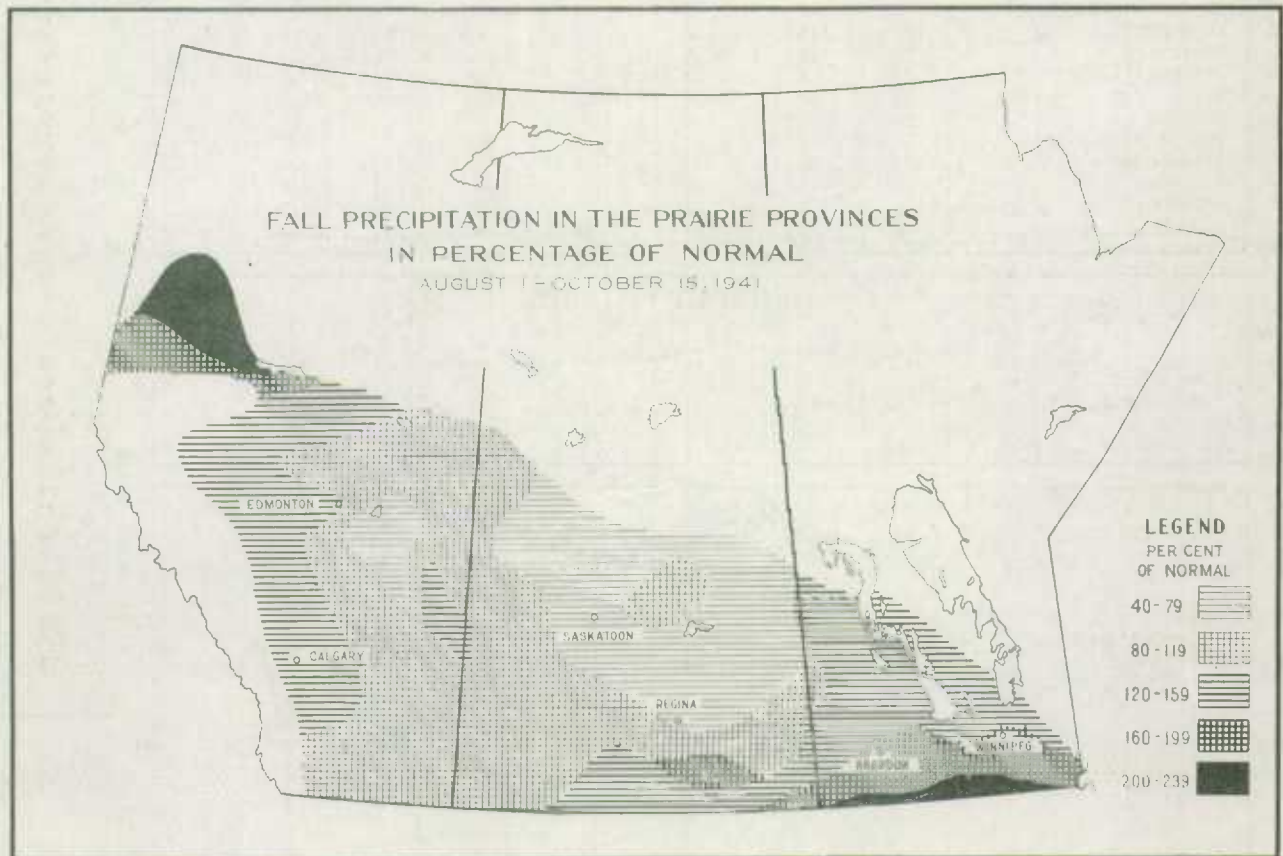
DAILY CLOSING WHEAT FUTURES QUOTATIONS IN LEADING MARKETS



Autumn Precipitation in the Prairie Provinces

With the exception of an area covering about one-third of the province of Saskatchewan, autumn moisture supplies in the wheat-growing areas of the Prairie Provinces are generally adequate, according to records of rainfall received at individual points during the period August 1 to October 15. Precipitation during this period was well above normal over practically the whole of Manitoba, unusually heavy rainfall occurring across the entire southern part of the province. Above normal rainfall was received in the south-eastern and south-central districts of Saskatchewan with close to normal amounts occurring in the northern fringes of these districts and over the western third of the province. Except for a small area in the north-west, autumn rainfall in the remainder of the province was considerably below normal. In Alberta, close to normal rainfall occurred over most of the eastern half of the province with two relatively small areas of sub-normal and abnormal precipitation lying south-east of Edmonton. In the western half of the province rainfall was well above normal and in the Peace River district reached a maximum of over 200 per cent of normal.

The importance of current autumn rainfall as a factor in the 1942 crop prospects is dependent upon its effect on subsoil moisture supplies. Any rainfall occurring before freeze-up in the fall serves to build up reserves of moisture for use in the subsequent growing period. When preseasonal precipitation is heavy the spring wheat crop is less dependent on early spring rains, but even though preseasonal rainfall is light, as is the case over a large area in Saskatchewan, ample rainfall in the spring months can counteract such deficiency. On the whole, however, the 1942 spring wheat crop will be much less dependent on early spring rainfall than was the crop in either of the past two years.



Autumn Precipitation in the Prairie Provinces, August 1 to October 15, 1941

Crop District	Station	Actual Precipitation				Normal Precipitation		Actual as percentage of normal Aug.1--Oct.14 (inclusive)
		August	September	Week ending 7 a.m.		Total Aug. 1 to Oct. 15	Estimated Aug. 1 to Oct. 14 (inclusive)	
				Oct. 8	Oct. 15			
		(inches)				(inches)	(p.c.)	
Manitoba								
1	Pierson	3.5	4.4	.8	.0	8.7	4.3	202
2	Boissevain	2.4	5.1	.6	.1	8.2	4.4	186
3	Portage la Prairie	1.9	5.2	.9	.1	8.1	5.2	156
	Morden	1.5	7.5	1.7	.0	10.7	4.5	238
	Emerson	2.1	7.5	1.3	.2	11.1	4.9	227
4	Winnipeg	3.8	5.6	1.1	.1	10.6	5.7	186
7	Virden	1.9	2.8	.3	.0	5.0	4.0	125
8	Brandon	2.1	4.7	.7	.0	7.5	4.6	163
	Cypress River	1.5	6.4	.8	.1	8.8	5.0	176
9	Minnedosa	2.6	3.4	.2	.0	6.2	4.5	138
10	Russell	4.6	1.6	.3	.0	6.5	4.4	148
11	Dauphin	1.8	4.3	.4	.0	6.5	4.7	138
12	Swan River	5.2	.9	.8	.0	6.9	4.7	147
Saskatchewan								
1A	Estevan	4.9	1.2	.0	.0	6.1	3.9	156
1B	Broadview	2.4	1.2	.1	.4	4.1	4.2	98
	Moosomin	3.3	2.6	.0	.0	5.9	5.0	118
2A	Yellow Grass	5.2	.5	.6	.0	6.3	3.8	166
2B	Moose Jaw	2.7	.2	.1	.0	3.0	3.4	88
	Regina	2.0	.2	.0	.0	2.2	3.6	61
	Indian Head	1.4	.5	.0	.0	1.9	4.6	41
3AS	Assiniboia	3.5	.9	.1	.0	4.5	2.9	155
3BS	Shaunavon	1.6	.9	.0	.0	2.5	3.8	89
3EN	Swift Current	3.1	.8	.0	.0	3.9	3.7	105
4A	Consul	0.7	1.5	.2	.0	2.4	2.8	86
5A	Yorkton	1.4	.6	.6	.0	2.6	4.6	57
5B	Kamsack	0.9	.2	.5	.0	1.6	3.8	42
6B	Elbow	1.9	.2	.0	.1	2.2	2.8	79
	Outlook	1.4	.4	.1	.0	1.9	3.4	56
	Saskatoon	1.1	.7	.4	.0	2.2	4.2	52
7A	Kindersley	2.3	.9	.0	.0	3.2	3.6	89
7B	Macklin	2.9	1.1	.0	.1	4.1	3.6	114
8B	Melfort	1.2	2.7	.2	.0	4.1	4.7	87
	Humboldt	2.4	.7	.4	.0	3.5	2.9	121
9A	Prince Albert	1.2	1.3	.1	.0	2.6	4.5	58
	Battleford	1.0	1.6	.3	.0	2.9	3.8	76
Alberta								
1	Foremost	2.0	1.8	.0	.0	3.8	4.4	86
2	Cardston	1.1	2.5	.1	.0	3.7	5.6	66
	Lethbridge	1.1	2.1	.2	.0	3.4	4.2	81
	Macleod	1.4	2.4	.3	.0	4.1	3.6	114
3	Medicine Hat	1.2	1.5	.0	.0	2.7	3.1	87
5	Empress	1.9	1.0	.0	.3	3.2	2.9	110
	Drumheller	1.2	1.3	.7	.0	3.2	3.8	84
6	Calgary	3.1	2.7	.1	.0	5.9	4.2	140
7	Coronation	1.6	1.0	.2	.0	2.8	3.5	80
8	Stettler	2.4	1.5	.1	.1	4.1	3.8	108
10	Lloydminster	1.8	1.2	.1	.1	3.2	2.8	114
	Vegreville	.7	1.3	.3	.0	2.3	4.4	52
11	Edmonton	3.4	.9	1.0	.0	5.3	4.2	126
16	Beaverlodge	3.2	3.5	.6	.2	7.5	4.0	188
	Fairview	4.2	2.5	.5	.2	7.4	3.4	218

THE UNITED STATES

On October 10, the Crop Reporting Board of the United States Department of Agriculture released the crop report as of October 1, 1941, from which the following section relating to wheat is quoted:

"The October 1 estimate of total wheat production at 961,194,000 bushels moved a little closer to the billion bushel mark by the addition since September 1 of over 3 1/2 million bushels of spring wheat. This compares with the September 1 estimate of 957,563,000 bushels, 816,698,000 bushels harvested in 1940 and the 10-year (1930-39) average of 747,507,000 bushels. With the exception of the considerable spring wheat still in the fields uncut or in the shock in the northern edge of the spring wheat belt from North Dakota on west to Washington State, the current 1941 estimate is based on post-harvest reported yields. The evidence of larger yields is apparent even after taking account of wet weather's interference with harvesting in the northern spring wheat States with accompanying damage and loss of grain. Winter wheat production is unchanged from the August 1 estimate of 684,966,000 bushels.

"The October 1 preliminary estimate of all spring wheat is 276,228,000 bushels, compared with 227,547,000 bushels last year and the 10-year average of 178,090,000 bushels. Yields based on late harvesting and threshing returns were enough higher than the September 1 indications to add nearly 3 1/2 million bushels in quantity to the production estimate of a month ago, principally in North Dakota, although test weight and quality were lowered as a result of wet weather damage. There were some offsetting decreases in yields but none was greater than 1/2 bushel per acre in any State of importance in spring wheat production. Further loss and damage can occur to the grain that is still out, especially in North Dakota and Montana where there is the highest percentage of unfinished harvesting.

"Durum wheat production is estimated at 44,490,000 bushels, compared with 34,776,000 bushels last year and the 10-year average of 27,598,000 bushels. Yields materialized better than anticipated with increases of 1/2 bushel per acre over September 1 in North Dakota, the premier durum wheat State, and in South Dakota. The Minnesota yield is a half bushel lower. The average yield for the durum wheat States is 16.9 bushels per acre, compared with 11.1 bushels last year and the 10-year average of 9.3 bushels per acre. This is a record yield for durum wheat.

"The other spring wheat production estimate is 231,738,000 bushels. In 1940 it was 192,771,000 bushels and the average is 150,492,000 bushels. North Dakota largely accounts for the increase over the September 1 estimate, assisted by a 138,000 bushel increase in Oregon. The other spring wheat yield of 16.8 bushels per acre also sets a top record, and stands well above last year's 13.5 bushels and the 10-year average of 10.7 bushels per acre. Even with the high wheat production and yields in most States, only North Dakota is setting a new record with its estimated 17.5 bushels per acre for both durum and other spring wheat.

"Farm Stocks: The stocks of wheat on farms October 1, estimated at 492,324,000 bushels, are substantially larger than the 369,447,000 bushels held there on the same date last year, or the 10-year average holdings of 337,511,000 bushels. It is, in fact, the largest October 1 farm stocks in any year of the record extending back to 1926. The 490,594,000 bushel stocks on farms October 1, 1931 were a close second. North Dakota, Montana, and Washington, in particular, have a considerably higher than usual percentage of their wheat crop still on farms on October 1, to which situation delayed harvesting has no doubt contributed.

These estimates of wheat stocks include wheat stored on farms under Government loan. They do not include the stocks in any other positions than on farms. The disappearance of wheat from farms between July 1 and October 1 also is large, amounting to 557,967,000 bushels. This compares with the movement from farms of 530,397,000 bushels in the corresponding period in 1940, and the 10-year average July-October disappearance of 469,687,000 bushels."

AUSTRALIAN CABLE

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

"Australian wheat production outlook continues favourable except in New South Wales and Queensland. Approximately 5 per cent reduction in the area sown to grain was made under Government plan controlling acreage but the yield is anticipated to reach 160 million bushels. Official wheat prices remain unchanged with little movement of wheat for export. Approximate prices per short ton for export flour f.o.b. Melbourne authorized by the Australian Wheat Board for shipment to Hong Kong in 49-pound calico bags are equivalent in Canadian currency to \$50.25; to East Indies, Manila and Malaya \$41.80; to Colombo \$35.20; to Beira \$36.50. Freight shortage continues to hinder export trade."

ARGENTINE LETTER

The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of October 4, 1941, dealing with the grain situation in Argentina.

Seeded Areas - Second Official Estimate

The second official estimate of the areas which have been planted with the principal field crops, excluding maize, for the season 1941-42, shows a total of 32,152,000 acres, which is 1,873,000 acres less than that of last season, or 5 1/2 per cent.

With the exception of the wheat area, which is calculated to be 1.5 per cent greater than last year's, all the crops show a decrease. Distribution of the crops, with the percentage of the increase or decrease, is as shown in the following statement.

	<u>Hectareas</u>		<u>Acres</u>	<u>Increase or Decrease</u>
				p.c.
Wheat	7,190,000	or	17,766,000	+ 1.5
Linseed	2,733,000		6,753,000	- 5.0
Oats	1,440,000		3,558,000	- 9.8
Barley	702,000		1,735,000	- 19.2
Rye	947,000		2,340,000	- 29.7
	<u>13,012,000</u>		<u>32,152,000</u>	<u>- 5.5</u>

Tabulated below are the acreages of the various crops for the new and the last seasons, with the five and ten year averages:

	<u>Wheat</u>	<u>Linseed</u>	<u>Oats</u>	<u>Barley</u>	<u>Rye</u>
	(acres)				
1941-42	17,766,000	6,753,000	3,558,000	1,735,000	2,340,000
1940-41	17,506,000	7,103,000	3,943,000	2,146,000	3,327,000
Five-year average .	19,323,000	7,423,000	3,765,000	1,944,000	2,827,000
Ten-year average ..	18,538,000	7,468,000	3,600,000	1,845,000	2,279,000

Crop Conditions

Dry, cold weather, with frequent frosts, sometimes quite severe, and occasional local hail storms, were the main features of the weather during September, with the result that the crops have suffered some damage. This will be accentuated unless there is a normal precipitation in October,

The Official Report on crop conditions, just made public by the Ministry of Agriculture, is summarized as follows:

The Wheat Crop: In the north of Santa Fe and Cordoba, and also in Santiago del Estero, the frost and the drought have brought about the definite loss of all the wheat fields of advanced growth, which form the major part of the crop in this zone. This, however, in relation to the total wheat area of the three provinces represents approximately only about 15 per cent. The other wheat plantings in these three provinces also have been seriously affected by the adverse weather conditions of September, and prospective loss in yields, as compared with the very good yields anticipated in the month of August is now estimated at from 20 to 60 per cent. This, added to the loss in area previously referred to, justified an estimated loss of 40 per cent in the normal production of the region. Even if rains came soon this loss would not be modified, but without rain it will be still greater. Taking into account that the prospects for this crop in these regions are failing day by day while present climatic conditions last, this Department will furnish a new report in mid-October or earlier, in case substantial modifications in the situation require it.

In the provinces of Buenos Aires and Entre Rios the vegetative conditions of the wheat are still satisfactory, although fresh rains are indispensable to ensure a crop. In general the sanitary condition of the crop is very good.

Almost simultaneously with the foregoing report of the National Department of Agriculture, appeared one issued by the Provincial Government of the important province of Buenos Aires, which is the heaviest producer in the cereal zone. This report says in part:

Frequent frosts, some reaching 6 degrees (centigrade) below zero, accompanied by cold waves, local hail storms, and a pronounced scarcity of rain, were characteristics of the entry of spring.

In the north, centre, west and south-west of the province, a drought appears to have commenced, which, while it has not yet affected the preparation of the land, is retarding the seeding and the development of the crops. If it does not rain in October, it is very probable that deterioration will commence which will affect the yields.

Wheat is a little backward, due to the cold weather, and in the dry sections deterioration has commenced.

Supplies and Markets

Shipments of wheat during September totalled 7,352,000 bushels, made up of 6,447,000 bushels of wheat grain and 905,000 bushels of flour in terms of wheat (a great part of this latter pertaining to previous months, in reality). The above total compares with 7,781,000 bushels in August. The statistical position is now as tabulated below:

Third official estimate 1940-41 crop	271,171,000 bushels
Carry-over from 1939-40 crop	2,729,000 "
Total Supplies	273,900,000 "
Deduction for seed and domestic needs	101,044,000 "
Surplus available for export	172,856,000 "
Shipments) Wheat 69,198,000 bushels	
to Sept. 30) Wheat as flour . <u>1,384,000</u> "	<u>70,582,000</u> "
Balance still available	<u>102,274,000</u> "

The available balance shown here is about 80,000 tons (2,939,000 bu.) above the official figures recently published, and is nearly 60,000 tons (2,205,000 bu.) below the quantity computed by experienced grain firms.

From the available balance should be deducted about 280,000 tons (10,288,000 bu.) which have been purchased by exporters but not yet shipped.

While on a much smaller scale than would probably take place in normal times, a fairly steady flow of Argentine wheat is moving to the United Kingdom, and about 550,000 tons (20,209,000 bu.) have been shipped there during the first nine months of the current year. Brazil and other South American countries are also steadily in the market, and although a heavy carry-over is inevitable at the end of the year, there is much less pessimism on the subject now than existed a few weeks ago.

The possibility of some increase in the tonnage available has contributed to the more optimistic tendency, as it has been very evident that lack of ocean-going steamers to carry Argentine produce has been as big a factor in preventing export business as has the closing of European markets by the blockade. Unfortunately, none of the 16 Italian ships recently acquired

by the Argentine Government has yet been put to work, the only apparent change in most of them having been the painting of the Argentine colours and the new names of the boats on their sides, but early action is still hoped for, and in the meantime the acquisition of some Danish ships laid up in Argentine waters also is being negotiated.

Of market conditions there is little to be said. The Grain Control Board increased its prices slightly during the month, and they are now offering to sell wheat for only a fraction below the official minimum price paid to the farmers, 6.75 pesos per quintal, equal to 54 3/4 cents United States per bushel. The United Kingdom is said to be showing an inclination to re-enter the market for Argentine wheat, but is not disposed to pay the prices asked, and the Board, in spite of its heavy holdings, shows no intention of making concessions.

Purchases by the Board have been nearly 5 1/2 million tons (202,087,000 bushels). The present holdings, as to which no official statement has ever been made, are believed to be around 2 1/2 millions (91,858,000 bushels).

The deterioration in the condition of the new crop, referred to elsewhere in this report, would normally have had some influence on the price situation, but under actual controlled conditions it passed almost unnoticed, the only effect being to cause dealers in the north of the Republic, where the damage has been worst, to offer for February delivery a premium of 10 per cent over the Grain Board's Spot prices.

As the month closed wheat for December delivery was quoted in the market at 7.10 pesos per 100 kilos (say 57 1/2 cents per bushel). This compares with the Winnipeg close of 75 1/8 cents per bushel for December.

Flour Milling in the Year 1940

According to figures just made public by the Ministry of Agriculture in the year 1940 the quantity of wheat used in the production of flour in the Republic was 76,805,500 bushels, the quantity of flour obtained from which totalled 53,488,000 bushels, together with 22,623,000 bushels of sub-products. These figures signify a yield of 69.6 per cent of flour, with 29.5 per cent of sub-products, and a waste of 0.9 per cent.

The 1940 production of flour was smaller by 2,680,000 bushels than that of the preceding year. The quantity of wheat milled in 1940 was smaller by 2,283,000 bushels than that of 1939, while there was an increase of 227,000 bushels in the yield of sub-products.

The exports of flour, which in 1939 totalled 3,627,000 bushels, dropped in 1940 to 2,600,000 bushels, a decrease of 1,027,000 bushels, or 28.3 per cent.

The principal destination of the exported flour was the United States, which took 584,000 bushels. Next in importance came Paraguay, with 460,000 bushels, followed by the United Kingdom with 331,000 bushels. Brazil, formerly the principal market for Argentine flour, took only 286,000 bushels, less than half the previous year's purchase of 608,000 bushels.

The apparent domestic consumption of wheat flour in 1940 was 50,888,000 bushels, which is 1,653,000 bushels less than in the preceding year.

During the year 170 mills were in operation, with a united capacity of production of 422,000 bushels per 24 hours.

The following list shows the annual production and exportation of flour during the last 11 years.

<u>Year</u>	<u>Production</u>	<u>Exportation</u>
	(bushels)	
1930	45,675,000	3,832,000
1931	48,770,000	3,165,000
1932	47,579,000	2,129,000
1933	49,237,000	3,635,000
1934	51,992,000	4,057,000
1935	52,760,000	3,254,000
1936	50,488,000	2,931,000
1937	52,159,000	3,498,000
1938	56,387,000	3,088,000
1939	56,168,000	3,627,000
1940	53,488,000	2,600,000

Details of the destinations of the Flour exports in 1940 were given in the report dated August 5.

WEEKLY WORLD SHIPMENTS OF WHEAT AND WHEAT FLOUR

(Broomhall's Records)

<u>Week Ending</u>	<u>North America</u>	<u>Argentina</u>	<u>Russia</u>	<u>Danube</u>	<u>Other</u>	<u>TOTALS</u>
	(thousand bushels)					
Aug. 9, 1941	4,224	2,172	-	-	-	6,396
16	3,912	2,560	-	-	-	6,472
23	4,760	1,264	-	-	-	6,024
30	4,208	1,216	-	-	-	5,424
Sept. 6	4,376	1,400	-	-	-	5,776
13	3,498	1,150	-	-	-	4,648
20	3,639	1,545	-	-	-	5,184
27	3,956	937	-	-	-	4,893
Oct. 4	4,273	2,000	-	-	-	6,273
11	3,219	1,124	-	-	-	4,343
18	3,962	1,514	-	-	-	5,476
TOTALS	44,027	16,882	-	-	-	60,909
<u>Comparative 1940</u>						
11th week	2,544	1,384	-	-	-	3,928
TOTALS	31,112	21,888	-	1,456	-	54,456

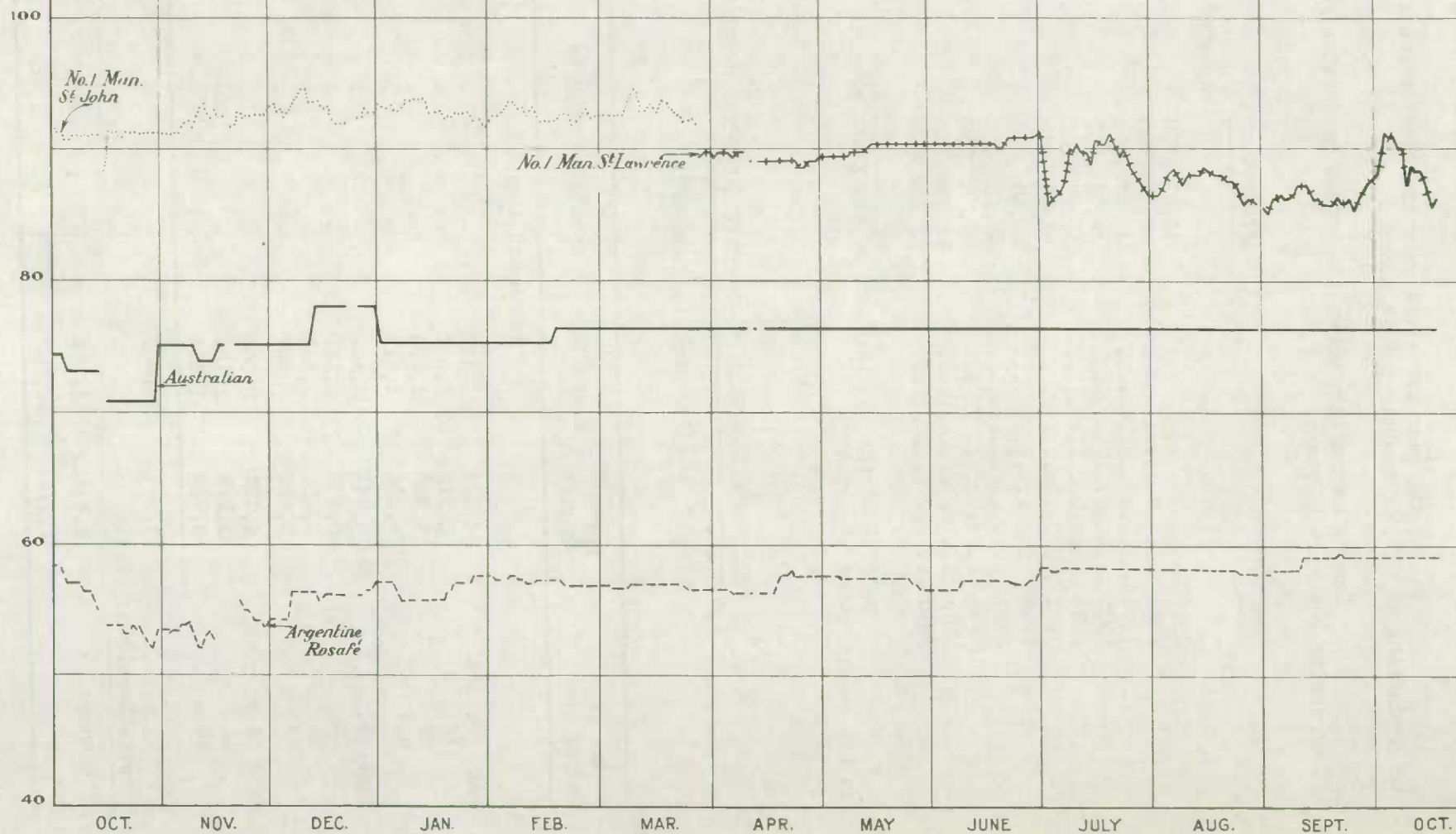
CENTS
PER
BUSHEL

SHIPPERS' OFFERS TO THE UNITED KINGDOM

F.O.B. PORT OF SHIPMENT, AS REPORTED DAILY BY BROOMHALL'S LIVERPOOL OFFICE

Oct. 1940 to date

(Canadian cents per bushel)



Monthly Average Winnipeg Cash Price - No. 1 Northern Wheat,
Crop Years 1934-35 to 1941-42

	(cents per bushel)							
	1934-35	1935-36	1936-37	1937-38	1938-39	1939-40	1940-41	1941-42
August	86.0	84.5	102.2	131.8	76.6	54.9	72.2	73.3
September ..	82.3	90.3	103.9	133.6	63.3	73.9	71.7	72.6
October	78.2	90.8	110.9	142.3	61.5	70.3	70.4	
November ...	79.6	85.7	108.4	134.6	59.0	70.5	71.8	
December ...	79.2	84.7	120.2	137.4	60.6	82.4	73.4	
January	79.0	84.8	124.7	149.1	59.9	82.8	74.2	
February ...	79.5	82.1	127.0	144.6	60.4	83.8	75.2	
March	81.9	82.1	135.7	138.4	59.5	87.0	76.2	
April	87.6	80.5	138.9	138.4	60.5	89.2	75.7	
May	85.7	76.8	130.6	115.2	65.5	79.7	75.9	
June	81.7	79.5	124.2	114.3	61.8	72.3	77.0	
July	81.4	93.4	145.6	98.4	55.3	71.4	74.7	

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 Fort William and Port Arthur)

	General Index Canada	Board of Trade United Kingdom	Wheat No. 1 Manitoba Northern Fort William and Port Arthur basis
	1930=100	1930=100	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
1940	95.7	136.6	82.0
September, 1940 ...	95.8	141.1	76.1
October	96.2	142.7	74.7
November	96.9	146.9	76.2
December	97.2	148.2	77.9
January, 1941	97.7	149.5	78.8
February	98.4	150.0	79.8
March	99.2	150.8	80.9
April	100.0	150.9	80.4
May	102.2	151.3	80.6
June	103.9	152.4	81.7
July	105.2	153.2	79.3
August	106.0	153.2	77.8
September	107.6	^{2/}	77.1

^{1/} Prepared by the Internal Trade Branch. ^{2/} Not yet available.

THE CANADIAN SITUATION

I. GRADING OF THE 1941 WHEAT CROP

The following table shows the grading of both old and new crop inspections for the months of August and September 1941, compared with total inspections for August and September 1940. The inspection reports for this month last year did not show new and old-crop inspections separately.

	Number of Cars Grading No. 3 Northern or Better			
	1941-42		1940-41	
	Cars	Per cent of Inspections	Cars	Per Cent of Inspections
August	13,918	97.09	9,919	95.50
September	16,247	97.12	18,900	98.01

Omitting special grades such as Garnets, Durums, White Springs and Winters, the number of cars of new wheat inspected in September 1941 totalled 16,729, of which 16,247 or 97.12 per cent graded No. 3 Northern or higher. September 1941 inspections of Durum wheat amounted to 128 cars of which 109 or 85.16 per cent graded No. 3 Amber Durum or higher. In September 1940, new Durum inspections numbered 269 cars of which 258 or 95.91 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 1941, with comparative figures for 1940.

From opening of navigation to-	To Canadian Lower Lake Ports	To St. Lawrence Ports	To Buffalo	To Other United States Ports	TOTALS
(bushels)					
Oct. 14, 1941 ..	135,995,806	5,963,360	27,319,728	3,317,446	172,596,340
Oct. 14, 1940 ..	92,336,103	6,339,833	19,280,052	8,509,874	126,465,862

III. TOTAL EXPORT CLEARANCES OF CANADIAN WHEAT FROM CANADIAN AND AMERICAN SEABOARD
PORTS, 1941-42 WITH COMPARATIVE FIGURES FOR 1940-41.

<u>Week ending</u>		<u>1941-42</u>	<u>1940-41</u>
		(bushels)	
August	1-8	2,335,787	1,506,622
	15	3,455,376	1,059,383
	22	2,682,273	1,947,542
	29	2,853,324	2,861,338
September	5	1,535,797	2,457,281
	12	2,250,178	895,148
	19	2,874,290	1,532,713
	26	3,398,467	1,160,710
October	3	1,683,514	2,082,555
	10	2,913,703	1,062,178
	17	2,186,116	1,594,706
T o t a l s		28,168,825	18,160,176

IV. IMPORTS OF CANADIAN WHEAT INTO THE UNITED STATES

	<u>For Consumption Duty Paid</u>	<u>For Milling in Bond</u>	<u>Totals 1941-42</u>	<u>Comparative Totals 1940-41</u>
	(bushels)			
August	<u>1/</u>	<u>1/</u>	<u>1/</u>	592,971

1/ Not yet available.

V. VISIBLE SUPPLY

The following table shows stocks of Canadian wheat in store and in transit in Canada and the United States on October 17, 1941 along with comparative figures for approximately the same date last year.

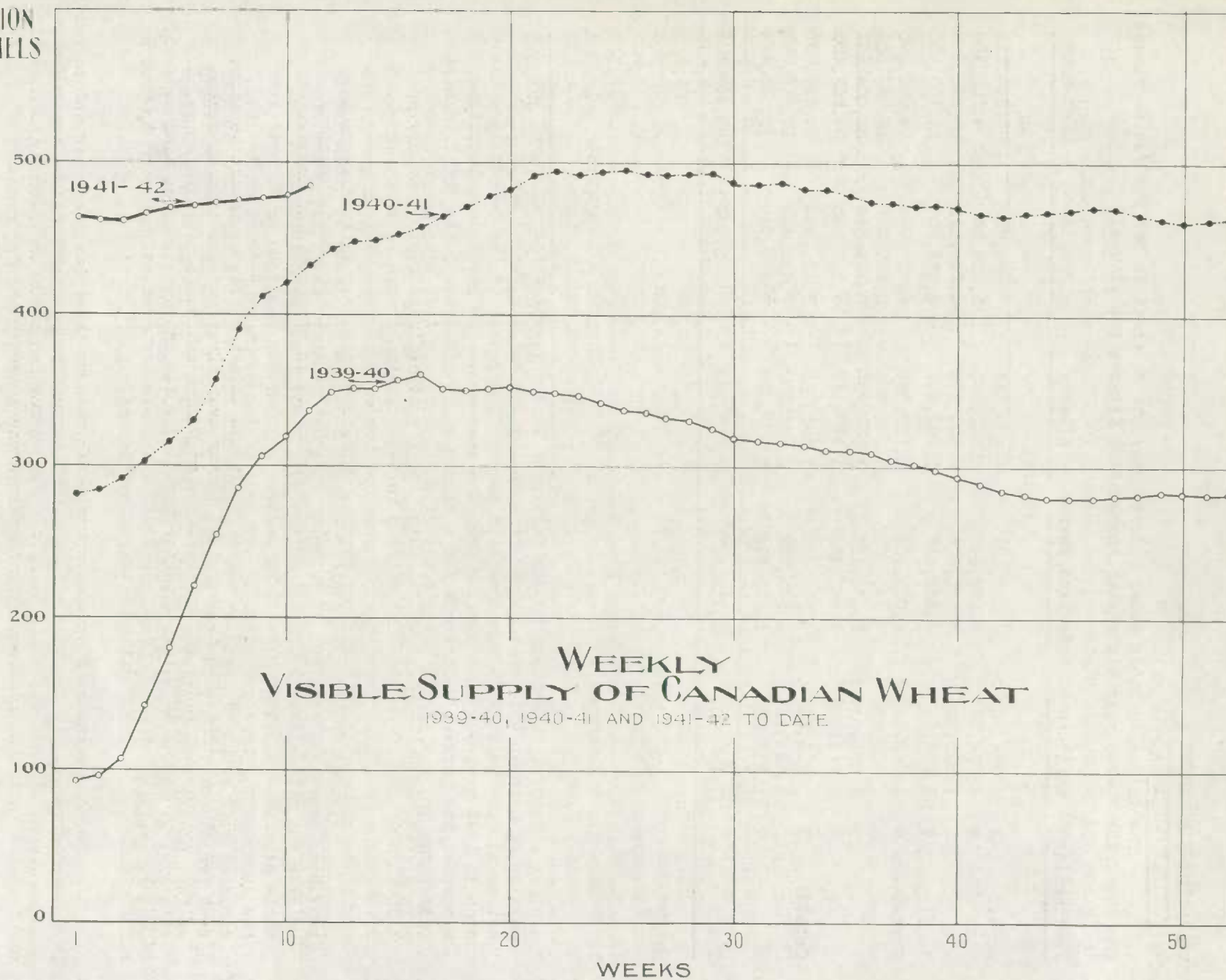
	1941		1940	
	Durum	Other	Durum	Other
	(000 bushels)			
Country Elevators - Manitoba	305	28,130	1,735	20,810
Saskatchewan	215	119,740	690	100,485
Alberta	-	70,460	-	47,955
Totals	520	218,330	2,425	169,250
Interior Private and Mill Elevators	44	7,956	65	5,558
Interior Public and Semi-Public Terminals.	1	17,988	0	17,693
Pacific Ports	-	20,243	-	16,979
Churchill	-	2,617	-	2,617
Fort William and Port Arthur	342	98,940	1,134	81,663
In Transit - Lake	23	2,454	71	3,696
In Transit - Rail	-	16,597	-	27,185
Eastern Elevators - Lake Ports	94	44,083	1,970	42,320
St. Lawrence and Seaboard Ports	299	28,921	784	20,783
U. S. Lake Ports	-	8,136	-	17,342
U. S. Atlantic Seaboard Ports	75	12,781	2,965	15,709
In Transit - U. S. A.	-	4,672	-	2,570
T o t a l s	1,398	483,728	9,414	423,365
	485,126		432,779	

Compared with the total at this time a year ago, the visible supply of Canadian wheat has increased 52.3 million bushels and on October 17 stood at 485.1 million bushels. Since the beginning of the current crop year, however, the visible has risen only 21.3 million bushels in face of new crop deliveries from western Canada farms amounting to 68.8 million bushels. Common wheats comprise the bulk of the stocks, there being a sharp reduction in the supply of Durum wheat compared with a year ago.

The quantity of Canadian wheat stored in United States elevators is about 13 million bushels less than at this time a year ago. The decrease is most marked at United States lake ports and particularly at Duluth and Buffalo. A year ago, Canadian wheat stocks at Duluth-Superior totalled 7,346,563 but have now been reduced to 963,304 bushels, while Buffalo stocks of Manitobas are down to just over 4,000,000 bushels compared with 7.2 millions twelve months ago.

Stocks back in the country are greater than at this time last year and there is a marked increase in the Fort William—Port Arthur stocks where the new temporary annexes are all in use and steadily filling up. Supplies are also greater at St. Lawrence ports and in elevators located on the Atlantic and Pacific seabords.

MILLION
BUSHELS



VI. PRIMARY MOVEMENT

The following table shows primary receipts of wheat in the Prairie Provinces for the 1941-42 crop year along with comparative figures for 1940-41:

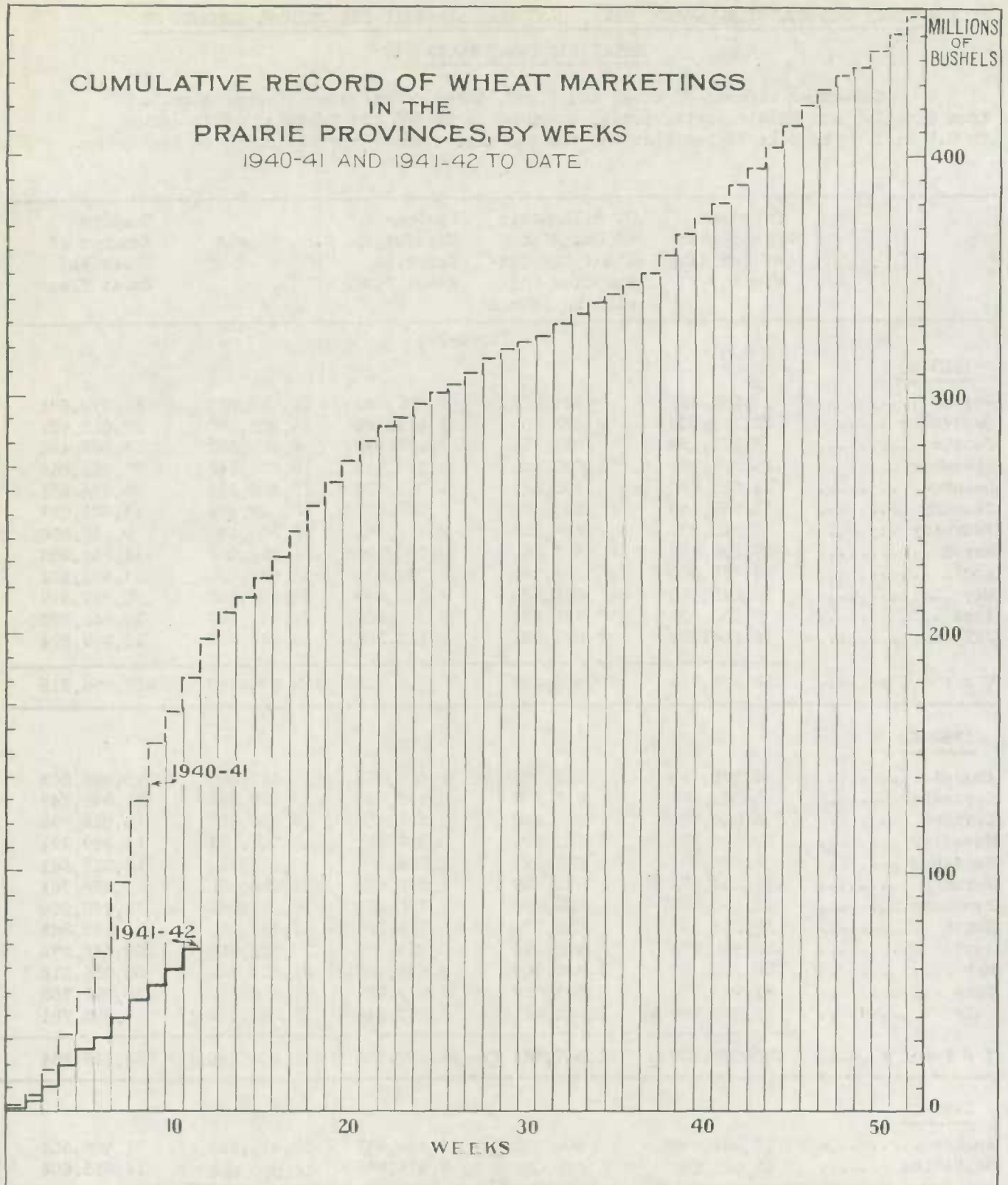
<u>Week ending</u>	<u>Manitoba</u>	<u>Saskatchewan</u>	<u>Alberta</u>	<u>Totals</u>	<u>Last Year</u>
		(bushels)			
August 1-8	233,953	185,573	475,343	894,869	2,644,119
15	1,058,592	1,625,647	941,293	3,625,532	4,702,436
22	1,585,939	3,175,816	1,504,876	6,266,631	10,322,287
29	1,902,244	4,532,417	1,837,896	8,272,557	15,153,697
September 5	1,260,321	4,022,305	1,155,369	6,437,995	16,958,385
12	381,573	4,143,005	1,220,869	5,745,447	16,557,664
19	1,071,540 ^{1/}	5,530,119 ^{1/}	1,574,739 ^{1/}	8,176,398 ^{1/}	29,004,674
26	1,291,556	4,901,461	1,397,168	7,590,185	34,523,035
October 3	705,887	4,013,644	1,380,813	6,100,344	24,739,670
10	1,032,456	4,502,758	1,250,205	6,785,419	12,866,908
17	1,318,528	5,126,215	2,477,975	8,922,718	13,996,674
T o t a l s	11,842,589	41,758,960	15,216,546	68,818,095	181,469,549

^{1/} Revised.

Farmers in western Canada delivered in the eleven weeks ending on the morning of October 17, about 24 per cent of the 286 million bushel wheat crop estimated for 1941. This compares with nearly 35 per cent of the 525 million bushel crop in 1940 marketed in a similar period a year ago. The seven days to October 17 witnessed the largest deliveries for a single week this season, the total receipts from farms in that period being 8.9 million bushels compared with as much as 34.5 million bushels marketed in a single week in September 1940.

Figures for the two seasons set out in the above table by weeks and by provinces represent receipts of farmers' wheat at country elevators, interior private and mill elevators, and loadings over platforms. Saskatchewan on the whole experienced better harvesting weather than either Manitoba or Alberta and has consequently marketed about 31 per cent of her estimated production in 1941, compared with about 21 per cent for Manitoba and only a little more than 16 per cent for Alberta. Only 640,973 bushels of Amber Durum wheat have been delivered so far, mostly from Manitoba farms. The Durum wheat crop in Manitoba is estimated this year at only 2.7 million bushels and in Saskatchewan at 1.5 millions with none in Alberta.

CUMULATIVE RECORD OF WHEAT MARKETINGS
IN THE
PRAIRIE PROVINCES, BY WEEKS
1940-41 AND 1941-42 TO DATE



VII. 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 14,550,262 bushels. This amount is 0.2 million bushels higher 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)					
<u>1939-40</u>					
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	996,611	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
T o t a l s	152,703,719	9,454,498	30,516,152	192,674,369	207,896,515
<u>1940-41</u>					
August	8,376,192	592,971	2,590,902	11,560,065	13,992,063
September	6,524,601	619,998	2,478,393	9,622,992	11,978,247
October	6,610,523	824,580	3,375,868	10,810,971	13,034,755
November	9,896,969	735,974	3,072,231	13,705,174	20,349,791
December	6,858,081	540,299	1,555,250	8,953,630	13,317,661
January	12,841,576	782,729	1,596,681	15,220,986	6,476,761
February	14,690,299	689,344	2,730,406	18,110,049	12,190,000
March	18,324,872	656,074	2,516,126	21,497,072	14,138,845
April	25,988,574	945,113	3,824,172	30,757,859	24,146,572
May	28,381,667	2,400,657	6,033,087	36,815,411	35,656,016
June	21,999,756	1,205,207	7,879,158	31,084,121	30,992,762
July	13,066,057 <u>1/</u>	1,354,411 <u>1/</u>	8,647,448	23,067,916 <u>1/</u>	27,993,781
T o t a l s	173,559,167 <u>1/</u>	11,347,357 <u>1/</u>	46,299,722	231,206,246 <u>1/</u>	224,267,254
<u>1941-42</u>					
August	12,346,095	600,000 <u>2/</u>	6,464,547	19,410,642 <u>2/</u>	21,185,505
September	10,925,699	650,000 <u>2/</u>	2,974,563	14,550,262 <u>2/</u>	14,315,604
Aug.-Sept.1941-42	23,271,794	1,250,000 <u>2/</u>	9,439,110	33,960,904 <u>2/</u>	35,501,109
Aug.-Sept.1940-41	14,900,793	1,212,969	5,069,295	21,183,057	25,970,310

1/ Revised. 2/ Subject to revision.

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