CANADA

DEPARTMENT OF TRADE AND COMMERCE

DOMINION BUREAU OF STATISTICS

AGRICULTURAL BRANCH

# MONTHLY REVIEW

of the

# WHEAT SITUATION

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The Agricultural Branch of the Dominion Bureau of Statistics issues today the Monthly Review of the Wheat Situation for November. The foreign statistics in this release refer mainly to the month of November, while the situation in Canada is covered up to the middle of December. Through the co-operation of Canadian Trade Commissioners stationed abroad, reports on the wheat situation in important consuming centres are included.

## THE GENERAL SITUATION

The shipments of wheat from producing to consuming centres of the world decreased gradually during November, mainly due to the reduced clearances from Soviet Russia and the United States, but shipments from Canada have been fairly well maintained. Shipments in the 1930 season, however, have continued to widen the increase over the low figures of 1929. World production outside Russia and China is about 4 or 5 per cent greater than last year and the surplus in exporting countries is larger, but the import demand up to date would indicate that consumption will increase relatively more than production. The carryover of old wheat in the Southern Hemisphere was of insignificant amounts and North American visible supplies are lower than last year. The United States visible has been falling in the last two months while the Canadian visible has been increasing and is now less than 20 million bushels under last year's total. The Russian crop is one of the largest in their history and exports from this country have been maintained in surprising fashion up to a total of 65,456,000 bushels on December 11th. The easy collections of grain from the large farms have now been made and the contributions of the peasants will be much slower. The movement of grain through the Black Sea is now hindered by ice and authorities look for further reductions in shipments until spring. Broomhall's judgment is that moderate Russian shipments will continue throughout the winter, to be followed in the spring by large or liberal shipments and quite possibly the total put afloat next spring and summer may be roundly 48,000,000 bushels. The present tendency on the European markets seems to be to reduce port stocks of Russian wheat until new Southern Hemisphere stocks become available, and a slack period in demand for overseas wheat is expected. Canadian wheat stocks available for export consist of nearly 28 million bushels of Canadian grain at Canadian and United States seaboard ports, and about 54 million bushels in eastern lake ports. The usual policy of Argentine and Australia is to market their wheat quickly and in volume because the available storage space is inadequate and unsuitable. The peculiar conditions of each of these countries suggest that the 1930-31 season will be no exception as they are in need of money.

Many observers of the European situation look for important increases in demand during 1931, but there are some misgivings because of the great increases in stocks of Russian wheat during November in those countries where trade is relatively free. The notable examples are the United Kingdom, Italy, and Holland. There is little hope of any considerable demand from Germany since to the prohibitive tariff and the stringent milling regulations, there has been added an order that 30 per cent of rye flour must be added to all wheat flour in baking. The quality of flour and bread has undoubtedly suffered in most of the European countries where import of wheat is restricted and milling of domestic wheats compelled. The low prices of high quality foreign wheat and the dwindling supplies of domestic wheat may lead to some reaction later in this season and in this regard France is probably the greatest hope.

In the past month there has been a growing uncertainty as to the quantity and quality of crops in the Southern Hemisphere. The official estimate of 215 million bushels for the Australian crop has been discounted because of lower private estimates and because of rain damage in Victoria and New South Wales. Although there was plentiful rainfall during July, August and October, and the season would indicate an above-average yield on a record acreage, there has been considerable late damage and estimates of surplus are tending lower.

The Argentine has not had such a favourable season and drought, rust, frost and rainy harvest weather have each taken some toll of the wheat crop. Information on Argentine crops is never completely reliable and reports are particularly uncertain this year. Offers of Plate wheat have been limited up to the past few days, but are now increasing. Wheat sales are encouraged by further falls in the Argentine exchange.

During the past month, the competition of the United States with Canada on the world wheat markets has gradually receded and United States wheat is hardly a factor in the world situation at the present time. Government-sponsored agencies have kept the prices of cash wheat and the early futures well above world prices. As a result of different policies, Chicago December and May future prices are now 20 to 23 cents above Winnipeg futures, whereas on the same date last year, Winnipeg prices were 10 to 15 cents above Chicago. Even the evidently unsupported July future in Chicago is 10 cents above the Winnipeg July.

Weather conditions in Europe have continued somewhat unfavourable for the seeding and growth of winter crops.

The Course of Wheat Prices.--The following summary of the course of wheat prices in November was prepared by the Internal Trade Branch of the Bureau:

"Following a slight lull in the latter part of October, wheat prices again plunged downward in November to reach the lowest levels recorded in the annals of Canadian organized trading. This occurred on November 18th when the December future touched $54\frac{1}{2}$¢. The month opened with prices on the downgrade, and they kept on receding with minor interruptions until the date mentioned above. In the final fortnight a weak reaction occurred, followed by a further decline which brought quotations back very close to the record lows established on the 18th.

News in the early days of November told of weak overseas markets influenced by large shipments of Russian wheat through the Black Sea and bearish Argentine reports. A pause in the decline occurred between the 6th and the 8th, due to better export support, with Liverpool firm. Argentine cables changed tone at this time and emphasized rust damage. On the 11th a further break came, influenced by weakness in the stock market. It was interrupted twice, however, before the low of the movement was reached on the 18th, these breaks being associated with bad weather in the Canadian west in the first instance, and with extensive short covering and mild revival of export interest in the second (the 17th). On the 18th, pressure from Canadian and Southern Hemisphere offerings proved too great for an apathetic market and prices were borne down sharply. The anxiety which resulted was greatly intensified by rumors regarding the U.S. Farm Board and political negotiations regarding financial support sought for the Canadian crop. For a few days following, overseas demand improved, and on official pronouncement by the Argentine Minister of Agriculture calculating rust losses in that country to be around 80,000,000 bushels apparently helped to stiffen prices temporarily. Heavy offerings attracted by steady recovery again turned prices downward, however, on the 24th. They rallied on the 26th, with outside support good, and cold weather in Western Canada, but again fell back in the final three days of trading to close the month with cash wheat slightly below 60¢ per bushel, Ft. William and Pt. Arthur basis. Apart from the reaction to rumors regarding the Wheat Pool's position, news from outside markets seemed to dominate price movements generally throughout the month.

The November average monthly price for No. 1 Manitoba Northern cash wheat, Ft. William and Pt. Arthur basis, was 64.4¢ as against 72.5¢ per bushel in October. This represents a drop of over 50 per cent since the beginning of 1930, as the January average price on the same basis was $1.30 per bushel. The November 1913 price was 83.6¢ per bushel, and the average for that year, 88.1¢."

Prices tended to be firm and worked slightly higher in the first ten days of December, then turned erratic and lower, making a new low record for the December future on December 13 at $54\frac{1}{4}$a. Export business has been reduced and although there seems to be less uneasiness with regard to the Pool and its holdings since a new general manager and a new selling policy have been established, the large Australian and Argentine crops, their increasing pressure on the markets, and the heavy and increasing visible supplies in Canada have all helped to discourage any major displays of strength.

## THE CANADIAN SITUATION

The weather in the Canadian West during the past month has been generally mild for this season of the year, and has encouraged a liberal movement to country elevators and some threshing. There has been little opportunity for the grain to dry in the field and inspections show that over 70 per cent of the wheat is grading damp and tough. The soil moisture situation is slightly better than last year but the main wheat area has deficient supplies, similar to the 1929 season.

Daily deliveries of wheat held fairly steadily over two million bushels during the first two weeks of November and then started a gradual decline to little over a million bushels in the first days of December. Further slight declines have occurred since and the average daily deliveries now amount to about 850,000 bushels. However, they have exceeded the deliveries of the same date last year throughout this whole period. Deliveries in Manitoba have been falling steadily since the middle of November, while in Saskatchewan and Alberta, deliveries were high in the first three weeks of November and then declined. Deliveries by provinces from August 1st to December 5th were as follows:

| | |
|---|---|
| Manitoba | 29,856,712 |
| Saskatchewan | 129,386,886 |
| Alberta | 78,135,851 |
| Total | 237,379,449 |

The provisional estimate of the 1930 wheat crop of the west forecasted a crop of 374,000,000 bushels, and there were 4,365,000 bushels in farmers' hands at the end of the crop year, July 31st, 1930,--making a total of 378,365,000 bushels. Of this amount, 42 million bushels is allowed for 1930 seed and at least 15 million bushels will be unmerchantable or lost in cleaning on farms. Further amounts will be fed to live stock and custom milled for home consumption on western farms. Approximately 244 million bushels were marketed up to December 15th, and with reasonable allowances for feed and custom milling (to be more closely determined later) it is estimated that about 70 million bushels are yet to be marketed by western farmers.

Using the official estimate of the carryover of wheat in Canada at July 31st, 1930 (112 million bushels) and the provisional estimate of the Canadian wheat crop (396 million bushels), and with an allowance for seed, home consumption, and unmerchantable grain (110 million bushels), it may be calculated that Canada began the 1930-31 shipping season with an exportable surplus of about 398 million bushels--approximately 100 million bushels more than in 1929. At the end of October, an increase of about 40 million bushels in the exports had reduced the excess surplus of 1930 to 60 million bushels. During November, 1930, exports exceeded those of the same month of 1929 by approximately 10 million bushels, so that 1930 export supplies were only 50 million bushels higher than at December 1st of 1929 and amounted to about 278 million bushels. This figure is for Canadian wheat in Canada as Canadian grain stored in the United States (33.8 million bushels at December 5th) is officially exported according to customs returns. Largely offsetting this factor is the increased amount of wheat which will be unthreshed, unmerchantable or used as feed in this year of low prices. The proportion fed to live stock in Canada will not be as high as in the United States, since there is a shortage of feed grains and fodder crops in the United States, while these crops are relatively abundant in Canada. Feed grains in the United States this year are 10 per cent or 10 million tons below 1929 supplies (according to the United States Department of Agriculture), while the crops of feed grains (oats, barley, mixed grains, and corn) in Canada in 1930 are 3.5 million tons or nearly 43 per cent in excess of 1929. The supply of hay in the United States in 1930 is 13 per cent or 15 million tons under 1929, while the hay, clover and alfalfa crops in Canada this year are only 278 thousand tons or 1.6 per cent below 1929 supplies. Relative prices also favour the feeding of coarse grains in Canada. The barley production of 1930 is the largest in our history and the average price being received by farmers for barley marketed is the lowest in the Bureau records.

The surplus of 278 million bushels in Canada is not unreasonably high, considering that the five-year average exports of the last 8 months of the crop year amount to 187,435,223 bushels or 23,429,403 bushels a month. The average carryover in Canada at the end of the past five crop years was 76 million bushels and to attain this carryover on the basis of present estimated supplies would necessitate an export of 202 million bushels or 25¼ million bushels a month. Clearances to date in December show that it is not likely that average December export figures will be reached in this month, but the low prices and lowered European stocks should lead to increased demand in 1931.

The export movement of wheat from Canada has registered a continual improvement in the four months of the crop year that have elapsed. Exports of wheat and wheat flour expressed in bushels amounted to 34,782,843 bushels in November as compared with last year's figure for the month of 24,866,[illegible]57 bushels and the five-year average of 50,677,558 bushels. In the four-month period total exports for this year were 119,812,126 bushels; for 1929, 70,757,492 bushels, and for the five-year average, 1925-1929, 121,418,317 bushels. The 1930 exports thus compare very favourably with a period representing general activity in wheat movement. The following

table lists the exports of wheat and wheat flour in the months of August to November inclusive, 1930, compared with crop year figures for 1929-30 and with the average for the five years, 1925-26 to 1929-30:-

TOTAL EXPORTS OF WHEAT AND WHEATFLOUR

| Month | 1930-31 | 1929-30 | Average 1925-26 to 1929-30 |
|---|---|---|---|
| | Bushels | Bushels | Bushels |
| August | 20,461,776 | 13,050,873 | 17,360,617 |
| September | 31,121,623 | 9,625,524 | 17,970,697 |
| October | 33,445,884 | 23,215,028 | 35,409,445 |
| November | 34,782,843 | 24,866,067 | 50,677,558 |
| December | | 18,683,198 | 46,319,649 |
| January | | 7,257,050 | 16,682,720 |
| February | | 8,895,468 | 16,616,866 |
| March | | 14,655,609 | 21,526,470 |
| April | | 5,459,684 | 11,552,050 |
| May | | 16,046,226 | 27,204,945 |
| June | | 21,679,434 | 25,750,589 |
| July | | 22,833,051 | 21,781,964 |
| TOTAL | | 186,267,212 | 308,853,540 |

The total figures for wheat loaded from Fort William-Port Arthur during the 1930 season of navigation have just been issued, subject to revision, by the Board of Grain Commissioners. The grand total is 178,949,964 bushels of wheat, of which 82,352,535 bushels went to Canadian ports and 96,597,429 bushels went to United States ports.

Export shipments via the Pacific Coast continue to show improvement over last year's shipments, and on December 5th, 1930, totalled 25,414,380 bushels since August 1st, as compared with 11,903,710 bushels in the same period of 1929. Shipments to the Orient show large percentage increases over 1929, but the United Kingdom and Continent absorb three-quarters of the shipments. Bookings for the Orient in December are unusually large.

The percentage of operation of Canadian flour mills has been rising steadily since the beginning of the crop year. Mill grindings in the month of October in Canada amounted to 8,348,434 bushels as compared with 7,254,614 bushels in September and 6,930,364 bushels in August. The total for the three months of 22,533,412 bushels is 2,796,787 bushels greater than for the same months of 1929. It is usual in the periods of depressed prices for custom milling to increase and the present season in the West is no exception. In the first three months of the crop year, 282,517 bushels were milled in the West in this way as compared with 232,383 bushels last year--an increase of 21.5 per cent.

THE FOREIGN SITUATION

The United States.- The buying of government-sponsored agencies has kept wheat prices well above the levels of the Winnipeg, Buenos Aires and Liverpool markets. Chicago early futures are now 20 to 23 cents above Winnipeg futures, although on a strict quality basis, Canadian prices should be higher and at this time last year, Winnipeg futures were 10 to 15 cents above Chicago. The actions of the government are being aided by a sluggish primary movement which has led to a steady decrease in visible supplies. Farm consumption is evidently a very decided factor in the United States wheat situation, and the United States Department of Agriculture on December 8th estimated that 236,000,000 bushels of wheat would be fed to live stock during the crop year as compared to 90,000,000 last year.

The United States proportion of North American exports has declined further in the past month, and is now confined to special types not easily procurable in other countries. The milling trade also is very slack, greatly influenced by the prevailing depression, and by the fact that high domestic wheat prices prevent export trade. The imports of wheat from Canada for milling in bond and export continue to show decided improvement over 1929 figures, and in the period from July 1st to December 6th, 1930, amounted to 10,334,000 bushels compared with 3,120,000 bushels from July 1st to November 30, 1929. (United States Department of Commerce)

The condition of the reduced winter wheat crop is generally favourable. There has been some damage from alternate freezing and thawing, while drought has been retarding growth in the Ohio Valley.

The United Kingdom.- In contrast to last year when large stocks of unsold Plate wheat were stored in United Kingdom ports, slightly smaller stocks of Russian wheat are now the important factor. Broomhall reports that at December 1st, United Kingdom stocks of wheat totaled 13,920,000 bushels as compared with 9,960,000 bushels on November 1st, 1930 and 20,560,000 bushels on December 1st, 1929. Arrivals at Liverpool continued heavy during November and early December. The Glasgow Corn Trade Association reports that up to November 29th, imports of wheat since January 1st amounted to 5,379,120 bushels as compared with 6,301,464 bushels in the same period of 1929. Imports of flour were also lower--1,029,416 sacks of 280 lb. compared with 1,083,415 sacks in the 1929 period. Weekly imports have increased considerably, and are predominantly North American wheat and flour. At November 30th, total Glasgow stocks were 301,112 bushels, almost identical with the amount of November 30th, 1929, and a slight reduction from the holdings on October 31st of this year.

Domestic wheat movement is very limited because of slack demand and depressed prices. The autumn season has not been favourable for winter seedings, particularly in the West of England.

France.- Rain and floods and generally unfavourable autumn weather delayed seeding and caused some damage to grain in the fields. The weather has been changeable, with periods of clear, cold weather interspersed with periods of rain. Private reports indicate that a smaller acreage of winter grain has been seeded.

Offerings of native wheat have improved considerably over last month. Declining supplies have brought a good demand. Stocks of domestic wheat in farmers' and millers' hands are believed to be near exhaustion and cable advices of December 8th reported that the French Government was preparing to allow an increase in the amount of foreign wheat which may be imported and mixed with native grain in milling. In the past month there has been an increasing business in Canadian milling wheats and a better demand for Canadian Durums. France is regarded hopefully as a wheat market in 1931.

Switzerland.- The Canadian Trade Commissioner at Rotterdam reports that imports of wheat into Switzerland for the month of October were 2,201,649 bushels as compared with 1,016,823 bushels in October, 1929. Canada still obtains the bulk of Swiss orders and in the ten-month period from January to October, Canada supplied more than half of the Swiss wheat imports.

Holland.- The Canadian Trade Commissioner at Rotterdam has forwarded statements showing a steady increase in the stocks of wheat at Rotterdam, mainly due to heavy Russian arrivals. On November 29th, wheat stocks at Rotterdam totaled 198,205 tons, of which 171,800 tons were from Russia. Stocks at Amsterdam on November 26th were 35,319 tons.

During the month of November arrivals of wheat in Holland from the most important countries were as follows: Russia, 108,238 tons; Germany, 42,100 tons; Canada, 28,007 tons; United States, 11,473 tons; Argentine, 5,620 tons; and Australia, 4,012 tons. Most of the German arrivals are in transit for the Rhine Valley.

Germany.- The Canadian Trade Commissioner at Hamburg reports that the German Agricultural Council in summarising the results of their investigations, undertaken on October 15th, 1930, into the yields of this year's German grain crops have estimated the total yield of winter wheat at 3,390,000 metric tons or 124,526,000 bushels. This is larger than the preliminary estimate of the German Statistical Office, which gave a total yield of 3,260,000 metric tons. The Market Reports Bureau of the German Agricultural Council express the opinion that, taking into consideration the yield of winter wheat and the yield of summer wheat estimated at 330,000 metric tons, the total import requirements of Germany in this crop year should only amount to between 700,000 and 800,000 metric tons (25,710,000 and 29,386,000 bushels).

The German Agricultural Council have published the following percentages of the total crop still on farmers' hands on October 15th, 1930, as compared with the corresponding figures for the same date of the previous year:-

| | Stocks on hand | |
|---|---|---|
| | October 15th., 1929 | October 15th., 1930 |
| | In Percentages of Total Crop | |
| Winter wheat ........................ | 66.9 | 62.1 |
| Summer wheat ........................ | 86.1 | 81.0 |
| Winter rye ........................ | 72.4 | 71.4 |
| Winter barley ........................ | 57.1 | 40.4 |
| Summer barley ........................ | 77.7 | 67.7 |
| Oats ........................ | 87.7 | 89.1 |

It should be pointed out that stocks of old crop grain are not included in the above figures. On June 15th,1930, the stocks of wheat still available amounted to 3 per cent of the 1929 crop, those of rye to 11.3 per cent, those of summer barley to 4.7 per cent and those of oats to 18.9 per cent.

The German Grain Journal has translated the above percentages of this year's crop still on farmers' hands on October 15th. into actual quantities, as follows:-

| | Stocks on hand | |
|---|---|---|
| | October 15th., 1929 | October 15th., 1930 |
| | In Metric Tons (2,204 lbs.) | |
| Winter wheat ........................ | 2,054,000 | 2,024,000 |
| Summer wheat ........................ | 241,000 | 251,000 |
| Winter rye ........................ | 5,828,000 | 5,441,000 |
| Winter barley ........................ | 217,000 | 178,000 |
| Summer barley ........................ | 2,175,000 | 1,516,000 |
| Oats ........................ | 6,472,000 | 4,874,000 |

The official German report on the condition of the seeds at the beginning of November shows that the wet weather in October had an unfavourable influence on the seeding of winter grain. The condition of the seeds is indicated by the following figures of the average for the whole of Germany, where 2 - good; 3 = average; and 4 = poor:-

| | Beginning of November | |
|---|---|---|
| | 1930 | 1929 |
| Winter rye ........................ | 2.7 | 2.6 |
| Winter wheat ........................ | 2.6 | 2.7 |
| Winter spelt ........................ | 2.7 | 2.8 |
| Winter barley ........................ | 2.6 | 2.6 |

Estimates of the stocks of wheat at the Port of Hamburg on recent dates have been forwarded as follows:-

| | November 10th. | November 17th. | November 24th. | December 1st. |
|---|---|---|---|---|
| | | In Tons | | |
| North American wheat ......... | 8,000 | 6,000 | 5,000 | 6,000 |
| Russian wheat ............... | 2,000 | 2,000 | 1,500 | 2,000 |
| German wheat ............... | 3,000 | 2,000 | 1,000 | 1.000 |

Lithuania.- The Canadian Trade Commissioner at Hamburg reports that the Lithuanian Central Statistical Bureau have published the following estimates of the yields of this year's crops in Lithuania as compared with the yields for the previous year:-

| | 1929 | 1930 |
|---|---|---|
| | In Metric Tons (2,204 lbs.) | |
| Wheat ............................... | 254,000 | 297,000 |
| Rye ............................... | 589,000 | 630,000 |
| Barley ............................... | 267,000 | 226,000 |
| Oats ............................... | 440,000 | 367,000 |
| Potatoes ............................... | 1,853,000 | 1,746,000 |
| Flax ............................... | 34,000 | 38,000 |

Central Sales Bureau for Eastern Europe.- The Canadian Trade Commissioner at Hamburg reports that according to the German Grain Journal the following decisions were reached at the recent Agrarian Conference held at Belgrade between representatives of Hungary, Jugoslavia, Poland, Roumania and Bulgaria:-

1. That in each of the countries an export commission would be established to determine export surpluses and to regulate exports;

2. That exporting may only take place at prices and under regulations fixed by a General Sales Office. Central Sales Offices shall be established for wheat, rye and corn, the seat of each office being in the country most interested in the particular commodity. The General Sales Office, however, should have the possibility of exercising control over the exports of several kinds of grain;

3. That the commission of each country should send representatives to the General Sales Office for the purpose of fixing prices and terms;

4. That sales are only to be effected by the commissions of each country at prices and on terms fixed by the General Sales Office;

5. That the export commissions should be established in each country before March 31st, 1931.

6. That the General Sales Office should commence operations on July 1st., 1931, for a trial period of one year;

7. That other States may only accede to the agreement on the unanimous consent of the present signatories.

Spain.- The Canadian Trade Commissioner at Milan has forwarded a translation of a review of the wheat harvest in Spain which appeared in the Espana Economica Y Financiera on November 15th, from which the following summary has been abstracted:

The quantity of wheat harvested in Spain during the year 1930 amounts to 132 million bushels. As the requirements of the country are figured at 138 million bushels, there has, therefore, been a deficit of 6 million bushels. Regardless of this difference in the harvest of the present year Spanish needs will be covered by the national wheat crop plus the carryover from the previous harvest. It will not be necessary to import foreign wheat and there may be a surplus in the country before the 1931 harvest. The depreciation of the peseta has reached such a stage that import of wheat would be disadvantageous.

The 1930 crop is roughly 5 per cent less than 1929, although the acreage this year was slightly greater. It is expected that the high cost of living will diminish the consumption of bread, and prices of bread will probably rise in the near future.

Italy.- As in France, the Italian 1930-31 harvest of wheat shows a considerable reduction from the 1929-30 crop, and imports so far this season have exceeded those of the same period last year. Preliminary estimates of the present harvest show a reduction of about 19 per cent from last year's crop. In previous years when crop yields have approximated this year's total, imports of wheat have averaged about 90 million bushels. The duty on foreign wheat is very similar to that of France, being 86 5/8 cents per bushel as compared with 85¼ cents in France. Italy is depending mainly on Russian wheat supplies, and an official statement issued on December 15th was much higher than previous estimates of the season's wheat requirements of this country.

Fall seedings in Italy have been delayed by rain as in other European countries. Unsettled weather prevailed during the early part of November, but with more favourable weather ensuing, seeding was completed and the growth of the new crop is now reported to be satisfactory.

The Scandinavian Countries.- A report of the Canadian Trade Commissioner at Oslo to the Department of Trade and Commerce is pessimistic with regard to the present market for Canadian wheat in these countries. Norwegian mills operating for the monopoly are now using mixture containing as low as 40 per cent of Canadian wheat instead of the former proportions of 70 to 75 per cent. The required importation of flour under the private brands of the State monopoly restricts the use of Canadian flour. Swedish mills are now using considerably less Canadian wheat in their flour, and imports of flour have also fallen considerably during the present year. The duty on flour is $2.28 per barrel and an increase from 60 to 70 per cent of Swedish wheat in milling is suggested. The markets for wheat and flour in Norway are not limited by legislation and an increase in sales is held to be largely a matter of organization.

Soviet Russia.- Weather conditions have been generally favourable for the seeding and growth of winter grain and Broomhall reports that an increased acreage has been seeded. Collections from farms have been smaller and at the beginning of December, there were reports of disturbances in northern farming regions. It is not to be expected that grain commitments will be so readily secured now since the large state farms were canvassed early.

The exports of Russian wheat have declined considerably in the past month but are continuing larger and longer than was generally expected. It is now considered likely that the Russian harvest was one of the largest in her history. Russian exports in the week ending November 13 to the week ending December 11 have been as follows: November 13, 7,552,000; November 20, 6,344,000; November 27, 4,392,000; December 4, 3,448,000; December 11, 2,416,000.

The total wheat exported from Russia in the period from August 1 to December 11 was 65,356,000 bushels.

India.- Despite the reduction in freight rates to facilitate grain exports, the movement of wheat from India has been much less than commonly expected.

New crop conditions are about average except in the North West, where continued drought has caused some damage and some reduction of acreage.

Japan.- The Commercial Secretary of the Canadian Trade Commissioner's Office in Tokyo has favoured us with a report on the market for wheat and wheat flour in that country. It is only in recent years that wheat in the form of foodstuffs has entered into the Japanese menu. The largest part of the imported wheat is manufactured into flour for reshipment to China. Imported wheat flour is used in Japan mainly in the production of a flavouring extract, "apinomoto", and the balance for the production of high grade cakes and confectionery. The flour from domestic wheat is used in the lower grades of confectionery, in the manufacture of a sort of macaroni, and in the preparation of soy sauce.

The Japanese wheat acreage is about 10 per cent of that planted to rice and the yield is estimated by the Department of Agriculture and Forestry as 30,380,049 bushels in 1930, being 984,594 bushels or 3.1 per cent less than the crop of 1929. It is necessary to import about 20 - 30 million bushels of wheat during the season. The wheat crop is taken over largely by flour milling companies who store it and keep the quantity so stored as private information. For future reviews, a reciprocal agreement with the Nisshin Flour Mills in Tokyo may yield some information on quantities in storage.

Australia.- The second official estimate of the Australian wheat crop is given as 214,780,000 bushels, according to a telegram from Rome on December 16th.

The Canadian Trade Commissioner at Melbourne has forwarded the following report dated November 12th. The official estimate of the wheat crop referred to in this report is the first estimate and differs only fractionally from the second estimate quoted above.

"The official estimate of the wheat crop (now being garnered in some parts of the Commonwealth) issued last week by the Commonwealth Statistician is given at 215,000,000 bushels which somewhat exceeds the estimate obtained a month earlier from expert and, usually, authoritative sources. As harvesting will be in progress until about the end of December, the official figures can only be approximately accepted. The Statist's estimate is based upon such official data as was available, and upon other information received from reliable sources. The total area expected to be harvested for grain for Australia as a whole amounts to 18,167,000 acres, which represents the greatest area yet devoted to the cultivation of this cereal, and exceeds the record of the previous year by more than 3,255,000 acres, or approximately 22 per cent. It is estimated that the resultant yield of wheat from this area will be 215,000,000 bushels, the greatest quantity yet produced in Australia in any season. The previous record was in 1915-16, when 179,000,000 bushels were harvested at an average of 14.34 bushels per acre, as compared with 11.83 bushels, the anticipated average yield for the current season.

Particulars of the area, estimated yield and average yield per acre in respect of the several States are as follows:-

| | Estimated Area Expected to be Harvested for Grain Acres | Yield Forecasted Bushels | Estimated Average Yield Per Acre Bushels |
|---|---|---|---|
| New South Wales | 5,190,000 | 72,000,000 | 13.8 |
| Victoria | 4,620,000 | 55,500,000 | 12.0 |
| Queensland | 300,000 | 4,500,000 | 14.5 |
| South Australia | 4,100,000 | 33,000,000 | 8.0 |
| West Australia | 3,950,000 | 49,500,000 | 12.5 |
| Tasmania | 17,000 | 500,000 | 28.5 |
| TOTAL | 18,177,000 | 215,000,000 | 11.8 |

The anticipated average yield of 11.8 bushels per acre, it is stated by the statistician, compares very favourably with that obtained for the previous season, 8.5 bushels, but it is below the yield of 12 bushels, which was the average over all reaped for the ten years ending 1929 - 30.

Wheat.- Substantial quantities of last season's wheat have been shipped from Australia during the last three weeks. China was the destination of two cargoes, and other shipments were made to the Far East. The demand from China has been of inestimable value to Australia, as it has enabled shippers to clear up most of the remaining export surplus without placing sufficient wheat afloat for Europe to depress markets there. Despite fluctuations abroad, prices quoted in Australia have remained unchanged for over a month, as the quantity of old wheat available for export is small, hence traders are disregarding parity when cleaning up the comparatively small balance held. Today's nominal price on the basis of a bushel of 60 pounds, f.o.b. steamer at principal Australian ports is 2s. 11d. (71 cents). The advance in bank exchange is a factor bearing upon exports of all commodities including wheat. Shipments of wheat from all Australian States since the beginning of the 1929 -30 season (to November 8th) in comparison with the similar period of the two previous seasons are computed thus:-

| | |
|---|---|
| 1927 - 28 | 50,131,217 bushels |
| 1928 - 29 | 80,496,181 bushels |
| 1929 - 30 | 47,384,911 bushels |

No dependable estimate can be obtained in respect to the quantity of the 1929 - 30 wheat harvest which is yet available for export, though it is known that some growers in the various States have held on to a proportion of their crop. On consulting leading exporters and milling companies, the opinion was expressed that the quantity of old season's wheat is small and, relatively, quite unimportant as a factor towards the world's surplus.

Flour.- Exports of Australian flour during the last three weeks have been limited to the regular markets in the East. Prices offered by buyers abroad for prompt and forward shipment have been unattractive to milling companies, as the domestic demand for bran and pollard has declined coincident with abundant feed. The export trade is therefore very quiet with no immediate prospect of an improvement in the oversea demand, despite a reduction in prices from those ruling a month ago. Today's prices for standard quality flour per ton of 2000 pounds, f.o.b. steamer at main Australian ports are:-

| | |
|---|---|
| Packed in sacks 140 to 150 pounds gross | £6. 2. 6 ($29.81). |
| Packed in hessian bags 98 to 101 pounds gross | £6.10. 0 ($31.63). |
| Packed in calico bags 49 pounds gross | £7. 0. 0 ($34.07). |

Shipments of flour from all Australian ports since the beginning of the season - in comparison with previous years - to November 8th are submitted thus:-

| | |
|---|---|
| 1927 - 28 | 409,911 tons |
| 1928 - 29 | 496,641 tons |
| 1929 - 30 | 424,998 tons |

Freight Rates.- Chartering for the shipment of new season's Australian wheat continues steadily and rates are practically unchanged from those ruling a month ago. The amount of tonnage already fixed by Australian shippers is below normal when consideration is given to the anticipated record harvest, and particularly as steamers chartered in England could not be on the berth until January. Hence the possibility that some competition may develop later on. One steamer has been fixed for December loading at Melbourne for Calcutta at a freight rate of 18s. ($4.38) per ton. Today's quotations on part cargoes per ton of 2240 pounds are, nominally, as follows:-

| Shipment during | Port Said, U.K., and Europe | Egypt Alexandria | South Africa |
|---|---|---|---|
| December | 32s.6d. ($7.91) | 35s. ($8.52) | 32s.6d. ($7.91) |

Flour, in each instance, is 2s. 6d. (61 cents) higher, but wheat freight is based on gross weight and flour on net weight."

Although the growing season in Australia was particularly favourable this year, with ample moisture supplies in July, August, and October, there have been reports of harvest rains in Victoria and New South Wales that have caused some damage. Broomhall's Melbourne agent estimated the crop at 168,000,000 bushels - nearly 47 million under the official figure - and damaging rains in New South Wales have continued since this estimate was made.

Country receipts from the new crop are now increasing although the low prices are causing complaints and political agitation. A resolution has been introduced and given second reading in the house of representatives to provide an advance of 72 cents a bushel to wheat growers. The Commonwealth bank will officially provide only 48 cents a bushel, f.o.b. according to previous agreement. There are reports of decreased acreages and abandonment of low-yielding fields.

Argentine.- The Argentine wheat crop has undergone a varied season and the effects of drought, rust, frost, and rainy harvest weather will be felt in all provinces except Entre Rios. Crops in Buenos Aires, which has 9,208,000 acres in wheat, have suffered from rust, late frosts, and wet harvesting weather. Cordoba, with 6,037,000 acres of wheat has had yields reduced by August drought, September frost, and later rust. Pampa and Santa Fe, each having about $2\frac{1}{4}$ million acres of wheat, have also been damaged by frost, rust and drought, so that variation in yields can be expected. Despite the prevalence of these limiting conditions, it is evident that a good crop will be garnered, although there is a great variation in present estimates. No official figure has yet been given out, but Broomhall's agent estimates the exportable surplus at 205 million bushels, while the United States Department of Agriculture (on the basis of an average yield per acre) estimates 190 to 200 million bushels for export. The estimate of the Bartlett-Frazier agent is 187 million bushels. The acreage seeded this year was 11 per cent higher than last, and the abandonment has been much smaller. Threshing results from northern provinces have shown some good yields, while in the southern sections, there is more irregularity due to the depreciating weather effects. Deliveries of new wheat in northern markets have been increasing rapidly, but the pressure of immediate Argentine sales has been generally light, considering the large estimates of the surplus.

Argentine news has retained its previous reputation for uncertainty and confliction. The rust report of the Ministry of Agriculture of November 20th was regarded as overly pessimistic by Broomhall's agent in Buenos Aires, and the reaction of the exchanges was not of great importance. The first official estimate of production is expected soon.

Argentine shipments of old crop wheat have been very light and in the period from August 1 to December 12 have amounted to 16,000,000 bushels, compared with 78 million bushels in the same period of 1929. Since January 1, 1930, shipments have totaled 84 million bushels as compared with 247 million in the same period of last year.