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DEPARTMENT OF TRADE AND COMMERCE

DOMINION BUREAU OF STATISTICS

AGRICULTURAL BRANCH

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of the

WHEAT SITUATION

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The present issue of the Monthly Review of the Wheat Situation is devoted to a review of the crop year 1930-31 and some of the important factors that developed during the course of the season. As will be indicated in the following pages, the past cereal year has been one of many difficulties but not without its elements of encouragment.

World Wheat Trade - 1930-31.

The past cereal year commenced with a distribution of wheat supplies favourable for a substantial international movement. In 1929-30 Europe harvested a large crop while leading exporting countries experienced a short crop, with the result that world trade was small for the year. During the past year, however, Europe produced a crop of average proportions and production in exporting countries was above average. Therefore, from the standpoint of the geographical distribution of wheat supplies, improved international movement was to be expected in 1930-31.

World shipments of wheat and flour (Broomhall's figures) from August, 1930 to July, 1931 amounted to 787 million bushels as compared to 612 million bushels in 1929-30, 928 million bushels in 1928-29, 792 million bushels in 1927-28, 814 million bushels in 1926-27, 667 million bushels in 1925-26 and an average of 762 million bushels for the five-year period 1925 to 1929. World shipments in 1930-31 therefore exceeded shipments in 1929-30 by 175 million bushels and the average of the five-year period 1925 to 1929 by 25 million bushels.

The above figures demonstrate clearly, that, in spite of the world wide economic depression, in spite of economic distress in many importing countries, in spite of unprecedented regulation of trade in wheat, in spite of general lack of purchasing power, ultimate demand has been reasonably satisfactory, even though the price level ranged very low. The physical movement of wheat supplies in 1930-31 may be interpreted as an encouraging factor.

New Factors

Four outstanding factors developed during the past crop year which seriously affected the course of wheat trade for the year. The first and most important development was the emphatic return of Russia as an exporter of grain. The suddenness of the Russian re-appearance, and the uncertainty of the volume of wheat that would be forthcoming from Russia, disturbed the market through the entire season.

The second factor which had an important effect upon the wheat trade in 1930-31 was the partial withdrawal of the United States from the export market. Stabilization efforts in that country carried United States prices substantially out of line with world values and hence the flow of stocks of wheat from that country was curbed. The hesitancy of the United States to enter the world market on a normal basis, left North American business largely in the hands of Canada from November, 1930 to May, 1931. The withdrawal of government support late in the season has again placed the United States on an export basis.

A third factor was the monetary situation that developed in the Argentine and Australia as a result of the depreciation in the currencies of these two exporting countries. The situation primarily affected Canada in that Australia was able to underquote Canadian wheat in the Orient and take a large share of the Chinese and Japanese trade. Had this exchange situation not developed, Canada would have undoubtedly found a substantial market in the Orient in view of prevailing prices.

The fourth factor affected the wheat trade in the closing months of the crop year. The German financial crisis developed in June and July with the consequent withdrawal of funds from Germany. The situation created an element of uncertainty throughout Europe which was reflected in a reduced volume of international trade and a hesitancy to make commercial committments in the closing weeks of the crop year.

Canadian Participation

Canadian participation in the world's wheat trade during the past crop year cannot but be regarded with satisfaction. Faced with rigorous competition from Russia and the Argentine in the European market and with the Oriental market largely in the hands of Australia as a result of the exchange situation, Canada has contributed practically one third of the world's wheat shipments during the past twelve months.

The following Table shows Canadian exports of wheat and wheat flour from August, 1930 to July, 1931 with comparative figures for 1929-30 and the five-year period 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	33,445,885	23,215,028	35,409,445
November	34,783,144	24,866,067	50,677,528
December	24,938,920	18,683,198	46,319,649
January	11,374,004	7,257,050	16,682,720
February	12,163,082	8,895,468	16,616,866
March	15,418,055	14,655,609	21,526,470
April	6,148,295	5,459,684	11,552,050
May	31,687,391	16,046,226	27,204,945
June	22,989,542	21,679,434	25,750,589
July	14,106,169	22,833,051	21,781,964
TOTAL	258,637,887	186,267,212	308,853,540

Canadian exports declined sharply during the month of July when a total of 14,106,169 bushels were exported compared to 22,833,051 bushels for the same month last year and compared to 22,989,542 bushels and 31,687,391 bushels in June and May 1931 respectively.

Exports of wheat during the crop year 1930-31 amounted to 228,480,403 bushels and exports of flour amounted to 6,701,663 barrels or the equivalent of 30,157,484 bushels of wheat, making a grand total of 258,637,887 bushels actually exported during the year. This total represents an increase of 72,370,675 bushels over exports for 1929-30.

Canadian exports of wheat (not including flour) were about equally divided between the Eastern and Western routes; Exports from Pacific coast ports amounted to 74,541,806 bushels while exports from Eastern ports, including re-routed wheat from United States, amounted to 74,022,561 bushels. The balance of the wheat movement was via United States ports.

During the period from the opening of navigation to July 31, 59,389,719 bushels of wheat were shipped by vessel from the Head of the Lakes, 32,832,163 bushels destined to Canadian ports and 26,557,551 to United States ports. For the crop year ended July 31, 82,406,892 bushels were carried to Canadian ports and 92,659,595 to United States ports, a total of 175,066,487 bushels, as compared with 144,276,528 bushels for the crop year 1929-30.

During the month of July approximately 5 million bushels of wheat were delivered at country elevators and over the loading platforms in the three prairie provinces. For the crop year, a total of 307,146,626 bushels (subject to final revision) were delivered by farmers in the western provinces - an increase of 69,098,974 bushels over the previous year.

Canadian Carryover on July 31st, 1931.

On August 13th, the Dominion Bureau of Statistics issued a report showing a carryover of 133,381,633 bushels of wheat on July 31, 1931 compared to 111,094,912 bushels on July 31, 1930 and 104,383,221 bushels on July 31, 1929.

The following Table shows the stocks of wheat in Canada on July 31, 1931.

	Bushels
Public & Private Terminal Elevators, Fort William & Pt. Arthur	45,701,835
Mills & Mill Elevators (Western Division)	5,342,594
Interior Terminal Elevators (Western Division)	1,424,986
Vancouver Terminal & Private Elevators	9,576,450
Prince Rupert Private Elevator	6,861
Country & Private Terminal Elevators (Western Division)	28,806,758
Eastern Elevators	14,344,612
In Transit Railways	4,888,570
In Flour Mills Eastern Division (Estimated)	1,441,000
Afloat for unloading at Canadian ports	2,388,567
On Farms	19,459,400
TOTAL	133,381,633

[illegible]

Canadian exports [illegible] during the [illegible]

[illegible]

[illegible] crop year [illegible]

[illegible] Exports from Pacific ports [illegible]

[illegible] months of navigation to [illegible]

[illegible] Bureau of Statistics [illegible]

[illegible]

Stocks of wheat on farms on July 31, 1931 show a large increase, being 19,459,400 bushels compared to 5,326,000 bushels on July 31, 1930, or an increase of 14,133,400 bushels.

Disposition of Canadian Stocks of Wheat - 1930-31.

The Dominion Bureau of Statistics on August 13th, analysed the disposition of wheat stocks during 1930-31 as follows -

"The carryover of wheat in Canada at July 31, 1930 was estimated at 111,094,812 bushels - to which must be added the estimated gross crop of 1930, 397,872,000 bushels. The sum of these items is 508,966,912 bushels but imports of 228,000 bushels bring the total for distribution to 509,194,912 bushels.

The disposition of wheat during the same period was as follows:

	Bushels
Loss in cleaning	6,200,000
Unmerchantable	4,302,000
Exports	258,637,785
Seed	36,000,000
Human consumption	42,500,000
Feed for live stock and poultry	40,690,000
Carryover	133,381,633
	521,711,418

The items for seed and human consumption are subject to later revision.

The accepted deduction for Canadian domestic consumption varies between 110 and 120 million bushels. This deduction includes disposition as seed, human consumption, unmerchantable and loss in cleaning - with a rather vague allowance for live-stock feeding. It has been appreciated that, especially in years of low prices and low grades, considerable quantities of wheat have been utilized on farms. The Bureau has made a detailed survey of wheat-feeding on farms in the past season, the results of which clearly show that this factor in disposition has been greatly under-estimated in the past. Thus the generally accepted figures of domestic consumption must be revised upwards if full account is to be taken of farm disappearance. The total estimated domestic consumption (including loss in cleaning and unmerchantable) for the past season is thus placed at 129,692,000 bushels. With such a domestic disappearance and using available data (in some cases subject to later revision), the January estimate of the 1930 wheat crop in Canada appears about 12½ million bushels too low.

The statistics available on the disposition of the Prairie wheat crop support this view. The 1930 wheat crop of the Prairie Provinces was estimated in January at 374,500,000 bushels. To this must be added the carryover on farms at July 31, 1930 of 4,969,000 bushels, making a total of 379,469,000 bushels for disposition. The unrevised total marketings in the period from August 1, 1930 to July 31, 1931 amounted to 307,146,626 bushels. In addition allowances must be made for 3,820,000 bushels of unmerchantable grain, 1,794,000 bushels (approximately) as custom millings, 34,767,000 bushels as seed, 30,705,000 bushels as feed, and 17,804,000 bushels as carryover on farms. The total of these items being 396,036,626 bushels indicates an under-estimate of about 16½ million bushels. From data now available, this figure seems to be almost equally divided between Saskatchewan and Alberta, with the Manitoba estimate only fractionally high. It may be noted, however, that the figure for deliveries is usually revised downward, thus bringing the estimate closer to actual disposition. In the crop year 1930-31, deliveries and platform loadings amounted to 82 per cent of the estimated western crop, while in the 1929-30 season the comparable percentage was 84."

The Course of Wheat Prices in Canada.

The following summary of the movement of wheat prices since July 1, 1931, and the outline covering the past crop year, have been prepared by the Internal Trade Branch of this Bureau:

The movement of cash wheat prices quoted at Winnipeg, was downward for the first two weeks of July, with the total decline for the period amounting to approximately seven cents. Heavier Russian offerings, the critical condition of German finances, and rain in western Canada were cited among the weakening influences affecting the market at this time. Beginning July 14 prices rallied, co-incidentally with apparent improvement in the German situation, and bullish crop reports pertaining to Canada, Russia and France. This improvement was short-lived, however, as pressure of offerings from North America and Russia upon unresponsive markets precipitated a second drop, which carried No. 1 Manitoba

Northern cash wheat down to 52 5/8¢ at the close on July 25, and then to 51 1/8¢ on August 5. At this level, considerable covering began with offerings on a moderate scale, and the market advanced five cents within a few days. In the second week of August, local support was fair, and outside markets were likewise inclined to be somewhat firmer.

The July average price for No. 1 Manitoba Northern cash wheat, Fort William and Port Arthur basis, was 57.3¢ as against 60.7¢ for June. The cash closing price of August 15 for the same grade was 56.2¢ as against 56.4¢ a month earlier.

A drought scare in the United States corn belt during the opening days of the past crop year sent wheat prices up over 10¢ within a few days. At this time cash quotations for No. 1 Manitoba Northern were slightly over $1.00 per bushel. From then until late in December, one of the steadiest declines seen for many years, carried prices downward until on December 27 the grade referred to above sold for 50¢ a bushel. For the first six months of 1931, the general movement of the market was slowly upward, although in all this time prices were never more than 15¢ a bushel above the extreme low of December, 1930. The decline in July lost a large part of the preceding advance, No. 1 Manitoba Northern cash quotations dropping about eight cents during this month.

A comparison of wheat and general commodity prices for the past twelve months indicates that the former along with other grains, have fallen much more rapidly than the general level of commodities. The Bureau's index number of wholesale prices declined from 85.3 for July, 1930 to 71.7 for July, 1931. If grains and their products, amongst which wheat bulks large, are removed from the index, corresponding figures would have been 87.6 and 76.6, respectively. The index for wheat in this interval dropped from 64.3 to 37.0, while Canadian farm products as a group were 44.8 in July, 1931 as against 72.1 a year earlier. The preceding figures offer a sharp contrast to the movement of the index series for Producers' and Consumers' Goods. Both of these moved on higher levels than farm prices during the past year and showed much smaller declines, the former moving from 81.5 to 67.4, and the latter from 87.7 to 76.0. All indexes quoted are on the base 1926 = 100.

The European Situation

Acreage and Production.

After the bumper crops of 1928 and 1929 when European yields were very high, production returned to normal as shown by the following table:

European Acreage and Production, 1925 to 1930 #

Year	Acreage (Million acres)	Production (Million bushels)
1925	69.3	1397
1926	70.0	1216
1927	71.3	1274
1928	71.3	1408
1929	70.1	1447
1930	72.7	1374
Average 1925 to 1929	70.4	1348

Compiled by U.S. Department of Agriculture.

As shown by the above table European production in 1930 was 73 million bushels less than in 1929 and only slightly more than the five-year average production from 1925 to 1929. The 1930 wheat crop was accompanied by a small decrease in the rye crop and sizeable decreases in oats and barley production. Therefore from the standpoint of European production, the 1930 season commenced on the most favourable basis since 1927 insofar as potential demand is concerned, and the ensuing 12 months witnessed a considerable improvement in European purchasing as compared with 1929-30.

In analysing the European reaction to the wheat situation that has developed during the past two years, it is important to bear in mind two basic considerations. In the first place Europe is basically agricultural. Only in Germany and Czecho-Slovakia do industrial pursuits exceed those of agriculture and even in these two countries agriculture is of extreme importance. In European agriculture, wheat production is very important. Europe, excluding Russia, produces annually approximately the amount of wheat that is grown in the United States and Canada combined and on the successful marketing of this vaste production depends in an important measure the prosperity of European agriculture. Therefore Europe has a special interest in the price level at which wheat is bought and sold.

In the second place Europe is a relatively high cost producer of wheat as compared to the leading exporting countries and for this reason Europe is even more sensitive

to price declines than the chief exporting nations. The point of unprofitableness is reached sooner in Europe than elsewhere.

It is therefore only natural that when the international price level of wheat commenced to trend downward that European countries should view the situation with apprehension, wheat occupying such an important place in the economy of Europe. Apprehension soon led to the formation of a very definite agricultural policy which had for its object the maintenance of European wheat prices even in face of the decline in the world price of that commodity.

Policies adopted by European countries to meet the situation which developed in the early months of 1929 took the form of import duties, milling regulations, export bounties and national boards of various kinds. Regulations put into effect in the first instance by France, Germany and Italy have been gradually adopted by other countries until at the present moment only the United Kingdom and Denmark are on an entirely free basis. This means that at the present time approximately two thirds of the import trade of Europe is carried on over some type of regulatory legislation.

European Domestic Prices.

That efforts of the large European importing countries have been successful in maintaining domestic prices is indicated by the following Table showing domestic wheat prices in France, Germany and Italy, by months, since August 1929. British Parcel Prices are shown in comparison.

Table showing domestic wheat prices in France, Germany and Italy with comparative British Parcel Prices for 1929-30 and 1930-31.

(Dollars per bushel)

Month	France	Germany	Italy	British Parcel Prices
1929-30				
August	1.51	1.59	1.74	1.46
September	1.48	1.47	1.75	1.42
October	1.45	1.50	1.84	1.38
November	1.43	1.51	1.85	1.31
December	1.41	1.57	1.90	1.41
January	1.40	1.60	1.94	1.41
February	1.31	1.52	1.89	1.24
March	1.37	1.55	1.86	1.16
April	1.36	1.75	1.94	1.17
May	1.31	1.87	1.96	1.14
June	1.36	1.95	2.02	1.13
July	1.66	1.87	1.77	1.04
Average 1929-30	1.42	1.65	1.87	1.27
1930-31				
August	1.66	1.63	1.80	1.05
September	1.69	1.55	1.77	.92
October	1.64	1.47	1.70	.86
November	1.69	1.60	1.63	.81
December	1.67	1.61	1.46	.74
January	1.72	1.68	1.49	.68
February	1.82	1.77	1.54	.69
March	1.84	1.86	1.56	.67
April	1.94	1.87	1.57	.71
May	1.96	1.84	1.67	.72
June (3)	1.98	1.76	1.49	-
Average 1930-31	1.78 (1)	1.69 (1)	1.61 (1)	.78 (2)

(1) 11 months
(2) 10 months
(3) June prices subject to final revision.

The above Table shows clearly the results that have been obtained by France, Italy and Germany in maintaining domestic price levels in the face of a declining world market. The divergence between domestic prices in these countries and the price at which foreign wheat could be purchased in the United Kingdom, has been increasing steadily since August 1929. For the crop year 1929-30 domestic prices in France averaged $1.42 per bushel, in Germany $1.65 per bushel, in Italy $1.87 per bushel as compared to an average of $1.26 per bushel for representative foreign wheat in the United Kingdom. During the

past crop year the difference has been even greater. For the first 11 months of 1930-31, domestic prices in France have averaged $1.78 per bushel, in Germany $1.69 per bushel, in Italy $1.61 per bushel as compared to an average for the first 10 months of the crop year of 78 cents per bushel for representative foreign wheats in the United Kingdom.

The above comparisons indicate that the large importing countries on the continent are committed to maintaining domestic price levels and that they are further agreed that the price determining factors on the world market, weakened during the past two years by the pressure of surplus wheat, shall not become the price determiningfactors in their respective domestic markets.

It is a matter of uncertainty how long restrictive measures will be enforced by continental countries but reasoning from the developments of the past two years, it would seem that restrictions will be maintained until exporting countries solve the problem of surplus production and until world prices more nearly approach, at least, the European production cost level.

Two important results are observed from the restrictive policies in effect in Europe. In the first place the normal expansion in consumption that might be expected from low price levels has not materialized because imported wheat, by the time duties are paid, becomes very expensive and its use consequently curbed. The situation probably works less hardship on Canada than on any other large exporter for the reason that if foreign wheat is rendered high priced, the importer will naturally buy, insofar as possible, the strongest wheat available and wheat that will have the greatest milling value.

The second important result lies in the fact that regulations governing the importation of wheat have been subject to repeated change. Scarcely a month passes without some change in the regulations of France and Germany. Purchasers of imported wheat do not know at what moment the rates of duty will be increased or decreased or what alterations will be made in milling quotas. The uncertainty of the situations has developed a lack of confidence in the future with the result that importers only buy on a hand-to-mouth basis whereas formerly they used to contract months ahead for supplies. In this situation lies one of the most difficult factors that exporting countries have to face at the present moment.

European Purchases in 1930-31.

The 1930-31 season gives no encouragement for those who question the soundness of the European market as an outlet for surplus production of exporting countries. An analysis of world shipments (Broomhall) during the past cereal year shows that Europe took 607 million bushels of wheat as compared to 483 in 1929-30, 702 in 1928-29, 662 in 1927-28, 683 in 1926-27, 532 in 1925-26 and average takings of 612 million bushels during the five-year period 1925 to 1929. Therefore, in spite of the many economic forces militating against the importation of wheat into Europe, shipments to Europe in the past year measured well up to the average of recent years when business conditions were relatively better than in 1930.

In the face of these facts no one can question the willingness of the European market to absorb, up to a reasonable amount, the surplus production of exporting countries. Equally true, with due regard for Europe's productive capacity and purchasing power, more than reasonable supplies cannot be effectively marketed in that continent. In other words, recent experience has shown that for the time being, Europe requires on the average approximately 600 million bushels of imported wheat annually and exporting countries must endeavour to relate their expectations to such requirements. No matter how much wheat is offered to Europe, she can only absorb her ordinary requirements. When exporting countries offer Europe more wheat than she needs the only result can be a breaking of the international price level and restrictive measures on the part of European countries to protect the interests of their basic agricultural industry.

Hopeful Factors.

It is clear therefore that the solution of the present wheat problem lies largely with the exporting countries, assuming a normal recovery in European purchasing power with the lifting of the present depression. This, in itself, is a hopeful outlook because there is ample evidence that exporting countries have already commenced to make the necessary adjustments in their production programs. The last few months witnessed a definite turning point in the policies of exporting nations. The Argentine and Australia have made acreage reductions estimated from 15 to 30 per cent of their 1930 acreages. With normal yields there will be reduced production in the southern hemisphere in 1931. The United States made a three per cent reduction in 1931 acreage and will in all probability, make a substantially greater reduction next year as a result of the present unprofitable price levels in the United States. Canada will produce a very short crop in 1931 and

with a moderate export trade during the coming 12 months the Canadian surplus will probably be materially reduced. These are trends that must necessarily precede an improved sentiment in the world's wheat market.

Disposition of Wheat Supplies in Chief Exporting Countries 1930-31.

The following paragraphs show the estimated disposition of wheat stocks in the leading exporting countries for the season 1930-31.

Canada - The disposition of the Canadian supplies have been dealt with in earlier paragraphs.

United States -

The United States commenced the 1930-31 crop year with a carryover of 291 million bushels of wheat (new basis) and an estimated production of 863 million bushels. Imports amounted to 19 million bushels, making total available supplies of 1173 million bushels. Gross exports amounted to 134 million bushels while domestic consumption including seed, feed, wastage and human consumption amounted to 720 million bushels. The United States, therefore, ended the crop year on June 30th with a carryover of 319 million bushels.

The following statement was issued by the United States Department of Agriculture on August 12th;

According to a preliminary estimate of the Bureau of Agricultural Economics, the carry-over of the domestic wheat in the United States as of July 1, 1931 was 319,059,000 bushels compared with 290,530,000 bushels a year before. Attention is called to the fact that both of these figures include stocks of wheat stored by mills for others. Previous estimates of the carry-over have not included wheat in this position and hence should not be compared directly with the new estimates. Detailed figures are as follows:

Preliminary estimate of carry-over of domestic wheat in the United States in all positions reported as of July 1, 1930 and July 1, 1931. ⁄

	1930	1931
	Bushels	Bushels
Stocks of old crop wheat on farms	47,161,000	32,121,000
Stocks of old crop wheat in interior mills and elevators	60,166,000	30,552,000
Commercial stocks of domestic wheat	109,327,000	203,967,000
Stocks owned by merchant mills:		
In mills and mill elevators attached to mills	46,670,000	21,808,000
In transit and bought to arrive	14,706,000	12,198,000
Total in all positions for which data are available prior to 1930	278,030,000	300,646,000
Stocks stored for others in mills and mill elevators attached to mills	12,500,000	18,413,000
Grand Total	290,530,000	319,059,000

⁄ These figures include some mill holdings of Canadian wheat imported for milling in bond into flour for export, but do not include commercial stocks of Canadian wheat stored in bond in United States markets. Commercial stocks of United States wheat in store in bond in Canada of 4,729,000 bushels in 1930 and 15,347,000 in 1931 are not included in the United States carry-over.

Australia.

The 1930-31 Australian production was estimated at 205 million bushels. The carryover on July 31, 1930 was estimated at 35 million bushels, making total available supplies of 240 million bushels. Domestic requirements amount to approximately 50 million bushels leaving a balance of 190 million bushels available for export. Australian shipments from August 1st, 1930 to July 31, 1931 amounted to 154 million bushels, leaving a carryover at that time of approximately 38 million bushels. Trade advices indicate that present stocks of wheat in Australia may be lower than the above figure and that the estimate of production may be high. The following report was received from the Canadian Trade Commissioner in Australia:

Australian Wheat and Flour

WHEAT -

In recent weeks there has been a marked reduction in the exports of Australian wheat, and the market at this date is without animation. Yet, compared with a year ago, shipments of wheat are over three times greater owing to the larger yield during the last season. The prevailing low prices may further reduce exports as holders of wheat are now reluctant to sell in the hope of the market improving.

Climatic conditions, generally, have continued unfavourable in the wheat growing areas, and it has been estimated that the next season's harvest is unlikely to produce more than a surplus of 100,000,000 bushels for export in wheat and flour equivalent.

With less than 10 million bushels of wheat unsold, Australia is an unimportant factor in the world's demand.

Today's quotation on f.a.q. Australian wheat is, nominally, 2s.6d. (61 cents) per bushel f.o.b. main ports, being a reduction of 1d. (2 cents) from the price ruling on June 18th.

In comparison with the similar period of previous seasons, the exports of wheat from the beginning of the season to July 20th were:-

1928-29	72,707,610 bushels
1929-30	33,213,738 "
1930-31	108,805,867 "

FLOUR -

Coinciding with the market conditions ruling on wheat, the exports of Australian flour during the last four weeks have been in filling business which had been placed earlier, and the trade is without buoyancy. There is always a regular demand from Java and adjacent countries, but recently even this trade has been considerably less than usual. Some milling companies advise that unless there is an early improvement they may cease operations as they have ample stocks on hand for domestic requirements and some surplus to export.

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	£5.0.0.	($24.33)
Packed in hessian bags 98 to 101 pounds gross .	£5.5.0.	($25.55)
Packed in calico bags 49 pounds gross	£5.15.0.	($27.98)

Particulars relative to shipments of Australian flour since the opening of the season on December 1st down to July 20th, 1931 compare with the similar period of previous years as follows:-

1928-29	360,932 tons
1929-30	281,217 "
1930-31	321,319 "

FREIGHT RATES -

There has been no change in the oversea freight rates quoted on May 13th with the exception that the rates to Port Said, the United Kingdom and Europe have been reduced by about 2s. (49 cents) per ton.

Argentine -

Last year's Argentine crop was estimated at 239 million bushels which along with a carryover on July 31, 1930 of approximately 60 million bushels, made total available supplies of 299 million bushels. Domestic consumption of wheat in the Argentine amounts to approximately 90 million bushels, leaving an exportable surplus of 209 million bushels. Argentine shipments from August 1st, 1930 to July 31, 1931 amounted to 123 million bushels, leaving a balance on July 31st of 86 million bushels.

The following Table shows the approximate disposition of wheat supplies in Canada, United States, Argentine and Australia, 1930-31. (All figures in million bushels)

	Old crop Carryover	New Crop	Total Supplies	Domestic Consumption	Exports	Carryover at end of year
CANADA	111	398 (1)	509	129	259	133
United States	290	863	1172 (2)	719	134 (3)	319
Argentine	60	239	299	90	123	86
Australia	35	205	240	50	154	36
T O T A L	496	1705	2220	988	670	574

(1) Crop estimate apparently 12½ million bushels too low.
(2) Carryover on new basis - also includes 19 million bushels imported.
(3) Gross exports.

From the above Table it will be noted that the combined production in the four exporting countries during 1930-31 was estimated at 1,705 million bushels while domestic consumption and exports accounted for a disappearance of 1,658 million bushels, leaving a small surplus to go into the accumulated carryover at the end of the crop year. Indications of a short crop in Canada, important acreage adjustments already made in Australia and the Argentine, prospects of further reductions in the United States, all point to the fact that the accumulated carryover in the four countries has reached its peak and that the next 12 months will show a substantial reduction in unmarketed stocks of wheat.