CANADA

DEPARTMENT OF TRADE AND COMMERCE

DOMINION BUREAU OF STATISTICS

AGRICULTURAL BRANCH

VOL. 5 NO. 8

MONTHLY REVIEW

OF THE

WHEAT SITUATION

APRIL 24, 1935

Published by Authority of the HON. R. B. HANSON, K.C., M.P.,
Minister of Trade and Commerce.

OTTAWA
1935

DEPARTMENT OF TRADE AND COMMERCE
DOMINION BUREAU OF STATISTICS - CANADA
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THE WORLD WHEAT SITUATION

Prices of wheat moving into world trade have strengthened appreciably during the past month, largely as a result of the slackened pressure of Southern Hemisphere exports and also as an indication of the severe crop damage in the United States. Wheat shipments from Argentina and Australia since January 1 have been over 16 million bushels or nearly 20 per cent greater than in the same period of 1934 despite the lower carry-overs at January 1 this year and the reduction in production of 88 million bushels in 1934-35 as compared with 1933-34. This heavy and early movement can only increase the dependence on imports from Canada during the balance of the calendar year. Two other factors--the lower quality of the Argentina crop and the greater shipments from both Argentina and Australia to countries outside Europe--make the situation clearer, especially with respect to European demand. Realization of these points has recently operated to narrow the wide price spreads which have existed between Canadian and Southern Hemisphere wheats since last November. In the past month the spread between the C.I.F. prices at Liverpool of Canadian No. 2 Northern (Atlantic shipment) and Argentina Rosafe has been lowered from 31 1/4 to 25 7/8 cents and between the same grade of Canadian and Australian wheat from 18 7/8 to 14 3/8 cents. This was largely due to the greater increase in Argentina and Australian prices which took place during the last week of March. The narrowing of these spreads will probably continue as the lessening supplies of saleable wheat in the Southern Hemisphere become more tightly held. The export movement of the huge Argentina corn surplus of over 300 million bushels should also be a principal factor in diverting freight space from wheat.

The Liverpool futures market, dependent as it is on Argentina wheat, has also rallied in recent weeks. The May future closed at 80 1/4 cents Canadian on April 15 compared with the close of 71 7/8 cents on March 15. During the same period the May future in Buenos Aires also advanced about 8 cents per bushel. Although largely independent of world conditions, the Chicago market also advanced over 7 cents during the month ending April 15, the May future rising from 92 7/8 on March 15 to 100 1/4 on April 15.

United States Drought -

A serious drought again prevails over ten of the Great Plains States where the United States production of hard winter and spring wheat is largely concentrated. This area stretches in a wedge shape from the United States-Canada boundary above North Dakota and Montana down to northern Texas. The Dakotas, Montana, Kansas and Oklahoma are principally affected and large crop areas in these states will suffer almost complete losses. Bordering this area of severe drought on both eastern and western sides and running down to the Gulf of Mexico is another area where drought damage has been less severe. There was little expression of the severity of the United States drought in wheat prices overseas until the damage was translated into bushels by the crop estimators. The United States Government report of April 10 was even more pessimistic than the earlier private estimates and estimated the winter wheat crop at approximately 435 1/2 million bushels compared with 405 million bushels last year and a 1928-32 average of 618.2 million bushels.

Some idea of the great damage to the crop in the three principal States producing hard winter wheat may be gained from the following table:

	Production of Winter Wheat		
	Average 1928-32	1934	1935 crop as indicated on April 1.
	(000 bushels)		
Nebraska	54,169	15,008	26,140
Kansas	177,054	79,663	78,290
Oklahoma	55,145	37,348	36,540
Total, 3 States	286,368	132,019	140,970

The possibilities of making up any deficiency of hard winter wheat by extra production of hard spring wheat in the Dakotas and Montana is reduced by the drought which has prevailed over these states. It seems probable, however, that the spring wheat acreage shown by the 'Intentions to Plant' report issued in March will be exceeded considerably. Heavy summer rains are necessary to assure an adequate supply of hard wheat in the United States.

Winter Wheat Prospects in Europe.

The present condition of winter wheat in most of the principal producing areas is quite satisfactory. The increased acreages in the Danubian countries came through the winter in good condition. At April 1, the German winter wheat crop was slightly more promising than at the same date last year and similar conditions prevailed in Belgium and Holland. The Scanadinavian countries also report little damage during the winter.

The Polish and Russian crops, on the other hand, are not so promising. While it is still too early for definite reports, winter damage and drought are mentioned by the United States agents in the U.S.S.R.

World Shipments.

World shipments of wheat and wheat flour in the first 37 weeks of the crop year have amounted to 372.2 million bushels, compared with 379.5 million bushels in the same weeks of 1933-34. To fulfil Mr. Broomhall's estimate of 552 million bushels for this crop year, shipments in the remaining 15 weeks must total 180 million bushels and average 12 million bushels per week. During the same 15 weeks of 1934, shipments totalled about 147 million bushels or less than 10 million bushels per week. The disappointment regarding demand in 1934-35 arises entirely from the poor European takings. The higher prices of recent weeks are bringing out more wheat from the Balkans and France; yet it is doubtful whether the movement of the next three months will entirely measure up to Mr. Broomhall's estimate.

The Canadian Situation.

Deliveries of wheat in the Prairie Provinces are proceeding at a high enough level to substantiate the last crop estimate and despite the slow export movement characteristic of this season of the year, the visible supply is dropping steadily.

Total stocks of wheat in Canada at March 31 were 21.6 million bushels less than at the same date a year ago. Navigation at both ends of the Great Lakes-St. Lawrence channel opened early, but the movement of grain to date has been unimportant. Forward bookings out of St. Lawrence ports are not impressive.

Work on the land has started in southern districts of the Prairie Provinces, but the season is later than normal. Moisture in the top-soil is generally ample for germination and early growth and there has been no serious damage from spring drifting. While there has been no significant correction of the deficiency in sub-soil reserves in the drought areas, the crop will undoubtedly have a much better start than has been the case recently. The Red River valley and a wide area across the north of the three provinces are either amply or excessively supplied with moisture. Winter and late spring snows were particularly heavy in northern Alberta and there is some concern regarding the lateness of the season in this area.

While the acreage finally planted to the different grains will depend to some extent on the ensuing weather, it seems certain that a reduction in wheat acreage will take place. There are indications also of an increase in coarse grain acreage, particularly in the northern districts. A late spring will divert more land to these grains.

Supply Position in the Southern Hemisphere

Since the beginning of the present calendar year the Argentine and Australia have shipped 61 and 38 million bushels respectively or a total of 99 million bushels. Argentine exports have been relatively heavy but the movement from Australia has reflected the short crop harvested last December.

The following table shows the supply situation in the Argentine and Australia as at April 15, 1935 along with comparative figures for the previous crop year:

	The Argentine		Australia	
	1933-34	1934-35	1933-34	1934-35
	(million bushels)			
Inward carry-over	75	120	55	70
New crops	286	238	175	135
Total supplies	361	358	230	205
Domestic requirements	95	95	50	50
Available supplies	266	263	180	155
Shipments to April 15	92	135	65	81
Balance for export and carry-over	174	128	115	74

The foregoing table shows the supply situation in the Argentine and Australia based upon current crop estimates for 1934 and final estimates for 1933. It will be noted that the Argentine commenced the present crop year with about the same quantity of wheat as a year previous. Smaller production was largely offset by increased inward carry-over. During the present crop year the Argentine has shipped 135 million bushels of wheat as compared with 92 million bushels during the corresponding period of 1933-34. On April 15, 1935 the Argentine had 128 million bushels of wheat available for export and carry-over as compared

Reductions in Balance for export over ... Argentine 46 Australia 41 with 174 million bushels a year ago - a reduction of 46 million bushels. If an allowance for a normal carry-over of 80 million bushels is made, the Argentine has 48 million bushels still available for export during the balance of the crop year. Some authorities still think that the Argentine crop is over-estimated. The quality of remaining stocks of Argentine wheat is probably not as high as a year ago.

Australia started the present crop year with 205 million bushels consisting of an inward carry-over of 70 million bushels and a new crop of 135 million bushels. In spite of reduced supplies, exports have been larger during 1934-35 than during the same period in 1933-34. From August 1, 1934 to April 15, 1935 Australian shipments amounted to 81 million bushels compared with 65 million bushels during the same period of 1933-34. On April 15, 1935 Australia had a balance of 74 million bushels available for export and carry-over as compared with 115 million bushels on the same date a year ago. If the Australian carry-over on July 31, 1935 is placed at 50 million bushels, a balance of 24 million bushels remains for export during the remaining months of the present crop year.

Recent Price Movements on Important Markets

As mentioned earlier in the summary, there has been a decided strengthening of wheat prices on most markets during the past month. The table on 5 lists the weekly changes in C.I.F. prices at Liverpool of Canadian, Argentina and Australian wheat since the beginning of the crop year. The marked change in spreads began in September last when the margin between Canadian No. 2 Northern Atlantic and Argentina Rosafe rose from 18 1/4 to 23 5/8 cents. The spread between the same grade of Canadian and Australian f.a.q. rose from 6 to 10 1/2 cents during the same month. There was little change during October, but during November there was a further widening of spreads between Canadian and other sorts. The spread with Argentina rose to 30 3/8 cents on November 28 and with Australian to 21 5/8 cents on the same date. When the United Kingdom tariff of 6 cents per bushel was taken into consideration, Australian wheat was then on a strictly competitive basis with Argentina. Much the same situation existed up to mid-March although Australian wheat was then becoming more tightly held and commanded higher prices than Argentina Rosafe, even taking the duty into consideration. Since the middle of March the spreads of Canadian No. 2 Northern Atlantic over both Argentina Rosafe and Australian have been narrowed by 5 or 6 cents per bushel.

On April 16, Canadian No. 2 Northern Atlantic was quoted at 99 5/8, the same grade from Vancouver at 95 1/2 cents, Argentina Rosafe at 73 3/4 cents and Australian at 86 cents. The spread of Canadian No. 2 Northern Atlantic over Argentina Rosafe was 25 7/8 cents and over Australian 13 5/8 cents. When the duty is paid into the United Kingdom, these figures are lowered by about 6 cents.

Similar increases in prices to continental ports have been quoted. Domestic wheat in most European countries is still selling at very high levels. Broomhall quoted the new crop French wheat at $1.29 a bushel and old crop at $2.36. Quotations for Genoa and Hamburg are given as $2.34 and $2.31 respectively.

C.I.F. PRICES OF CANADIAN, ARGENTINE AND AUSTRALIAN WHEAT AT LIVERPOOL

	Canadian No.2 Northern Atlantic	Canadian No.2 Northern Vancouver	Argentine Rosafe	Australian
		(cents per bushel)		
August 1, 1934	97 3/8	–	75	84 1/4
8	103,5/8	100 1/2	85	96
15	98 3/8	–	78 1/4	91 3/8
22	97 7/8	–	80 1/2	92 3/4
29	93 5/8	93 5/8	76 3/8	87 1/2
September 5	93	92 5/8	74 3/4	87
12	94 1/4	–	75 5/8	87 3/8
19	92 1/4	–	70 1/4	84 1/4
26	91 5/8	–	68	81 1/8
October 3	88 1/2	86 5/8	64 3/4	79
10	88 7/8	88 1/8	66 3/4	79 1/2
17	90 1/4	89 1/2	65 5/8	77 5/8
24	87 7/8	85 1/8	65	74 7/8
31	85 3/4	81 3/8	62 3/4	76 1/8
November 7	89	86 7/8	65 5/8	75 1/2
14	89	86 3/8	63 1/8	73 7/8
21	88 1/2	84 1/4	58 7/8	70 5/8
28	93	86 7/8	62 5/8	71 3/8
December 5	93	89 1/4	65 3/4	70 3/8
12	93 3/8	88 1/8	65 5/8	71 3/8
19	92 7/8	86 3/4	63 3/8	71
27	92 5/8	84 3/4	63 1/2	71 1/4
January 3, 1935	92 1/2	85 5/8	63,3/8	69 1/2
10	93 5/8	86 3/4	64 1/8	71 3/4
17	91 1/2	85 3/8	61 3/4	69 3/8
24	92 1/2	86 3/4	63 3/8	71
31	92 7/8	86	61 5/8	71 1/2
February 7	92 1/2	86	61 1/8	71 3/4
14	92 1/2	86 3/4	61 1/8	71
21	92 5/8	86 3/4	61 3/4	72 3/8
28	94 1/8	88 1/8	62 5/8	73 5/8
March 7	93 3/4	86 5/8	62 1/2	73 3/4
14	94 1/8	87 3/8	62 7/8	75 1/4
21	94 1/2	89 5/8	65 1/2	78 1/4
28	95 5/8	90 3/4	70	81 3/8
April 4	97 3/4	92 1/8	72 3/8	84 1/8

UNITED STATES

I. Acreage Intentions

On March 20, 1935 the United States Department of Agriculture issued a repor showing intended acreages for 1935. The report states:

"Record acreages of grain sorghums and soybeans, fairly large acreages of beans and peanuts, about the usual acreages of potatoes, sweetpotatoes, oats, barley, and rye, and moderate or below average acreages of most other field crops are indicate for this season by the March 1 reports which the Crop Reporting Board has received fro 46,000 farmers in all parts of the country.

Empty barns and corn cribs and the sharp increases in the prices of crops a compared with those of 1 and 2 years ago would ordinarily stimulate plantings, but the reports received show rather moderate acreages expected for harvest in most parts of the country. Unless the weather from now on is less favourable than usual, however, the acreage of main crops harvested should be considerably greater than that in either of the last two seasons when drought caused heavy abandonment of planted acreage. The acreage finally harvested is still quite largely dependent on the rainfall in the Grea Plains area where there is a serious and wide-spread shortage of subsoil moisture. Assuming that most of that area will have sufficient rain to permit about the usual proportion of the planted acreage to be harvested, the national total of 18 important crops (including winter grains but excluding cotton) is expected to be somewhere aroun 285,775,000 acres this season compared with the greatly reduced totals of 244,486,000 acres harvested last season and 277,890,000 acres in 1933. In 1932, when weather conditions were more favorable, some 302,137,000 acres of these crops were harvested.

The prospective reduction in acreage below the level of 1932 appears to be due to several factors, including the crop-control program, the unfavorable conditions for seeding in the plains region, local shortages of seed, the high cost of seed in comparison with present expectation of crop prices at harvest time, the reduction in feed requirements due to liquidation of livestock, and the financial difficulties of some farmers in the drought area.

The indicated shifts between crops likewise reflect the influence of various factors. The record acreages of grain sorghums and soybeans in prospect and the expan sion of the bean acreage in the southern plains area appear to be due to substitution of those crops for others limited by contract, to the proved usefulness of those crops under recent drought conditions and, in the case of soybeans, to the fear of chinch bug damage to small grains and to the extensive loss of new grass seedings. The acreage of potatoes is expected to be about 1 percent below that finally harvested last year and about 5 percent below the acreage planted last year, the reduction being due chiefly to low prices being received in the principal shipping areas, and to poor prospects for favorable returns in the very early States. The reported acreages of corn, spring wheat, rice, peanuts, and tobacco all show the effects of the control programs in operation, although each of these crops is expected to be harvested from an acreage substantially above the very low acreage harvested last season. For exampl reports on the acreage of corn intended indicate about 95,692,000 acres for harvest. Last year only 87,486,000 acres were harvested for any purpose out of the 95,319,000 acres planted, but during the preceding 10 years the acreage at harvest averaged 101,666,000 acres.

The acreage of flax harvested is expected to be greatly above the low acreages harvested during the last two seasons and even materially above the seeded acreages but it is still expected to fall short of the acreages harvested in any of the previous 10 years. In the case of the tame hay crops, it seems probable that about the usual total acreage will be cut, the large acreages of sudan grass and annual legumes expected to be cut for hay being little more than enough to offset the extensive loss of timothy and clover seedings and the probable return to about the usual acreage of small grain for hay.

On the whole the acreage of feed crops seems likely to be rather large in comparison with the reduced numbers of livestock, but probably reflects farmers' desires to replenish the greatly depleted farm reserves of these crops.

Wheat - A total spring wheat acreage for harvest in 1935 of 17,847,000 acres is indicated by reports from farmers as compared with 9,290,000 acres harvested in 1934 and 19,425,000 acres harvested in 1933. In 1934 nearly one-half the seeded acreage of spring wheat was abandoned. Increases in comparison with last year's harvested acreage are shown in all important producing areas with the exception of part of the Pacific Northwest. Most of the increase shown for this year as compared with last year reflects the difference between usual abandonment and the record abandonment of last year, since the indicated acreage to be seeded this year is only slightly in excess of that seeded in 1934.

The December report of the Board indicated a probable abandonment of winter wheat of approximately 18 percent. Reports as of March 1 point to about the same figure and suggest an acreage of all wheat for harvest in 1935 of about 54,000,000 acres.

Oats - The indicated acreage of oats for harvest in 1935 is 39,109,000 acres compared with 30,395,000 acres in 1934 and 39,673,000 acres, the 5-year (1927-31) average.

The greatest increasesin acreage this year are shown in the West North Central States where the 1934 acreage was materially reduced by the drought. Somewhat smaller increases in oats acreage are indicated in other sections of the country except the North Atlantic States where acreage is shown to be about the same as in 1934.

The Crop Reporting Board of the Department makes the following report on the indicated acreage for harvest in 1935 of certain crops upon which approximately 46,000 farmers in all parts of the country made reports to the Department on or about March 1 regarding their planting intentions for the 1935 season.

The reported planting intentions have been analyzed and interpreted to a potential harvest-acreage base assuming that the growers' planting intentions for 1935 will bear somewhat similar relationship to the acreage eventually harvested as has prevailed in the past. In other words, the adjustments may be said to allow for average influence of difficulties at planting time, loss of planted acreage from various causes, and similar exigencies.

The figures are to be considered only as indicative of the probable acreage for harvest judging by plans now reported by growers. They are offered primarily to assist growers generally in making such further changes in their planting plans as may appear desirable. The acreage actually harvested in 1935 may turn out to be larger or smaller than the indicated acreages here shown, by reason of weather conditions, price changes, labor supply, financial conditions, developments in the Department's program for crop-acreage adjustment, and the effect of the intentions report itself upon farmer's actions.

Crop	Acreage planted/		Acreage harvested			Acreage indicated for harvest,
	1933	1934	1932	1933	1934	1935
	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 acres
Corn, all	105,982	95,319	108,668	103,260	87,486	95,692
All spring wheat	24,300	18,521	21,898	19,425	9,290	17,847
Durum	3,140	2,046	3,946	2,310	990	2,042
Other spring	21,160	16,475	17,952	17,115	8,300	15,805
Oats	39,965	37,976	41,420	36,701	30,395	39,108
Barley	13,350	11,378	13,346	10,009	7,144	11,954
Flaxseed	1,700	1,499	1,975	1,328	974	1,845

/ Shown as of general interest only; NOT directly comparable with harvest indications for 1935; NOT estimated where not shown.

II. Condition Report

On April 10, 1935 the United States Department of Agriculture issued a repor showing the condition of growing crops.

April reports on winter grains, pastures and a few early southern crops give the impression that in most of the country crop prospects are about average for this season of the year but that a very serious drought situation still exists in the Great Plains States, including an area which normally produces about 15 percent of the agricultural output of the United States. In the ten States chiefly affected more than 40 percent of the winter wheat seeded last fall is expected to fail and liberal rainfall is urgently needed to revive pastures, wild hay and alfalfa and to permit the seeding of spring crops. In the Inter-mountain Area, considering prospective supplies of irrigation water, crop prospects are better than they were a year ago but they are sti somewhat below average. On the Pacific Coast prospects seem well above average. In t East winter damage to grain and grass has been light and no unusual conditions have developed.

In practically all States there is a shortage of feed, and livestock is on short rations. The total supply of corn and oats on farms on April 1 was only 15,600, tons which is little more than half the average April 1 supply on farms during the pas nine years and is only about equal to the usual quantity of these grains fed on farms between April 1 and July 1.

Winter Wheat - Production of winter wheat in 1935 is forecast at 435,499,000 bushels compared with 405,034,000 bushels produced in 1934 and 350,792,000 bushels in 1933. In the important winter wheat area including western Nebraska, Kansas and Oklahoma, the Texas Panhandle and eastern Colorado and New Mexico, winter wheat was sown under extremely adverse conditions last fall and continued moisture deficiency has resulted in a large proportion of the acreage being abandoned. In the worst sections o this area, complete loss of acreage is reported. From the Eastern Great Plains to the Atlantic Seaboard, moisture supplies have been ample for the requirements of the crop and average or better yields are in prospect in most of the eastern Corn Belt. Farthe east, precipitation has been somewhat in excess of the optimum and yields are expected to be slightly below average. In the Pacific Northwest, the winter wheat acreage was seeded later than usual and spring growth has been retarded by cool weather. Abandonment has been slight, however, and the present moisture situation is favorable.

Condition of winter wheat on April 1 was reported at 69.8 percent of normal, compared with 74.3 percent on the same date in 1934 and the 10-year average (1923-1932) April 1 condition of 78.9 percent.

Present indications point to an abandonment of about 28 percent of the sown acreage. In 1934 the abandonment amounted to 21.3 percent and the 10-year average (1923-1932) was 12.6 percent. Prospective abandonment is generally below average in the Pacific Coast States and east of the Missouri River, but far above average in the Western Plains States.

Stocks of Grain on Farms - Stocks of wheat on farms on April 1, 1935 were estimated at 93,699,000 bushels, compared with 116,298,000 bushels on April 1, 1934 and 183,185,000 bushels on April 1, 1933. Net farm disappearance during the last quarter was about the usual percentage of the crop, but was the lowest in many years in absolute quantity.

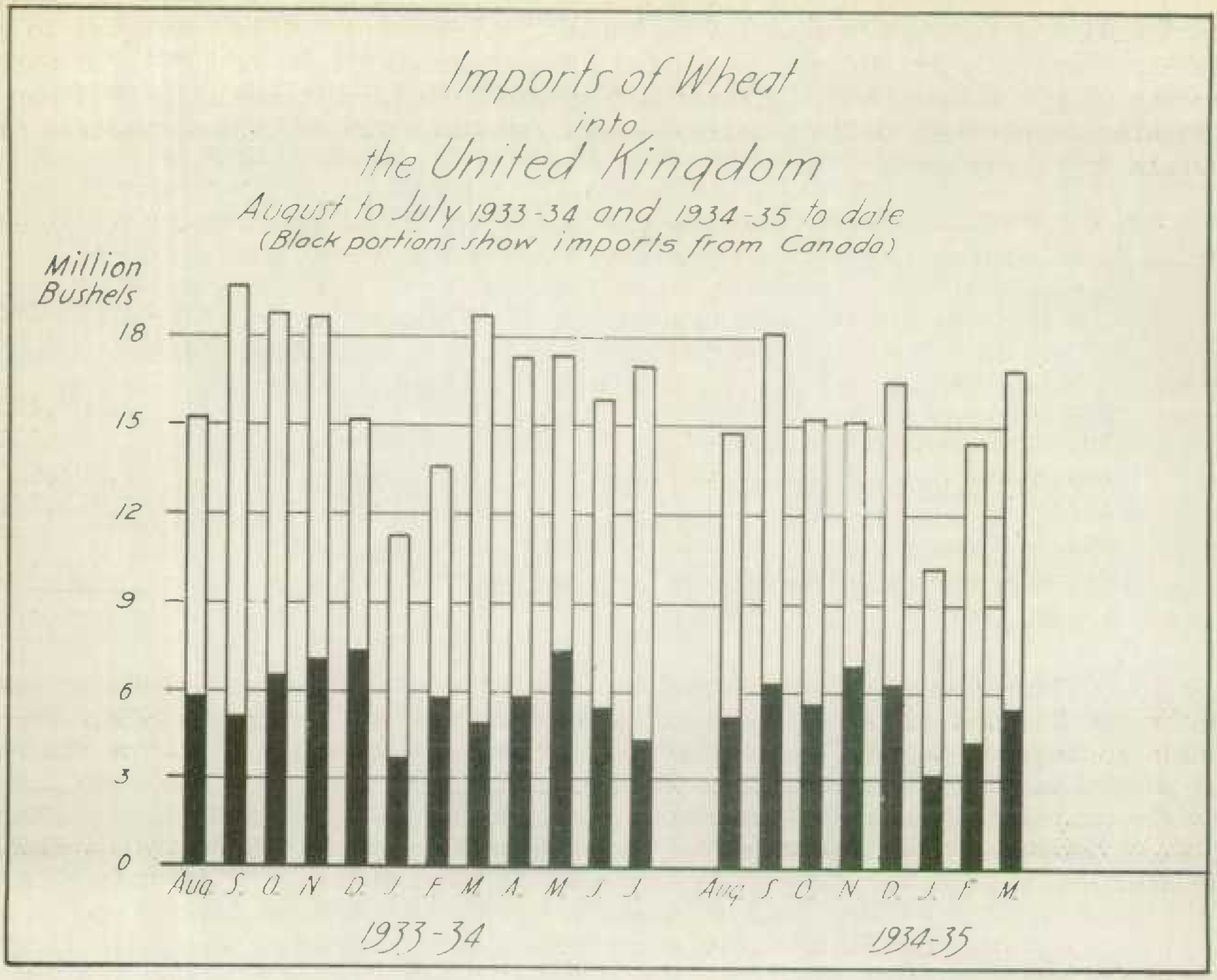
Farm stocks of corn on April 1, 1935 were only 438,180,000 bushels compared with 841,498,000 bushels on April 1, 1934 and 1,128,122,000 bushels on April 1, 1933. Although disappearance during the last quarter was small in quantity it was unusually large in relation to the size of the crop.

Farm stocks of oats on April 1, 1935 were estimated at 208,185,000 bushels, compared with 275,425,000 bushels on April 1, 1934 and 467,976,000 bushels on April 1, 1933. Disappearance during the last quarter was about the usual percentage of the crop.

Production Statistics

The following table shows production of wheat in the United States over a period of years.

	Winter Wheat	Durum Wheat	Other Spring Wheat
		(Million bushels)	
1920	613	44	187
1921	603	54	162
1922	571	82	193
1923	555	40	165
1924	572	59	209
1925	401	58	210
1926	632	42	159
1927	548	78	249
1928	591	96	239
1929	577	55	181
1930	600	58	200
1931	787	21	92
1932	462	40	226
1933	351	17	161
1934	405	7	84
1935 (Indicated)	435	-	-



The United Kingdom

Imports of wheat into the United Kingdom during the month of March, 1935 were higher than during the preceding month and lower than the corresponding month last year. Imports during March amounted to 16,849,925 bushels, compared with 14,581,556 bushels last month and 18,755,424 bushels for March 1934.

The following table shows imports of wheat into the United Kingdom for the twelve-month period from August, 1933 to July, 1934, for the six-month period from August, 1934 to January, 1935, for February, 1935 and for March, 1935:

	August-July (1933-34)	August-January (1934-35)	February (1935)	March (1935)
From:				
Canada..........	68,691,578	32,874,969	4,275,923	5,402,663
United States....	86,640	157,482	-	-
Argentine........	53,804,099	31,768,243	5,163,055	5,742,057
Australia........	41,838,574	19,502,041	3,448,515	3,687,959
Russia...........	14,925,079	-	-	-
Others...........	20,760,674	6,017,848	1,694,063	2,017,246
T o t a l.......	200,106,644	90,320,583	14,581,556	16,849,925
Previous year....	204,375,964	99,635,673	13,750,215	18,755,424

As shown by the foregoing table, imports of wheat into the United Kingdom during the twelve months from August, 1933 to July, 1934, amounted to 200 million bushels compared with 204 million bushels for the same months in 1932-33. Out of total imports of 200 million bushels, Canada supplied 69 million bushels or 34.5 per cent; Australia supplied 42 million bushels or 21 per cent; the Argentine supplied 54 million bushels or 27 per cent.

The following table shows imports of wheat into the United Kingdom during March, 1935 along with comparative figures for March, 1934:

	March, 1935	March, 1934
	(bushels)	
From:		
Canada	5,402,663	4,967,466
United States	-	329
Argentina	5,742,057	7,701,981
Australia	3,687,959	5,719,247
Russia	-	63
Other	2,017,246	366,338
Total	16,849,925	18,755,424

It will be noted from the above table, that total imports of wheat into the United Kingdom during March, 1935 were lower than during March, 1934. Imports from Canada amounted to 5,402,663 bushels compared with 4,967,466 bushels for the corresponding month last year. Imports from Australia during March, 1935 were only 3,687,959 bushels compared with 5,719,247 bushels in March, 1934. The United Kingdom imported 5,742,057 bushels from the Argentine last month compared with 7,701,981 bushels during the same month in 1934.

The following table shows imports of wheat into the United Kingdom during the months of August-March, 1934-35 and 1933-34:

	August-March (1934-35)	August-March (1933-34)
	(bushels)	
From:		
Canada	42,553,555	46,083,447
United States	157,482	329
Argentina	42,673,355	29,222,056
Australia	26,638,515	28,430,005
Russia	-	14,917,986
Other	9,729,157	13,487,489
Total	121,752,064	132,141,312

It will be noted that total imports of wheat into the United Kingdom amounted to 121,752,064 bushels during the August-March period in 1934-35 as compared with 132,141,312 bushels during the same months last year. The table further shows that imports from the Argentine increased to about 13 million bushels this year as compared with last. Imports from Canada and Australia were slightly lower in the August-March period compared with the same months last year.

Flour Imports - The United Kingdom

The following table shows imports of flour into the United Kingdom by countries of origin for the crop years 1932-33, 1933-34 and 1934-35 (to date):

1932-33

(hundred weights of 112 pounds)

	August	September	October	November	December	January	February	March	April	May	June	July	Total
Australia	242,620	67,739	84,339	81,543	188,508	176,662	135,753	233,995	196,836	227,691	235,514	244,816	2,116,016
Canada	356,568	321,514	353,658	427,089	466,335	233,003	274,249	351,613	263,861	414,647	374,089	363,456	4,200,082
France	14,103	62,256	42,861	50,608	63,336	79,743	108,430	126,602	87,482	116,570	105,439	160,287	1,017,717
United States	11,002	11,746	23,806	18,034	21,754	16,479	10,685	10,866	9,060	9,843	3,975	13,419	160,669
Argentina	29,389	21,215	18,559	32,306	27,745	29,460	25,832	28,761	28,730	34,325	44,260	42,804	363,386
Others	23,046	45,906	36,633	50,650	38,065	36,677	25,281	46,092	53,539	78,673	78,690	106,627	619,879
Total	676,728	530,376	559,856	660,230	805,743	572,024	580,230	797,929	639,508	881,749	841,967	931,409	8,477,749

1933-34

	August	September	October	November	December	January	February	March	April	May	June	July	Total
Australia	354,925	174,300	334,221	234,124	186,280	201,189	90,519	206,748	211,364	181,107	169,688	136,269	2,480,734
Canada	393,591	397,826	410,996	442,335	401,726	347,390	309,496	283,566	384,524	423,019	352,933	381,346	4,528,748
France	146,851	58,991	125,259	162,308	129,824	95,913	149,226	55,148	79,856	61,169	83,066	121,600	1,269,211
United States	7,280	15,327	12,303	6,595	2,485	10,938	14,399	15,476	10,537	15,527	10,616	2,768	124,251
Argentina	27,328	31,307	29,825	19,271	21,437	33,313	9,933	27,604	34,718	24,567	17,711	17,304	294,318
Others	115,299	72,773	90,362	105,579	91,413	104,993	141,565	168,736	144,614	150,915	230,068	329,203	1,745,520
Total	1,045,274	750,524	1,002,966	970,212	833,165	793,736	715,138	757,278	865,613	856,304	864,082	988,490	10,442,782

1934-35

	August	September	October	November	December	January	February
Australia	214,834	55,723	142,836	150,924	166,456	122,633	167,814
Canada	331,117	335,282	399,359	370,165	309,946	307,243	255,637
France	160,880	70,256	112,955	109,724	185,401	138,902	82,703
United States	4,161	15,355	7,196	16,024	5,527	7,299	6,256
Argentina	22,311	20,783	12,596	13,732	11,560	18,778	5,629
Others	153,106	51,263	50,992	35,948	70,482	45,111	48,321
Total	886,409	548,662	725,934	696,517	749,372	639,966	566,360

THE WHEAT SITUATION IN AUSTRALIA

For several months, extracts of the report of the Royal Commission examining the wheat industry of Australia have been included in the Monthly Review of the Wheat Situation. In the present issue, extracts from the Supplement to the first report are published as follows:

"On 31st July, 1934, this Commission presented to you its First Report upon certain of the matters into which it was directed to inquire by Letters Patent under your hand dated 25th January, 1934.

2. In that Report were included the following findings and recommendations, namely:

Findings

(i) The industry of growing wheat is in a serious financial position.

(ii) The measures of financial relief provided by the Commonwealth and State Governments, and the protection afforded to debtor farmers by legislation enacted by State Governments, have, in the majority of cases, merely helped farmers to reduce their losses.

(iii) Notwithstanding the financial assistance given by the Commonwealth and State Governments, and the fact that the production per acre over the last three years has been higher than can be regarded as normal, the growing of wheat has been unprofitable at the average of the prices which have ruled since 1930.

(iv) The costs of producing wheat vary with the infinite variety of circumstances of individual farmers and farms. Approximately 50 percent of the wheat-growers can produce wheat at a cost of 3s. per bushel, or less, at their local sidings, while a further 25 percent can do so at costs up to 3s. 10½d. per bushel.

Note - These figures are based upon an examination of the working costs of nearly 500 farmers distributed over all the chief wheat-growing districts.

The Commission, after a detailed review of the industry, is satisfied that the costs revealed by this survey are, in general, representative, but they are subject to a further review when the Commission has completed its analysis of all the information now under examination.

The above costs include a minimum maintenance wage for the farmer and his assistants, all expenditure necessary for the production of the crop, interest, rates and taxes payable by the farmer. They do not include any return to the farmer for his capital invested in the undertaking and have been reduced by profits from all side lines produced on the farm.

(v) The earnings from individual efforts in the industry have been for some years out of conformity with those in most other industries, and, in a large number of cases, farmers have been enabled to continue to work their farms by reason only of the assistance - usually unpaid - which has been rendered by members of their families.

(vi) Many wheat-farmers whose main source of livelihood is the growing of wheat have at present little or no margin of assets over liabilities.

(vii) In many cases, interest payments are not being and cannot be made.

(viii) The financial difficulties of wheat-growers are producing serious financial difficulties for traders, storekeepers and others who are dependent upon the industry.

(ix) The situation is especially serious in the areas of light rainfall and variable soil conditions, for the development of which Governments have been responsib and in which they are now the principal creditors.

(x) The reserves of fodder, which prudent farming requires as a safeguard against unfavorable seasons, have been, in many areas, seriously depleted.

(xi) In a large number of cases farm plant and equipment has either reached or is reaching rapidly, a state of serious disrepair. Many farmers are unable to find the finance to replace or even reasonably to maintain their plant and implements.

(xii) Wheat-farmers in all parts of the Commonwealth are becoming discourage and this discouragement has been accentuated in many instances by the fear of dispossession.

(xiii) The practice of selling wheat for consumption in Australia at approximately the world parity prices for export wheat has been of benefit to the Australian consumer to the extent of approximately 1s. per bushel as compared with the prices which would have been paid for wheat imported duty free. Although there have been some compensations to the wheat-growers from the community, the wheat industry is in marked contrast to certain other primary industries in that there is no controlled price for that portion of its product which is consumed in Australia; and the industry has suffered in consequence.

(xiv) The wheat industry has an undoubted claim to assistance from the commun ity. This claim is the greater because -

(a) the industry probably provides more direct employment than any other single industry in Australia;

(b) the industry provides almost 20 percent of the freight earnings of, and approximately the same percentage of the total tonnage of goods carried by the railways of the four principal wheat-producing States;

(c) numerous towns and townships throughout the four principal wheat-producing States are dependent in a larger or smaller degree upon the industry for their existence;

(d) the industry contributes a substantial proportion of Australian credits overseas;

(e) 13,622,358 of the 23,978,157 tons of cargo shipped from Australian ports in the period from 1927-1928 to 1931-1932 was provided by the wheat industry (vide Commonwealth Year-Book 1933).

Recommendations

(i) That the policy applied to most other rural industries of ensuring better returns by means of the principle of a home consumption price of that part of the product consumed within the Commonwealth should be applied to the wheat industry.

(ii) That in respect of the coming season the Commonwealth Government should provide financial assistance for wheat-growers who have sown wheat for grain during 1934.

(iii) That such assistance be provided as to part by an excise on flour used within the Commonwealth and as to the remainder by a contribution from other Commonwealth moneys.

(iv) That on the basis of present conditions, including the present prices of about 3s. per bushel for fair average quality wheat free on rails at the principal Australian shipping ports, the amount of such assistance should be £4,000,000. This amount should, however, be subject to review when the quantity of wheat likely to be produced from the coming harvest is at least approximately known and there is a better indication than is at present available as to the prices likely to obtain in respect to the coming crop.

> Note - The Commission will make a final recommendation on this matter before the coming crop is harvested.

(v) That the rate of excise which should be imposed on flour used within the Commonwealth should be variable in order to provide progressively more funds as wheat prices fall and progressively less funds as wheat prices rise. Such rates should, therefore, be based on the world parity price of wheat free on trucks at the principal ports of shipment. The excise should be imposed, however, with due regard to its effect on the price of bread.

(vi) That action should be taken to impose or vary customs duties on wheat and flour in order to render the operation of the excise effective to maintain the assistance to the industry.

(vii) That portion of the amount provided for the assistance of the industry should be distributed by the Commonwealth as a bounty per bushel of wheat produced.

> Note - In view of the present uncertainties as to the coming harvest, particularly in some States, and as to the price likely to be realized, the Commission is not prepared at this stage to recommend either the proportion of such total amount which should be applied to the payment of the bounty or the methods which should be adopted for the distribution of the remainder. A further recommendation will be submitted later.

(viii) That the Commonwealth Government should urge upon the Governments of the States the necessity of taking steps effectively to protect against dispossession wheat-farmers who are worthy of such protection.

> Note - With reference to Recommendation (iv) the phrase "the present prices of about 3s. per bushel" is used intentionally because of the differences between the simultaneous f.o.r. prices at different principal Australian shipping ports.

3. As will be noted from the foregoing, the Commission deferred its final recommendations on certain matters until it was in possession of further information as to the harvest of the present season and the prices likely to be realized for the wheat produced.

4. The Commission now submits the following further recommendations, namely:

Recommendation No. 1 - (Supplementary to Recommendations (ii), (iii), and (iv) of the Commission's First Report)

That, in respect of the present season, the Commonwealth Government provide financial assistance to the amount of £4,000,000 for distribution to wheat-growers who have sown wheat for grain during 1934; and that part of the said amount of £4,000,000 be provided by applying the receipts for the period 1st January to 30th June, 1935, from the excise duty and the sales tax on flour hereinafter mentioned, and that the remainder be provided from other Commonwealth moneys.

5. World wheat supplies have fallen considerably owing to the recent poor harvests in certain parts of the world; consequently the statistical position has impr and, from the point of view of the producer, is better than it has been for four years The present weakness of the market is probably due to circumstances which are likely t alter in the near future. It is reasonable to hope that the prices which will be obta ed for the present wheat crop will average approximately 3s. per bushel for fair avera quality wheat free on rails at the principal Australian ports.

6. Although the difficulties of obtaining reliable forecasts of the yields of wheat available for sale from the present Australian harvest are greater than usual, the Commission is of opinion, after close consultation with the best authorities in th various States, that the saleable crop will approximate to 120,000,000 bushels of whea If this yield be achieved, it will be rather higher than the total yield which was ant cipated by the Commission at the time its First Report was in preparation.

7. Recommendation No. 2 - (Supplementary to Recommendation (vii) of the Commission's First Report)

A - That the said amount of £4,000,000 be made available by the Commonwealth to the States for distribution by the States as agents of the Commonwealth.

That payments to wheat-growers in the Territory for the Seat of Government be made by the State of New South Wales; and that the amounts made available to that State pursuant to sub-clauses (i) and (iv) of clause B hereof, should make provision therefor. Such provision has already been made in the allocation in sub-clause (ii) of clause B hereof.

B - (i) That from the £4,000,000 the Commonwealth make available to each State such amount as is necessary to enable that State to pay on behalf of the Commonwealth a bounty of threepence per bushel of marketable wheat produced in that State from the 1934-35 harvest and sold or delivered for sale, and that the State pay such bounty of threepence per bushel.

Note - The payment of this bounty is estimated to require £1,500,000 on the basis of 120,000,000 bushels of marketable wheat.

(ii) That from the £4,000,000 the Commonwealth make available the following additional amounts, namely:

	£
To New South Wales	585,750
" Victoria	420,000
" South Australia	472,500
" Western Australia	408,000
" Queensland	37,500
" Tasmania	3,000
TOTAL	1,926,750

(iii) That the amount made available to a State in terms of sub-clause (ii) above be used by that State for the payment on behalf of the Commonwealth to each wheat-grower who bona fide sowed wheat for grain during the autumn and winter of 1934 (notwithstanding that such crop sown for grain may have been, for seasonal or other reasons, subsequently cut for hay) of a sum for each acre of land so sown calculated by dividing the total amount of money made available to the Government of the State by the number of acres sown to wheat for grain in that State.

The said sum paid per acre is to be additional to any payment received by a wheat-grower under sub-clause B (i).

Note - It is estimated that the total amount made available to the States, namely, £1,926,750, will, in respect of 12,845,000 acres sown to wheat - which latter total is based on figures supplied by various Departments - admit of a payment under this sub-clause of 3s. per acre.

(iv) That the Commonwealth make available to the States the balance of the £4,000,000 in such proportions as may be determined by the Minister for Commerce upon a further recommendation which will be submitted by this Commission after it has consulted with representatives of the Governments of each of the States.

(v) That such amounts after they have been determined in accordance with the terms of clause B (iv), be applied, at the discretion of the Government of the State, as a grant from the Commonwealth towards the relief of wheat-growers who have experienced specially adverse farming conditions during the present wheat year.

Note - It is estimated, on the basis of the figures set out above, following sub-clauses B (i) and (ii) that the amount available for utilization for the purposes set out in sub-clause B (v) will be £573,250.

8. It will be noted that the Commission recommends that the assistance for wheat-growers who have sown wheat for grain during 1934 shall be distributed partly in the form of a bounty on production, partly on an acreage basis, and partly as a contribution towards relieving individual cases of special hardship due to adverse conditions peculiar to the season.

9. During the past three years assistance has been rendered to the industry by the Commonwealth; in the first year by a bounty per bushel of wheat marketed, and in the second and third years by payment to farmers on an acreage basis.

10. The Commission is of opinion that financial assistance to wheat-farmers on an acreage basis is unsound as part of a permanent scheme, because it tends to encourage extensive and speculative farming, and offers no incentive for efficiency. However, having in view that seasonal conditions during 1934 have been abnormal, and that general measures of rehabilitation have not yet been applied to the wheat industr the Commission has come to the conclusion that the recommendations submitted herewith as for 1934-35 represent the best compromise under the circumstances.

11. Recommendation No. 3 - (Supplementary to Recommendations (iii), (v) and (vi) of the Commission's First Report)

(i) That legislation be enacted to provide for the operation, as from 1st January, 1935, of an excise duty on flour manufactured and consumed in Australia.

(ii) That the amount of such excise duty be the difference between the sum of £12 per short ton and the price of flour delivered Melbourne and suburbs, fixed and declared from time to time by the Flour Millers' Association of Victoria, subject to the Advisory Committee referred to hereinafter being satisfied that such price is fair and reasonable. If the said Committee is not satisfied that the price so fixed and declared by the Flour Millers' Association of Victoria is fair and reasonable, the excise duty shall be the difference between the sum of £12 per short ton and a price to be recommended to the Minister by the Committee and an excise duty at such rate shall be levied and collected from a date determined by the Minister.

Note - Melbourne prices have been taken as the basis for calculation of the amount of excise duty for application throughout the Commonwealth, because Melbourne conditions are considered to be a reasonable average of those in the main centres of population in Australia.

The following figures have been prepared for purposes of illustration only:

Price f.o.r. Williamstown of f.a.q. wheat per bushel		Price of flour per short ton delivered Melbourne or suburbs			Amount of excise per ton of flour		
s.	d.	£	s.	d.	£	s.	d.
2	6	6	18	0	5	2	0
3	0	8	2	0	3	18	0
3	6	9	6	0	2	14	0
4	0	10	10	0	1	10	0
4	6	11	14	0	0	6	0

This Commission's later report on the flour industry will discuss the relati ship between the price of wheat and the price of flour. Without prejudice to its ultimate findings, the Commission considers at present, having regard to existing conditio in the industry, including prices of wheat offals, rates of wages, interest rates and costs of distribution, that £12 per short ton delivered Melbourne and suburbs correspo to a price of between 4s. 6d. and 5s. per bushel of f.a.q. wheat free on rails William

(iii) That provision be made in the legislation for the constitution of an Advisory Committee consisting of the Comptroller-General of Customs (Chairman), the Secretary of the Commonwealth Treasury, the Secretary of the Department of Commerce, and the Commonwealth Statistician, and that the Committee have the following duties assigned to them by regulations made under the Act, namely:

(a) to review at such times as may be considered necessary by the Minister the price of flour fixed and declared by the Flour Millers' Association of Victoria and for the purposes of such review to confer with representatives of the flour industry and such other persons as the Committee may decide. In the event of the Committee not being satisfied that such price is fair and reasonable to recommend to the Minister the price of flour per short ton which should be adopted as the basis of the calculation of the Excise Duty.

(b) to submit, for the approval of the Minister, such additional regulations as in its opinion should be made to prescribe the methods of computing or to facilitate the operation of the excise duty.

(iv) That the Commonwealth Treasurer cause to be kept a special assistance account to which shall be credited -

(a) the receipts from the excise duty on flour during the period 1st July to 31st March in each financial year; and

(b) a sum equal to the estimated receipts from the excise duty during the period 1st April to 30th June of each financial year, such sum to be so credited not later than the fifteenth day of April in such financial year.

(v) That in order to provide financial assistance to wheat-growers in future years, the amount at credit in the special assistance account on the sixteenth day of April be distributed each year as early as possible after the said sixteenth day of April but within the last quarter of the financial year by the Department of Commerce or other appropriate Department in such manner as will be recommended by this Commission in its report dealing with the rehabilitation of the industry.

(vi) If after the closing of accounts for the financial year it is found that the sum referred to in sub-clause (iv) (b) of this Recommendation has been over-estimated, the account shall, in the first quarter of the next succeeding year, be debited with the difference between the estimated amount and the amount of duty actually collected and conversely, if the said amount referred to in sub-clause (iv) (b) is found to have been underestimated the account shall be credited with the difference between the estimated amount and the amount actually collected.

12. Recommendation No. 4 - (Supplementary to Recommendation (vi) of the Commission's First Report)

That, coincidently with the enactment of legislation to provide for the operation of the excise duty, vide Recommendation No. 3, steps be taken to impose or vary customs duties on wheat and flour in order to render the operation of the excise effective to maintain the assistance to the industry.

Recommendation No. 5.

(i) That legislation be enacted to provide for the operation as from 1st January, 1935, of a tax on flour then in the possession of millers, bakers, merchants and/or such others as may be determined by the Treasurer of the Commonwealth, and that such legislation remain in operation for a sufficient time only to ensure that payment of the excise provided for in Recommendation No.3 or its equivalent in tax, has been made.

(ii) That the amount of the tax payable on each short ton of flour as from 1st January, 1935, be equal to the amount of the excise duty per short ton of flour payable from the 1st January, 1935.

13. In its First Report, the Commission made the following observations, namely:--

"Pending an improvement in the general level of wheat prices as a result of international agreement or other causes, considerable aid to the industry is essential.

"In the past three years, Australia has endeavoured to hold the position by financial contributions from the Commonwealth and State Governments which have been in the form of annual grants based upon no particular policy or guarantee to the industry. Future assistance should be placed upon a systematic basis in justice to the industry and to the peace of mind of the community.

"It is unthinkable that the industry should be left to find its own level. The industry is too important, and its collapse would be disastrous to the whole economic and social system."

....

"Having in view the necessities of the farmers, and recognizing the desirability of adding as little as possible to the cost of living in Australia, the Commission is satisfied that the wheat-farmers are entitled to share in the benefits accorded to other industries by the protection policy of the nation. This can best be achieved by contributions to be obtained by an excise on flour, which excise should be arranged so as to provide more money as the world parity price of wheat falls and less money as it rises. The cost per head of population in Australia of an excise on flour will be small, but the help to the farmer will be considerable and the adoption of this principle will be the first step towards removing the farmer from reliance upon the annual grants of money. This method of annual grants has a distinct tendency to create a justified feeling of resentment in the minds of recipients who are in distress through no fault of their own and in spite of their genuine efforts.

"The Commission is satisfied that the small effect upon the cost of living caused by the excise on flour for home consumption--much smaller than the effect of other rises in essential commodities which pass unnoticed--will be more than compensated to the community by the consequent improvement in the position and mental outlook of the wheat farmers of Australia."

14. The further study of the problems of the industry by the Commission since July has confirmed it in the views quoted above.

The Commission is convinced of the serious financial position of the industry. It is aware that Governments and creditors have already been contributing to prevent the collapse of the wheat-farming structure. It considers that the time has come when all forms of assistance must be placed on a systematic basis. Efficient wheat-farmers in reasonable wheat-growing districts will then have some assurance for the future and encouragement to persevere with farming as the means of a livelihood.

5. The Commission considers that all sections of the community should assist in the rehabilitation of the industry. The first step in this programme is the provision of an addition to wheat prices when they are low. This provision can best be made through a home consumption price for flour secured through the operation of the excise duty already recommended.

6. The Commission has endeavoured to ascertain how much this will mean in added costs of living to the people of Australia. On the basis of a minimum production of 1,330 2-lb. loaves of bread from each short ton of flour (2,000 lb.) an increase or decrease of £5 10s. in the price of flour represents one penny per 2-lb. loaf of bread. Allowance must, however, be made for other costs such as the necessity for a greater or less provision for bad debts, and the increased or decreased capital represented in stocks of flour. Pending the completion of the investigation of the bread industry, the Commission considers that an increase of £5 per ton in the cost of flour may be expected to result in an increase of one penny in the price of a 2-lb. loaf of bread to the consumer.

Evidence before the Commission has shown that the average consumption of bread per household in Australia is between six and seven 2-lb. loaves per week, and, allowing in addition for household consumption of flour, the cost to the average Australian household due to the proposed home consumption price of flour, without making any allowance for wage adjustments, in accordance with the "cost of living", will be approximately--

(1) 1d. per day when wheat is 2s. 6d. per bushel f.o.r. principal Australian ports--at which price more than half the Australian wheat farmers can meet no payments for rent or interest and can make only a very austere living.

(2) ½d. per day when wheat is 3s. 6d. per bushel f.o.r. principal Australian ports--at which price about half of the Australian wheat farmers can continue in production under present conditions.

(3) Nothing when wheat is at 4s. 9d. per bushel f.o.r. principal Australian ports--at which price four-fifths of the Australian wheat farmers can make a fair and reasonable living.

7. The relation of the profits and losses of the flour and bread industries to the prices of bread will be discussed in the Commission's reports on these industries.

8. The nation as a whole must understand that the contribution through the home consumption price for flour will not in itself save and rehabilitate the wheat-growing industry. Further contributions must come from other sources and these will be dealt with in detail in the Commission's Second Report.

The serious financial position of the wheat industry--and probably a similar position exists in a number of other primary industries--is creating a critical situation. This situation demands contributions from, and the sympathetic co-operation of all sections of the community.

19. However, the whole policy of maintenance of home prices for primary industries, although at present accepted in Australia, may not necessarily be conducive to the maximum ultimate good. The Commission considers that the time has come when the whole matter should be reviewed. It therefore feels that it would not be facing its duty without making the following recommendation:-

Recommendation No. 6. (Supplementary to Recommendation (i) of Commission's First Report.)

That the Commonwealth Government appoint an expert committee to consider and report as to whether the policy of maintaining a home price in excess of wor parity is the best means of rendering financial assistance to the primary indust

20. In its First Report and in this Supplement the Commission has recommended that the policy applied to most other rural industries of ensuring better returns by means of the principle of a home consumption price for that part of the product consumed withi the Commonwealth should be applied to the wheat industry.

This policy has wide application not only in Australia but also in many other countries. The Commission recognizes that the ultimate economic effects of the policy vary according to the different conditions in the various countries wit respect to the rapidity of the reflection of increased costs of living on the rates paid to the wage-earners. In some countries, under the stress of economic depressior which prevents a readjustment of wage rates to the cost of living, an artificially maintained price results in a reduction of the standard of living of the working population. In Australia, however, an increase in the cost of living is reflected fairly quickly in higher wage rates and in increased costs of production. These in - creased costs may be borne by the employer in the form of reduced profits or increase losses, by the Governments in the form of greater deficits, by the community in the form of increased taxation, and ultimately by the exporting primary producers in the form of higher charges for essential goods and services.

21. In view of this uncertainty as to the final incidence of such increases,the Commissi is not fully satisfied that the policy of maintaining a home price higher than the product can command in the world's markets is, in normal circumstances, the best mear of supplying financial help to an exporting primary industry. It would be of advanta to have any doubts in this connexion resolved, particularly in view of the wide range of primary industries to which the policy has already been applied by the Parliaments of the Commonwealth and the States, and of the cumulative interactions upon all other primary industries of any increased costs which may result from this form of assistar to any one primary industry.

Australian Cable

The Canadian Trade Commissioner at Melbourne, cabled as follows on April 15, 1935:-

"Wheat and Flour exports to April tenth totalled 43,579,699 bushels compared with 36,258,216 bushels previous year and over half exportable surplus already disposed of. Principal demand from United Kingdom with lessened interest from China and Japan owing to rising prices. Prices to growers have firmed to about two shillings eleven pence per bushel country sidings equivalent fifty-six cents Canadian and three shillings sixpence halfpenny for steamer. New South Wales growers holding their wheat but higher prices may induce volume sales. Flour market quiet and mills not fully occupied,with buyers waiting developments in North America. Export prices higher at seven pounds seven shillings sixpence equivalent to twenty-eight dollars sixty-one cents per ton 2,000 pounds in 150 pounds sacks and seven pounds twelve shillings sixpence or twenty-nine dollars fifty-eight cents 49 pounds bags. Chartering freights have increased as shipowners have agreed accept only minimum rates fixed for United Kingdom and Orient until May fifteenth as follows: United Kingdom, western Australia twenty-three shillings sixpence bags south Australia, Victoria twenty-four shillings sixpence, New South Wales twenty-three shillings sixpence, bulk cargoes two shillings sixpence per ton cheaper, Orient bags thirteen shillings, New South Wales and fourteen shillings sixpence, West Australia freights payable English currency ton 2,240 pounds.

The Argentine

The correspondent of the Dominion Bureau of Statistics in the Argentine has forwarded the following report under date of April 1, 1935:

On the 27th ultimo the Ministry of Agriculture made public its second estimate of the volume of the new crop of the various grains and seeds, with the exception of maize. The new figures are as follows, together with those of the first forecast, the final figures of last year, and the five-year and ten-year averages, for comparison:-

	1935 Second	1935 First	1934 (bushels)	Av. 5 yrs. to 1933-34	Av. 10 yrs. to 1933-34
Wheat	238,320,000	252,062,000	286,123,000	228,316,000	238,529,000
Linseed ..	77,083,000	72,044,000	62,595,000	68,403,000	70,405,000
Oats	62,897,000	73,271,000	54,013,000	61,973,000	60,881,000
Barley ...	40,694,000	42,715,000	33,739,000	23,158,000	18,957,000
Rye	15,787,000	17,716,000	7,249,000	7,624,000	6,733,000

As will be seen, the new crop of wheat is now estimated to be below that of last year to the extent of 47,804,000 bushels. On the other hand, linseed shows an increase of 14,487,000 bushels as compared with last year's; and there are increases also in each of the other crops.

The following figures showing the distribution of the production of wheat amongst the provinces and territories will no doubt be found of interest.

	(bushels)		(bushels)
Buenos Aires.	114,398,000	San Luis	507,000
Santa Fe	28,649,000	Santiago del E.	1,635,000
Cordoba	59,955,000	La Pampa	19,004,000
Entre Rios	12,982,000	The rest	1,190,000

Exports of wheat and wheat flour during March were 15,705,000 bushels composed of 15,536,000 bushels of wheat and 168,000 bushels of flour. These figures show a substantial drop from those of February (18,014,000 bushels) and January (17,846,000 bushels).

As shown above, the official estimate of the new wheat crop has been reduced by 13,742,000 bushels. It is probably still too high. In my report of a month ago, I discounted the first estimate by 18,372,000 bushels, which was less than some members of the grain trade were disposed to cut off the governmental forecast. But, using the official figures for the present, the following is now the supply position:

Second official estimate 1934-35 crop	238,320,000 bushels
Carry over from 1933-34	15,435,000 "
Total supplies	253,755,000 "
Deduct for seed & domestic use	95,534,000 "
Exportable balance	158,221,000 "
Exported to) wheat 50,996,000 bushels	
March 30th.) flour 570,000 "	51,566,000 "
Still available for export	106,655,000 "

Of the available balance shown above more or less 11,023,000 bushels have already been disposed of but not shipped.

Whilst some heavy rains have fallen during the month, the roads have generally been dry and in good shape for hauling; nevertheless deliveries have not been heavy, as farmers are not pressing sales of wheat at the present time, preferring rather to dispose of their barley and linseed at the attractive prices which have been prevailing and hold their wheat for the higher rates which are anticipated later on.

This policy of the country holders of wheat has helped price levels. Towards the middle of the month the demand, which had been slack, showed a substantial revival, but there were no sellers except the millers, who took advantage of the rise in prices to turn some of their holdings into cash. The demand improved, both Europe and ex-European countries making good purchases, and there was a slow but steady rise in prices up to the close of the month. Spot wheat, which a month ago closed at $6.11 paper pesos per quintal, at the end of March was changing hands at $6.90 (equal to 60 5/8c. Canadian per bushel at current exchange rates); the May option was worth $7.00 pesos the qtl. (equal to 61 1/2c. per bushel). These prices compare with Winnipeg May at 85 1/8c. on the same day.

The wheat coming forward continues to show inferiority in quality and in specific weight as compared with that of last year, due to the unfortunate weather conditions prevailing towards the end of the growing season, but occasional parcels of good grain are to be seen, and are easy to place. An extra good parcel of Bahia Blanca wheat sold for $7.90 per quintal, a premium of one peso per quintal over the ordinary export wheat.

The National Wheat Board held an important meeting a few days ago, at which were determined the varieties of wheat most suitable for the six zones into which the cereal region of the Republic has been divided for this purpose. Pending the passage of the Grain Bill now before Congress, there is of course no power to enforce the recommendations of the Board, but the work now being done is looked upon as valuable preparatory work, looking to the future.

In classifying the various wheats the Board has kept in mind first the industrial qualities, and second the vegetative characteristics, as for instance winter and spring wheats. On the basis of quality three groups have been established: - strong wheats, fillers and soft wheats; the first two destined for the European market, and the last purely for the domestic and Brazilian markets.

Most of the leading railway companies, which maintain experimental farms, have lent their assistance to the Commission, as have also private experimentalists, and much valuable educational work should result.

As illustrating the interest taken by the railway companies in the improvement of seed grain, it may be mentioned that one of them, the Central Argentine, has just sent out for the eighth year its large cleaning machines, which are placed at the disposal of the farmers for the cleaning and selection of their seed grain, free of charge, at the local stations.

International Trade

The following table shows world shipments of wheat and wheat flour for the first thirty-seven weeks of the present crop year. (Broomhall's revised figures).

Week ending		North America	Argentina	Australia	Russia	Other	Total
				(Thousand Bushels)			
August	6	4,168	3,760	2,024	-	488	10,440
	13	3,960	6,144	816	-	800	11,720
	20	4,488	3,496	2,192	-	488	10,664
	27	4,864	3,432	3,112	192	656	12,256
September	4	3,664	2,880	1,144	256	520	8,464
	10	3,056	4,552	1,336	448	816	10,208
	17	4,672	4,224	1,192	-	944	11,032
	24	3,936	3,216	1,472	168	648	9,440
October	1	3,256	3,768	2,872	-	968	10,864
	9	4,616	4,456	1,720	464	952	12,208
	15	3,128	4,272	2,808	256	1,344	11,808
	22	4,352	2,800	1,232	112	1,168	9,664
	29	3,920	1,568	2,256	320	1,352	9,416
November	5	3,400	1,960	3,224	-	992	9,576
	12	4,232	4,200	2,808	-	1,128	12,368
	19	3,176	3,976	1,200	280	1,752	10,384
	26	3,360	3,832	2,256	-	864	10,312
December	3	4,008	3,064	1,728	128	1,296	10,224
	10	2,696	3,592	1,240	96	1,720	9,344
	17	1,768	1,552	1,904	-	1,456	6,680
	24	1,968	2,072	2,536	-	1,152	7,728
	31	2,208	1,520	1,944	-	1,328	7,000
January	7	1,392	2,944	2,200	-	1,384	7,920
	14	2,168	4,256	2,176	-	1,448	10,048
	21	2,240	3,264	3,176	-	808	9,488
	28	2,424	4,120	3,160	-	1,032	10,736
February	4	2,600	5,080	2,344	-	600	10,624
	11	2,792	4,808	2,824	-	872	11,296
	18	2,008	4,280	2,264	-	1,328	9,880
	25	3,384	4,064	2,424	-	648	10,520
March	4	2,040	4,952	2,680	-	520	10,192
	11	2,064	2,784	3,040	-	984	8,872
	18	3,128	4,240	3,128	-	1,176	11,672
	25	2,496	2,824	2,256	-	1,104	8,680
April	1	2,120	4,872	2,960	-	856	10,808
	8	2,721	5,066	1,229	-	904	9,920
	15	2,775	3,509	2,567	-	856	9,707
TOTAL		115,248	135,399	81,444	2,720	37,352	372,163
Comparative 1933-34							
Corresponding week		4,200	4,304	1,408	136	696	10,744
Total to date		161,024	92,680	64,608	26,648	34,536	379,496

From August 1, 1935 to April 15, 1935 world shipments of wheat and flour amounted to 372 million bushels as compared with 379 million bushels shipped during the same weeks last year. North American shipments amounted to 115 million bushels compared with 161 million bushels for the same period in the previous year. During the past year shipments from the Argentine amounted to 135 million bushels compared with shipment of 93 million bushels in 1933-34.

Weekly Average Shipments

The following table shows weekly average shipments of wheat for the first thirty-seven weeks of the present crop year with comparative figures for 1933-34 and 1932-33:

	North America	Argentine	Australia	Russia	Other	Total
			(million bushels)			
1932-33	6.0	2.1	3.2	.5	.6	12.3
1933-34	4.4	2.5	1.7	.7	.9	10.3
1934-35	3.1	3.7	2.2	.1	1.0	10.1

As shown by the above table, world shipments of wheat have agerage 10.1 million bushels per week during the first thirty-seven weeks of the crop year as compare with 10.3 and 12.3 million bushels per week during the corresponding period in 1933-34 a 1932-33. North American shipments have averaged 3.1 million bushels per week compared with 4.4 and 6.0 million bushels per week during the first thirty-seven weeks of 1933-34 and 1932-33. Argentine shipments have averaged 3.7 million bushels per week as compared with 2.5 million bushels during the same period last year.

The Position of the Import Requirements Estimate

(Mr. Broomhall's Estimate)

Import Requirements	Actual Shipments	Balance to be Shipped
Aug. 1,1934 to July 31,1935	Aug. 1,1934 to April 15,1935	Mar. 11,1935 to July 31,1
(52 weeks)	(37 weeks)	(15 weeks)
552 million bushels	372 million bushels	180 million bushels
or	or	or
10.6 million bushels weekly	10.0 million bushels weekly	12.0 million bushels weekly

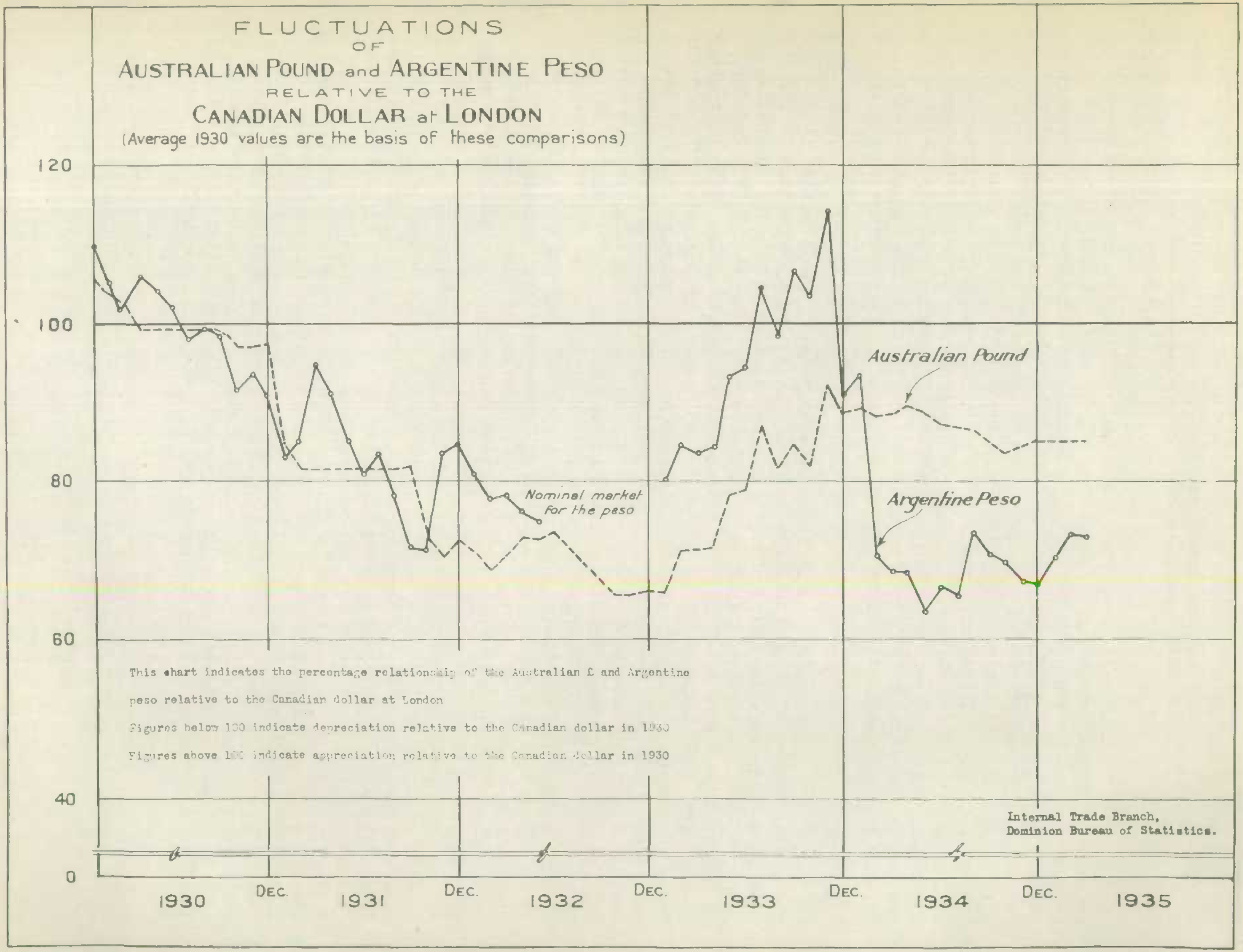
During the first thirty-seven weeks of 1934-35 world shipments have amoun to 372 million bushels, or an average of 10.0 million bushels per week. This represents a smaller international movement of wheat than occurred during the same weeks last year. In order to fulfil the world estimate of 532 million bushels, weekly shipments will have to average 12.0 million bushels for the balance of the cereal year.

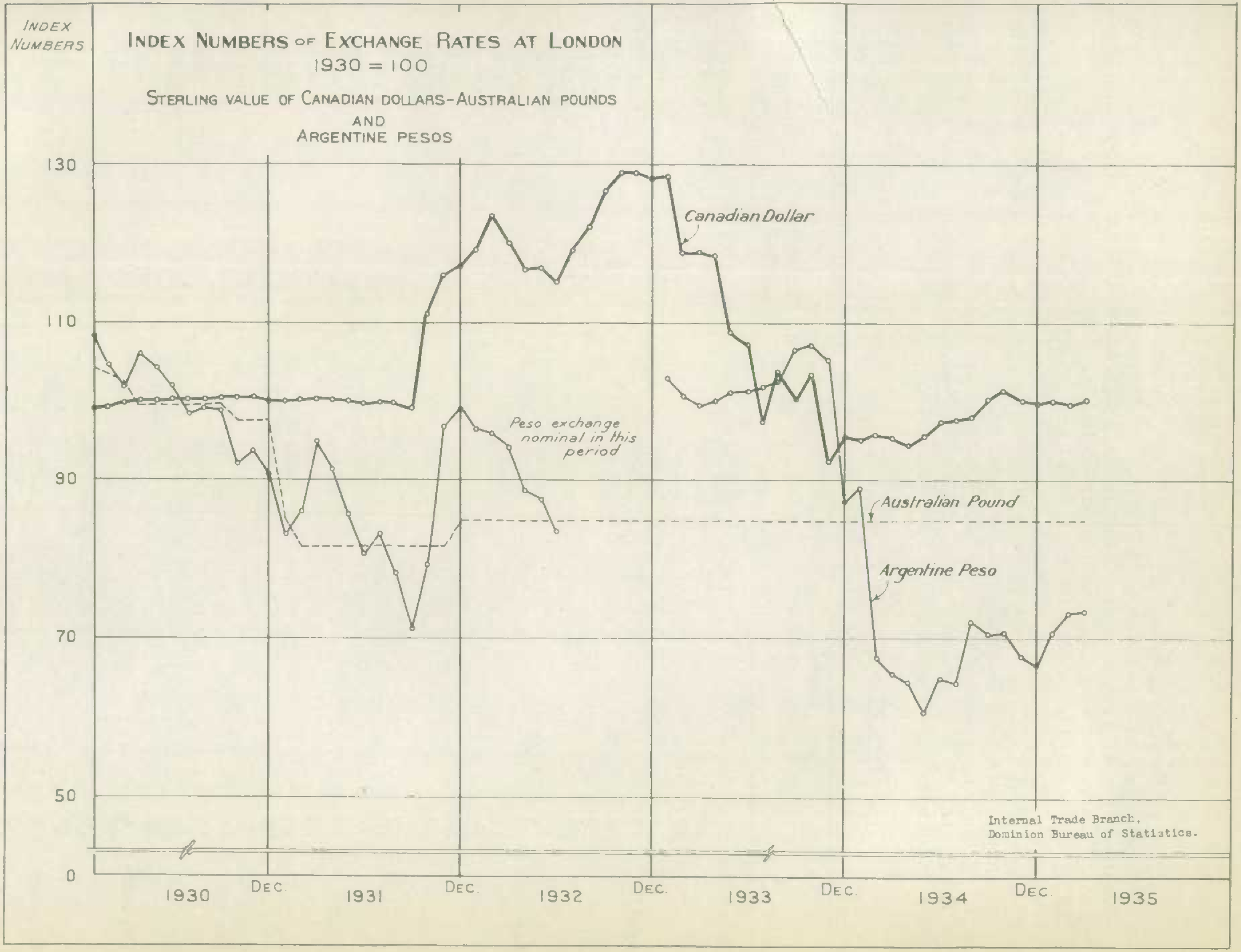
Some Comments on the Fluctuations of Exchange Rates in Australian, Argentina and Canadian Currencies.

It is well known that the level and fluctuations of exchange rates exert an important influence in the sale of wheat abroad. For this reason, two charts are presented on pages 28 and 29 which depict the exchange situation which has existed since 1930. The first chart (page 28) shows in percentage the amount of depreciation or appreciation of the Argentine and Australian currencies from their 1930 positions relative to the Canadian dollar at London. This chart measures the changing advantage or disadvantage due to exchange fluctuations of Canadian wheat competing with Argentine and Australian wheat in the United Kingdom market. The second chart (page 29) traces the fluctuations in Canadian, Australian and Argentine exchange rates in sterling at London. It shows percentage variation from average values in 1930.

It should be borne in mind, when viewing these charts, that the average value of the Argentine peso in 1930 was already more than 15 per cent below its par value, from which it had departed in 1929. The Australian pound in 1930 averaged roughly 6 per cent below par. Throughout 1930 and for the first nine months of 1931, this depreciation increased, amounting to roughly 18 per cent for the pound and 28 per cent for the peso in September of that year. It is of interest to note that Australian and Argentine exchange followed the same general downward course during this period. When the United Kingdom abandoned the gold standard on September 19, 1931, exchange relationships were altered violently, with Canadian dollars and Argentine pesos rising sharply in terms of sterling. The Australian pound pegged at the ratio of 125 Australian pounds to 100 pounds sterling, did not participate to any extent in this movement. Since the advance of the Canadian dollar was greater than that of the peso, the net result of the ensuing re-adjustment was to increase the premium on Canadian dollars over pesos and Australian pounds until it amounted to more than 25 per cent in the case of pesos, and nearly 35 per cent in the case of Australian pounds. Rapid depreciation of the Canadian dollar reduced this premium abruptly during 1933, and for a few months in the latter part of that year the Argentine peso was worth more in terms of dollars than it had been in 1930. The Australian pound climbed to within 10 per cent of its 1930 value in Canadian dollars, but has since fallen to a discount of roughly 15 per cent. A precipitous decline in Argentine pesos in the first quarter of 1934, again created a sharp disparity between the value of dollars and pesos relative to their 1930 position. In May of 1934 the value of the peso was less than 65 per cent of its 1930 level, so that the position of Canadian wheat in competition with Argentine wheat in the United Kingdom market was less favourable than in 1930 by 35 per cent due to exchange movements. Since that time appreciation in the peso has reduced this disadvantage until it now approximates 27 per cent.

It must be remembered that all percentage calculations included above are based upon relationships existing in 1930, and not upon former gold parities.


FLUCTUATIONS
OF
AUSTRALIAN POUND and ARGENTINE PESO
RELATIVE TO THE
CANADIAN DOLLAR at LONDON
(Average 1930 values are the basis of these comparisons)
120
100
80
60
40
0
Australian Pound
Argentine Peso
Nominal market for the peso
This chart indicates the percentage relationship of the Australian £ and Argentine peso relative to the Canadian dollar at London
Figures below 100 indicate depreciation relative to the Canadian dollar in 1930
Figures above 100 indicate appreciation relative to the Canadian dollar in 1930
Internal Trade Branch,
Dominion Bureau of Statistics.
1930
DEC.
1931
DEC.
1932
DEC.
1933
DEC.
1934
DEC.
1935


INDEX NUMBERS
INDEX NUMBERS OF EXCHANGE RATES AT LONDON
1930 = 100
STERLING VALUE OF CANADIAN DOLLARS-AUSTRALIAN POUNDS
AND
ARGENTINE PESOS
130
110
90
70
50
0
Canadian Dollar
Peso exchange nominal in this period
Australian Pound
Argentine Peso
1930
DEC.
1931
DEC.
1932
DEC.
1933
DEC.
1934
DEC.
1935
Internal Trade Branch,
Dominion Bureau of Statistics.

Exchange Fluctuations

Foreign exchanges have continued unsettled following the sharp break in sterling which occurred in the latter half of February. After fluctuating erratical at Montreal for the greater part of March, sterling commenced to strengthen and subsequently has recovered roughly two-thirds of the February loss. It was quoted at $4.87 1/4 on April 15, as compared with $4.80 3/4 on March 2, and $4.89 1/2 on February 18. Gold exchanges, including the United States dollar, moved gradually downward at Montreal from the first week in March until April 5, and since then have been fairly stable. New York funds were quoted at a premium of 3/8 of one per cent on April 15, as compared with 1 5/8 per cent on March 6. Devaluation of the Belgian belga by 28 per cent at the beginning of April placed other European gold units under pressur and a light movement of gold to New York took place.

Exchange Quotations at Montreal, March 5, 1934 to April 15, 1935.

		United Kingdom Pounds 4.8666	United States Dollar 1.0000	Australia Pounds 4.86666	Argentina x Paper Peso .4244
March	5	5.0972	1.0056	4.0777	.2639
	12	5.1000	1.0000	4.0800	.2600
	19	5.1081	1.0006	4.0865	.2546
	26	5.1072	1.0009	4.0858	.2552
April	3	5.1437	1.0000	4.1149	.2570
	9	5.1706	.9984	4.1364	.2571
	16	5.1425	.9968	4.1140	.2552
	23	5.1324	.9956	4.1059	.2539
	30	5.1194	.9962	4.0955	.2441
May	7	5.0925	.9978	4.0739	.2345
	14	5.1055	.9994	4.0843	.2399
	21	5.1013	.9978	4.0810	.2370
	28	5.0797	.9975	4.0638	.2394
June	5	5.0242	.9969	4.0193	.2442
	11	5.0277	.9931	4.0221	.2483
	18	4.9740	.9850	3.9794	.2462
	25	4.9805	.9857	3.9844	.2474
July	3	5.0126	.9906	4.0100	.2427
	9	4.9918	.9909	3.9934	.2428
	16	4.9869	.9887	3.9896	.2447
	23	4.9727	.9859	3.9781	.2465
	30	4.9536	.9831	3.9628	.2581
August	6	4.9531	.9816	3.9624	.2572
	13	4.9655	.9712	3.9724	.2753
	20	4.9627	.9750	3.9702	.2706
	27	4.9216	.9722	3.9373	.2722
September	4	4.8928	.9756	3.9142	.2732
	10	4.8548	.9700	3.8838	.2667
	17	4.8624	.9703	3.8898	.2644
	24	4.8098	.9644	3.8478	.2628
October	1	4.8172	.9794	3.8537	.2620
	9	4.8095	.9766	3.8470	.2588
	15	4.8123	.9794	3.8498	.2620
	22	4.8546	.9800	3.8837	.2607
	29	4.8603	.9784	3.8883	.2568

Exchange Quotations at Montreal, March 5, 1934 to April 15, 1935 (Concluded)

		United Kingdom Pounds 4.8666	United States Dollar 1.0000	Australia Pounds 4.86666	Argentina x Paper Peso .4244
November	5	4.8733	.9781	3.8986	.2552
	13	4.8777	.9744	3.9020	.2509
	19	4.8666	.9762	3.8932	.2489
	26	4.8583	.9731	3.8866	.2481
December	3	4.8614	.9806	3.8891	.2501
	10	4.8548	.9791	3.8838	.2462
	17	4.8921	.9903	3.9137	.2476
	24	4.8986	.9906	3.9188	.2491
	31	4.9140	.9937	3.9313	.2521
1934 Average		4.9891	.9893	3.9900	.2579
January	7, 1935	4.8950	.9959	3.9160	.2500
	14	4.8813	.9987	3.9051	.2502
	21	4.8840	1.0003	3.9072	.2501
	28	4.8682	1.0009	3.8945	.2532
February	4	4.8777	1.0003	3.9021	.2551
	11	4.8895	1.0009	3.9116	.2577
	18	4.8919	.9994	3.9135	.2578
	25	4.8662	1.0000	3.8930	.2600
March	4	4.8104	1.0087	3.8483	.2592
	11	4.8193	1.0106	3.8555	.2577
	18	4.8175	1.0125	3.8540	.2553
	25	4.8225	1.0081	3.8580	.2545
Apr.	1	4.8250	1.0062	3.8525	.2540
	8	4.8506	1.0037	3.8805	.2559
	15	4.8725	1.0038	3.8900	.2588

x Unofficial rates - between 7 cents and 8 cents below official rate since September,1934.

The Course of Wheat Prices

The following summary of wheat price movements from February 1 to April 16 has been prepared by the Internal Trade Branch.

Wheat prices at Winnipeg have advanced without serious interruption from the first week of February to the middle of April. This movement accelerated considerably during the past four weeks, after a very gradual beginning in the preceding month. Cash quotations for No. 1 Manitoba Northern wheat, Fort William and Port Arthur basis, of 78 1/8 cents, 80 7/8 cents, amd 89 1/8 cents respectively, on February 4, March 18, and April 16, indicate roughly the course and extent of this rise. In spite of the higher level of Winnipeg prices, the spread between Winnipeg and Liverpool wheat futures has been reduced during the last six weeks by approximately 9 cents per bushel. In this interval pressure from southern hemisphere wheat has diminished and demand from the Orient has remained active. Less favourable prospects for United States winter wheat in the early part of April have also been a bullish influence. Remaining surpluses of French and Swedish wheat, together with the moderate proportions of European import requirements have acted as a curb upon advancing prices.

Cash closing quotations for No. 1 Manitoba Northern wheat, basis Fort William and Port Arthur, advanced from 79.5 cents in February to 81.9 cents per bushel for March

Monthly Average Winnipeg Cash Price - No. 1 Northern Wheat,
Crop Years 1927-28 to 1934-35.

(Dollars per Bushel)

	1927-28	1928-29	1929-30	1930-31	1931-32	1932-33	1933-34	1934-35
August	1.59.9	1.18.8	1.58.0	.92.5	.55.1	.56.3	.73.4	.86.0
September..	1.45.1	1.17.0	1.49.5	.78.1	.53.6	.51.9	.67.2	.82.3
October	1.44.1	1.23.7	1.41.4	.72.5	.59.9	.48.2	.60.5	.78.2
November ..	1.45.1	1.20.9	1.33.0	.64.4	.67.3	.46.7	.63.7	.79.6
December ..	1.40.6	1.17.1	1.37.8	.55.4	.60.6	.42.4	.60.3	.79.2
January ...	1.42.8	1.20.9	1.30.5	.53.9	.60.0	.44.2	.65.0	.79.0
February ..	1.42.6	1.27.9	1.17.4	.59.3	.63.2	.45.8	.65.6	.79.5
March	1.48.1	1.27.0	1.06.2	.56.7	.63.1	.49.1	.66.4	.81.9
April	1.56.3	1.22.8	1.09.8	.59.7	.62.6	.53.6	.65.5	
May	1.57.2	1.12.3	1.07.9	.60.6	.62.9	.63.3	.70.6	
June	1.42.6	1.18.3	1.03.2	.60.8	.55.1	.66.8	.77.1	
July	1.30.9	1.59.9	.95.1	.57.3	.54.7	.83.4	.82.0	

Wheat Prices and the General Price Level ≠

The following table shows the general Index Numbers of Wholesale Prices in Canada and Great Britain and of No. 1 Northern Wheat (Winnipeg Cash Price, basis in store Port Arthur and Fort William).

	General Index Canada 1926=100	Board of Trade[x] United Kingdom 1926=100	Wheat No. 1 Manitoba Northern Fort William and Port Arthur basis 1926=100
1929	95.6	92.2	89.8
1930	86.6	80.7	63.0
1931	72.1	70.3	39.3
1932	66.7	68.6	37.2
1933	67.1	68.1	40.8
1934	71.6	70.3	50.0
1 9 3 4			
January	70.6	70.6	43.5
February	72.1	71.1	43.9
March	72.0	70.1	44.4
April	71.1	69.4	43.8
May	71.1	69.1	47.2
June	72.1	70.0	51.6
July	72.0	69.8	54.8
August	72.3	71.2	57.5
September	72.0	71.0	55.0
October	71.4	70.3	52.3
November	71.2	70.3	53.2
December	71.2	70.5	53.0
1 9 3 5			
January	71.4	70.9	52.8
February	71.9	70.7	53.2
March	72.0	-	54.8

≠ Prepared by the Internal Trade Branch.   x Transposed from the base 1913=100.

PROSPECTS IN THE PRAIRIE PROVINCES.

While it is a little too early to analyze seeding conditions authoritatively, the general situation is one of qualified optimism. The moisture situation is much improved over that of last year. This is particularly true of the top-soil, the sub soil still showing a serious deficiency over the wide areas which have suffered from continuous drought. Dust storms have occurred in southern areas of all three provinces but there has been little actual damage through drifting. At the present time, south western Manitoba appears to be in the most drought stricken condition. Optimism on crop prospects must also be tempered because of the relative lateness of the season. Deep winter snows in the north and late spring snows further south have prevented the farmers from starting work on the land. The cool weather and lack of high winds up to mid April limited evaporation and encouraged a good absorption into the soil. If seeding is much further postponed, there will be a tendency in some districts to reduce grain acreage, and in other districts to reduce the wheat area in favour of coarse grains. At present, a moderate reduction in the wheat acreage, mostly confined to Saskatchewan, seems indicated. At the same time, an increase in the acreage under barley and perhaps oats is in prospect. The increases in barley will be greatest in Manitoba and Alberta while Alberta will undoubtedly show an increase in oats. The shortage of seed and the fear of grasshoppers are the main factors limiting the further extension of coarse grain acreage. If the season is wet and late, more seed may be provided and the farmers commonly have less fear of grasshoppers in a wet year; thus barley and oats acreages may be further extended.

In Manitoba, there is a wide variation in spring conditions from the flooded, low-lying fields of the Red River Valley to the dry and blowing soils of the south-western corner of the province. The remaining southern areas are adequately supplied with moisture for the present, but there is little reserve. Seed is short in the south, particularly oats and barley, and there is some tendency to cling to wheat which is better able to withstand grasshopper attacks. Horses are less numerous than usual and many are in poor condition due to feed shortage. This factor will cause a reduction in the acreage prepared for grains this spring, but farmers will offset the shortage of horse power to some extent by 'doubling-up' among themselves and by using tractors. The northern sections of the province received good snows during the winter and conditions are very promising. In these areas, there will be an increase in the acreage of coarse grains and little change in wheat.

In Saskatchewan also, the soils of the northern sections received moisture from the plentiful winter snows and prospects are very good. An increase in coarse grains may be expected with little change in wheat. The new grades to be established for Garnet wheat will reduce seedings of that variety but the decrease will not be sudden nor large in any one year. In the central and southern areas, there has been a definite improvement in moisture conditions during the past six weeks and the top-soil has been kept moist enough to prevent serious drifting. Despite the decided lack of sub-soil reserves there is a more hopeful feeling prevalent. Seed is short in the drought-stricken areas in spite of the ministrations of the government and the commercial organizations. There will be a considerable reduction in total grain acreage in the south only slightly offset by increases in other more favoured districts. The adequacy of power to put in the crop is also doubtful. There has been a considerable loss of horses during the winter and many others are not in shape to do hard work. As in Manitoba, the full effect of this inadequate supply of work horses will be reduced by co-operation among farmers. A late spring would increase the difficulties.

In Alberta, the northern and western sections are well supplied with moisture and the seeding may be retarded by late disappearance of the snow. There is every indication of increased acreages of all grains in these areas. More attention is being paid to barley and oats because of the higher prices of live stock. There wil be some reduction in Garnet wheat acreage and more of the harvest will be used for feed ing hogs if the spreads are very wide. The east-central and southern areas have ample moisture in the top-soil to prevent serious drifting but rains will have to be heavier than usual to assure an average crop. Dry areas run in a south-easterly and north-easterly direction from Calgary where prospects are not so favourable. A slight reduction in the provincial wheat acreage is commonly expected and this will be extende if seeding is postponed much longer. Oats, barley and flax should all show increased acreages.

Total Stocks of Wheat in Canada, March 31, 1935; Quantities of 1934 Crop Unmerchantable; and Quantity of Wheat Fed, 1934-35.

A report issued by the Dominion Bureau of Statistics on April 11, 1935 listed the above information with comparisons for the previous year.

Stocks of Wheat.- Total stocks of wheat in Canada at March 31, 1935 amounted to 282,674,799 bushels compared with a revised estimate of 304,272,741 bushels on March 31, 1934 - a reduction of about 21.6 million bushels. These figures were made up as follows:

	March 31	
	1935	1934
	(bushels)	
Elevators, flour mills and afloat	217,114,569	225,405,134
In transit by rail	5,100,230	6,722,607
On farms	60,460,000	72,145,000
T o t a l	282,674,799	304,272,741

Quantity of Wheat Unmerchantable.- 1.3 per cent or 3,571,200 bushels out of the 1934 wheat crop of 275,849,000 bushels is estimated to be unmerchantable compared with 1.1 per cent or 2,965,000 bushels of the 1933 crop.

Quantity of Wheat Fed.- A preliminary estimate places the amount of wheat fed to live stock and poultry in 1934-35 at 18,913,000 bushels compared with 17,039,900 bushels in 1933-34. There was a sharp decrease in wheat-feeding in Ontario and considerable increases in most of the other provinces.

THE CANADIAN SITUATION

I. Primary Movement.

The following table shows primary receipts of wheat in the Prairie Provinces for the present crop year along with comparative figures for 1933-34:

Week ending		Manitoba	Saskatchewan	Alberta	Total	Last Year
				(bushels)		
August	3, 1934	142,412	546,650	813,708	1,502,770	394,491
	10	134,025	387,647	987,475	1,509,147	1,526,250
	17	356,899	898,535	1,747,383	3,002,817	4,925,052
	24	2,954,531	3,735,045	2,331,411	9,020,987	11,052,622
	31	6,850,491	6,613,777	3,027,048	16,491,316	9,239,547
September	7	2,985,337	7,837,653	4,750,600	15,573,590	10,520,340
	14	5,684,369	10,977,625	5,903,317	22,565,311	14,949,480
	21	2,006,072	5,882,731	2,882,605	10,771,408	12,044,480
	28	309,167	3,599,281	1,400,524	5,308,972	14,325,654
October	5	426,484	5,229,569	2,801,203	8,457,256	14,828,566
	12	1,072,379	6,380,893	7,986,995	15,440,267	14,109,483
	19	915,611	5,749,579	6,295,548	12,960,738	10,420,017
	26	551,674	4,084,901	5,112,471	9,749,046	5,323,567
November	2	418,515	3,336,156	4,319,127	8,073,798	7,742,939
	9	293,097	2,594,439	4,065,319	6,952,855	6,672,399
	16	240,829	2,623,752	3,354,915	6,219,496	6,454,158
	23	407,009	1,610,652	2,188,274	4,205,935	2,900,513
	30	314,670	1,178,499	2,232,464	3,725,633	3,955,611
December	7	275,585	1,268,136	1,440,159	2,983,880	3,250,295
	14	141,433	1,312,920	3,656,230	5,110,583	3,095,303
	21	75,218	800,810	1,625,550	2,501,578	1,832,253
	28	131,728	700,937	825,335	1,658,000	1,250,584
January	4, 1935	53,294	281,846	494,950	830,090	1,493,297
	11	56,662	399,292	614,488	1,070,442	2,369,521
	18	34,326	272,357	544,318	851,001	3,374,304
	25	45,609	185,232	278,888	509,729	2,119,373
February	1	59,188	385,700	593,298	1,038,186	1,870,053
	8	92,000	693,921	959,175	1,745,096	2,081,402
	15	121,722	819,922	1,364,130	2,305,774	2,823,624
	22	161,566	1,057,578	1,365,285	2,584,429	1,706,540
March	1	189,728	918,972	1,275,989	2,384,689	1,571,352
	8	130,998	598,909	936,614	1,666,521	2,226,768
	15	162,652	600,827	959,956	1,723,435	2,052,549
	22	205,362	1,055,734	1,047,227	2,308,323	1,981,647
	29	184,934	721,518	855,882	1,762,334	1,999,270
April	5	144,466	795,714	846,307	1,786,487	2,173,112
T o t a l ..		28,330,042	86,137,709	81,884,168	196,351,919	190,656,416

Country marketings have been moderate although consistently maintained during the past month. Heaviest deliveries continue to take place in Alberta. From August 1, 1934 to April 5, 1935 primary receipts amounted to 196 million bushels as compared with 191 million bushels during the same period of 1933-34.

Stocks in Store.

The following table shows stocks of Canadian wheat in store in Canada and the United States on April 12, 1935 along with comparative figures for approximately the same date last year.

	1935	1934
	(bushels)	
x Country Elevators - Manitoba	9,859,468	9,864,586
Saskatchewan	50,682,086	55,238,818
Alberta	34,220,227	37,375,942
Total	94,761,781	102,479,346
xInterior Private and Mill Elevators	6,558,165	5,751,566
Interior Public and Semi-Public Terminals	1,598,670	1,365,225
Pacific Ports	12,545,598	11,585,094
Churchill	2,389,404	2,475,764
Fort William and Port Arthur	65,642,524	73,034,332
Eastern Elevators - Lake Ports	20,734,962	10,782,882
Eastern Elevators - Seaboard Ports	8,563,557	8,597,360
U. S. Lake Ports	9,682,313	431,803
U. S. Atlantic Seaboard Ports	4,725,159	3,385,830
Total	227,202,133	219,889,202

x Subject to minor revision.

On April 12, the Canadian visible supply amounted to 227 million bushels compared with 220 million bushels on the same date a year ago.

Statistical Position.

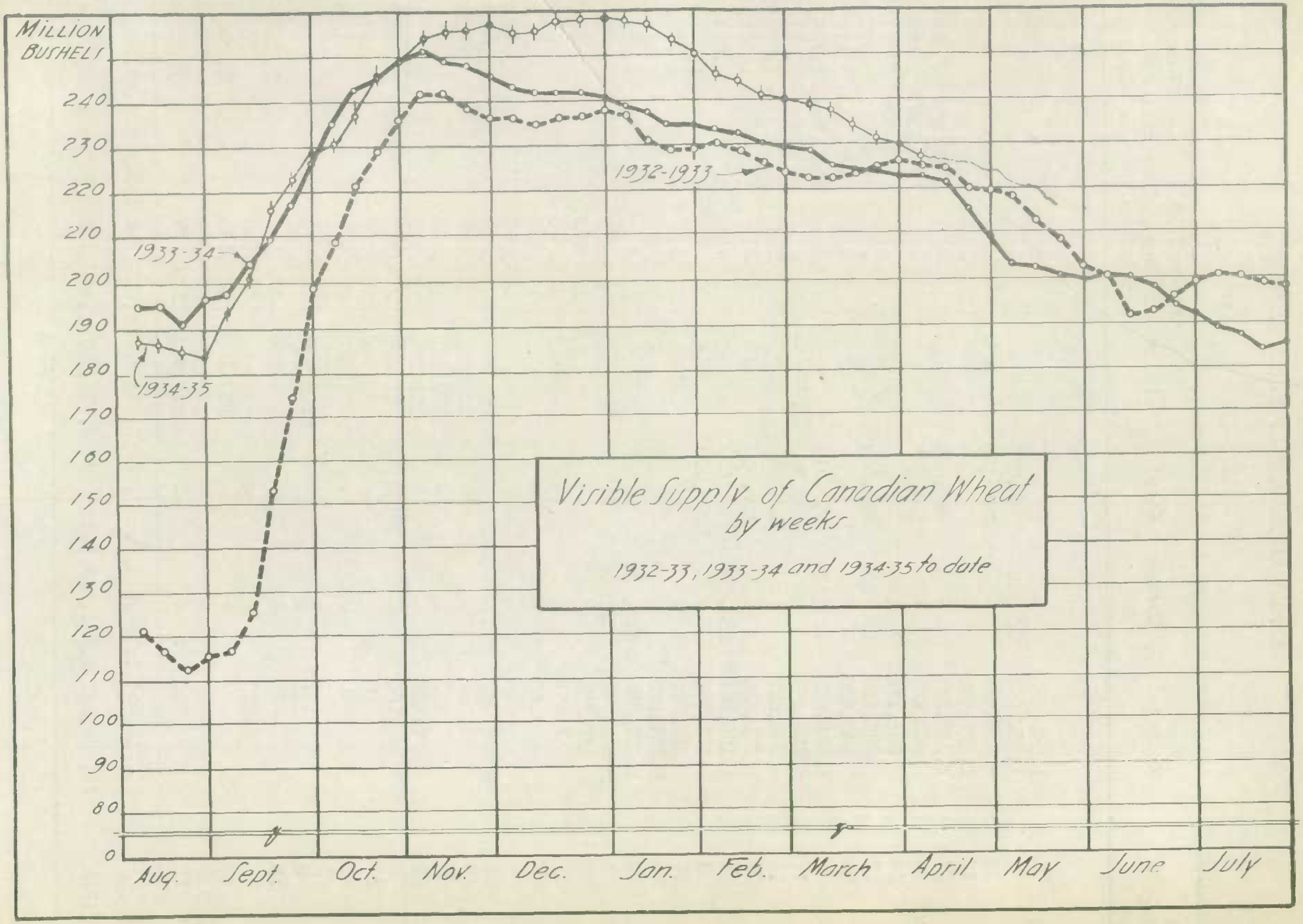
The following table, in summarizing the statistical position of wheat in Canada as at April 1, 1934 and 1935, uses the revised figures for production and disposition in 1933-34 and the third estimate of production of the last crop:

	1933-34	1934-35
	(bushels)	
Carry-over, July 31	211,740,188	193,322,863
New Crop	281,892,000	275,849,000
Total Supplies	493,632,188	469,171,863
Domestic Requirements	101,309,010	106,000,000(x)
Available Supplies	392,323,178	363,171,863
Exports, August to March	133,261,380	126,399,212
Balance for export or carry-over	259,061,798	236,772,651

(x) Tentative.

March exports of wheat and wheat flour were slightly less than those of the same month in 1934. In the eight months, August-March, however, the export movement has been 6.8 million bushels lower than that of the same months of 1933-34.

At April 1, 1935 supplies for export or carry-over were 236.8 million bushels, which is 22.2 million bushels less than those at the same date last year.



MILLION BUSHELS
240
230
220
210
200
190
180
170
160
150
140
130
120
110
100
90
80
0
1933-34
1934-35
1932-1933
Aug.
Sept.
Oct.
Nov.
Dec.
Jan.
Feb.
March
April
May
June
July
Visible Supply of Canadian Wheat by weeks
1932-33, 1933-34 and 1934-35 to date

EXPORT CLEARANCES OF CANADIAN WHEAT

1934-35

Week ending		Montreal	Quebec	Sorel	Halifax	Saint John and West Saint John	Churchill	Vancouver and New Westminster
				(bushels)				
Aug.	3	1,049,181	-	-	-	-	-	828,271
	9	1,067,055	284,000	230,660	-	-	-	866,433
	16	785,089	-	305,935	-	-	688,067	667,783
	23	1,171,259	-	-	-	-	651,488	500,780
	30	1,343,547	-	46,800	-	-	477,240	383,493
Sept.	6	664,475	-	318,483	-	-	241,392	886,344
	14	601,176	370,860	-	-	-	359,006	497,583
	20	776,207	208,000	285,300	-	-	595,284	752,900
	28	849,340	-	-	-	-	675,000	775,993
Oct.	5	1,376,669	215,500	463,915	-	-	362,400	1,186,630
	12	663,081	-	116,000	-	-	-	1,011,635
	19	543,976	-	-	-	-	-	1,745,729
	26	761,339	-	787,300	-	-	-	1,074,582
Nov.	1	1,188,285	268,000	500	-	-	-	1,081,367
	8	851,530	-	252,000	-	-	-	1,401,016
	16	825,936	-	-	-	-	-	792,600
	23	1,711,658	-	-	-	-	-	942,771
	30	1,697,397	375,242	-	-	-	-	857,893
Dec.	7	650,765	40,449	-	-	15,978	-	978,723
	13	116,294	-	-	-	170,972	-	889,103
	21	7,476	-	-	-	415,936	-	766,793
	28	160	-	-	-	100,797	-	389,507
Jan.	4	-	-	-	-	184,999	-	649,571
	11	160	-	-	-	271,987	-	1,167,248
	18	1,500	-	-	220,000	331,687	-	732,714
	25	130	-	-	271,838	127,930	-	744,083
Feb.	1	1,136	-	-	270,750	279,810	-	1,295,930
	8	160	-	-	16,000	215,946	-	1,500,776
	15	20	-	-	80,000	239,996	-	486,489
	22	40	-	-	771,876	207,877	-	981,472
Mar.	1	3,180	-	-	40,000	111,973	-	659,547
	8	180	-	-	287,245	319,968	-	723,013
	15	-	-	-	268,000	335,944	-	1,547,349
	22	3,933	-	-	-	471,900	-	727,217
	29	-	-	-	252,133	298,285	-	1,226,860
April	5	-	-	-	135,984	357,460	-	695,656
	12	180	-	-	277,904	344,579	-	1,225,805
TOTAL		18,712,544	1,762,051	2,806,893	2,891,730	4,863,024	4,049,877	33,641,809
LAST YEAR		31,928,354	8,491,665	5,287,684	1,814,091	5,482,408	2,707,891	36,636,422

EXPORT CLEARANCES OF CANADIAN WHEAT

1934-35

Week ending	Prince Rupert	United States Ports	Total Clearances	Total St. Lawrence Ports	Total Maritime Ports	Total Pacific Ports
			(bushels)			
Aug. 3	-	340,000	2,217,452	1,049,181	-	828,271
9	-	306,000	2,754,148	1,581,715	-	866,433
16	-	582,000	3,028,874	1,091,024	-	667,783
23	-	631,000	2,984,527	1,171,259	-	500,780
30	-	1,425,000	3,676,080	1,390,347	-	383,493
Sept. 6	-	598,000	2,708,694	982,958	-	886,344
14	-	1,050,000	2,878,625	972,036	-	497,583
20	-	735,000	3,402,691	1,269,507	-	752,900
28	-	736,000	3,036,555	849,340	-	775,993
Oct. 5	-	594,000	4,199,114	2,056,084	-	1,186,630
12	-	518,000	2,308,716	779,081	-	1,011,635
19	-	386,000	2,675,705	543,976	-	1,745,729
26	-	788,000	3,411,221	1,548,639	-	1,074,582
Nov. 1	-	406,000	2,944,152	1,456,785	-	1,081,366
8	-	496,000	3,000,546	1,103,530	-	1,401,016
16	-	427,000	2,045,536	825,936	-	792,600
23	-	269,000	2,923,429	1,711,658	-	942,771
30	-	310,000	3,240,532	2,072,639	-	857,893
Dec. 7	-	312,000	1,997,915	691,214	15,978	978,723
13	-	370,000	1,555,429	116,294	179,972	889,163
21	-	259,000	1,448,205	7,476	415,936	766,793
28	-	315,000	805,554	160	100,797	389,597
Jan. 4	301,280	39,000	1,174,850	-	184,999	950,851
11	-	198,000	1,637,395	160	271,987	1,167,248
18	-	188,000	1,523,901	1,500	601,687	732,714
25	306,133	358,000	1,808,144	160	399,768	1,050,216
Feb. 1	-	370,000	2,217,026	1,136	550,560	1,295,930
8	309,479	167,000	2,209,361	160	231,946	1,810,255
15	-	401,000	1,207,505	20	319,936	486,489
22	399,477	408,000	2,768,742	40	979,753	1,380,949
Mar. 1	-	192,000	1,006,700	3,180	151,973	659,547
8	-	435,000	1,765,406	180	607,213	723,013
15	-	451,000	2,602,293	-	603,944	1,547,349
22	-	487,000	1,690,050	3,933	471,900	727,217
29	-	65,000	1,842,278	-	550,418	1,226,860
Apr. 5	-	561,000	1,750,100	-	493,444	695,656
12	-	523,000	2,371,468	180	622,483	1,225,805
TOTAL	1,316,369	16,776,000	86,820,297	23,281,488	7,754,754	34,958,178
LAST YEAR	-	20,446,000	112,795,115	45,707,703	7,297,099	36,056,422

EXPORTS OF CANADIAN WHEAT

The following tables show exports of wheat and flour during 1934-35 with comparative figures for preceding years:

WHEAT

	1934-35	1933-34	1932-33	1931-32
		(bushels)		
August	14,709,675	8,652,970	18,289,832	11,909,108
September	17,588,359	19,666,351	26,874,237	14,335,637
October	21,807,784	23,611,510	40,192,415	18,925,303
November	18,769,770	23,143,958	27,301,976	27,452,063
December	17,336,206	17,457,963	27,735,999	22,355,975
January	5,380,226	7,088,311	14,706,801	9,472,346
February	7,206,560	6,512,686	10,922,337	9,898,363
March	8,906,379	10,103,240	14,815,705	9,920,634
April		3,568,090	4,460,214	7,513,289
May		19,023,770	21,464,848	15,543,013
June		18,425,933	16,998,672	15,857,427
July		12,979,231	16,373,532	19,620,224
Total		170,234,013	240,136,568	182,803,382

FLOUR

	1934-35	1933-34	1932-33	1931-32
		(barrels)		
August	412,089	480,288	330,382	322,178
September	369,320	552,556	385,113	556,565
October	485,549	514,368	528,794	558,459
November	504,384	547,602	576,864	476,487
December	340,751	418,183	492,033	451,310
January	346,099	448,498	397,304	331,806
February	309,329	328,376	333,114	337,513
March	497,468	493,327	490,270	414,779
April		340,621	234,387	255,390
May		481,725	565,080	461,867
June		441,064	544,507	570,861
July		408,028	492,765	446,379
Total		5,454,636	5,370,613	5,383,594

WHEAT AND WHEATFLOUR

	1934-35	1933-34	1932-33	1931-32
		(bushels)		
August	16,564,076	10,814,266	19,776,551	14,258,909
September	19,250,299	22,152,853	28,607,246	16,840,179
October	23,992,754	25,926,166	42,571,988	21,438,369
November	21,039,498	25,608,167	29,897,864	29,596,254
December	18,869,586	19,339,786	29,950,148	24,386,870
January	6,937,672	9,106,552	16,494,669	10,965,473
February	8,598,540	7,990,378	12,421,350	11,417,172
March	11,144,985	12,323,211	17,021,920	11,787,139
April		5,100,885	5,514,956	8,662,544
May		21,191,533	24,007,708	17,621,415
June		20,410,721	19,448,954	18,426,301
July		14,815,357	18,590,974	21,628,930
Total		194,779,875	264,304,326	207,029,555