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OF THE
WHEAT SITUATION

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THE WORLD WHEAT SITUATION - SUMMARY

When proper allowance is made for the continued and disappointing slackness in total world demand, there has been a notable physical improvement in the Canadian wheat situation during the past month. Canada has secured an unusually high proportion of the total world trade for this period of the year. The increased overseas export clearances and continued imports by the United States, coupled with the small country marketings, have resulted in sharp reductions in the visible supply, which, at February 14, 1936, was 235.4 million bushels compared with 244.5 million bushels a year ago. During the past five weeks, the visible supply has fallen 21.5 million bushels compared with a decline of only 12.2 million bushels in the same period of 1935. Over the same five weeks, the total of overseas export clearances and United States' imports of Canadian wheat has amounted to 22,180,750 bushels compared with 11,113,220 bushels in the same five weeks of 1935.

Overseas export clearances of Canadian wheat from August 1, 1935 to February 14, 1936 amounted to 77,937,312 bushels, while imports into the United States for consumption or milling-in-bond for re-export amounted to 28,863,220 bushels, making a total of 106,800,532 bushels. The comparable figures for the same period of 1934-35 were 69,779,165, 14,876,171, and 84,655,336 bushels respectively. Exports of Canadian flour, expressed in bushels of wheat, have been about 1/2 million bushels higher in this period of 1935-36 compared with 1934-35, so the combined total of overseas clearances and United States' imports of wheat and exports of Canadian flour has amounted to approximately 119 million bushels compared with 96 million bushels a year ago. All the winter ports have shared in the increased exports and forward bookings indicate a continued good outward movement during the remainder of February and March.

Mr. Broomhall's record of world shipments of wheat and wheat flour, adapted to a crop year basis, shows a total of 268 million bushels from August 1, 1935 to February 15, 1936 compared with 285 million bushels in the same period of 1934-35 -- a reduction of 17 million bushels or 6 per cent. With the location of exportable supplies decidedly changed in comparison with the previous season, the origin of the wheat entering world trade is quite different. Most of the supplies at present are being drawn from Canada and Australia, and the percentage of Canadian wheat in the world total is now actually increasing in a period when Southern Hemisphere shipments are normally predominant. Argentine wheat has been a very minor factor in world trade since the fixing of the new minimum price in mid-December carried her export offers for European shipment above competitive levels. In the past six weeks, Argentine shipments have amounted to only 4 1/2 million bushels (mostly to Brazil) compared with nearly 26 million bushels in the same weeks of 1935. In the crop year to date, Argentina has shipped only 45.8 million bushels compared with 100.6 million bushels in the same period of 1934-35. Russia and Canada have shared about equally in the benefits of the reduced Argentine shipments. Several European countries, notably Germany, Czechoslovakia, Sweden, Portugal, and France, have been pressing small but psychologically important surpluses on indifferent markets. Despite increased pressure in recent weeks, Australian clearances from August 1 to date have been only 55.4 million bushels compared with 59.8 million bushels a year ago. Russia is still shipping small quantities and up to February 14, her shipments had amounted to 27.8 million bushels compared with 2.7 million in the same 28 weeks of the 1934-35 season.

The following table is included to permit an analysis of the world shipments made to date and the expected shipments in the balance of the year as determined by Mr. Broomhall's revised estimate of import requirements:

	Mr. Broomhall's Revised Estimate of Shipments	Approximate Shipments to February 14 (million bushels)	Balance to be Shipped Before July 31	Weekly Amount to be Shipped in remaining 24 weeks
Canada	272	119 ^x	153	6.4
Argentina	80	46	34	1.4
Australia	104	55	49	2.0
Russia	28	28	0	-
Danube and Others	56	28	28	1.2
Totals	<u>540</u>	<u>276^x</u>	<u>264</u>	<u>11.0</u>

^x Mr. Broomhall's record appears to be 8 or 9 million bushels too low.

World shipments have averaged less than 10 million bushels per week for the first 28 weeks of the crop season and an increase to 11 million bushels is necessary to fulfil Mr. Broomhall's estimate of 540 million bushels for the crop year. Since the available supplies in the other main exporting countries are rather definitely fixed, any reduction in total world demand is apt to influence the amount of Canada's contribution. Mr. Broomhall recently intimated in one of his daily market reviews that Canadian exports are not likely to exceed 250 million bushels unless there is an improvement in spring demand. It seems probable that Australia and Russia will ship more than the above estimates while Argentina and the Danubian countries are falling behind in their shipments.

UNITED KINGDOM IMPORTS.

As in December, 1935, the imports of Canadian wheat into the United Kingdom during January, 1936 were far above the comparable figures for the same month of last year. Out of the total January imports from all countries amounting to 12,396,902 bushels, Canada supplied 5,845,893 bushels or 47 per cent. In January, 1935 total imports were 10,185,381 bushels and Canada's share 3,089,772 bushels or 30 per cent.

During the first six months of the crop year (August to January inclusive), the United Kingdom has imported 93,214,407 bushels of wheat. Canada has supplied 39,354,871 bushels or 42 per cent. In the same months of 1934-35, total imports were 90,319,569 bushels and Canada's share 32,874,606 bushels or 36 per cent. Canada, Russia, and several European exporters have increased their shares of the market during this crop year to date while Argentina and Australia have contributed less.

PRICE LEVELS.

There has been a further slight weakening of prices on the principal world markets since mid-January. The basic cause is described as a rather extended lull in import demand but liquidation of certain near futures at Chicago and Liverpool and pressure of Australian deferred shipments on the latter market have been contributing factors. The appearance of exportable surpluses of wheat in a number of European countries has also served to divert attention from the improving world statistical position.

In the United States, the Chicago May future has been subjected to liquidation and has narrowed considerably in relation to the 'July'. The Minneapolis market has been steadier and has recovered from weakness shown on February 7 and 10. The United States remains on an import basis and cash prices, especially for spring wheat, are following changes in other markets. The Liverpool May future has fallen from 94 5/8 to 90 1/2 cents between January 16 and February 15, with the March future even weaker. The distant July future fell only 2 5/8 cents in the same period. Winnipeg futures have declined with Liverpool, despite several instances of independent strength. At Buenos Aires, the March future has fallen about 1 cent since mid-January and is now close to the minimum price.

C.I.F. prices at Liverpool have also declined in recent weeks. There has been considerable variation in the spreads between Canadian and Australian wheat. Early in February, these were as wide as 5 or 6 cents but narrowed to 3 cents with the revival of import demand on February 11 and 12. At present, the range is over 5 cents again. Argentine Barusso wheat has been quoted at odd times, but is well above the competitive level for shipment to the United Kingdom. Russian wheat has not been quoted recently but French wheat of low quality is offered at huge discounts under the usual sorts.

AREA AND CONDITION OF WINTER WHEAT.

Estimates of the area sown to winter wheat for 1935-36 have now been made for most of the important countries other than Russia, and in total, little change from the 1934-35 acreage is indicated. In Russia, however, an increase of nearly 3 million acres or 9 per cent is estimated. The United States and Hungary also show increases, but all the other countries show decreased acreages compared with 1934-35. Since the decreases are common in European importing countries, and in the Danube Basin, this factor may have future significance.

Complaints regarding the condition of the winter wheat have been more common than in 1933-34 or 1934-35 but no greater than average. Excessive rainfall has been damaging the crops in Spain and France, particularly. Drought is persisting in India and North Africa. Over most of Europe and the United Kingdom, the crops were considered too far advanced to withstand the recent severe frosts. Alternate freezing and thawing are stated to have damaged the Russian crop, particularly in the southern export regions. In the United States, dust storms uncovered the winter wheat plants in western Kansas, Nebraska, Colorado and Texas. As in the other countries, however, no precise determination of resultant damage will be possible until growth is quickened by the spring weather. In Europe, there is a possibility that the high yields of recent years will not be continued.

'WORLD' ACREAGE AND PRODUCTION OF WHEAT.

Very few changes of importance have been made in 1935 crop estimates during the past month. 'World' production in 1935 is now given as 3,387,662,000 bushels compared with 3,380,292,000 bushels in 1934. European production in 1935 is practically identical with that of 1934, while increases in North America and Asia have been largely offset by decreases in North Africa and the Southern Hemisphere.

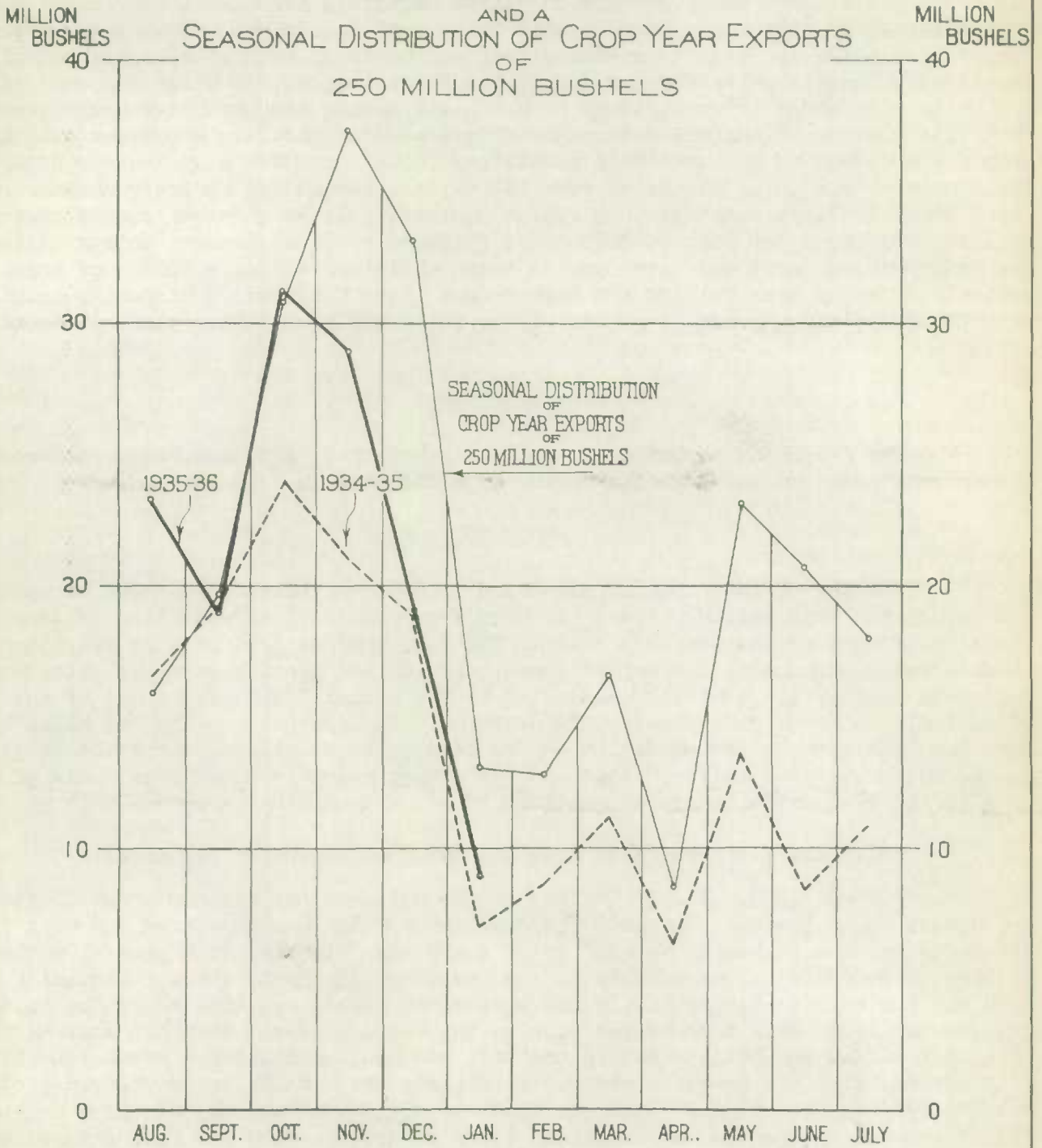
An Appraisal of the Canadian Export Movement.

The official 'customs' exports for the month of January obviously failed to include all the overseas shipments made in the calendar month (See page 32). Thus for another month, the exports were below the quantity needed to reach a crop year total of 250 million bushels, on the basis of the usual seasonal movement. January exports of wheat and wheat flour amounted to 8,971,720 bushels, bringing the total for the crop year up to 130,574,055 bushels, still the highest figure since 1932-33. The fall movement out of Canada before the closing of the Great Lakes-St. Lawrence channel has a predominant influence upon the total for the crop year, although other factors operate to cause some variation in the importance of this early movement. From the table below, it will be seen that in the 10-years, 1925-26 to 1934-35, 60.1 per cent of the total crop year exports went out in the first half of the crop year. In the 5 years, 1930-31 to 1934-35, 60.5 per cent of the total crop year exports went out in the first half of the crop year. If these averages held for 1935-36, exports for the crop year could be expected to reach only 216 or 217 million bushels. As stated in previous issues, however, the change in the distribution of world supplies this year justifies the opinion that the movement in the latter half of the crop year will be greater than usual. For the present, therefore, no revision in the estimated exports of 250 million bushels for the crop year is made. It is interesting to note that Mr. Broomhall has recently indicated that a figure of 250 million bushels is preferable to his previous estimate of 272 million bushels. It seems quite probable that exports in the next six months will reach 120 million bushels if world demand holds up to estimated levels. In conformity with the usual seasonal tendency about 45 million bushels should be exported in February, March and April and 75 million bushels in May, June and July. The shipments missed in the January exports and the western rail movement of durum should help towards this objective.

Total Exports of Wheat and Wheat Flour from Canada in the Months of August to January, 1925-26 to 1935-36, with Total Exports for the Crop Years, 1925-26 to 1934-35 and Percentages.

	Exports in First Six Months	Total Exports, Crop Year	First Six Months as Percentage of Totals
	(bushels)		%
1925-26	202,172,823	324,592,024	62.3
1926-27	174,383,360	292,880,996	59.5
1927-28	181,840,705	332,963,284	54.6
1928-29	268,008,654	407,564,187	65.8
1929-30	96,697,740	186,267,212	51.9
1930-31	156,125,350	258,637,887	60.4
1931-32	117,486,056	207,029,555	56.7
1932-33	167,298,466	264,304,326	63.3
1933-34	112,947,790	194,779,875	58.0
1934-35	106,653,884	165,751,305	64.3
1935-36	130,574,055	-	-
10-year average			
1925-26 to			
1934-35	158,361,483	263,477,065	60.1
5-year average			
1930-31 to			
1934-35	132,102,309	218,100,590	60.6

COMPARISON OF EXPORTS OF CANADIAN WHEAT AND WHEAT FLOUR IN 1935-36 WITH 1934-35 EXPORTS



AUSTRALIA

The following cable was received on February 15 from the Canadian Trade Commissioner in Melbourne:-

Wheat and flour shipments to the week ending February 11th totalled 22,401,638 bushels compared with 20,981,136 bushels for the previous year. About 40,000,000 bushels have been sold and committed this season. Market has weakened in past fortnight and prices have declined to about three shillings per bushel at country sidings, equivalent fifty-nine cents Canadian and three shillings eight pence f.o.b. steamer. Farmers unwilling to sell at present prices and business transacted comparatively light. Committed shipments going forward freely but further sales not being pressed. Japan and China have shown interest since market has weakened and purchases have increased from that quarter. Deliveries throughout Commonwealth indicate excellent quality; new crop f.a.q. standard Victoria 63.5 pounds per bushel, highest many years. Export flour market quiet, feature being some 11,000 tons booked for February shipment Dairen. March bookings light with few inquiries. Quotations lower at seven pounds twelve shillings sixpence per ton, 2,000 pounds, 49 pound sacks equivalent thirty dollars and twenty-three cents and seven pounds seven shillings sixpence 150 pound bags, equivalent twenty-nine dollars and twenty-four cents Canadian. Chartering inactive at unchanged minimum schedule rates. Space not being sought in present uncertain market.

ARGENTINE

The following report under date of February 3, 1936 has been received from the correspondent of the Dominion Bureau of Statistics in Buenos Aires:-

CROP CONDITIONS

Cutting of the crops of wheat and linseed has practically been brought to a conclusion for this season. There has been a good deal of interruption in some districts on account of the frequent rains. The same applies to threshing operations, now in full swing throughout the cereal zones. Yields are proving very variable, both in regard to quality and quantity, according to the official monthly report of the Ministry of Agriculture, made public on the 23rd ultimo. With respect to the new maize crop, says the same report, the condition may be said to be excellent, since the slight damage which has been suffered here and there does not affect the great bulk of the crop in the real maize zones.

Below are given extracts from the detailed report by provinces:-

BUENOS AIRES. Wheat: Cutting in the northern and western zones is finished, and almost so in the other zones. The continuous rains have hindered the work in many districts and have damaged the quality of the grain. In the north generally threshing is showing good yields, especially in the Chacabuco district, where the quality is good and the weight excellent. In the centre the fields are good also, declining towards the west until they become poor on the Pampa borders; they are extremely irregular in the south-west; and in the east and south-east, where harvesting is still in progress, with yields which are variable also, the quality is considered good, with weights varying from 61 to 65 lbs. per bushel. Linseed: Cutting, stacking and threshing of linseed are proceeding in almost every district. Much has been damaged by the rains, either through encouraging the growth of weeds, or through beating down the linseed into the stubbles after cutting. In the northern zone the damage is estimated as from 10 to 15% from the rains, the percentage of foreign matter being within recognized limits; but in the south and west it is different, the seed being deficient in

quality and quantity, with a heavy percentage of stained seed and foreign matter. In the centre of the province the crop is good, and in the south-east the season is finishing with encouraging prospects, since whilst the yields are uneven the product is clean and of good colour and quality. Yields so far go to confirm the estimates of the crop. Maize: The continuous rains have been of positive benefit to this grain, which, favoured also by the temperatures, has attained an excellent condition in almost all the zones except those of Pehuajo, Trenque Lauquen and Pellegrini, where lack of rain is making itself felt. The only damage which the maize has suffered is from locusts, which invaded parts of the west, centre and south-west, in this latter district damage from grasshoppers being added.

SANTE FE. Wheat: Cutting is finished, and threshing is being carried on with the greatest activity compatible with the unsettled weather. Yields are extremely variable. The best yields are being obtained in the south-west, these declining in quantity and quality towards the coast and the north of the province, where the wheats are light because of climatic factors and some rust. Linseed: Yields are more even than those of wheat, but the quality is deficient because of the abundance of foreign matter. Stacking has diminished the proportion of the stained seed. Maize: In the south the rains have not been so general as would have been desirable for the benefit of the maize, but in general the condition may be said to be good, although there are lots in which the lack of humidity has caused a yellow colour. In the north the condition generally is good, although dirty fields predominate, but in spite of this the corn has grown well and has a good appearance and colour, with strong stalks and good heads.

CORDOBA. Wheat: Harvesting of wheat will be virtually over during this week in the northern and eastern zones, continuing in the south and south-west. In the first named zones the yields as well as the quality have been damaged by the continuous rains there being a heavy percentage of shrunken wheat with greatly reduced weight; this condition must diminish the yields estimated for these zones. On the other hand, in the south-west region the weather has been rather dry and hot, favouring the work of harvesting, and the grain is of good quality. To the south of Rio Cuarto and in the General Roca district the early sown wheats have been harvested with combines, and these are giving good yields with unsurpassable quality, the Lin-Calel variety predominating. Linseed: The crop shows damage caused by the rains, which caught it unstacked, and also the abundance of weeds. Most of it is now cut and stacked, and threshing is proceeding. Maize: An opportune rain would improve the situation of the maize fields, especially in some zones where the heat has damaged the plants in blossom or heading. In the east of the province, which is the real maize zone, there is less of this trouble, the fields are in good condition and an abundant crop is anticipated. No locusts have been noted in this zone, nor other plagues which might cause damage.

ENTRE RIOS. Wheat: Within a few days the wheat harvest will be practically over, with very variable results. Some yields have surpassed expectations, as in the Colon and Uruguay districts, diminishing rapidly in the centre and towards the west, where, with rare exceptions, the crop is extremely poor. The production will not suffice for local needs. In many cases the frequent rains have made the quality worse, and the total crop will be less than was expected. In the east, where the result was better, the colonists are reserving wheat for sale as seed. Linseed: By the end of the present month threshing of linseed should be terminated. The early fields which were able to be cut and stacked before the rains, turned out of good quality, but the rest, because of the soaking of the stubbles or the invasion of weeds or locusts, have a poor prospective yield and worse quality, some fields going uncut. Maize: The year has been propitious for this crop because of the abundant rains. The planting has greatly exceeded that of last year, and land is still being prepared for

Cuarenton (40 days) maize. The locust has been a contrary factor which has cleaned off the greater part of the sweet corn in several districts and damaged some fields of the bitter sorts, but whilst locally the damage may appear appreciable in the province as a whole the percentage is not great.

LA PAMPA. Wheat: Harvesting is finished, 15 days later than usual because of frequent rains. In general the yields forecast have been confirmed. Linseed: The few fields of linseed have been harvested, with low yields and poor quality. Maize: The rains which damaged the wheat favoured the maize, which is heading in the north and in blossom in the south. Fields which were thickly planted have begun to suffer from the high temperatures.

SANTIAGO DEL ESTERO Cutting and stacking of the wheat is over and threshing in progress, which shows good yields in the centre and in the Belgrano district, and average to poor in Rivadavia. Generally the quality of the wheat is good. Yields of linseed are average to good; the quality is inferior to that of last year, the seed being stained, with much foreign matter. The condition of the maize crop is unsurpassable.

In the press and elsewhere considerable speculation exists with regard to the probable volume of the new maize crop, and there have been some rather wild estimates on the subject. No figures have yet been published by the Government, but it is fairly safe to say that there is an increase over last year's record acreage, probably around 7 per cent. As appears from the foregoing official report, there has been very little damage to the new crop, and the season is well advanced, with weather conditions still very favourable. The condition of the crop may be said to be superior to that of last year at this date, but damage from rains and locusts may still take place. The 1935 yield of 24.2 bushels per acre was rather above the average of the previous 12 years. On the basis of an increase of 7 per cent over last year's area, and applying last year's yield per acre, the probable total crop this year would be about 482,000,000 bushels, which the carry-over from the old crop at the present rate at which this is moving out would bring to about 512,000,000 bushels.

WHEAT

January exports were 3,105,000 bushels of wheat and 122,000 bushels of flour, a total of 3,227,000 bushels which compares with 4,800,000 bushels in December.

Official figures of the exports of wheat and flour in the year 1935 have now been made public, which make a slight revision necessary in the statistics I gave last month. The situation is as follows:

Export balance for the year 1935	164,215,000 bushels
1935 exports) wheat 141,825,000 bushels	
(Official)) flour 3,252,000 "	<u>145,077,000</u> "
Stocks on hand 31 December, 1935	19,138,000 "
First official estimate 1935-36 crop	<u>144,035,000</u> "
Total supplies	<u>163,173,000</u> "
Seed & domestic requirements	<u>95,534,000</u> "
Exportable balance	67,639,000 "
January) wheat 3,105,000 bushels	
exports) flour 122,000 "	<u>3,227,000</u> "
Still available for export	<u>64,412,000</u> "

The wheat market is stagnant, and prices have been gradually weakening throughout the month. The official minimum price is above the parity of world values, and this has effectively killed all export business except with neighbouring South American republics. Brazil has been the only outside buyer, taking 5.5 to 7 million bushels of the choice wheats, especially from Bahia Blanca and Necochea. The local millers were buying fairly freely for a while, but are now less interested. The farmers have been selling somewhat freely as their grain became available for shipment down to the ports, and have had little difficulty in placing parcels of superior quality, but for the lower grades there is no demand and they are being delivered to the official Board.

Qualities are very variable. Some excellent parcels of hard wheat have been coming forward, particularly from the Necochea zone; but the best grain usually comes forward first, and there is likely to be a distinct falling off in the average of the deliveries as the season progresses.

It will be interesting to see what effect the experiences of the past season will have on the official campaign for use of better seed wheat. In some of the northern districts, where the drought was bad, colonists with fields of Ardito, Favorito and other popular strains now outlawed, were able to point with satisfaction to good crops, whilst neighbours with highly recommended improved varieties secured unprofitable yields. The well-filled pocketbook of the former will be, to him, a strong argument against a change of methods in his farming.

At the close of business for the month, Spot wheat was quoted at 10.01 paper pesos per quintal, equal to 91 cents Canadian per bushel at official exchange rates; and the May option at 10.21 (92 $\frac{3}{4}$ c. per bu.). May wheat in Winnipeg on the same day closed at 87 $\frac{1}{2}$ ¢.

ARGENTINE GRAIN ACT

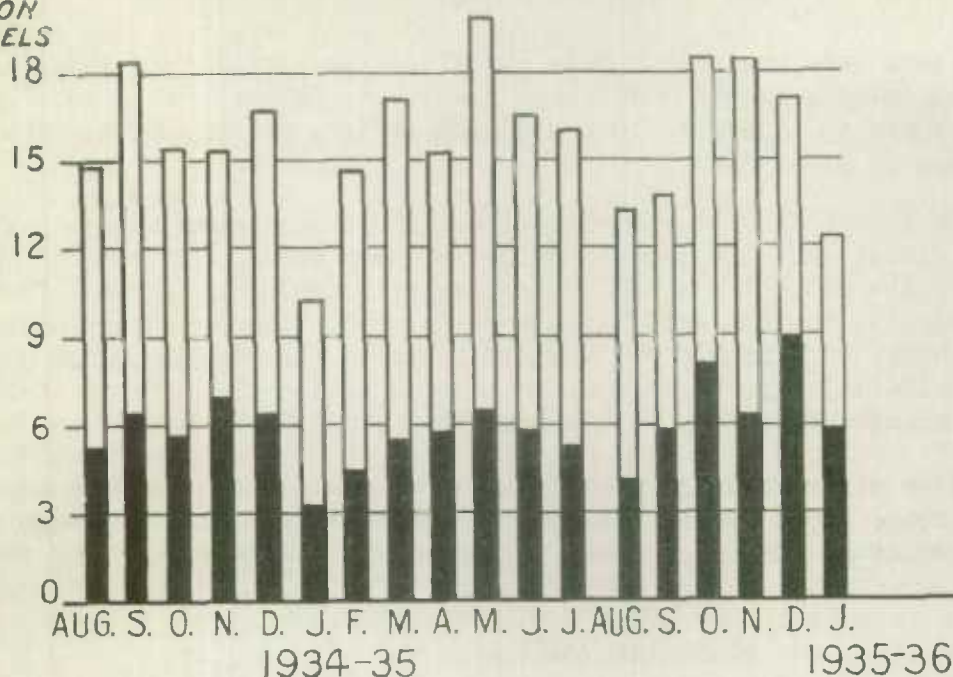
According to announcements made by the Ministry of Agriculture, the new Argentine Grain Act is to be applied to the current grain crops. Cynical critics say that the Department has accumulated several thousands of grain samples which they do not know what to do with. Nevertheless, a fresh appeal has just been sent out to growers and threshers to send in to the Department samples from the new crop, with corresponding details, and the threshermen are reminded that there is a legal obligation to fulfil this duty. There are 50,000 owners of threshing machines, including "combines" in the Republic, and each one has been individually communicated with and had a supply of containers for the grain samples sent, which are returnable by mail post free. In addition each farmer is invited to send in samples of his production. According to the Department, each sample received is submitted to a careful classification and analysis, in order to ascertain the specific weight, humidity, colour, foreign matter, damaged grains and baking value; and an aggregate sample for each district is then formed, taking into account the varieties giving best yields, having greatest resistance to plagues, and those most adaptable by nature, in order to ascertain definitely the varieties best adapted to each district and zone. Evidently a serious attempt is being made to bring order out of chaos.

Meanwhile, serious-minded grain men are wondering whether it is not a mistake for the Republic to undertake the almost hopeless task of raising wheat which will complete with the Canadian hard wheats; and whether it would not be more advisable to be satisfied to raise filler wheats and concentrate on growing the best possible grain within that category, which is the one Argentine soil and climatic conditions are best adapted to produce.

IMPORTS OF WHEAT INTO THE UNITED KINGDOM

August to July 1934-35 and 1935-36 to date
(Black portions show imports from Canada)

MILLION
BUSHELS



The United Kingdom

Imports of wheat into the United Kingdom during the month of January, 1936 were much lower than during the preceding month but higher than in the corresponding month last year. Imports during January amounted to 12,396,902 bushels compared with 17,063,606 bushels last month and 10,185,381 bushels for January, 1935.

The following table shows imports of wheat into the United Kingdom for the twelve-month period from August, 1934 to July, 1935, and for the months of August to November, December 1935, and January 1936:

	August-July, (1934-35)	August-November (1935)	December, (1935)	January, (1936)
	Bushels			
Canada	65,435,279	24,533,473	8,975,505	5,845,893
United States ..	744,020	648,003	-	-
Argentina	60,374,544	10,147,160	539,972	466,846
Australia	37,166,823	9,750,148	3,307,658	3,207,603
Russia	-	10,744,590	2,127,577	310,809
Others	24,826,243	7,930,505	2,112,894	2,565,751
T o t a l	<u>188,626,909</u>	<u>63,753,899</u>	<u>17,063,606</u>	<u>12,396,902</u>
Previous year ..	200,105,532	64,456,677	16,677,511	10,185,381

As shown by the foregoing table, imports of wheat into the United Kingdom during the twelve months from August, 1934, to July, 1935, amounted to 189 million bushels compared with 200 million bushels for the same months in 1933-34. Out of total imports of 189 million bushels, Canada supplied 65 million bushels or 34.4 per cent; Australia supplied 37 million bushels or 19.6 per cent; the Argentine supplied 60 million bushels or 31.8 per cent.

The following table shows imports of wheat into the United Kingdom during January, 1936 along with comparative figures for January, 1935.

	<u>January, 1936</u>	<u>January, 1935</u>
	(bushels)	
From:		
Canada	5,845,893	3,089,772
United States	-	34
Argentina	466,846	3,055,044
Australia	3,207,603	2,477,796
Russia	310,809	-
Others	2,565,751	1,562,735
T o t a l	<u>12,396,902</u>	<u>10,185,381</u>

The above table shows that total imports of wheat into the United Kingdom during January, 1936 were higher than during January, 1935. Imports from Canada amounted to 5,845,893 bushels compared with 3,089,772 bushels for the corresponding month last year. Imports from Australia amounted to 3,207,603 bushels compared with 2,477,796 for the month of January, 1935. The United Kingdom imported only 466,846 bushels from the Argentine as compared with 3,055,044 bushels for the same month last year. Imports from Russia amounted to 310,809 bushels during January, 1936, while imports during the same month last year were nil.

The following table shows imports of wheat into the United Kingdom during the six-month period of August to January, 1935-36 and 1934-35:

	<u>1935-36</u>	<u>1934-35</u>
	(bushels)	
From:		
Canada	39,354,871	32,874,606
United States	648,003	157,516
Argentina	11,153,998	31,767,889
Australia	16,265,409	19,501,803
Russia	13,182,976	-
Others	12,609,150	6,017,755
T o t a l	<u>93,214,407</u>	<u>90,319,569</u>

It will be noted that total imports of wheat into the United Kingdom amounted to 93,214,407 bushels during the August-January period in 1935-36 as compared with 90,319,569 bushels during the same months last year. The table further shows that imports from the Argentine decreased about twenty-one million bushels this year as compared with last. Imports from Canada were over six million bushels higher in the August-January period than in the same months last year.

International Trade (Broomhall's Revised Figures), 1935-36.

The following table shows the world shipments of wheat and wheat flour for the first twenty-eight weeks of the present crop year:

Week Ending	North America	Argentina	Australia	Russia	Other	Total
(Thousand Bushels)						
August ^x 10, 1935	2,760	3,194	1,253	-	888	8,095
17	2,880	1,312	1,192	648	728	6,760
24	2,640	4,016	1,704	872	696	9,928
31	2,584	1,888	1,080	1,144	416	7,112
September 7	2,256	2,432	1,384	1,296	872	8,240
14	2,784	3,440	1,560	592	1,184	9,560
21	3,672	2,568	2,384	1,008	440	10,072
28	3,680	1,056	1,824	992	624	8,176
October 5	3,944	3,136	1,936	1,936	1,104	12,056
12	3,968	1,880	1,808	2,064	880	10,600
19	3,928	1,368	2,504	2,920	1,040	11,760
26	3,664	1,800	2,032	1,088	1,440	10,024
November 2	5,880	1,480	2,792	456	1,856	12,464
9	4,632	1,792	2,160	1,224	1,456	11,264
16	4,880	1,168	2,808	992	976	10,824
23	4,872	1,216	1,184	1,264	952	9,488
30	6,024	1,048	1,000	1,072	1,000	10,144
December 7	5,136	1,736	1,584	1,320	712	10,488
14	3,672	1,368	1,872	1,992	952	9,856
21	5,088	920	1,680	968	1,320	9,976
28	3,264	656	768	488	912	6,088
January 4, 1936	1,496	792	1,624	840	712	5,464
11	3,992	1,080	2,216	1,272	1,072	9,632
18	4,536	648	2,912	88	912	9,096
25	5,248	440	3,848	280	1,000	10,816
February 1	4,088	656	2,344	-	968	8,056
8	5,098	1,679	2,835	688	1,864	12,164
15	4,024	1,019	3,082	288	1,402	9,815
TOTAL	110,690	45,788	55,370	27,792	28,378	268,018
<u>Comparative 1934-35</u>						
Corresponding week	2,008	4,280	2,264	-	1,328	9,880
Total to Date	92,409	100,574	59,813	2,720	29,816	285,332

x Includes 1,200,000 bushels shipped from North America on August 1, 2 and 3; 250,000 bushels shipped from Argentina and 245,000 from Australia on August 1. See page 14, January Monthly Review of the Wheat Situation, 1936.

A decline of 17.3 million bushels or 6 per cent took place in world shipments during the first 28 weeks of the new season in comparison with a similar period of the previous crop year. Most of this decline was recorded in Argentine shipments, that fell from 100.6 million bushels last year to 45.8 million bushels this year. Australian shipments also show a slight decrease but North American shipments show an increase of 18.3 million bushels over last year's figures, rising from 92.4 million bushels last year to 110.7 million bushels this year. As will be seen by reference to the chart on page 13 opposite, the percentage of North American wheat (almost entirely Canadian) in the world shipments is steadily rising. Last year at this time, the percentage was falling.

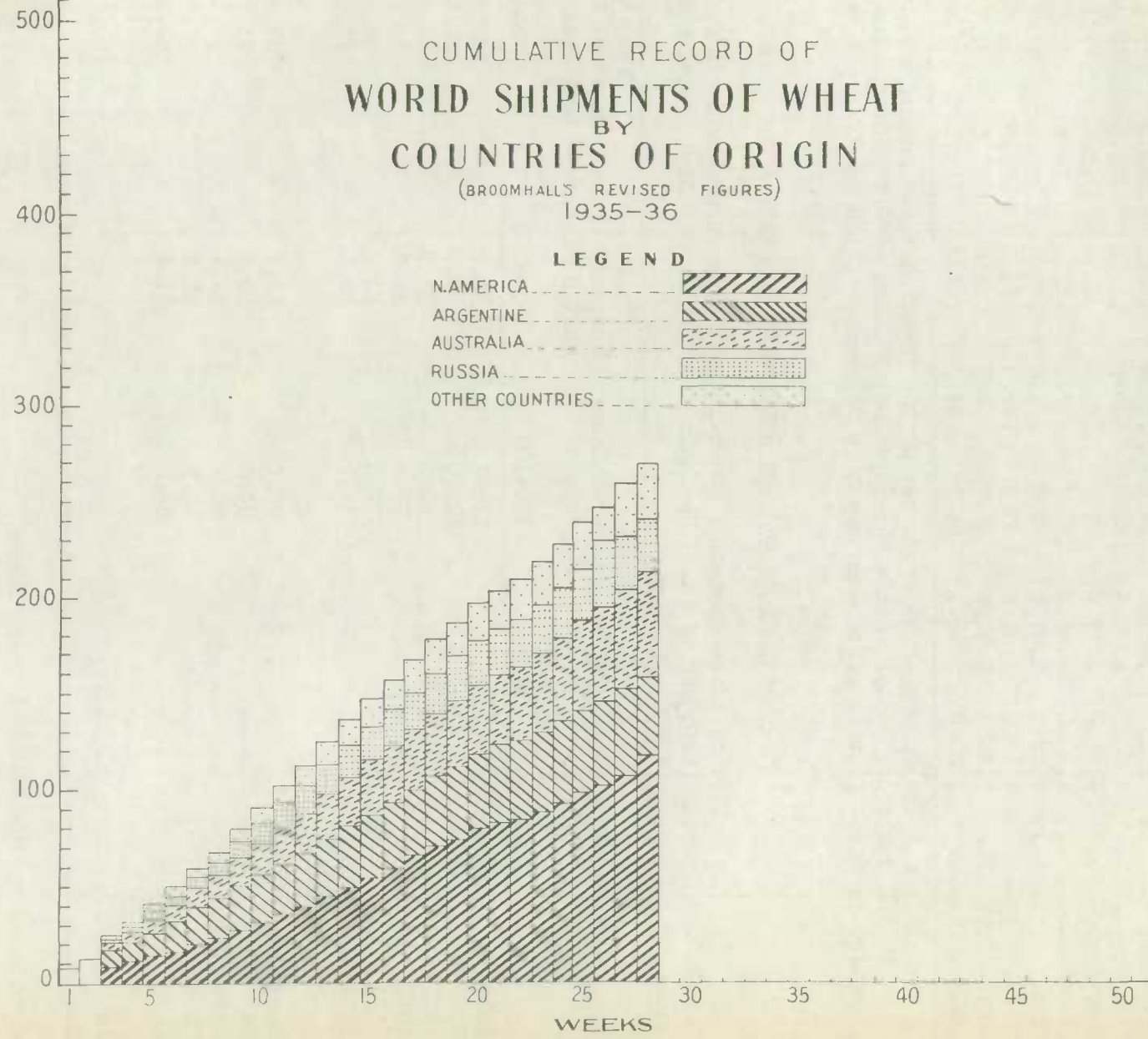
BUSHELS
'000,000'

CUMULATIVE RECORD OF WORLD SHIPMENTS OF WHEAT BY COUNTRIES OF ORIGIN

(BROOMHALLS REVISED FIGURES)
1935-36

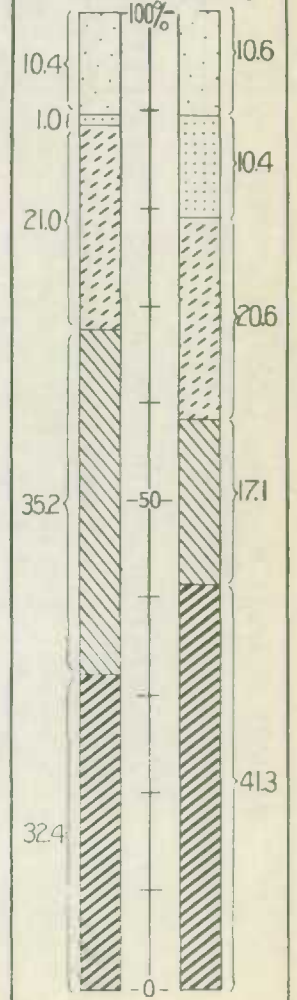
LEGEND

- N.AMERICA 
- ARGENTINE 
- AUSTRALIA 
- RUSSIA 
- OTHER COUNTRIES 



PERCENTAGE OF TOTAL SHIPMENTS TO DATE

1934-35 1935-36



Monthly Average Winnipeg Cash Price - No. 1 Northern Wheat,
 Crop Years 1928-29 to 1935-36.
 (Dollars per Bushel)

	1928-29	1929-30	1930-31	1931-32	1932-33	1933-34	1934-35	1935-36
August	1.18.8	1.58.0	.92.5	.55.1	.56.3	.73.4	.86.0	.84.5
September	1.17.0	1.49.5	.78.1	.53.6	.51.9	.67.2	.82.3	.90.3
October	1.23.7	1.41.4	.72.5	.59.9	.48.2	.60.5	.78.2	.90.8
November	1.20.9	1.33.0	.64.4	.67.3	.46.7	.63.7	.79.6	.85.7 x
December	1.17.1	1.37.8	.55.4	.60.6	.42.4	.60.3	.79.2	.84.7 x
January	1.20.9	1.30.5	.53.9	.60.0	.44.2	.65.0	.79.0	.84.8 x
February	1.27.9	1.17.4	.59.3	.63.2	.45.8	.65.6	.79.5	
March	1.27.0	1.06.2	.56.7	.63.1	.49.1	.66.4	.81.9	
April	1.22.8	1.09.8	.59.7	.62.6	.53.6	.65.5	.87.6	
May	1.12.3	1.07.9	.60.6	.62.9	.63.3	.70.6	.85.7	
June	1.18.3	1.03.2	.60.8	.55.1	.66.8	.77.1	.81.7	
July	1.59.9	.95.1	.57.3	.54.7	.83.4	.82.0	.81.4	

x The minimum price for No. 1 Northern set by the Canadian Wheat Board on September 6 is 87 1/2 cents per bushel, basis car-lots Fort William -- Port Arthur. The farmers' return is based on this price when wheat is delivered to the Board.

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 1930=100	Board of Trade United Kingdom 1930=100	Wheat No. 1 Manitoba Northern Fort William and Port Arthur basis 1930=100
1929	110.4	114.3	142.5
1930	100.0	100.0	100.0
1931	83.3	87.8	62.4
1932	77.0	85.6	59.0
1933	77.5	85.7	64.8
1934	82.7	88.1	79.4
<u>1 9 3 5</u>			
August	82.7	88.4	89.7
September	83.5	89.6	95.9
October	84.4	91.1	96.4
November	83.9	91.2	91.0
December	83.8	91.4	89.9
<u>1 9 3 6</u>			
January	-	-	90.0

/ Prepared by the Internal Trade Branch.

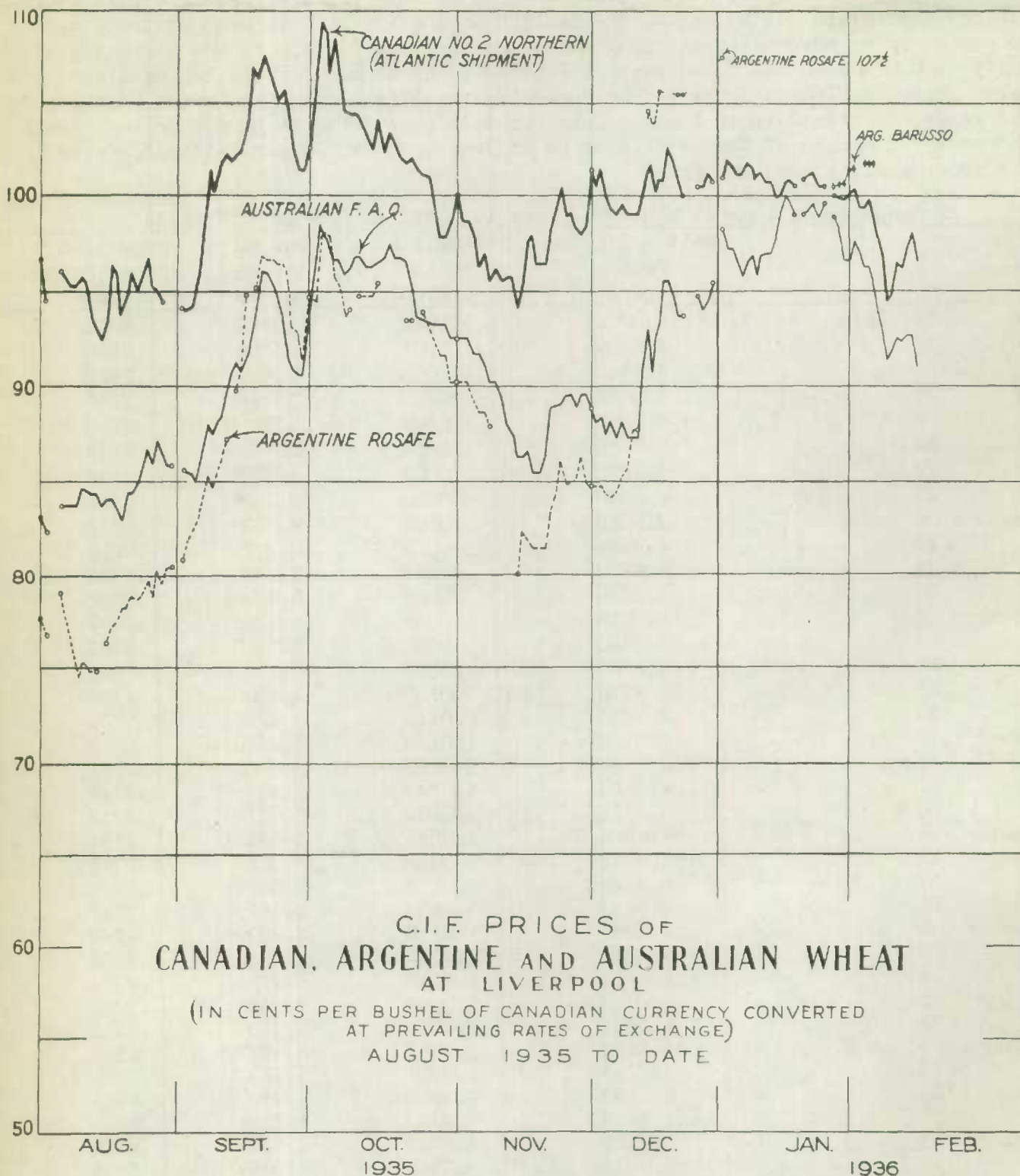
FOREIGN EXCHANGES

Foreign exchange markets have been very unsettled since the beginning of the new year. The revival of agitation in the United States for currency inflation resulted in heavy selling of dollar exchange in European centres. New York funds went to a slight discount at Montreal in the final week of January and have remained just under par since that time. As is usual, the decline in the New York rate at Montreal was accompanied by an advance in sterling which mounted from \$4.9516 at the beginning of January to \$5.0103 in the first week of February. Subsequently sterling declined several cents, reflecting uncertainty regarding the effect upon the London-Paris, and other rates, of transferring the new loan recently negotiated in London by the French government. A change of Cabinets occurred in France during January without appreciable repercussions upon the franc.

Exchange Quotations at Montreal, June 10, 1935 to February 17, 1936.

		United Kingdom	United States	Australia	Argentina x
		Pounds	Dollar	Pounds	Paper Peso
		4.8667	1.0000	4.8667	.4244
June	10, 1935	4.9325	1.0012	3.9461	.2623
	17	4.9300	1.0007	3.9439	.2620
	24	4.9442	1.0004	3.9554	.2626
July	2	4.9493	1.0018	3.9594	.2640
	8	4.9687	1.0009	3.9749	.2640
	15	4.9686	1.0014	3.9666	.2644
	22	4.9670	1.0009	3.9737	.2642
	29	4.9666	1.0010	3.9732	.2652
August	5	4.9625	1.0009	3.9700	.2677
	12	4.9784	1.0012	3.9825	.2678
	19	4.9900	1.0025	3.9920	.2682
	26	4.9875	1.0018	3.9900	.2680
September	3	4.9817	1.0043	3.9850	.2677
	9	4.9450	1.0021	3.9550	.2686
	16	4.9750	1.0062	3.9800	.2697
	23	4.9875	1.0150	3.9900	.2796
	30	4.9665	1.0112	3.9725	.2751
October	7	4.9550	1.0118	3.9640	.2773
	14	4.9798	1.0153	3.9830	.2751
	21	4.9850	1.0143	3.9875	.2749
	28	4.9712	1.0112	3.9775	.2749
November	4	4.9662	1.0087	3.9735	.2734
	12	4.9775	1.0012	3.9819	.2725
	18	4.9775	1.0118	3.9812	.2742
	25	4.9850	1.0100	3.9875	.2747
December	2	4.9887	1.0118	3.9900	.2762
	9	4.9837	1.0109	3.9860	.2765
	16	4.9712	1.0087	3.9775	.2774
	23	4.9625	1.0068	3.9700	.2734
	30	4.9625	1.0065	3.9700	.2713
January	6, 1936	4.9425	1.0025	3.9537	.2682
	13	4.9737	1.0012	3.9800	.2713
	20	4.9500	1.0000	3.9600	.2715
	27	4.9862	.9962	3.9887	.2750
February	3	5.0125	.9959	4.0100	.2749
	10	5.0062	.9981	4.0050	.2765
	17	4.9813	.9988	3.9850	.2747

x Unofficial rates - about 6 cents below official rates.



THE CANADIAN SITUATION

I. GRADING OF THE 1935 CROP

The following table shows the grading of inspections during the six months, August to January, 1936 and 1935.

	<u>Number of Cars Grading No. 3 Northern or Better</u>			
	<u>1935-36</u>	<u>Per Cent of</u>	<u>1934-35</u>	<u>Per Cent of</u>
	<u>Cars</u>	<u>Inspections</u>	<u>Cars</u>	<u>Inspections</u>
August	7,855	82.89	11,639	93.0
September	16,975	64.83	22,356	92.0
October	11,448	41.33	14,769	62.9
November	4,363	34.05	7,849	48.2
December	3,457	46.46	3,136	45.9
January	2,660	59.26	1,697	62.55
Totals	<u>46,758</u>	<u>53.07</u>	<u>61,446</u>	<u>71.38</u>

The inspection of the 1935 wheat crop in January 1936 showed a higher percentage of cars grading No. 3 Northern or better than in either December, November or October 1935. For the six months ending January 31, 53.07 per cent of the inspected cars graded No. 3 Northern or better compared with 71.38 per cent in the same months of 1934-35.

II. MOVEMENT OF WHEAT TO MARITIME PORTS

During the past two months, there has been a large movement of wheat from the Georgian Bay, Lake Huron and Lower Lake ports to the Maritime seaboard ports. This provides for a continuous re-stocking of the elevators at Saint John, N.B. and Halifax, N.S. and facilitates winter exports.

Origin and Amount of Wheat Shipments to Maritime Ports, December 19, 1935 to February 13, 1935-36 and 1934-35.

	<u>(bushels)</u>	
	<u>1935-36</u>	<u>1934-35</u>
<u>Georgian Bay and Lake Huron ports:</u>		
Depot Harbour	723,814	-
Port McNicoll	1,643,468	619,084
Tiffin	802,024	80,000
Midland	786,201	246,640
Owen Sound	574,102	64,000
Goderich	55,000	16,000
Sarnia	452,976	-
Totals	<u>5,037,585</u>	<u>1,025,724</u>
<u>Lower Lake ports:</u>		
Port Colborne	296,638	8,000
Prescott	127,869	-
Toronto	405,409	-
Kingston	90,000	-
Totals	<u>919,916</u>	<u>8,000</u>
GRAND TOTALS	<u>5,957,501</u>	<u>1,033,724</u>

III. Export Clearances of Canadian Wheat to Overseas Destinations Only, 1935-36.

Week ending	Montreal	Quebec	Sorel	Total	West	Halifax
				St. Lawrence Ports	Saint John & Saint John	
Bushels						
August 8	938,989	25,000	492,387	1,456,376	-	-
15	795,924	-	-	795,924	-	-
22	676,530	-	230,600	907,130	-	-
29	948,222	-	-	948,222	-	-
Sept. 6	818,891	24,315	-	843,206	-	-
13	1,338,192	-	200,000	1,538,192	-	-
20	1,482,196	-	-	1,482,196	-	-
27	1,363,813	-	177,500	1,541,313	-	-
Oct. 4	1,601,643	39,056	539,000	2,179,699	-	-
11	1,815,147	-	288,266	2,103,413	-	-
18	1,201,578	-	-	1,201,578	-	-
25	739,259	-	256,300	995,559	-	-
Nov. 1	1,784,866	-	697,701	2,482,567	-	-
8	1,489,657	-	232,026	1,721,683	-	-
15	1,395,647	732,856	-	2,128,503	-	-
22	1,810,226	-	588,300	2,398,526	-	6,630
29	1,592,791	-	311,585	1,904,376	-	-
Dec. 6	845,236	-	452,085	1,297,321	-	-
13	-	274,000	71,840	345,840	296,000	-
20	566	-	-	566	320,000	120,000
26	-	-	-	-	535,846	40,000
Jan. 3	180	-	-	180	263,953	-
10	-	-	-	-	594,961	-
17	180	-	-	180	789,731	28,000
24	-	-	-	-	887,916	112,000
31	180	-	-	180	895,147	251,989
Feb. 7	-	-	-	-	731,898	552,662
14	200	-	-	200	729,177	56,765
Totals	22,640,113	1,095,227	4,537,590	28,272,930	6,044,629	1,168,046
Last year	18,153,184	1,762,051	2,806,893	22,722,128	2,415,038	858,588

A steady improvement in overseas export clearances of wheat has been shown since the first of January, 1936. Whereas the total export clearances five weeks ago were 1 1/2 million bushels less than in the same period of 1934-35, the cumulative record now shows an increase of 8.2 million bushels. The outward movement from all the winter ports has been considerably better than in the winter of 1934-35. Vancouver has secured the bulk of the business and the crop season's exports from that port now total 26,389,707 bushels compared with 25,162,642 bushels a year ago. The movement from the Maritime ports has been exceptionally brisk this year, with the season's total now 7,212,675 bushels compared with 3,273,626 bushels a year ago. After an unimpressive start, the United States Atlantic ports have now shipped 13,655,000 bushels of Canadian wheat — a figure slightly above the total to this date in 1934-35.

III. Export Clearances of Canadian Wheat to Overseas Destinations Only, 1935-36.-Cont'd.

Week ending	Total		Vancouver	United	Total	
	Maritime	Churchill	New West-	States		
	Ports		minster	Ports	Clearances	
Bushels						
August	8	-	-	213,750	156,000	1,826,126
	15	-	-	473,173	299,000	1,568,097
	22	-	600,000	403,721	327,000	2,237,851
	29	-	-	604,800	467,000	2,020,022
Sept.	6	-	-	234,600	159,000	1,245,806
	13	-	-	100,800	672,000	2,310,992
	20	-	604,000	574,733	251,000	2,911,929
	27	-	873,000	560,066	282,000	3,256,379
Oct.	4	-	330,000	349,150	236,000	3,094,849
	11	-	-	356,906	139,000	2,599,319
	18	-	-	536,533	307,000	2,045,111
	25	-	-	958,577	701,000	2,655,136
Nov.	1	-	-	1,601,903	494,000	4,578,470
	8	-	-	984,190	405,000	3,110,873
	15	-	-	751,706	751,000	3,631,209
	22	6,630	-	1,306,326	168,000	3,879,482
	29	-	-	752,633	325,000	2,982,009
Dec.	6	-	-	784,746	284,000	2,366,067
	13	296,000	-	1,369,725	389,000	2,400,565
	20	440,000	-	905,853	530,000	1,876,419
	26	575,846	-	1,058,471	1,113,000	2,747,317
Jan.	3	263,953	-	819,102	319,000	1,402,235
	10	594,961	-	997,338	987,000	2,579,299
	17	817,731	-	1,474,901	1,115,000	3,407,812
	24	999,916	-	1,570,872	623,000	3,193,788
	31	1,147,136	-	1,856,924	1,042,000	4,046,240
Feb.	7	1,284,560	-	2,695,075	499,000	4,478,635
	14	785,942	-	2,084,133	615,000	3,485,275
Totals		7,212,675	2,407,000	26,389,707	13,655,000	77,937,312
Last year		3,273,626	4,049,877	25,162,642	13,654,000	69,779,165 ^x

^x Includes 916,892 bushels shipped from Prince Rupert.

Imports of Canadian wheat into the United States for consumption or milling-in-bond for re-export in the period from August 1, 1935 to February 16, 1936 amounted to 28,863,220 bushels compared with 14,876,171 bushels in the same period of 1934-35. Adding these figures to the overseas shipments shown above, the total disposal of Canadian wheat as overseas clearances and United States imports has now amounted to 106,800,532 bushels compared with 84,655,336 bushels a year ago at this date. Exports of Canadian wheat as flour in the same period have amounted to approximately 12.2 million bushels compared with 11.7 million bushels in the same period of 1934-35. The combined total of overseas clearances and United States imports of wheat and exports of flour is thus 118.8 million bushels compared with 96.4 million bushels a year ago.

In the past five weeks, the disposal of wheat has been 22,180,750 bushels compared with 11,113,220 bushels in the same five weeks of 1935 — representing a decided improvement of 100 per cent.

IV. STOCKS IN STORE.

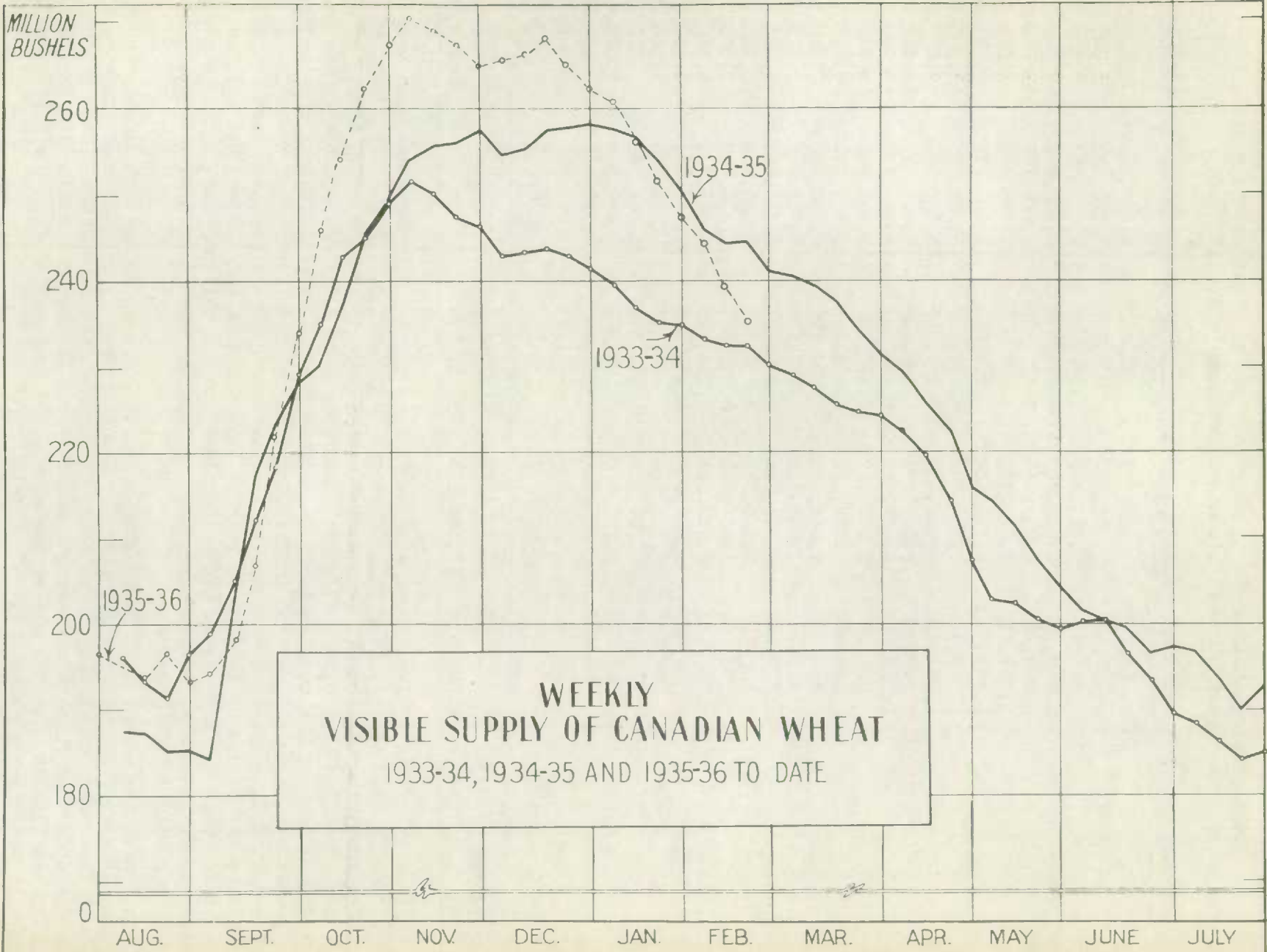
The following table shows stocks of Canadian wheat in store in Canada and the United States on February 14, 1936 along with comparative figures for approximately the same date last year.

	<u>1 9 3 6</u>	<u>1 9 3 5</u>
	(bushels)	
Country Elevators - Manitoba	6,940,000 ^x	10,146,510
Saskatchewan	47,770,000 ^x	51,477,864
Alberta	32,100,000 ^x	36,992,694
Total	<u>86,810,000^x</u>	<u>98,617,068</u>
Interior Private and Mill Elevators	6,736,000 ^x	6,935,201
Interior Public and Semi-Public Terminals	3,600,869	2,880,660
Pacific Ports	13,388,990	13,213,304
Churchill	2,280,823	2,389,404
Fort William and Port Arthur	39,177,239	58,927,938
Eastern Elevators - Lake Ports	40,014,095	26,809,394
Eastern Elevators - St. Lawrence Ports	13,936,510	9,514,862
Eastern Elevators - Seaboard Ports	3,196,176	1,817,058
U. S. Lake Ports	17,262,432	17,821,695
U. S. Atlantic Seaboard Ports	9,010,971	5,603,173
Total	<u>235,414,105</u>	<u>244,529,755</u>

^x Subject to minor revision.

During the past five weeks, the visible supply has fallen 21.5 million bushels compared with a decline of only 12.2 million bushels in the same period of 1935. The reduced movement into country elevators has been a prominent influence in this greater reduction of the visible supply (See page 22) while the increased export movement (shown on pages 18 and 19) has been an even more important factor. As will be apparent from the above figures and from the chart on page 21, the visible supply is now over 9 million bushels below the comparable figure for 1935 and only slightly above the 1934 figure at the same date. The decline in the visible supply since the middle of December has been particularly sharp and all the information presently available points to a continuation of this decline and at much the same rate. There is the usual possibility, however, of a slack export period prior to the opening of navigation on the St. Lawrence, which may hinder the decline in the 'visible'.

During the past five weeks, the principal reductions in the visible supply have taken place in Saskatchewan and Alberta country elevators, interior terminals, Pacific Coast elevators, and in all the eastern Canadian and United States positions. Only stocks at Fort William-Port Arthur and at interior terminals show an increase. Despite these reductions, however, when comparisons are made with the distribution of the visible supply at the same date of 1935, the situation remains encouraging to winter exports. Much less wheat is located at interior positions and much more in advanced positions available for export. There are nearly 10 million bushels less in country elevators and nearly 20 million bushels less at the Head of the Lakes. The stocks at U. S. lake ports are now slightly below those recorded a year ago. At the U. S. seaboard and at all eastern Canadian positions stocks are well above the levels of a year ago.



V. PRIMARY MOVEMENT

The following table shows primary receipts of wheat in the Prairie Provinces for the present crop year along with comparative figures for 1934-35:

<u>Week ending</u>	<u>Manitoba</u>	<u>Saskatchewan</u>	<u>Alberta</u> <u>Bushels</u>	<u>Totals</u>	<u>Last Year</u>
August 9, 1935	69,727	558,871	816,085	1,444,683	3,011,917
16	161,633	586,240	873,148	1,621,021	3,002,817
23	473,449	672,561	1,167,628	2,313,638	9,020,987
30	858,672	2,446,366	1,497,471	4,802,509	16,491,316
Sept. 7	2,098,352	8,682,159	3,391,128	14,171,639	15,573,590
14	1,756,312	12,056,920	3,927,633	17,740,865	22,565,311
21	1,104,305	12,121,333	5,577,634	18,803,272	10,771,408
28	1,459,438	11,609,883	4,979,162	18,048,483	5,308,972
Oct. 4	1,884,450	8,698,031	7,931,457	18,513,938	8,457,256
11	610,916	8,038,259	7,998,138	16,647,313	15,440,267
18	1,323,914	6,803,972	5,183,844	13,311,730	12,960,738
25	821,069	6,320,459	4,516,320	11,657,848	9,749,046
Nov. 1	529,324	4,229,196	3,063,751	7,822,271	8,073,798
8	465,719	2,746,186	1,674,701	4,886,606	6,952,855
15	415,321	1,654,728	1,657,896	3,727,945	6,219,496
22	236,945	2,401,015	2,976,681	5,614,641	4,205,935
29	237,717	2,110,783	2,730,119	5,078,619	3,725,633
Dec. 6	93,486	1,033,701	2,105,537	3,232,724	2,983,880
13	359,459	2,869,021	3,114,993	6,343,473	5,110,583
20	38,987	1,226,670	1,472,917	2,738,574	2,501,578
27	99,967	881,162	818,241	1,799,370	1,658,000
Jan. 3, 1936	103,327	398,520	635,341	1,142,188	830,090
10	31,574	236,870	182,072	450,516	1,070,442
17	80,507	353,714	385,060	819,281	851,001
24	16,787	252,655	413,795	683,237	509,729
31	41,600	238,006	438,612	718,218	1,038,186
Feb. 7	33,960	205,164	332,805	571,929	1,745,096
Totals	15,411,917	99,432,445	69,862,169	184,706,531	-
Comparative figures 1934-35	27,028,614	79,568,535	73,232,778	-	179,829,927

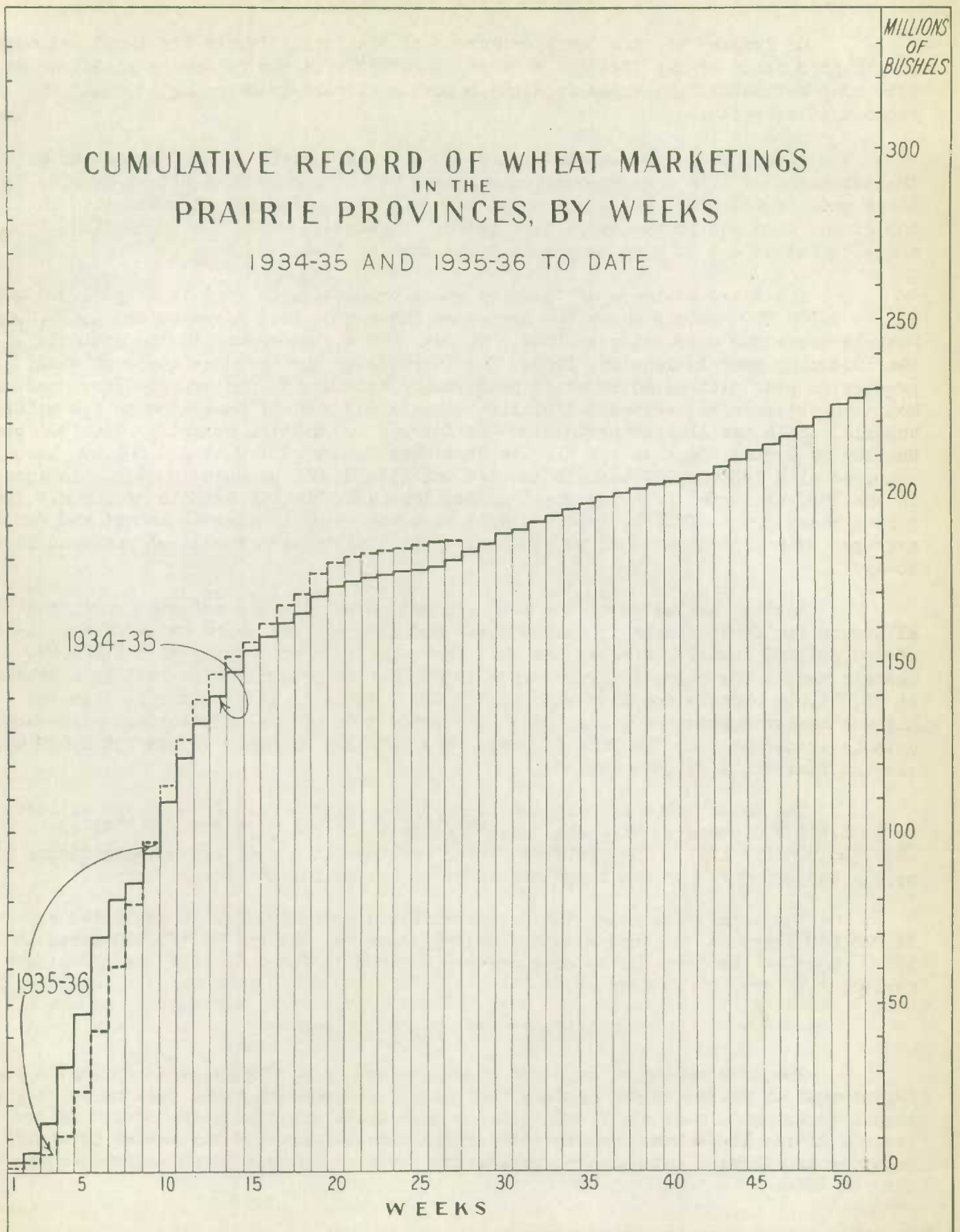
Since the first of January, the movement into country elevators has been very light. The decidedly cold weather is a main factor in this decline, but the low reservoir of supplies remaining on farms is also an influence. During the past five weeks, marketings have totalled only 3,243,181 bushels compared with 5,214,454 bushels in the same period of 1935. Such a decline tends to confirm the low crop estimates; some authorities were beginning to question the estimates as total deliveries of the 1935-36 season were mounting in comparison with the cumulative record of the previous season. Five weeks ago, the excess of 1935-36 deliveries over those of 1934-35 was 6.8 million bushels; at February 7, this excess had been reduced to 4.9 million bushels. As was expected, a high proportion of the recent marketings is coming forward from Alberta where most of the farm supply is now located.

At this time a year ago, deliveries began to increase rather sharply to weekly figures of 2 to 2 1/2 million bushels. It is not expected that the same tendency will prevail this year, or at least, the rate of increase should be lower. This will have the effect of further narrowing the difference between the cumulative totals of 1934-35 and 1935-36. At the end of the season, it is expected that the 1935-36 marketings will be slightly below those of 1934-35.

The chart reproduced on page 23 depicts the narrower relation of the cumulative marketing records for 1934-35 and 1935-36.

CUMULATIVE RECORD OF WHEAT MARKETINGS IN THE PRAIRIE PROVINCES, BY WEEKS

1934-35 AND 1935-36 TO DATE



VI. CROP REPORT OF JANUARY 23, 1936.

On January 23, the Dominion Bureau of Statistics issued its third estimate of the production of the 1935 grain crops, together with the necessary revisions of 1934 crop estimates. Excerpts from the report particularly relating to wheat are reproduced herewith:-

"Apart from a reduction of over 20 million bushels in the harvest of oats, the estimates of 1935 crop production released herewith show very slight changes from those made in November, 1935. In comparison with the estimates of production in 1934, the grain, seed and forage crops show general increases, while the production of buck-wheat, potatoes and turnips is placed lower than in 1934.

The third estimate of Canadian wheat production in 1935 is 277,339,000 bushels — 3,368,000 bushels above the second estimate made last November and 1,490,000 bushels above the production in 1934. No revision was necessary in the estimate of the 1934 crop made in January, 1935. The increase in the third estimate of wheat production over that of November is practically confined to the Prairie Provinces. The Manitoba estimate was raised 3.7 million bushels and that of Saskatchewan 3.0 million bushels, while the Alberta production was lowered 3.2 million bushels. The 1935 production of spring wheat in the Prairie Provinces is now placed at 259,500,000 bushels compared with 263,800,000 bushels in 1934 and 263,004,000 bushels in 1933. Included in the 1935 estimate of spring wheat production is 17,800,000 bushels of Durum. The spring wheat crops of 1933, 1934 and 1935 have been very similar in amount and far below average. The 1935 crop is of particularly poor quality as a result of rust and frost damage.

Earlier estimates of the 1935 production of oats did not make sufficient allowance for frost damage in Saskatchewan and Alberta; the third estimate for Canada of 394,348,000 bushels, however, is well above the 1934 production of 321,120,000 bushels and is the highest figure since 1930. Barley production in 1935 is estimated at 83,975,000 bushels compared with 63,742,000 bushels in 1934. This is also the highest barley production since 1930. The production of rye and flaxseed also show notable increases over the 1934 figures. The 1935 rye estimate is now 9,606,000 bushels and flaxseed 1,471,600 bushels.

The total value of Canadian field crops harvested in 1935 is now estimated at \$506,613,900 compared with the revised estimate of \$549,079,600 for 1934 and \$453,598,000 for 1933. The decreased value in comparison with last year's figure is mainly accounted for by the lower prices of coarse grains and forage crops.

The total area under the principal field crops in 1935 is estimated at 56,923,960 acres as compared with 55,990,320 acres in 1934 and 58,533,450 acres in 1933. Most of the increase in crop acreage in 1935 is found in fall wheat, oats, barley, fall rye, alfalfa and grain hay.

AGRICULTURAL SEASON OF 1935.

The crop season of 1935 was characterized by a very backward spring, a rapid improvement in prospects during June and finally, an equally rapid decline in July and August as drought, rust and frost took a severe toll. In brief, the season failed to live up to its mid-summer promise. Deterioration was particularly marked in wheat, potatoes and turnips but the feed grains and fodder crops gave much better returns than in 1934.

At the first of May, crop correspondents throughout Canada described conditions as late but promising. The month of May provided little weather that would favour growth. In addition, seeding was delayed over most of the Dominion, excepting southern districts of the Prairie Provinces. In Quebec and the Maritime Provinces condition figures at the end of May revealed the poorest prospects in twenty years. In the Prairie Provinces, conditions at this date were uniformly better than at May 31, 1934. During the month of June, rainfall was fairly ample and well-distributed and there was a prompt reaction to the improved weather. Nearly all crops gained in promise during June, although hay, clover and pasture improved the most. Eastern Canada benefited more than the Prairie Provinces. During the month of July, there was a considerable decline in spring wheat prospects and lesser declines in other grains, but the remaining field crops maintained their condition. Early in July, it became apparent that stem rust would cause serious damage to the wheat crop in Manitoba and eastern Saskatchewan and this judgment was fully justified as the season progressed. Oats and barley also suffered in both quality and quantity. In mid-August, frost was destructive to grain crops over a large area of central Alberta and Saskatchewan, extending into the southern part of the Peace River district of Alberta and into the south-western corner of Saskatchewan. Over most of the Dominion, the harvest season was a great improvement over that of the previous year and damage from weathering was confined to parts of Manitoba and Alberta. Pastures faded as usual in the latter part of August, but held up much better than in the fall of 1934. This condition, combined with the larger supplies of coarse grains and roughage, gave a more optimistic tinge to the live stock situation.

WHEAT PRODUCTION IN THE PRAIRIE PROVINCES, 1935.

The following table lists the three estimates of wheat production in the Prairie Provinces:-

	<u>September</u>	<u>1 9 3 5</u> <u>November</u>	<u>January</u>	<u>Final, 1934</u>
		(Bushels)		
Manitoba	18,000,000	18,800,000	22,500,000	37,100,000
Saskatchewan	138,000,000	132,000,000	135,000,000	114,200,000
Alberta	<u>116,000,000</u>	<u>105,200,000</u>	<u>102,000,000</u>	<u>112,500,000</u>
Prairie Provinces	<u>272,000,000</u>	<u>256,000,000</u>	<u>259,500,000</u>	<u>263,800,000</u>

As described in the report of November 13, the full effect of frost damage in Saskatchewan and Alberta was not apparent when the first estimates of production were made on September 11. The estimate for Alberta has been lowered from 116 to 102 million bushels. The Saskatchewan estimate was lowered from 138 to 132 million bushels in November and is now raised to 135 million bushels. Early estimates of the Manitoba crop were difficult to make because of the high proportion of low grade wheat. The extent of the threshing and marketing of this low grade wheat was dependent on prices. As the price of low grade wheat increased and oats and barley remained low, farmers threshed and sold more of their wheat, so the production estimates required upward revision.

The Durum wheat crop of Manitoba is estimated at 13.8 million bushels and this is included in the above production estimate of 22.5 million bushels. In Saskatchewan, the Durum crop is placed at 4 million bushels, also included in the above estimate of 135 million bushels. For the Prairie Provinces the Durum crop is estimated at 17.8 million bushels.

PROGRESS OF MARKETINGS, 1935 WHEAT CROP

Total marketings of the 1935-36 season should amount to approximately 220 million bushels compared with 227.4 millions in 1934-35. It will again be necessary to draw considerable amounts of seed grain from previous deliveries at country elevators. In Alberta, feeding of wheat will probably be heavy but in the other provinces no large increase is expected. The disposal of wheat on farms will probably be about the same as in 1934-35 but still low in relation to other years. In the period from August 1 to January 10, marketings in the three Prairie Provinces amounted to 181.9 million bushels; thus nearly 83 per cent of the marketable supply has come forward. This is a much higher percentage than usual at this season. One year ago, the percentage was 77 and 71.7 million bushels were marketed in the balance of the crop year. On the basis of present estimates, only 38.1 million bushels will be marketed in the period from January 10 to July 31, 1936.

Deliveries have been declining rapidly in recent weeks. Up to January 10, 15.2 million bushels have been marketed in Manitoba, 98.4 millions in Saskatchewan and 68.3 millions in Alberta. As usual at this season, most of the remaining supplies are held in Alberta.

PRODUCTION OF OTHER GRAINS IN THE PRAIRIE PROVINCES, 1935.

The production estimates for both oats and barley have again been lowered in all three Prairie Provinces. Estimates for oats have been lowered sharply from the September estimate of 296,060,000 to the new estimate of 244,854,000 bushels. The main reductions have taken place in Saskatchewan and Alberta where early estimates did not completely appraise the damage resulting from mid-August frosts. In all provinces, the 1935 production was higher than that of 1934, when the total Prairie production was only 172,040,000 bushels.

The barley estimates have not been reduced so drastically, but for the Prairie Provinces, the figure now stands at 62,625,000 bushels compared with the September estimate of 73,036,000 bushels and last year's production of 44,742,000 bushels.

Rye production in the three provinces is now estimated at 8,379,000 bushels compared with the first estimate of 12,048,000 bushels and the second estimate of 9,347,000 bushels. The revised estimate for 1934 is 3,664,000 bushels.

The third estimate of flaxseed production is 1,368,400 bushels, which is little changed from the November estimate and well above the 1934 production of 827,000 bushels.

1934 CROP ESTIMATES

After careful comparison of the January 1935 estimate of the 1934 wheat crop in the Prairie Provinces with the available data on disposition, it has been decided that no change in the crop estimate is necessary. Any change suggested is well within the margin of error of such disposition figures. The revised marketings show that a total of 227,397,879 bushels was delivered or loaded out of a crop estimated at 263,800,000 bushels. Of the total seed supply, 8,150,000 bushels had to be drawn from country elevators because of widespread crop failure. The farm consumption generally was very low.

Considering the estimate for the whole of Canada, this may also be checked by comparison with the export movement and domestic disposal. The carry-over of wheat in Canada at July 31, 1934 was 193,990,281 bushels and the 1934 crop for the Dominion was estimated last January as 275,849,000 bushels. Allowing for imports during the crop year equivalent to 896,674 bushels (mostly flour), the total for distribution was 470,735,955 bushels.

The total disposition during the period August 1, 1934 to July 31, 1935 was 469,945,305 bushels made up as follows (in bushels): Exports - 165,751,305; Human consumption - 42,843,312; Seed for the 1935 crop - 32,345,000; Feed for live stock and poultry - 17,603,200; Loss in cleaning - 4,600,000; Unmerchantable - 3,571,200; and Carry-over in Canada, July 31, 1935 - 203,231,288.

Thus the total for distribution was 470,735,955 bushels and the disposition figures account for 469,945,305 bushels -- an apparent difference or over-estimate of the 1934 crop to the extent of only 790,650 bushels. This difference might easily be accounted for by the lag in official export figures or by the margin of error in such estimates of disposition as seed, feed, carry-over on farms, etc. No change in the production estimate is warranted and it goes on the records as one of the closest ever made by the Bureau and its co-operating agencies. It will be remembered that the three estimates of the 1934 crop made by the Bureau showed little variation and the difference between the lowest (November) and the highest (September) estimates was only 2 million bushels.

The only revision necessary in the flaxseed and rye crops suggested by the disposition data is in Alberta, where the acreage and production of rye are obviously too high. The acreage of fall rye in Alberta is, therefore, reduced from 176,400 to 126,400 and the production placed at 910,000 bushels compared with the earlier estimate of 1,627,000 bushels. This revision necessitates changes in the totals for the Prairie Provinces and for Canada.

CHARTS SHOWING THE AVERAGE YIELDS PER ACRE OF WHEAT IN THE PRAIRIE PROVINCES,
BY CROP DISTRICTS, 1934 AND 1935.

Two charts will be attached to this report showing the wheat yields per acre in each crop district of the Prairie Provinces in 1934 and 1935. Direct comparisons can be made because the similarity in size of the two crops permits the use of identical patterns.

While damage resulting from drought, rust and frost was particularly severe in 1935, the average yields were much more even over the spring wheat territory than in 1934. The so-called 'drought area' was not so well-defined in 1935 as in the previous year, although damage due to drought was evident over large southern and central areas of Saskatchewan and Alberta. In Manitoba and eastern Saskatchewan, rust damage was very severe, although the high proportion of Durum in certain districts raises the yields considerably. The alleviating influence of the Durums is not so apparent in eastern Saskatchewan. Frost damage extends over most of central Alberta and in northern regions south of the Peace River. In northern and central Saskatchewan, frost damage covers a wedge-shaped territory running south to Gravelbourg in Crop District 3A. Grasshoppers were prevented from causing damage of epidemic proportions by wet, cold weather in the hatching season and by rigorous poisoning, but their depredations were considerable in some areas. Sawflies, hail and root-rots were also in evidence and increased the variability within the crop districts. In general the crop was one of the most difficult to estimate by the sampling process in the history of the West.

In Manitoba, early season estimates of the damage caused by rust were slightly pessimistic, but the rise in prices of the lower grades was the principal factor influencing a greater salvage of rust-stricken fields. Most of the Crop Districts show a lower average yield than in 1934, with Crop District 1 in the south-western corner a prominent exception.

The improvement in average yields in Saskatchewan is particularly evident in Crop Districts 3, 4 and 6 in the southern, southwestern and south-central parts of the province. Rust invaded this territory from the east, drought from the west and frost from the north but still there was an improvement over the drought-stricken condition of immediately previous years. Crop District 5 in the east-centre showed a reduced yield from that of 1934 as rust and frost damaged fine stands. Yields in the northern districts were reduced by frost below the 1934 levels.

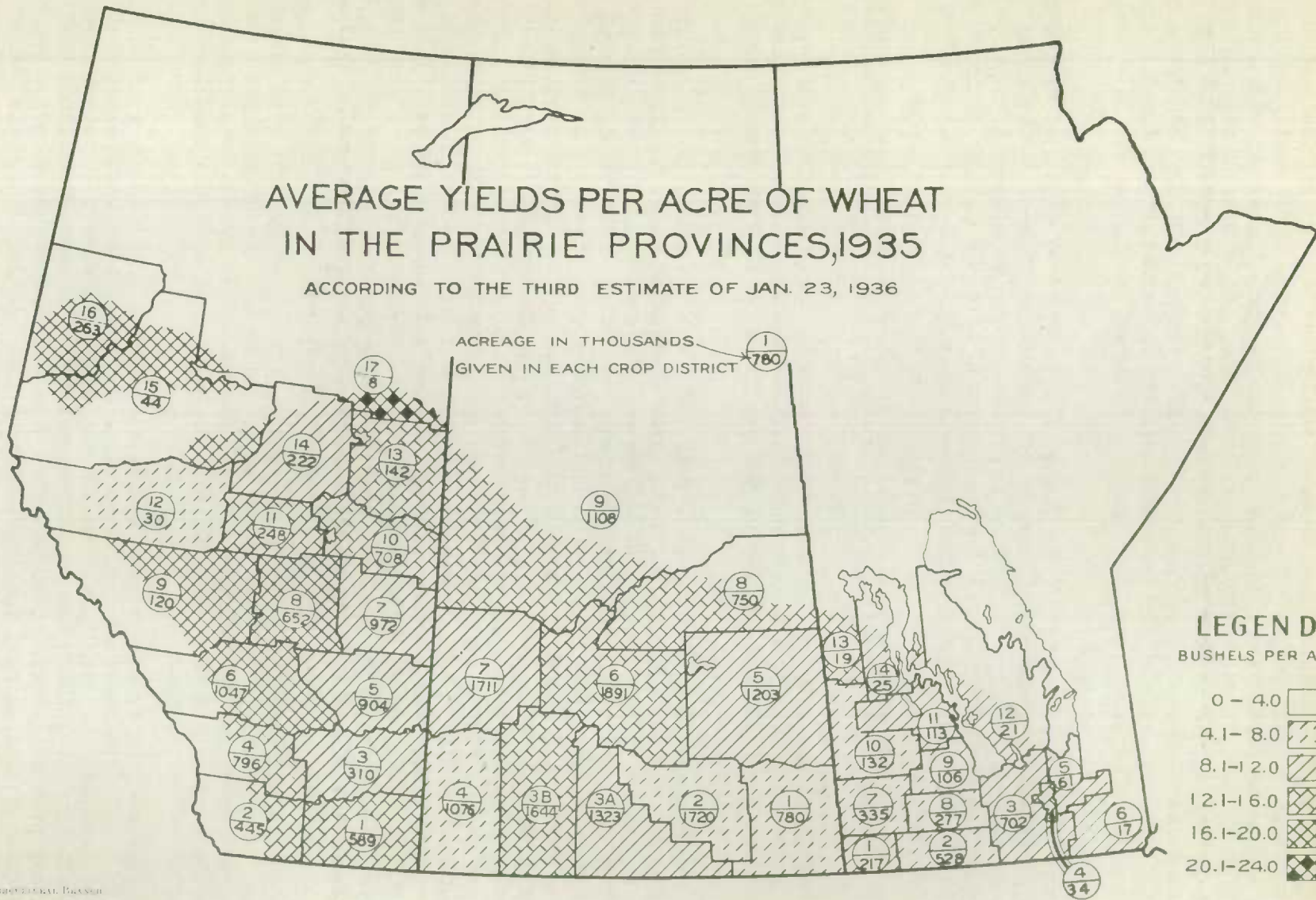
In most of the central and northern districts of Alberta, yield estimates per acre have been lowered since September and November. Apart from the south-eastern districts and in certain west-central areas, average yields are below those of 1934.

AVERAGE YIELDS PER ACRE OF WHEAT IN THE PRAIRIE PROVINCES, 1935

ACCORDING TO THE THIRD ESTIMATE OF JAN. 23, 1936

ACREAGE IN THOUSANDS

GIVEN IN EACH CROP DISTRICT



LEGEND

BUSHEL PER ACRE

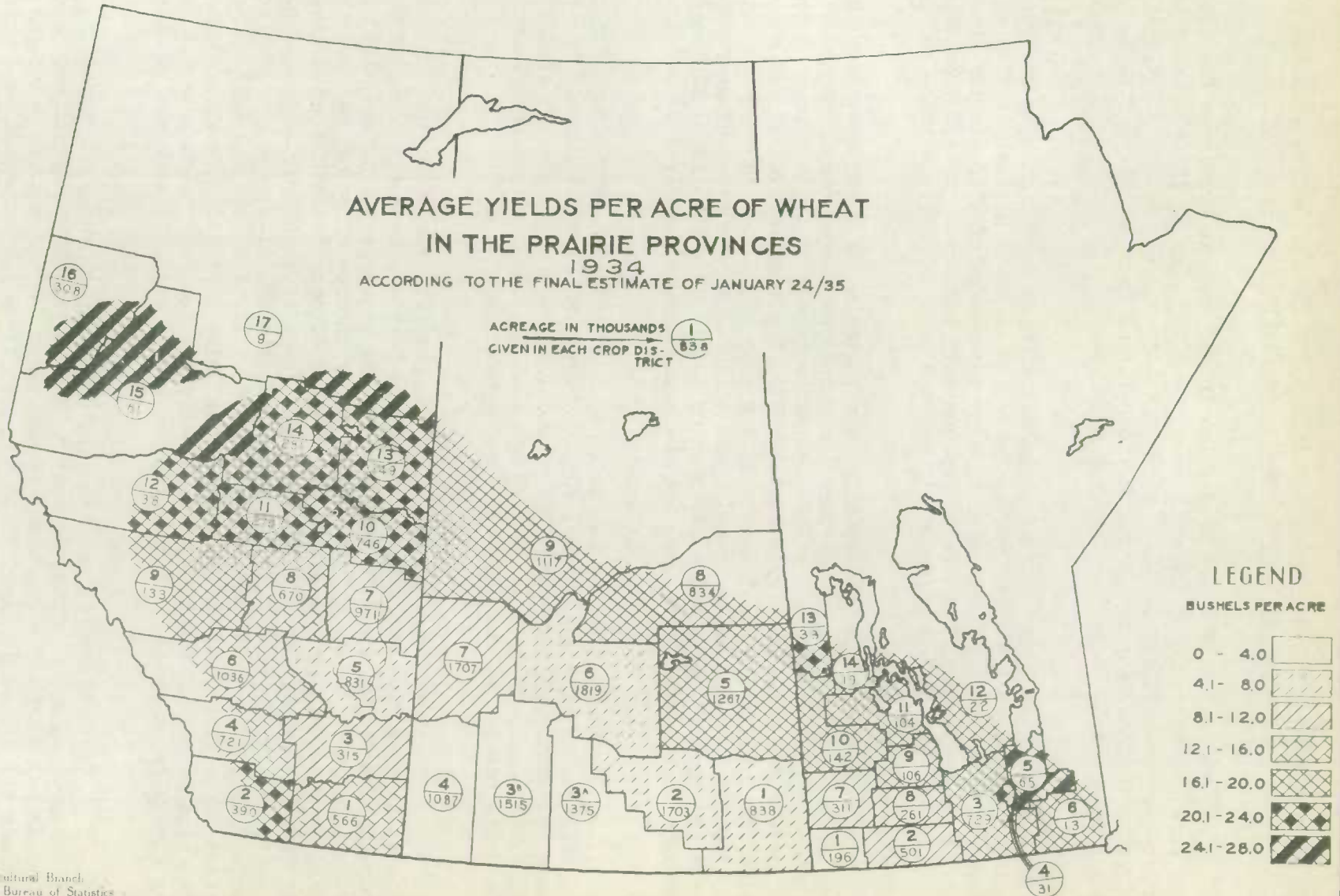
- 0 - 4.0
- 4.1 - 8.0
- 8.1 - 12.0
- 12.1 - 16.0
- 16.1 - 20.0
- 20.1 - 24.0

AVERAGE YIELDS PER ACRE OF WHEAT IN THE PRAIRIE PROVINCES

1934

ACCORDING TO THE FINAL ESTIMATE OF JANUARY 24/35

ACREAGE IN THOUSANDS
GIVEN IN EACH CROP DISTRICT



LEGEND

BUSHEL PER ACRE

- 0 - 4.0
- 4.1 - 8.0
- 8.1 - 12.0
- 12.1 - 16.0
- 16.1 - 20.0
- 20.1 - 24.0
- 24.1 - 28.0

Values per Acre of Wheat Production in the Prairie Provinces, 1910-1935, with
Indexes of Value and Purchasing Power Based on 1913-100.

The value of wheat production in the Prairie Provinces for 1935 was \$6.72 per acre, an increase of 14 cents over the 1934 value of \$6.58. Relatives based on these values show that the 1935 value per acre was 49 per cent of the 1913 value of \$13.62. While 1935 prices were only 8 per cent less than 1913 prices, production per acre was only 53 per cent of the base year.

The value per acre of the wheat crop is dependent upon the yield and the price realized at the farm. While the price of No. 1 Northern increased from an average of 80 cents for November 1934 to an average of 86 cents for November 1935, the price realized for the 1935 crop was only 2.2 cents greater than in 1934. The high proportion of low grade wheat resulted in a low average price per unit.

The chart on the opposite page portrays the great variation in values per acre. Two peaks are registered in values per acre, namely those of 1917 and 1925. In 1917, an average yield combined with a high price brought gross returns of nearly \$30 per acre. From 1917 to 1921, the trend of values per acre was downward, reaching a low point in the latter year of \$9.90. Recovery in both prices and yields resulted in an upward trend to 1925, when above-average yields and price recovery resulted in a value per acre of nearly \$23. The 1926, 1927 and 1928 crops brought high returns per acre, but the trend turned sharply downward in 1929.

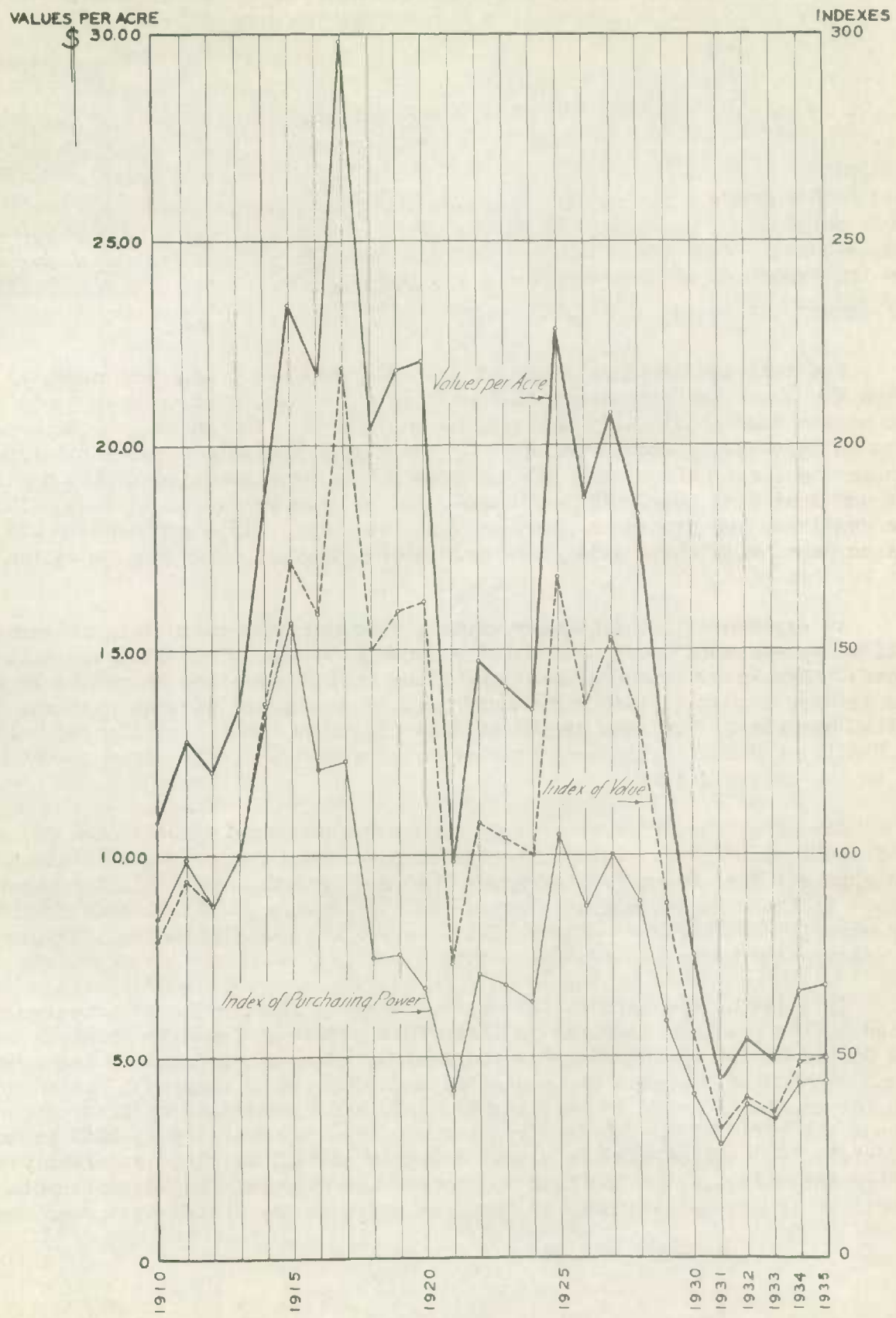
Recovery from the low point of 1931 has been very slow. The chief limiting factor has been low yields, for an average yield of 16 bushels per acre would have returned \$9.65 from the 1935 crop. Since 1932, the average yields have been 10.4 bushels in 1933, 11.3 in 1934 and 11.1 in 1935. Prices have increased from 34 cents per bushel in 1932 to 60 cents per bushel in 1935.

In order to eliminate as far as possible variations due to changes in the value of money, the value per acre has been expressed in terms of purchasing power. The series was deflated by the index of wholesale prices, 1913 base. The resulting index is not a true indication of purchasing power, but serves to indicate that in spite of the removal of the effects of changes in the price level, variations in returns per acre are still very great. The index of purchasing power shows that the "real" gross returns per acre from wheat production were greatest from the 1915 crop, followed in order by the 1917, 1916, 1925, 1927 and the 1913 crops. All other crops from 1910 to 1935, have been below the 1913 purchasing power per acre. The high prices of the late war and immediate post-war years were not as beneficial as generally supposed. Average yields in 1918 and 1919 were the two lowest recorded.

Caution must be exercised in comparing an index of purchasing power on a 1913 base. Although prices were at a moderate level, the yield was nearly 21 bushels per acre. The weighted average yield for the past 26 years has been 15.6 bushels per acre. In five out of the past seven years, yields have been much below this average.

VALUES PER ACRE OF WHEAT PRODUCTION IN THE PRAIRIE PROVINCES, 1910 - 1935

WITH INDEXES OF VALUE AND PURCHASING POWER, BASED ON 1913=100



VIII. THE STATISTICAL POSITION

The following table summarizes the statistical position of wheat in Canada as at February 1, 1936 with comparative figures for the same date of 1935:

	<u>1934-35</u>	<u>Bushels</u>	<u>1935-36</u>
Carry-over, July 31	193,990,281		203,231,288
New Crop	<u>275,849,000</u>		<u>277,389,000</u> 1/
Total Supplies	469,839,281		480,570,288
Domestic Requirements	<u>100,962,712</u>		<u>112,000,000</u> 2/
Available Supplies	368,876,569		368,570,288
Exports, August to January	<u>106,653,884</u>		<u>130,574,055</u>
Balance for export or carry-over	<u>262,222,685</u>		<u>237,996,233</u>
	1/ January Estimate.		2/ Tentative.

Now that the final estimate of the 1935 wheat crop has been made, it can be seen from the above table that supplies available for export or carry-over in the 1935-36 season were practically the same as in 1934-35. The increased carry-over and new crop in 1935-36 are counterbalanced by the higher estimate of domestic requirements. Exports in the first half of the 1935-36 crop season have amounted to 130.6 million bushels compared with 106.7 million bushels in the same period of 1934-35. Thus the balance remaining for export or carry-over at February 1, 1936 amounted to 238.0 million bushels compared with 262.2 million bushels at February 1, 1935 -- a reduction of 24.2 million bushels.

As explained in the January Review, however, part of this improvement in the statistical position is due to increased shipments to the United States, still held in bond there. Stocks of Canadian wheat in United States positions increased 19 million bushels between August 1, 1935 and January 31, 1936 compared with an increase of only 14 million bushels in the same period of 1934-35. Thus about 5 million bushels out of the 24.2 million bushels' increase is attributable to the greater increase of bonded stocks in the United States.

Comparing the official monthly export for January 1936 (page 33) with the total of weekly export clearances from Canadian seaboard ports (pages 18 and 19), it will be apparent that the official figure does not include nearly all the export clearances made in the calendar month. This deficit, however, should be made up in the monthly exports for February. These will also include most of the rail shipments of wheat crossing the border at western points.

Calculating the balance for export or carry-over by the alternative method explained in the previous issue as follows, "Carry-over of Canadian wheat in Canada and the United States at July 31 plus the Crop Estimate minus Domestic Requirements and minus the Sum of Overseas Clearances of Wheat (elevator returns), United States imports for consumption and for milling in bond, and an estimate of flour exports based upon the official monthly exports", the balance at February 1, 1936 amounts to approximately 270 million bushels compared with about 287 million bushels a year ago. The discrepancy between the two sets of figures has narrowed in the past month and will continue to narrow as stocks of Canadian wheat in the United States are reduced.

EXPORTS OF CANADIAN WHEAT AND WHEAT FLOUR

The following tables show exports of wheat and flour during the 1935-36 season to date with comparative figures for preceding years:

	<u>W H E A T</u>			
	<u>1935-36</u>	<u>1934-35</u> (b u s h e l s)	<u>1933-34</u>	<u>1932-33</u>
August	21,698,284	14,709,675	8,652,970	18,289,832
September	17,272,672	17,588,359	19,666,351	26,874,237
October	28,919,421	21,807,784	23,611,510	40,192,415
November	26,575,296	18,769,770	23,143,958	27,301,976
December	17,043,882	17,336,206	17,457,963	27,735,999
January	7,557,320	5,380,226	7,088,311	14,706,801
February		7,206,560	6,512,686	10,922,337
March		8,906,379	10,103,240	14,815,705
April		5,027,403	3,568,090	4,460,214
May		11,989,891	19,023,770	21,464,848
June		6,494,622	18,425,933	16,998,672
July		9,158,035	12,979,231	16,373,532
Total		<u>144,374,910</u>	<u>170,234,013</u>	<u>240,136,568</u>

	<u>F L O U R</u>			
	<u>1935-36</u>	<u>1934-35</u> (b a r r e l s)	<u>1933-34</u>	<u>1932-33</u>
August	376,562	412,089	480,288	330,382
September	395,640	369,320	552,556	385,113
October	501,442	485,549	514,368	528,794
November	525,368	504,384	547,602	576,864
December	443,828	340,751	418,183	492,033
January	314,311	346,099	448,498	397,304
February		309,729	328,376	333,114
March		497,468	493,327	490,270
April		276,907	340,621	234,387
May		383,221	481,725	565,080
June		429,561	441,064	544,507
July		395,232	408,028	492,765
Total		<u>4,750,310</u>	<u>5,454,656</u>	<u>5,370,613</u>

	<u>WHEAT AND WHEAT FLOUR</u>			
	<u>1935-36</u>	<u>1934-35</u> (b u s h e l s)	<u>1933-34</u>	<u>1932-33</u>
August	23,392,813	16,564,076	10,814,266	19,776,551
September	19,053,052	19,250,299	22,152,853	28,607,246
October	31,175,910	23,992,754	25,926,166	42,571,988
November	28,939,452	21,039,498	25,608,167	29,897,864
December	19,041,108	18,869,586	19,339,786	29,950,148
January	8,971,720	6,937,672	9,106,552	16,494,669
February		8,600,340	7,990,378	12,421,350
March		11,144,985	12,323,211	17,021,920
April		6,273,484	5,100,885	5,514,956
May		13,714,385	21,191,533	24,007,708
June		8,427,647	20,410,721	19,448,954
July		10,936,579	14,815,357	18,590,974
Total		<u>165,751,305</u>	<u>194,779,875</u>	<u>264,304,328</u>

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