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AGRICULTURAL BRANCH

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No. 1

A large, stylized illustration of a wheat sheaf, tied at the bottom and fanning out at the top, serving as a background for the title.

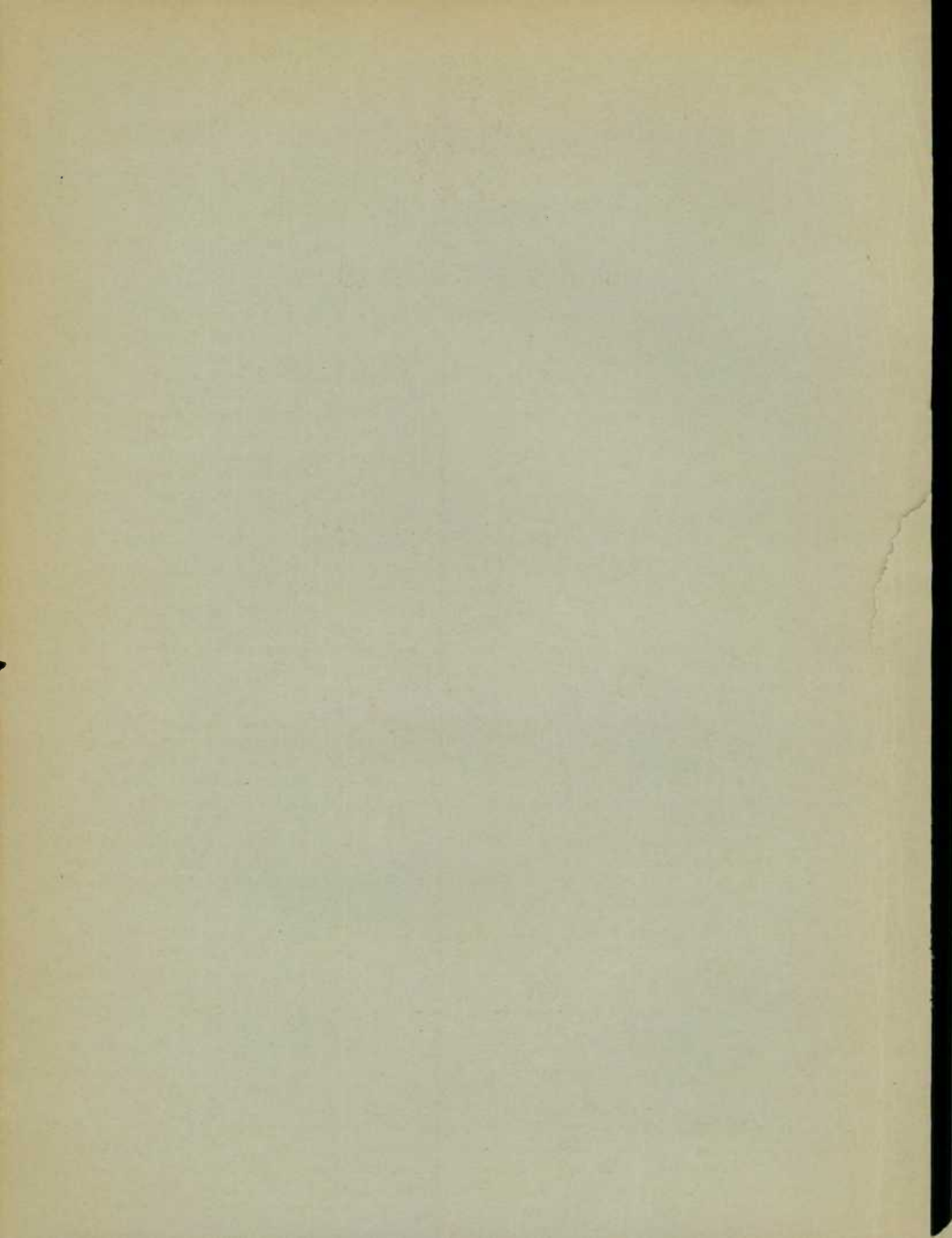
# MONTHLY REVIEW OF THE WHEAT SITUATION

SEPTEMBER 24, 1937

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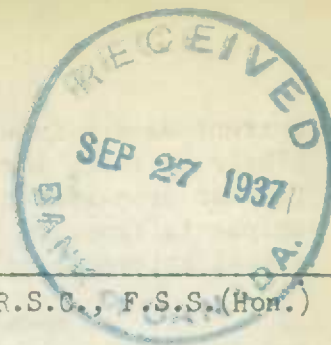






DEPARTMENT OF TRADE AND COMMERCE  
DOMINION BUREAU OF STATISTICS - CANADA  
AGRICULTURAL BRANCH

(Issued September 24, 1937)



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THE WORLD WHEAT SITUATION - SUMMARY

World wheat prices have held up remarkably well during the past month in view of the underlying market factors. It has been evident, even with moderate damage to the Southern Hemisphere crops, that there are ample supplies this season to meet the prospective lower volume of international trade. World import requirements are expected to go below 500 million bushels, and available export supplies, although below normal, are well over 600 million bushels. Consequently European buyers have been quite content to continue purchasing in fulfilment of immediate requirements only, with the result that only modest market support has come from overseas buying. During the month, crop conditions have materially improved in Australia, and the Argentine drought problem appears to be confined to the northern parts of Cordoba and Santa Fe, so that reasonably good outturns in both these countries are at present in prospect.

Despite the "bearish" relation between total supplies and requirements, and the heavy liquidation in the securities markets which might well have invoked sympathetic responses in commodities, Liverpool and Buenos Aires prices have made headway during the past month, while Winnipeg has held its ground and Chicago prices alone have eased a few cents. Part of the Buenos Aires strength has been in the short available supply situation, but the February new-crop future has been firming since it was boarded on August 28.

The key to the Canadian situation is in the unusually short supply of "Manitobas" for which there is still a decided preference in some United Kingdom mills. Although the production estimate of 164 million bushels for the Prairie Provinces was somewhat higher than anticipated, when this total is resolved into the amount available for export it appears that with the exclusion of Durum, not more than 65 million bushels of the Northern grades can be had from this crop. With country deliveries coming forward in small volume, the cash situation is unusually tight, and cash premiums are running between 6 and 7 cents over the October future. On the other hand, Canada has an unusually heavy production of Durum wheat of 30.7 million bushels which is selling at a considerable discount.

Paramount interest is centered in the failure of the United States surplus to move into export as anticipated in some overseas quarters. Export clearances from United States ports have been averaging well under a million bushels weekly and this is the period of year during which United States exports can move at lower cost and with less competition than at any other time. Several reasons are offered for the failure of heavy exports to materialize. One reason is that United Kingdom millers are insisting upon buying on sample, which is to them the safe way of buying types which have been absent from the British market for several years. Another is that importers are finding Russian and Danubian wheats better samples, and more attractively priced. Accordingly they are looking for cheaper offers from the United States. The other side of the shield is that a strong domestic demand exists for American wheat of the best quality and reserve stocks can comfortably be built up out of this year's supplies, so that European importers will have to bid higher if they want United States wheat. The net result of the



current export impasse is that United States exports for the crop year are not likely to reach the current estimates being placed upon the American export movement for the crop season. Broomhall has already reduced his estimate of United States shipments from 136 million to 120 million bushels, and it is probable that the actual shipments will go lower than this.

When the Buenos Aires strength, the extremely short Canadian supplies, and the unwillingness on the part of United States holders to release their supplies cheaply, are taken into account, a basis may be found for the current strength in Liverpool, in spite of the low import demand.

Turning to the actual supply situation, it appears that 619 million bushels will be available for export during the current crop season. In Canada, after domestic requirements of 100 million bushels, and a year-end carry-over of 35 millions are deducted from the 1937 crop of 188 millions and carry-in stocks of 37 millions, 90 million bushels are left available for export. Of this amount, 65 million bushels are common wheat, and 25 million bushels durum. In the United States, domestic requirements of 675 millions and year-end stocks of 130 million bushels are deducted from the 1937 crop of 886 millions and carry-in stocks of 90 millions to leave 171 million bushels for export. Allowing a top production in Australia of 180 million bushels, 122 millions should be available for export. With a crop of 220 million bushels in Argentina, that country should be able to export 112 millions. The Danubian countries have a surplus estimated by Broomhall at 72 millions, and other countries including India and North Africa a surplus of 20 million bushels. While no information is available on either the extent of the Russian surplus or the probable exports during the crop year, Broomhall ventures a figure of 32 million bushels, and this may be accepted for want of any current trade statistics in that country.

Total world import requirements on the other hand are placed by Broomhall at 496 million bushels, approximately 80 million bushels below those of a year ago. United Kingdom requirements are fairly stable at 212 million bushels. Widely varying estimates are placed upon the size of the French crop, for which there is yet no official figure. Against an estimate earlier in the year of 263 million bushels, another private estimate indicates a much smaller crop at 236 millions. Broomhall has allowed for slightly higher imports by France this year of 8 millions. While the Italian crop has probably not reached the official figure of 294 millions, it is evidently much higher than a year ago, so that Italian imports will be greatly reduced. Broomhall suggests an import volume of 24 millions, which is an optimistic figure. Germany's crop is poorer than last year, but the stringent regulations to curtail wheat consumption, including the day-old bread law and the mixing of other flours with wheat flour, will serve to keep imports down to last year's volume of 32 million bushels. Other countries including Holland, Belgium, Austria, Switzerland and the Scandinavian countries have fairly constant import requirements. According to the official production estimate for Greece, that country should be able to cover its own requirements, but since the official figure is generally held to be too high, imports of 12 million bushels are predicted. Because of the heavy crop in the United States which has removed the need for wheat imports this year, the takings of non-European countries are reduced to 87 million bushels.

Balancing the prospective requirements against the available supplies, and allocating the probable exports to the various countries as they are likely to furnish the importers' requirements, the results may be tabled as follows:-



Provisional World Supplies and Requirements 1937-38.

<u>Available Supplies</u>		<u>Probable Exports</u>	<u>Probable Imports</u>	
(million bushels)			(million bushels)	
Canada .....	90	75	United Kingdom ...	212
United States .	171	90	France .....	8
Australia .....	122	110	Italy .....	24
Argentina .....	112	105	Germany .....	32
Danube .....	72	70	Belgium .....	40
U.S.S.R. ....	32	30	Holland .....	21
Others .....	20	16	Greece .....	12
	619	496	Austria .....	10
			Switzerland .....	16
			Scandinavia .....	18
			Others .....	16
			Non-Europe .....	87
				496

The figures for probable imports are Broomhall's estimates. Probable exports from Canada are shown 11 million bushels higher than Broomhall's figure of 64 millions, since hard milling types will find a strong demand among importers. The United States' export figure is sharply reduced from Broomhall's estimate of 120 million bushels, in consideration of the slow current demand and the fact that the domestic mills are buying up the top grades, leaving light-weight wheat at the disposal of importers. The Australian export figure is sharply increased over Broomhall's estimate of 80 million bushels, due to the improving crop prospects in that country. It is entirely possible that Australia may be the world's largest wheat exporter during the current season.

The Wheat Situation in Argentina

According to a Government report covering conditions up to September 17, wheat prospects are generally good except in the extreme western part of the province. In Santa Fe, conditions are excellent in the south, good in the centre and irregular in the north. Cordoba conditions are generally irregular. Entre Rios prospects are excellent except in the southwest, and the Pampa is showing good prospects in the south, tapering off to fair in the north. The wheat area this year is officially placed at 17,586,000 acres which is almost identical with that of last year. There has been some abandonment of acreage in Cordoba due to the drought. Since the Government report was issued beneficial rains fell over the week-end, which further improved the crops. Considering the present conditions a crop of at least 220 million bushels is in prospect.

The Wheat Situation in Australia

An official report released on September 15 states that weather conditions in western Australia have been favourable during the past month and that crop conditions have improved. Crop conditions in south Australia are excellent. In New South Wales, rainfall has been nearly general and conditions have improved during the month, although beneficial rains are still necessary to ensure a satisfactory harvest. Conditions in Victoria have also improved during the month, but good rains are still needed before harvest. The Australian wheat area is officially estimated at 13,744,000 acres, an increase of 11.4 per cent over last year. The Canadian Government Trade Commissioner, whose cable appears on page ten, reports that crop prospects are now satisfactory in all states, and that given good normal rains, 180 million bushels may be garnered.



# The Durum Wheat Situation

Winnipeg prices on durum grades have moved to increasingly heavy discounts below common wheat prices throughout the summer months. The basis for this decline in durum values is in the greatly increased 1937 production in the various durum areas. In the first place, the durum crop in Canada is estimated this year at 30,731,000 bushels, or slightly more than twice the size of the 1936 crop of 15,300,000 bushels. Due to drought, the United States in 1936 produced a crop of only 8,175,000 bushels which was approximately 22 million bushels below the domestic requirements of that country. This year's durum crop in the United States amounts to 27,288,000 bushels, which together with a July 1 carry-over of 6 million bushels, will cover domestic requirements and necessitate imports only for the maintenance of adequate carry-over stocks. In the surplus producing areas of North Africa, durum production is also higher this year, with the combined crops of Morocco, Algeria and Tunis amounting to 38,213,000 bushels, compared with 31,548,000 bushels in 1936. Altogether the total durum wheat production in North America and North Africa has increased from a short crop of 55 million bushels in 1936 to a surplus crop of 96.2 million bushels in 1937 - an increase of approximately 75 per cent.

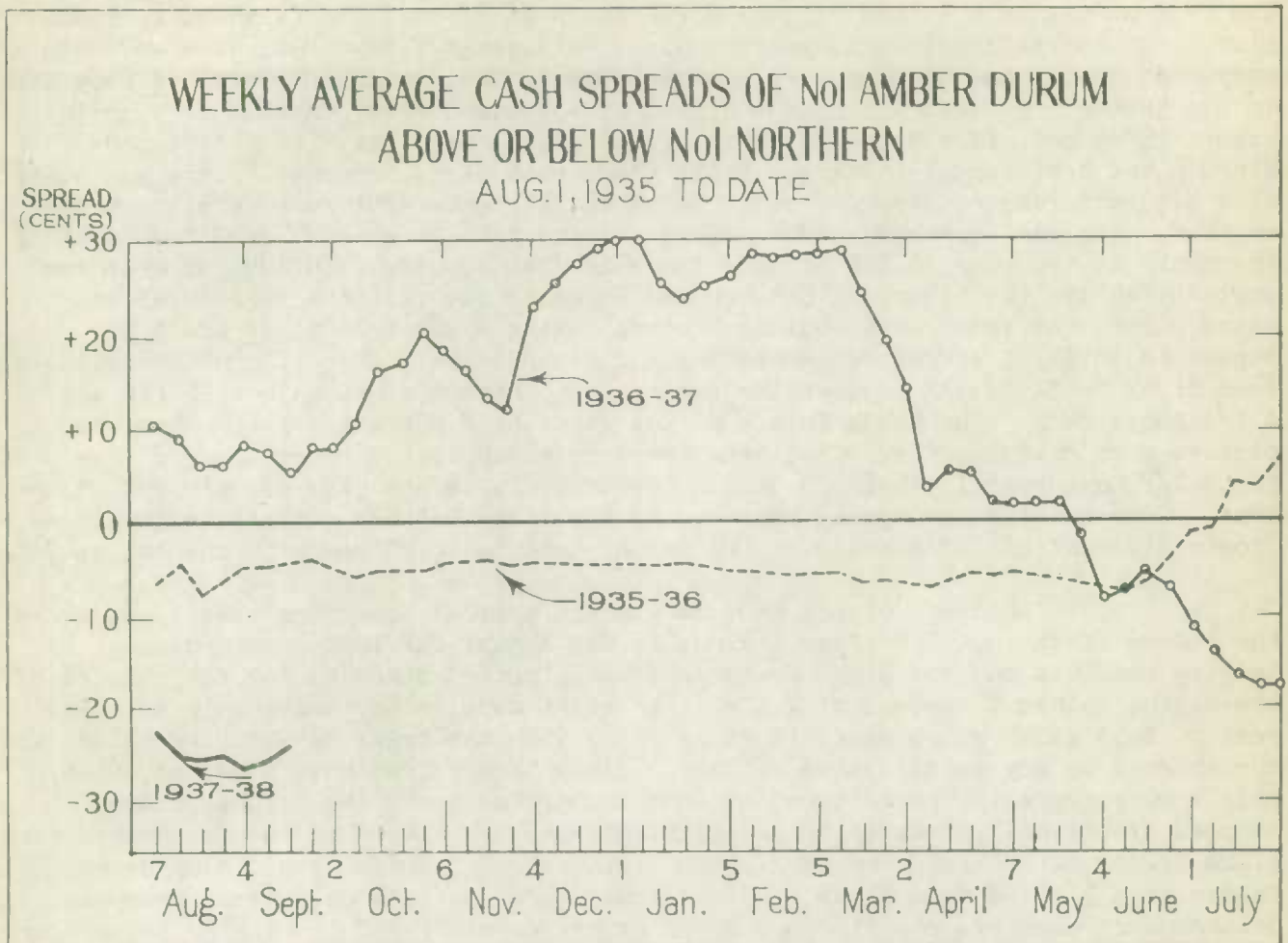
## Durum Wheat Production in North America and North Africa, 1935-37

	1935	1936	1937
	(thousand bushels)		
Canada .....	(17,800)	15,300	30,700
United States .....	23,821	8,175	27,288
Morocco .....	13,885	8,488	10,288
Algeria .....	24,453	18,651	17,637
Tunis .....	11,023	4,409	10,288
	<u>90,882</u>	<u>55,023</u>	<u>96,201</u>

In addition to the above-mentioned durum crops Italy, France, Spain and the U.S.S.R. among the European countries are durum producers. While no information on the size of the durum crops in these countries is at hand, the estimates for total production in these countries suggest that there are normal crops of durum. The durum production in France is fairly small, with the durum requirements of that country being met by imports from the French dependencies in North Africa. The durum crops of Italy, Spain and the U.S.S.R. have not yielded surpluses in recent years, and consequently are only small factors in the international trade situation.

Relating production to durum price spreads it will be noted in the chart on the opposite page that in 1935-36 with a durum production in North America and North Africa of 90.9 million bushels, the No. 1 Amber Durum spread held approximately 5 cents below No. 1 Northern at Winnipeg in a season of generally ample supplies. It should be noted particularly, however, that North American supplies were much lower in 1935 than in 1937 - the Canadian and American production in the former year amounting to 41,621,000 bushels, compared with 57,988,000 bushels





in the latter year. In the 1935-36 season the United States was able to absorb part of the Canadian durum surplus, so that approximately only 10 million bushels of Canadian durum had to find its way into European markets or stocks. In 1937-38, with United States imports of Canadian durum virtually precluded by the available domestic supplies, considerably more than 20 million bushels will have to seek overseas export outlets. This explains mainly why durum prices are at such an extreme discount, compared with the prevailing discount in 1935.

The discount between the durum and the northern grades should ease later in the season as the current durum stocks become absorbed. The visible supply of Canadian wheat is now stated in terms of durum and other wheat, and as a result the durum supply situation may be followed very closely. On September 17, there were 14,706,000 bushels in store, receipts having increased sharply with the heavy Manitoba deliveries within recent weeks. Durum stocks are due to go higher within the next few weeks, before exports and domestic consumption begin to overtake the primary receipts.



## PRICES

Liverpool prices have moved into moderately higher levels during the past month, in the face of dear North American offers, the firmness in Buenos Aires, and increasing freight rates. No. 2 Northern c.i.f. offers have moved to very high levels in the Liverpool market owing to the unusual scarcity of supplies in the Northern grades, and in the United States the domestic demand is such that exporters cannot offer No. 2 Hard winters at prices attractive to the United Kingdom and Continental millers. While the Buenos Aires November future was quoted at a discount ranging around 9 cents below the September future before the latter expired, both the September and November futures have shown an upward trend during the month in response to the drought fears in that country. Influenced by these current factors the Liverpool October and December futures have registered net gains during the month - the October future having risen from \$1.26 1/4 on August 18 to \$1.31 1/2 on September 18, and the December future almost identically from \$1.27 to \$1.31 1/4 between the same dates, showing a net gain of 5 1/4 and 4 1/4 cents each. The March future on the other hand has anticipated the prospective more cheaply offered Southern Hemisphere supplies and has changed from \$1.24 1/2 on August 18 to \$1.25 3/8 on September 18, a net gain of only 7/8 of a cent. Consequently the spread between the March and October futures has widened from a discount of 1 3/4 cents on the former date to 6 1/8 cents on the latter date.

Winnipeg futures have maintained approximately the same spreads over the course of the month. After a slump in mid-August due to the commencement of hedging pressure and the light overseas demand, prices steadied for the balance of the month, gained 7 cents during the first eight days in September only to lose most of this gain by September 13 in sympathy with the break in security values and the absence of any constructive factors. Since then prices have steadied, with only a very modestly upward trend evident. Over the month the October future dropped fractionally from \$1.26 1/2 to \$1.25 5/8. The December future changed from \$1.23 1/2 to \$1.22 7/8. The May future similarly registered practically no net change from \$1.24 3/4 to \$1.23 7/8. In order to facilitate deliveries between October and December, the Winnipeg Grain Exchange authorized trading in November futures which were boarded on September 2. November quotations have been almost identical with those on the October future. Owing to the scarcity of contract grades for immediate delivery at the Head of the Lakes, cash quotations have prevailed at unusually high spreads above the nearest future since the beginning of August, having ranged between 5 and 8 cents during this period.

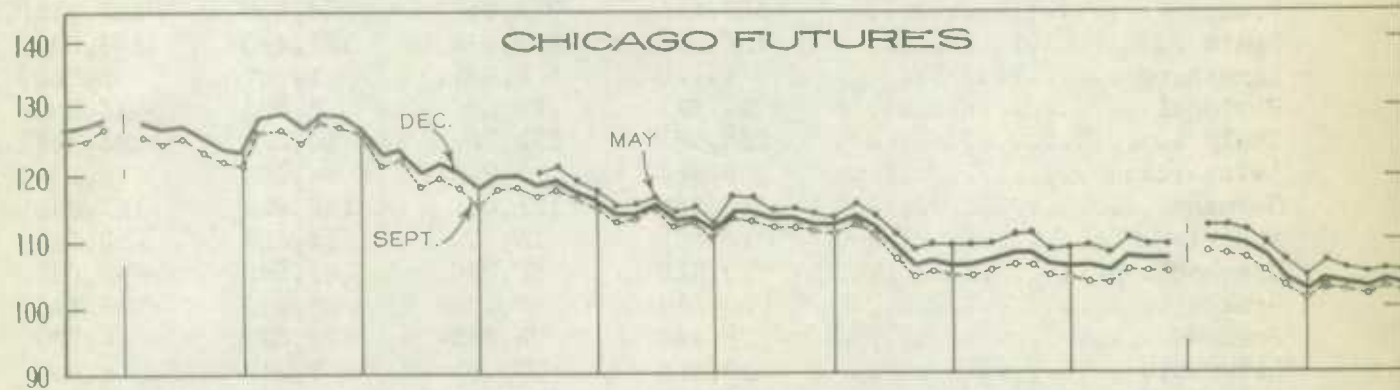
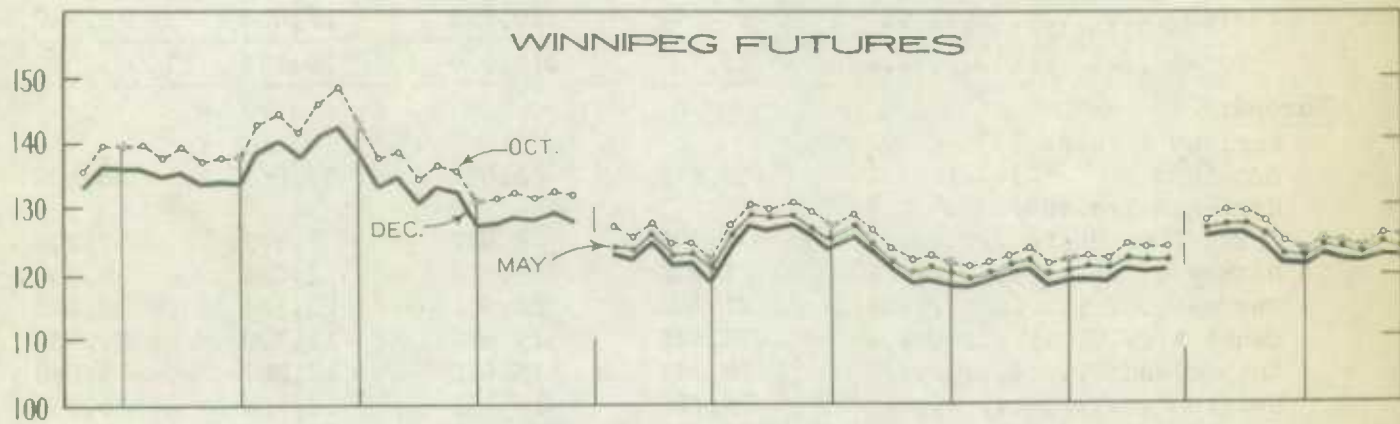
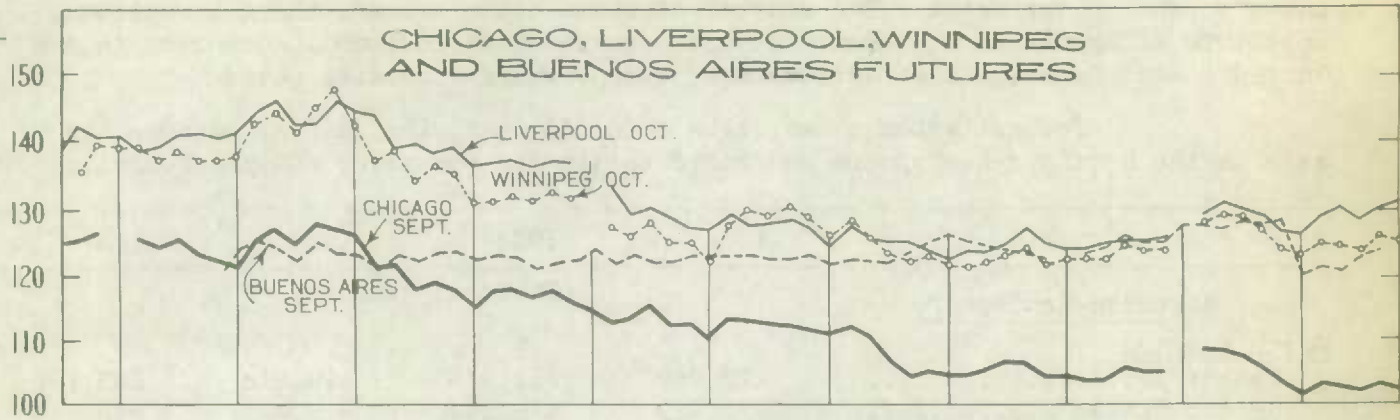
At Chicago, prices declined in mid-August in sympathy with the Winnipeg market, and remained very steady until the end of the first week in September, having participated only very mildly in the early September advance. During the second week in September the Chicago futures dropped more sharply than those in Winnipeg with the result that net losses in Chicago for the month were registered. The September future declined from \$1.10 3/4 on August 18 to \$1.02 3/4 on September 18, a net loss of 8 cents. The December future, holding above September, declined from \$1.12 1/8 to \$1.03 3/4 - a loss of 8 3/8 cents. The May future, still above December, dropped from \$1.14 to \$1.05 3/4 - a loss of 8 1/4 cents.

The weakness in Chicago futures and the contrasting strength in Liverpool have widened the discount of Chicago September below Liverpool October from 15 1/2 cents on August 18 to 28 3/4 cents on September 18.



# DAILY CLOSING WHEAT FUTURES QUOTATIONS IN LEADING MARKETS

CENTS  
PER  
BUSHEL





WORLD WHEAT PRODUCTION ESTIMATES, 1937,  
WITH COMPARATIVE ESTIMATES FOR 1934, 1935 AND 1936.

Revisions in the 1937 estimates as they have occurred to date are shown in the tables below. The sources of these estimates are the International Institute of Agriculture at Rome and the Bureau of Agricultural Economics in the United States Department of Agriculture, except where otherwise noted.

The estimates shown below cover 43 countries, and allowances are made in the northern hemisphere and world totals for countries not yet reporting in 1937.

	1934	1935	1936	1937
(Thousand Bushels)				
<u>Northern Hemisphere</u>				
<u>North America</u>				
Canada .....	275,849	281,935	229,218	188,191
United States .....	496,929	626,344	626,461	885,950
Mexico .....	10,949	10,711	13,606	12,949
Total .....	783,727	918,990	869,285	1,087,090
<u>Europe:</u>				
England & Wales )				
Scotland ).....	69,775	65,395	55,265	55,100
Northern Ireland)				
Irish Free State .....	3,803	6,687	7,839	7,300
Norway .....	1,205	1,870	2,094	2,200
Sweden .....	27,807	23,611	21,524	26,492
Denmark .....	12,845	14,672	11,390	11,900
Netherlands .....	18,041	16,652	16,259	12,640
Belgium .....	16,759	16,101	16,153	15,100
France .....	338,511	284,950	244,349	262,713(1)
Spain .....	186,835	157,984	121,490	139,600
Luxemburg .....	1,172	1,021	1,027	1,123
Portugal .....	24,691	22,094	8,393	14,550
Italy .....	233,061	282,757	224,272	293,945
Switzerland .....	5,824	5,989	4,468	6,162
Germany .....	166,545	171,487	162,659	157,885
Austria .....	13,305	15,509	13,514	13,374
Czechoslovakia .....	50,015	62,096	55,582	49,603
Greece .....	25,680	27,179	23,449	36,743
Poland .....	76,440	75,883	78,357	65,770
Lithuania .....	10,475	10,093	7,942	8,500
Latvia .....	8,050	6,522	5,272	6,393
Estonia .....	3,108	2,267	2,433	2,903
Finland .....	3,281	4,233	5,442	6,026
Malta .....	309	180	236	(331)
Albania .....	1,628	1,554	1,129	(1,100)
Total .....	1,299,165	1,274,786	1,090,538	1,197,453
Bulgaria .....	39,594	47,924	59,034	64,227
Hungary .....	64,822	84,223	86,741	70,106
Roumania .....	76,554	96,440	128,716	135,986
Yugoslavia .....	68,327	73,100	107,421	90,000
Total .....	249,297	301,687	381,912	360,319
Total Europe .....	1,548,462	1,576,473	1,472,450	1,557,772

(1) Source: International Wheat Committee, June 15.



World production in 1937 is now indicated to be 3,846 million bushels, an increase of 319 million bushels over the world production in 1936.

Practically no net change in the total estimates for European countries apart from the four Danubian exporting countries has occurred during the month. The official estimates for Italy and Greece are probably too high.

Estimates for the Southern Hemisphere crops to be harvested next December are only tentative.

	1934	1935	1936	1937
	(Thousand Bushels)			
<u>Africa:</u>				
Algeria .....	43,530	33,532	29,774	34,362
Morocco .....	39,587	20,036	12,234	18,000
Tunisia .....	13,779	16,902	8,083	18,000
Egypt .....	37,276	43,221	45,701	44,924
Total .....	134,172	113,691	95,792	115,286
<u>Asia:</u>				
Palestine .....	3,046	3,836	2,795	(2,800)
Syria & Lebanon .....	16,277	18,519	15,998	(16,000)
India .....	348,809	363,209	352,240	366,165
Japan .....	47,659	48,718	45,194	49,603
Chosen .....	9,267	9,748	8,095	11,041
Turkey .....	99,710	92,640	138,496	110,200
Total .....	524,768	536,670	562,818	555,809
Total 43 Countries .....	2,991,129	3,145,824	3,000,345	3,315,957
<u>Estimated Northern Hemisphere</u>				
<u>Total, ex U.S.S.R.</u>				
<u>and China</u> .....	3,055,189	3,191,873	3,054,821	3,371,000
<u>Southern Hemisphere</u>				
Argentina .....	240,667	141,020	247,832	220,000
Australia .....	133,392	142,596	149,579	(180,000)(1)
Union of South Africa .....	16,373	20,194	16,193	(15,000)
Total .....	390,432	303,810	413,604	415,000
<u>Estimated World Total, ex</u>				
<u>U.S.S.R. and China</u> .....	3,502,720	3,562,978	3,526,603	3,846,000

(1) Source: Canadian Government Trade Commissioner, Melbourne.



UNITED STATES

The following excerpt relating to wheat is taken from the September 10 General Crop Report of the United States Department of Agriculture:

"Wheat: Production of all wheat in the United States in 1937 is indicated at 885,950,000 bushels. This is about 41 per cent greater than the 1936 crop but only about 2 per cent above the 5-year (1928-32) average. The large crop this year follows five successive years of below-average wheat crops. Production in the last four years averaged only about 580,000,000 bushels.

"A spring wheat crop of 197,805,000 bushels in 1937 is indicated by condition and preliminary yield reports as of September 1. Such a crop would be 84 per cent greater than the short crop of 107,448,000 bushels produced in 1936 but about 18 per cent below the 5-year (1928-32) average production of 241,312,000 bushels.

"Prospective production declined slightly during August as preliminary threshing returns showed yields running somewhat lower than expected in the Dakotas. Severe damage from rust, drought and grasshoppers had already occurred in these States before August 1 and drought and grasshoppers continued to damage that part of the crop which had not been harvested. However, comments indicate that many low-yielding fields, which might ordinarily have been abandoned, were harvested because of relative high prices and the need for seed for next year's crop. These reductions were only partially offset by increases in Minnesota and in the Pacific Northwest where early threshing returns point to yields somewhat above earlier expectations.

"Prospective yields per acre are above average in the Pacific Northwest and in Minnesota, but elsewhere they are generally below average.

"The preliminary estimate of winter wheat production of 688,145,000 bushels published in the August report, will remain unchanged until the final check-up in December".

AUSTRALIA

The following cable was received on September 15 from the Canadian Government Trade Commissioner in Melbourne:

"Wheat and flour shipments for the period ending September 6 totalled 84,049,317 bushels compared with 78,563,997 for the previous year. Trading conditions for Australian wheat last month were very dull with exportations from Russia influencing the export market. Sales are being restricted to afloat cargoes with the value of near wheat improving. Owing to Japan's rigid control of imports, commitments are very small. The price of wheat to growers is four shilling sixpence per bushel at country sidings equivalent to eighty-eight cents Canadian, and the f.o.b. price is about five shillings one penny halfpenny equivalent to one dollar Canadian. Farmers are holding the balance of supplies, and local prices are still above export parity. Uncommitted stocks approximate 50 thousand tons. The official estimate of the new crop acreage is 13,744,000 acres, an increase of 11.4 per cent over last year. Crop prospects are now satisfactory in all States. Given good normal rains, 180 million bushels may be garnered. The demand for flour in the near East has strengthened. Dairen is reappearing following the cessation of supplies from Shanghai, which may lead to larger shipments to the East. Export quotations ten pounds two shillings sixpence per ton in 150 pound sacks, equivalent to thirty-nine dollars eighty-seven cents Canadian and ten pounds twelve shillings sixpence in 49 pound calico bags, equivalent to forty-one dollars eighty-six cents Canadian. Freights continue firm, with rising Orient rates reflected here. Shipments in bulk from eastern States are forty-seven shillings per ton. Owners are tending to hold for higher tonnage. Freight may be a big difficulty in the coming season.



ARGENTINA

The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of September 2, 1937, dealing with the grain situation in Argentina.

Crop Conditions

August was a very dry month. Rains, although well distributed, were very light and altogether insufficient for the needs of the growing crops.

According to the monthly crop report of the Ministry of Agriculture, issued on the 20th, a great part of the country has been affected by the prolonged drought. Consequently the general condition of the crops is deficient in the provinces of Santa Fe and Cordoba. In the territory of the Pampa normal work on the land has been interrupted and germination of the grain sown has been delayed. In Cordoba there will be a reduction in the areas seeded to wheat and linseed, which will probably be compensated for by an extension of that planted to corn. It is added that in the province of Buenos Aires the agricultural condition may be described as from fair to good, and in Entre Rios it is normal. Details as regards the several provinces follow:

Buenos Aires: The favourable weather conditions indicated in the last report have not been maintained except in parts of the north-east, where there has been more rain than elsewhere and also a humid atmosphere. In the rest of the province there was little or no rain but frequent frosts. Generally there has been no damage to crops, but merely a backwardness in development in certain zones. Seeding of wheat is almost finished. It has been effected generally under good conditions. In the south-west the crop has germinated and stood well although development has now been arrested by lack of rains and by frosts, which, however, will help good rooting. In the south coastal region conditions are equally satisfactory, but an abundant rain is needed. Towards the north-east, favoured by greater moisture, they are still better. In the centre and west the lack of rain is being felt, and this is accentuated towards the north-west, where the winter wheats have preserved a satisfactory condition but the later sowings are uneven and spindly. The forecast of an increased area contained in the last report has been fulfilled. The linseed which has germinated is growing well in the north. Along the Parana, on the other hand, germination has been reduced, which may be just as well in view of the possibility of damage from the frosts of the last few days. In the south along the Atlantic it is germinating well. In the remainder of the province seeding has been commenced under difficulties owing to adverse weather conditions.

Santa Fe: Weather conditions continue unfavourable. The little rain which has fallen since the last report has been only local in character, and the weather has remained cold, with heavy frosts. Work on the land has been suspended, and rains are awaited in order to finish seeding linseed and commence that of maize. Wheat seeding was terminated in the normal season, and the grain is in good condition in the south, where the frosts have favoured good rooting. On the other hand, in the north of the province the grain has suffered from drought, and some fields are already lost. Seeding of linseed has been paralyzed by the prevailing drought, and if it does not rain immediately there will be a smaller area than last year, only about 65 per cent having as yet been sown. Of this, two-thirds have germinated well but the rest has either not germinated or has done so unevenly, making future development uncertain.

Cordoba: Intense drought continues in this province, only some light showers which brought no benefits having fallen since the last report. Ploughing is practically at a standstill, and sowing of wheat and linseed has been suspended for fear of losing the seed. Wheat seeding has been brought to an end, with a decrease in area compared with last year. The condition of fields which have germinated is



good in the south, but less so in the remainder of the province, especially in the north, where only a small part of the seed has germinated and the fields are very thin, with height of plants uneven. In some places the wheat fields are being rolled to stimulate drawing up the moisture. Only small areas of linseed have been sown, and germination and subsequent growth have been deficient. The drought has caused a decrease in the linseed area, which only immediate and abundant rains can remedy, as the season for sowing it ends in early September.

Entre Rios: In this province weather conditions continue relatively normal. Ploughing and seeding are being carried on under favourable conditions throughout the province. Wheat seeding has been finished within the proper season, which has induced farmers to sow greater areas than last year. Generally the wheat fields are in good condition except in some areas where dry weather and insects have done some damage. Seventy per cent of the linseed area has already been sown, and as the work can be carried on up to the end of September an increased acreage as compared with last year is foreseen. In the north the germinated fields are in good condition, but are less so in the south and especially in the south-west.

La Pampa: From July 15th to date weather conditions have been most unfavourable for the crops and for farm work, because of frosts, strong winds, and complete absence of rain. Wheat seeding may be considered finished, with an increase of 10 per cent in area in the north as compared with last year and acreage about equal in the southern zone. The varieties of slow growth look well in the centre and south, but in the north they have suffered more from the prevailing drought. The late sowings have had an uneven germination throughout the territory, and they have all been damaged by the strong winds, especially in the sandy soil areas.

Since the appearance of the above official report there have been light rains on several days, covering extensive districts and culminating in a useful downfall on the last day of the month. It is still very showery and unsettled all over the Republic, with prospects of more precipitation to follow. As already indicated, moisture has been inadequate for the crops in Cordoba, the Pampa and parts of Santa Fe, particularly the north-west. But in the principal cereal zones of Buenos Aires, Entre Rios and most of Santa Fe, conditions have improved and may now be written down as normal, so that even if no more rain falls up to the middle of September the lack of it will be of no great importance. In these districts the dry weather has not only strengthened the plants by promoting good rooting, but in combination with the frequent frosts it has freed the plants of the insect pests which have in some years proved so damaging.

Although rain may fall in generous quantities, it is now too late to resume sowing of wheat, and some of the lands which had been destined for it will be planted with maize. The same is probable with some areas which normally would have gone into linseed. And if moisture does not come in time to save the fields of wheat and linseed now on the verge of being lost in the dry areas, that land will be re-ploughed and devoted to maize. So that there is a possibility of an extraordinary acreage under maize for the next crop. But fortunately world wheat prospects appear to be such that there is reason to hope that still another heavy Argentine corn crop would be absorbed without great difficulty.



## Wheat Supplies and Market Conditions

Shipments of wheat during August were 3,745,000 bushels and of wheat flour 197,000 bushels; a combined total of 3,942,000 bushels, which compares with 3,164,000 bushels during July, and leaves the statistical position as below:

Second official estimate 1936-37 crop .....	247,836,000 bushels	
Probable under-estimate .....	3,674,000	"
Total .....	251,510,000	"
Less seed and domestic requirements .....	99,208,000	"
Exportable balance .....	152,302,000	"
Disappearance prior to January 1, 1937 .....	3,380,000	"
Available balance on January 1 .....	148,922,000	"
Shipments) Wheat .....	133,741,000 bushels	
to Aug. 31) Wheat as flour .	2,323,000	"
Still available for export .....	136,064,000	"
	12,858,000	"

There is little to be said with regard to market conditions during the past month. Not much wheat remains to be disposed of, and probably all of it will be absorbed by Brazil and the other South American countries. Generally the demand for wheat on the part of importing European countries is slow at present, as these have on hand the supplies from their own crops; and this condition is reflected in the market here. The local millers are interested in buying grain of good quality suitable for their needs. Price fluctuations were of no importance, and the market closed the month with a difference of only 20 centavos per quintal as compared with the July close, Spot wheat being quoted at 13.65 pesos (equal to 115 1/2 cents Canadian per bushel at prevailing official exchange rates), and the October option 13.30 (112 1/2 cents per bushel); while on the same day in Winnipeg October wheat closed at 123 cents.

### Flour Milling in 1936

Argentine flour mills in 1936 used 1,944,080 metric tons of wheat (71,433,000 bushels), from which they produced 1,374,070 tons of flour (15,456,000 barrels) and 560,585 tons of sub-products. As the wheat crop of the season 1935-36 was only 141,463,000 bushels, 50.5 per cent of the total crop was therefore industrialised in the country. But the quantity milled was 2,977,000 bushels, or say 4 per cent less than in the preceding year. In this connection it must be remembered that the 1935-36 wheat crop was the smallest in the last decade.

The quantity annually milled in the Republic during the last ten years averaged 69,454,000 bushels, or rather less than the 1936 total. Over 90 per cent of the production of the Argentine mills is destined for domestic consumption. Of the 1936 production of flour of 15,456,000 barrels, 891,000 barrels were exported, or say 5.8 per cent; and the balance of 14,565,000 barrels, or say 94.2 per cent, represents the apparent domestic consumption. The per capita consumption, on the basis of the population figures calculated at December 31 last by the National Statistical Bureau, was 103.1 kilograms, equivalent to 5.2 bushels of wheat, which was 5.8 per cent less per person than the corresponding figure of the previous year.

The 1936 exports of flour were 105,000 barrels or 10.6 per cent lower than those of the preceding year. The difference is accounted for by the decreased shipments to the traditional best customer for Argentine flour, Brazil, caused by the continual growth of the Brazilian milling industry. While Brazil is still Argentina's most important customer for flour, she is displaying a definite tendency to supply her own needs and to substitute purchases of wheat for those of flour.

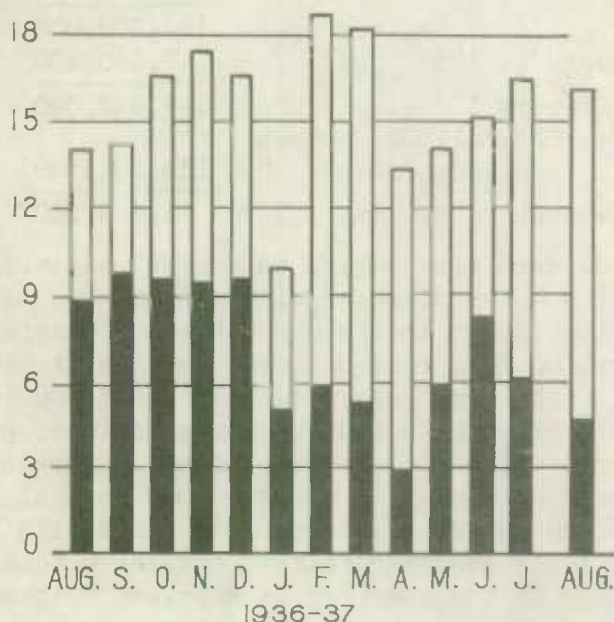
One hundred and eighty-six Argentine mills, with a combined capacity of 104,000 barrels daily, were in operation in 1936.



# IMPORTS OF WHEAT INTO THE UNITED KINGDOM

August to July 1936-37 and 1937-38 to date  
(Black portions show imports from Canada)

MILLION  
BUSHELS



## THE UNITED KINGDOM

Imports of wheat into the United Kingdom during the month of August, 1937, were lower than during the preceding month but higher than in the corresponding month last year. Imports during August amounted to 16,030,423 bushels compared with 16,462,219 bushels in July, 1937, and 13,968,046 bushels in August, 1936.

The following table shows imports of wheat into the United Kingdom for the twelve months August to July, 1936-37, and June, July and August 1937:

	August-July 1936-37	June 1937	July 1937	August 1937
From:	(Bushels)			
Canada .....	86,456,847	8,197,499	6,105,445	4,667,228
United States ...	103,438	19	-	320,988
Argentina .....	29,429,041	747,364	377,143	9,266
Australia .....	38,963,005	4,429,016	6,549,769	6,421,959
Russia .....	-	-	-	-
British India ...	10,670,162	124,230	2,691,296	3,346,909
Roumania .....	8,420,847	330,427	65,152	360,784
Others .....	10,423,586	1,277,156	673,414	903,289
T o t a l .....	184,466,926	15,105,711	16,462,219	16,030,423
Previous year .....	190,661,782	19,285,242	16,234,494	13,968,046



As shown by the foregoing table, imports of wheat into the United Kingdom during the twelve months from August, 1936 to July, 1937, amounted to 184 million bushels compared with 191 million bushels for the same months in 1935-36. Out of total imports of 184 million bushels, Canada supplied 86 million bushels or 46.9 per cent; Australia 39 million bushels or 21.1 per cent; Argentina 29 million bushels or 16.0 per cent; Roumania 8 million bushels or 4.6 per cent; British India 11 million bushels or 5.8 per cent.

The following table shows imports of wheat into the United Kingdom during August, 1937 along with comparative figures for August, 1936.

	August, 1937	August, 1936
From:	(Bushels)	
Canada .....	4,667,228	8,795,417
United States .....	320,988	-
Argentina .....	9,266	7,250
Australia .....	6,421,959	2,227,446
Russia .....	-	-
British India .....	3,346,909	113,863
Roumania .....	360,784	592,408
Others .....	903,289	2,231,662
T o t a l .....	16,030,423	13,968,046

The above table shows that total imports of wheat into the United Kingdom during August, 1937 were higher than during August 1936. Imports from Canada amounted to only 4,667,228 bushels as compared with 8,795,417 bushels for the corresponding month last year. Imports from Argentina amounted to 9,266 bushels as compared with 7,250 bushels for August, 1936. Australian imports amounted to 6,421,959 bushels for August, 1937 as compared with only 2,227,446 bushels during the corresponding month in 1936. Imports from British India were again high, amounting to 3,346,909 bushels as compared with only 113,863 bushels for the same month last year.

#### INTERNATIONAL TRADE

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

Week ending	North America	Argentina	Australia	Russia	Danube	India	Other	Total
	(Thousand Bushels)							
August 7, 1937	2,512	888	1,808	184	688	680	280	7,040
14	2,560	880	1,472	-	880	336	416	6,544
21	4,072	856	920	88	1,192	352	192	7,672
28	2,848	968	1,440	456	1,712	248	160	7,832
Sept. 4	2,160	992	840	768	960	928	56	6,704
11	2,105	893	942	1,680	1,144	456	240	7,460
18	2,851	561	611	1,280	1,616	64	392	7,375
TOTAL	19,108	6,038	8,033	4,456	8,192	3,064	1,736	50,627
Comparative 1936								
Corresponding week	6,048	952	1,840	-	3,136	216	200	12,392
TOTAL	40,632	6,248	9,496	-	14,264	624	2,408	73,672



BROOMHALL'S SUMMARY OF INTERNATIONAL WHEAT POSITION

August 1, 1937 to July 31, 1938.

Importers' Estimated Requirements	Season August 1, 1937 to July 31, 1938	Shipped to date (7 weeks)	Remainder
	(thousand bushels)		
Europe .....	409,000	38,600	370,400
Ex-Europe .....	87,000	12,000	75,000
Total .....	496,000	50,600	445,400

Exporters' Estimated Surpluses	Surplus Season August 1, 1937 to July 31, 1938	Estimated Shipments August 1, 1936 to July 31, 1937	Shipments Reported to date	Remainder
	(thousand bushels)			
U.S.A. ....	196,000	120,000	( 19,100	( 164,900
Canada .....	80,000	64,000	(	(
Argentina .....	128,000x	112,000	6,000	106,000
Australia .....	96,000x	80,000	8,000	72,000
Russia .....	32,000	32,000	4,500	27,500
Danube .....	72,000	72,000	8,200	63,800
Other Countries .	16,000	16,000	4,800	11,200
Total .....	620,000	496,000	50,600	445,400

x Estimates based on growing crops.

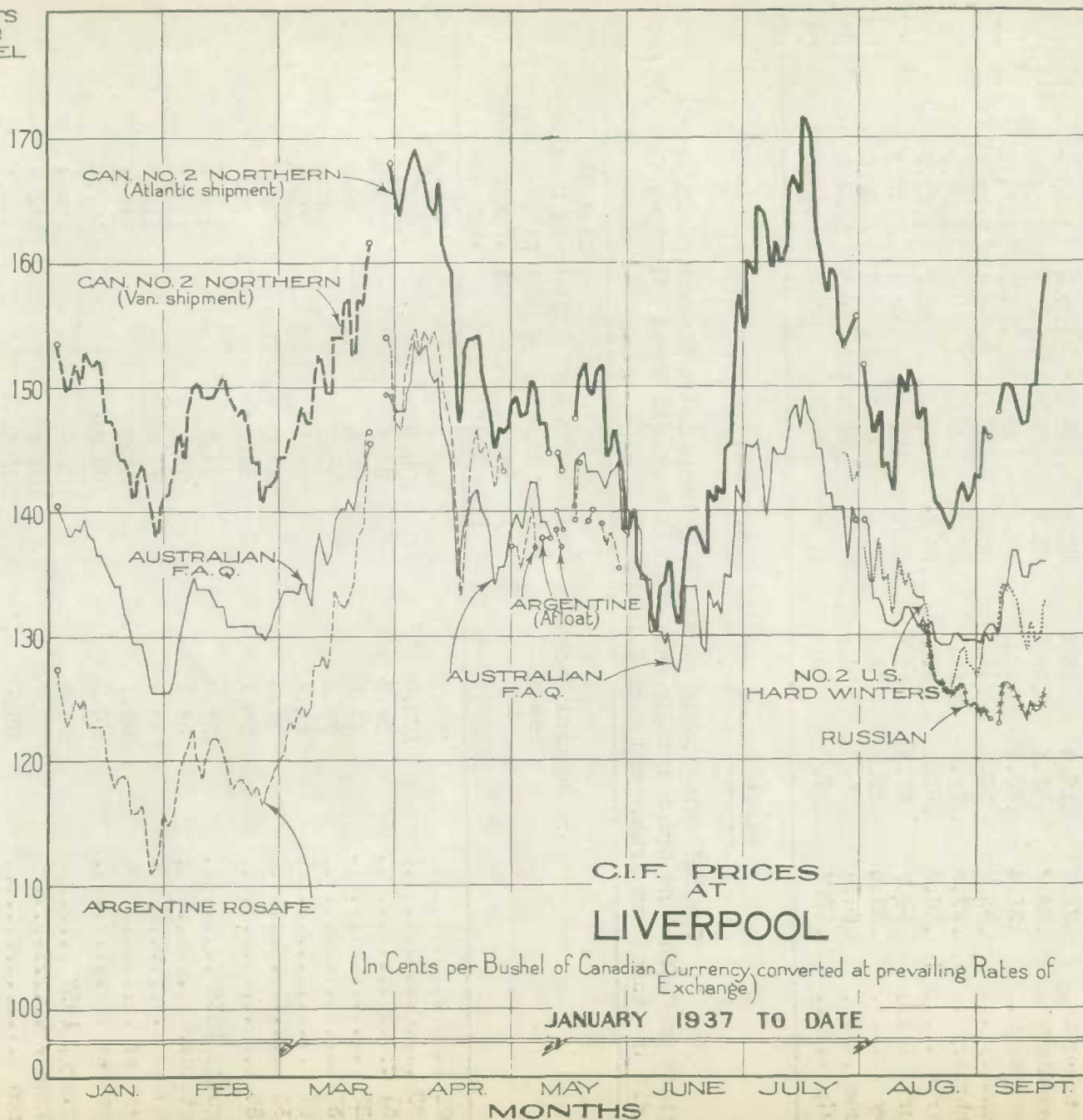
LIVERPOOL C.I.F. PRICES

The chart on the opposite page depicts the spreads on the Liverpool c.i.f. market for the various descriptions of wheat available for current shipment. No. 2 Northern has been by far the most strongly priced within recent weeks owing to the very short supplies of "Manitobas". Since the middle of August, Russia has been offering sample wheat very freely and the increasing discount of that sort below No. 2 U.S. Hard Winters, has made the Russian offers an attractive buy to United Kingdom millers. Part of the United States' failure to offer more freely has been the strong domestic demand which is tending to keep domestic prices at spreads higher than those needed to attract foreign buying. Australian wheat is showing some independent strength, but this is old crop wheat, the export supplies of which are down to 15 million bushels. All c.i.f. prices are somewhat higher due to rising freight rates.

Not shown in the chart are new crop Argentine Rosafe and Roumanian wheat. The latter is for September shipment, and is the most cheaply priced at \$1.17 3/4. Argentine Rosafe is for January-February shipment and is being offered fairly strongly at \$1.27 1/8 (September 18).



CENTS  
PER  
BUSHEL





Monthly Average Winnipeg Cash Price - No. 1 Northern Wheat,  
Crop Years 1930-31 to 1937-38

(Dollars per Bushel)

	1930-31	1931-32	1932-33	1933-34	1934-35	1935-36	1936-37	1937-38
August ....	.92.5	.55.1	.56.3	.73.4	.86.0	.84.5	1.02.2	1.31.8
September..	.78.1	.53.6	.51.9	.67.2	.82.3	.90.3	1.03.9	
October ...	.72.5	.59.9	.48.2	.60.5	.78.2	.90.8	1.10.9	
November ..	.64.4	.67.3	.46.7	.63.7	.79.6	.85.7	1.08.4	
December ..	.55.4	.60.6	.42.4	.60.3	.79.2	.84.7	1.20.2	
January ...	.53.9	.60.0	.44.2	.65.0	.79.0	.84.8	1.24.7	
February ..	.59.3	.63.2	.45.8	.65.6	.79.5	.82.1	1.27.0	
March .....	.56.7	.63.1	.49.1	.66.4	.81.9	.82.1	1.35.7	
April .....	.59.7	.62.6	.53.6	.65.5	.87.6	.80.5	1.38.9	
May .....	.60.6	.62.9	.63.3	.70.6	.85.7	.76.8	1.30.6	
June .....	.60.8	.55.1	.66.8	.77.1	.81.7	.79.5	1.24.2	
July .....	.57.3	.54.7	.83.4	.82.0	.81.4	.93.4	1.45.6	

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
1935 .....	83.3	89.0	89.6
1936 .....	86.1	94.4	99.5
August, 1936 .....	88.0	95.2	108.5
September .....	88.2	96.1	110.3
October .....	89.0	97.6	117.7
November .....	89.1	98.3	115.1
December .....	92.0	100.8	127.6
January, 1937 .....	93.9	102.9	132.4
February .....	95.7	103.9	134.8
March .....	98.7	107.3	144.1
April .....	99.4	108.9	147.5
May .....	98.3	110.7	138.6
June .....	97.7	110.6	131.8
July .....	101.0	111.5	154.6
August .....	98.8	111.4	139.9

/ Prepared by the Internal Trade Branch.



FOREIGN EXCHANGES (1)  
(August 12 - September 21)

After maintaining the franc at approximately 3.73 cents for nearly a month after the break on July 16, French exchange authorities withdrew support again on September 9. The franc was allowed to fall 16 points at that time and 20 points nearly a week later to 3.37 cents on September 16. It steadied again at this level. A commodity import surplus in the neighbourhood of \$400,000,000 for the first eight months has placed a steady pressure on French exchange which has grown recently with the decline in tourist demand for francs. A seasonal recession in sterling commenced in the latter half of August carrying Montreal sterling rates down from \$4.9927 on August 18 to \$4.9469 on September 15. This movement was interrupted, however, by a rally in the week following. Japanese currency remains pegged to sterling at 1s. 2d. per yen. The yen has been supported in recent months by gold shipments principally to the United States; these totalled \$153,000,000 between March and September. With the exception of two brief intervals when fractional premiums appeared, New York funds have been quoted at par in Montreal for the past six weeks.

Monday Average Exchange Quotations at Montreal, March 1 to September 20, 1937.

		United Kingdom Pounds 4.8667	United States Dollar 1.0000	Australia Pounds 4.8667	Argentina x Paper Peso .4244
March	1, 1937	4.8900	1.0003	3.9125	.3008
	8	4.8793	1.0000	3.9034	.3000
	15	4.8831	.9993	3.9062	.2993
	22	4.8787	.9990	3.9025	.2997
	30	4.8812	.9987	3.9050	.2996
April	5	4.8975	.9987	3.9175	.3021
	12	4.8944	.9990	3.9150	.3027
	19	4.9175	.9987	3.9337	.3036
	26	4.9262	.9981	3.9400	.3024
May	3	4.9273	.9981	3.9419	.3014
	10	4.9250	.9975	3.9400	.3022
	17	4.9375	.9985	3.9500	.3031
	25	4.9362	.9989	3.9487	.3047
June	1	4.9262	1.0000	3.9400	.3055
	7	4.9350	1.0000	3.9475	.3045
	14	4.9375	1.0003	3.9500	.3046
	21	4.9425	1.0000	3.9537	.3025
	28	4.9387	1.0015	3.9500	.3020
July	6	4.9600	1.0009	3.9675	.3018
	12	4.9759	1.0018	3.9800	.3011
	19	4.9825	1.0018	3.9862	.3016
	26	4.9787	1.0000	3.9825	.3010
August	2	4.9809	1.0003	3.9846	.3011
	9	4.9870	1.0000	3.9896	.3105
	16	4.9831	1.0003	3.9865	.3016
	23	4.9875	1.0000	3.9900	.3010
	30	4.9675	1.0000	3.9740	.3015
September	7	4.9550	1.0001	3.9641	.3000
	13	4.9512	1.0000	3.9600	.2995
	20	4.9575	1.0000	3.9660	.3000

(1) Prepared by the Internal Trade Branch. x Free rates.



## THE CANADIAN SITUATION

### I. GRADING OF THE 1937 WHEAT CROP

In previous crop years gradings have been reported in this Review on the basis of inspections by months regardless of whether the inspections were old or new crop wheat. Thus total August inspections particularly, which include wheat from both the old and the new crop do not offer an accurate comparison of the grading of the present year's crop with those of previous years. In order that a better comparison may be made, only new crop inspections will be included in the figures usually appearing on this page.

Omitting special grades such as Durums, ~~White~~ Springs and Winters the number of cars of new wheat inspected in August, 1937, totalled 4,317 of which 3,514 or 81.4 per cent graded No. 3 Northern or higher. In August, 1936, 9,182 cars of new wheat were inspected of which 8,849 or 96.37 per cent graded No. 3 Northern or higher.

August 1937 inspections of new Durum wheat amounted to 2,762 cars of which 2,659 or 96.27 per cent graded No. 3 Amber Durum or higher. August 1936 new inspections numbered 2,495 cars of which 2,387 or 95.67 per cent graded No. 3 Amber Durum or higher. Nine hundred and sixty-five cars went No. 1 Amber Durum last year, however, as against 206 cars in August this year.

### II. LAKE MOVEMENT

The following table summarizes the movement of wheat down the Lakes from the opening of navigation in 1937, with comparative figures for 1936.

From opening navigation to	To Canadian Lower Lake Ports	To St. Lawrence Ports	To Buffalo	To Other United States Ports	To United Kingdom and Continental Ports	Totals
(Bushels)						
Sept. 14, 1937:	30,565,079	7,468,096	3,637,482	280,090	163,793	42,114,540
Sept. 14, 1936:	31,191,667	12,679,027	27,574,384	14,753,881	1,046,109	87,245,068

Except for the clearances from the Head of the Lakes to the Lower Lake Ports, the movement to the other destinations is considerably below that of a year ago. Buffalo is taking only minor amounts this season and these are primarily for milling in bond. In keeping with the smaller overseas clearances this year, the movement to St. Lawrence ports is also smaller.



### III. DISTRIBUTION OF THE 1936 WHEAT CROP

Preliminary disposition figures are now available, making it possible to apply two separate checks to the accuracy of the January estimate of the 1936 crop. The first check for the whole of Canada uses final disposition figures such as exports and millings for domestic consumption, while the second check, which applies to the Prairie Provinces only, relies upon primary marketing data, in addition to the estimates for seed, feed, etc., used in both methods. It should be borne in mind that the items for seed, feed, unmerchantable wheat and the carry-over on farms are themselves estimates and are therefore subject to some latitude.

Adjustments suggested by the tables below do not constitute an official revision of the 1936 estimate. Final revision of the 1936 wheat crop estimate will not be made until January, 1938, when the final figures for deliveries and platform loadings are made available by the Board of Grain Commissioners.

#### Disposition of Wheat in Canada, 1936-37

The carry-over of wheat in Canada at July 31, 1936 was 108,094,277 bushels. Adding the 1936 crop, estimated last January at 229,218,000 bushels, and imports during the crop year of wheat and flour equivalent to 397,396 bushels, makes the total for distribution 337,709,673 bushels. The disposition of wheat during the period August 1, 1936, to July 31, 1937 was as follows:

	Bushels
Exports .....	195,223,653
Human consumption(1) .....	44,123,234
Seed for the 1937 crop (1) .....	33,721,250
Feed for live stock and poultry(1) .....	15,794,000
Loss in cleaning (1) .....	2,500,000
Unmerchantable .....	1,515,500
Carry-over, July 31, 1937 .....	32,739,852
	<u>325,617,489</u>

This check indicates an over-estimate of the 1936 crop of 12,092,184 bushels, or 5.6 per cent.

#### Disposition of Wheat in the Prairie Provinces, 1936-37

The preliminary disposition data shown below indicate an over-estimate of 8,744,000 bushels, or 4.1 per cent, in the January estimate of the wheat crop of the Prairie Provinces. The over-estimate occurred mainly in the figure for Saskatchewan.

Item	Manitoba	Saskatchewan	Alberta	Total
		(000 bushels)		
Carry-over on farms, July 31, 1936 .....	405	1,850	2,295	4,550
January estimate, 1936 crop .....	28,000	117,000	67,000	212,000
Total available .....	28,405	118,850	69,295	216,550
Disposition -				
Marketings(1) .....	20,712	91,123	53,728	165,563
Seed (1) (2) .....	4,300	13,755	9,698	27,753
Feed .....	1,200	4,500	3,000	8,700
Unmerchantable .....	140	351	536	1,027
Country millings(1) .....	405	451	515	1,371
Carry-over on farms, July 31, 1937 .....	280	1,638	1,474	3,392
Total disposition (1) .....	27,037	111,818	68,951	207,806
Extent of error indicated(1) .....	-1,368	-7,032	- 344	-8,744
Estimate as now indicated by disposition(1)(3)..	27,037	109,968	66,656	203,661

(1) Subject to revision.

(2) Seed requirements are estimated at 17,505,000 bushels for Saskatchewan and 10,498,000 bushels for Alberta. The figures shown above make allowance for 3,750,000 bushels in Saskatchewan and 800,000 bushels in Alberta estimated to have been withdrawn from elevators for seed purposes.

(3) Not an official revision of the 1936 Prairie wheat crop estimate. Such revision will not be made until January 1938 when final disposition data will be available.



#### IV. PRELIMINARY ESTIMATES OF PRODUCTION

On September 10, the Dominion Bureau of Statistics issued a bulletin reporting for 1937 (1) the first estimate of the yields of the principal grain crops and hay and clover and (2) the condition of the late-sown crops. The estimates are based on schedules returned by crop correspondents, including farmers throughout Canada and bank managers, rural postmasters and railway and elevator agents, in the Prairie Provinces. A special list of selected agriculturists was also circularized, in addition to those already co-operating as regular crop correspondents,

The acreages are from the annual June Survey except for Quebec and for hay and clover in the Prairie Provinces, where the acreages are the estimates of crop correspondents.

##### Summary

According to the first official estimate, the total Canadian wheat production in 1937 is 188,191,000 bushels, including 168,999,000 bushels of spring wheat and 19,192,000 bushels of fall wheat. Of the spring wheat, the crop in the Prairie Provinces accounts for 164,000,000 bushels distributed as follows: Manitoba 53 millions, Saskatchewan 35 millions, and Alberta 76 million bushels. The drought damage in 1937, particularly in Saskatchewan, has been unparalleled in the previous crop history of the Prairie Provinces, with the average yield per acre at a new low level. While the drought area in 1937 was not greatly different from that in 1936, the area of total failure was much larger than that of a year ago. The grade and quality of the 1937 crop is indicated to be very high, although slightly below the record of 1936. The total Canadian wheat crop this year is the lowest since 1914 when a crop of 161 million bushels was harvested from an acreage only four-tenths the size of the 1937 acreage.

For all Canada the 1937 crops of coarse grains except flaxseed show an increase over 1936, due to the improved yields in Ontario, Manitoba and Alberta. Due to dry soil conditions in Saskatchewan, the Canadian flaxseed acreage in 1937 was almost halved, and yields per acre were also reduced, accounting for the very small flaxseed production this year. The oat crop in 1937 is estimated at 282,065,000 bushels or slightly more than 10 million bushels higher than in 1936. Barley production is placed at 87,781,000 bushels, almost 16 million bushels more than a year ago. Oats and barley are proving of better quality than in 1936. Fall rye is estimated at 4,588,000 bushels and spring rye at 1,450,000 bushels, and the flaxseed crop at only 741,000 bushels.

The main hay and clover crop is estimated at 13,047,000 tons, a reduction of three quarters of a million tons from 1936. Ontario production is more than a million tons higher this year, but Quebec production is down by 1.3 millions, and production in the Prairie Provinces has been generally lower.

Condition figures as of August 31 indicate that the late-sown crops for all Canada have fared much better than a year ago with the exception of sugar beets, which were fairly well maintained last year. By provinces, the late-sown crops show a poorer condition in the Maritimes and Saskatchewan than in 1936, while in Ontario and Manitoba conditions are considerably improved. Alberta shows better mixed grain, potato, turnip, alfalfa and fodder corn crops, while peas, beans and sugar beets mainly in the irrigated areas show slightly lower condition figures than a year ago. British Columbia conditions are much the same as last year, while in Quebec potatoes, turnips, fodder corn and pastures show slight improvement, and peas, beans, buckwheat, mixed grains and alfalfa show some decline. Compared with a month ago, the Maritimes, Quebec and Saskatchewan generally have registered declines, while Ontario, Manitoba and British Columbia have indicated very little change. Pastures in the Maritime Provinces deteriorated through August and are in poorer condition than at August 31, 1936. Quebec, Ontario, Manitoba and British Columbia pastures have



been maintained during the month, while in Alberta, considerable improvement in pastures has been noted.

### The 1937 Crop Situation

Cool, wet conditions which prevailed over much of the country during the early spring retarded operations considerably on Canadian farms. On the other hand, parts of the Prairies experienced warm, windy weather which, coupled with low soil moisture reserves, facilitated early seeding. As the season advanced, good growing weather enabled many eastern fields to overcome the late start, while persistent dryness on the Prairies resulted in the most serious and widespread crop failure in the history of the country. With vast acreages of crop in this principal grain-growing area wiped out by drought before midsummer, total yields have touched a new low point in a succession of poor years. Offsetting in some measure the bad situation in Saskatchewan and eastern Alberta, crops in Manitoba and Ontario escaped the excessive heat and dryness of the previous season and in practically all cases, yields show decided improvement over 1936.

Abundant rainfall in the Maritime Provinces held up the seeding of spring grains and eventually many fields had to be planted to other crops. Pastures and hay crops benefited by the prevailing weather conditions, and for the whole region, the yield of hay and clover is not far below the bountiful crop of last season. Hot dry weather from late July onward resulted in considerable damage to grains and roots with consequent reductions in yields. Quebec likewise experienced a late spring but this handicap was fairly well overcome by the good growing weather which followed. Except for spring wheat, all crops show some reduction from last year's estimates. Ontario fared much better than a year ago. Fall wheat production was nearly seven million bushels greater while other grains and hay all show substantial gains.

The 1937 season in the Prairie Provinces has witnessed a still greater drought disaster than that which occurred in the 1936 season. Thus for five consecutive years the Prairie wheat crops have been small, culminating in the very short crop of 1937. Notwithstanding, Manitoba this year is harvesting an exceptionally good crop which will exceed slightly the production in 1928. Alberta, in addition, is harvesting a crop appreciably better than that of 1936 although the current production is still below that of any of the preceding years back to 1924. Apart from the drought damage in the short grass plains of eastern Alberta, the major loss occurred in Saskatchewan where the harvest areas are confined mainly to extreme north and north-eastern areas. The southern portions of the park belt were badly affected by drought while the grass plains area, except for some small yields on the Regina and Qu'Appelle valley heavy clay soils, is registering a total failure. This year the drought area extends from western Manitoba, below a line drawn from the international boundary up through Virden and across to Indian Head, Saskatchewan and up to the Quill Lakes, Humboldt, Duck Lake and Medstead to a few miles south of Lloydminster where the line cuts down again through Stettler, Drumheller and Taber to the international boundary. While the drought area in 1936 extended farther into southern Alberta and southern Manitoba, the areas suffering total loss in central and northern Saskatchewan this year were much more extensive than in 1936.

Commencing the season with serious subsoil moisture deficiency the greater part of Saskatchewan and eastern Alberta received only infrequent and inadequate showers during May and June. Intense heat in early July with continued lack of rain ended the prospect of any crop over the greater part of this area. In western and northern Alberta, rains in mid-July forestalled a rapidly developing drought situation, and germinated dormant seed with the result that most wheat fields and all oats and barley crops have a considerable second growth which has rendered the timing of harvest problematical. Because of the extensive drought, crop damage from other sources has been minimized, with grasshoppers most prevalent



where there were no crops. Hail wrought serious damage in certain sections of west-central and north-eastern Alberta. Rust infection was extensive on the common wheat varieties in the Carberry and Killarney districts of Manitoba, although Thatcher fields proved a notable exception. The rust damage was in no wise as serious as that which occurred in 1935. Acute feed shortages have persisted in the whole drought area since early July. Already considerable numbers of cattle have been shipped to Manitoba and Ontario for finishing or slaughter.

A late spring in British Columbia was followed by warm showery weather in June and all crops made good progress. The heavy hay crop was garnered with difficulty owing to the wet weather and some loss was sustained. Subsequent hot dry conditions favoured the ripening of grains which were harvested with little difficulty.

Charts Showing the Average Yields per Acre of Wheat in the Prairie Provinces,  
By Crop Districts, 1937 and 1936.

On pages 26 and 27 of this Review the average yields per acre by crop districts are pictured for the years 1937 and 1936. Since the two crops were sufficiently similar in size, it was possible to make the two patterns identical, thus facilitating direct comparisons.

Whereas the 1936 wheat crop in the Prairie Provinces registered the lowest average yield up to that date, the 1937 crop has surpassed the 1936 record for low yields. The 1937 drought area has embraced the most westerly part of Manitoba, and all Saskatchewan except the most northerly and north-eastern districts, reaching well up into the park belt. Continuing into Alberta, the drought area includes the grass plains area east of a line extending from Taber through Drumheller to Wainwright. In most of southern and central Saskatchewan and eastern Alberta this year the wheat crop is a complete failure. In 1936, the partial drought area extended farther east into southern Manitoba and farther west into southern Alberta but the area of total loss did not extend nearly so far up into central and north-western Saskatchewan. The crops in Manitoba and Saskatchewan this year have matured almost as early as in 1936, but in Alberta the crop has been late due to cool, rainy weather and considerable second growth. Partial rust damage was extensive in south-central Manitoba this year, compared with practically no rust damage in 1936. Grasshoppers were very prevalent in southern Saskatchewan this year but were not present in serious numbers where there was any crop. There have been scattered reports of root-rot due to drought conditions. As was the case a year ago, hail cut several swaths through some good crops in west-central and north-eastern Alberta.

Manitoba - Yields were uniformly good on both Durum and common wheats in the Red River area. In the Brandon and Killarney districts Durum and Thatcher wheats withstood the rust although Ceres and other wheats were damaged and showed poor samples. Partial drought accounted for the somewhat lower average yields in Crop Districts 7, 10 and 13 along the Saskatchewan boundary.

Saskatchewan - All crops were a total loss in Districts 3a, and only very few points in Districts 3b and 4 yielded any wheat at all. Around Regina and north of Indian Head the heavy soils yielded a few bushels, accounting for the production in District 2. Similarly in District 6 the heavy soil areas yielded a few bushels. Districts 5 and 8 include the bulk of the Saskatchewan crop this year. In the extreme northern part of the wheat belt in District 9 good yields were harvested, with the drought area extending up into the southern part of this district.

Alberta - All crop yields were low in Districts 1, 3, 5 and 7 in the drought area of this province except on the irrigation developments in District 3. The best average yield is indicated in District 2 where there are several irrigated areas and where the "dry land" farms received heavy and timely rains. West of a line from Edmonton to Calgary wheat yields are slightly above average this year. East of this line yields diminish fairly rapidly. North and east of Edmonton, yields are good but are still somewhat below average. The Peace River District, affected by partial drought, shows an average yield much lower than last year.



First Estimate of the Yield of Wheat, Oats, Barley, Rye, Flaxseed and Hay and Clover in Canada, 1937 as compared with 1936.

Field Crops	1936	1937	1936	1937	1936	1937
	acres	acres	bush. per acre	bush. per acres	bush.	bush.
<b>CANADA -</b>						
Fall wheat	509,300	718,800	24.5	26.7	12,478,000	19,192,000
Spring wheat	24,779,700	24,855,400	8.7	6.8	216,740,000	168,999,000
All wheat	25,289,000	25,574,200	9.1	7.4	229,218,000	188,191,000
Oats	13,118,400	13,094,500	20.7	21.5	271,778,000	282,065,000
Barley	4,432,500	4,319,900	16.2	20.3	71,922,000	87,781,000
Fall rye	457,300	700,300	6.7	6.6	3,042,000	4,588,000
Spring rye	177,700	192,900	7.0	7.5	1,239,000	1,450,000
All rye	635,000	893,200	6.7	6.8	4,281,000	6,038,000
Flaxseed	467,750	241,300	3.8	3.1	1,795,300	741,000
			tons	tons	tons	tons
Hay and clover	8,786,800	9,072,400	1.57	1.44	13,803,000	13,047,000
<b>ONTARIO -</b>						
			bush.	bush.	bush.	bush.
Fall wheat	509,300	718,800	24.5	26.7	12,478,000	19,192,000
Spring wheat	98,000	94,200	17.7	17.9	1,735,000	1,686,000
All wheat	607,300	813,000	23.4	25.7	14,213,000	20,878,000
Oats	2,345,900	2,263,900	28.5	33.0	66,858,000	74,709,000
Barley	519,200	555,900	27.0	29.6	14,018,000	16,455,000
Fall rye	53,200	74,700	16.8	17.6	894,000	1,315,000
Flaxseed	5,300	5,000	6.5	10.2	34,000	51,000
			tons	tons	tons	tons
Hay and clover	2,898,300	3,368,900	1.60	1.71	4,637,000	5,761,000

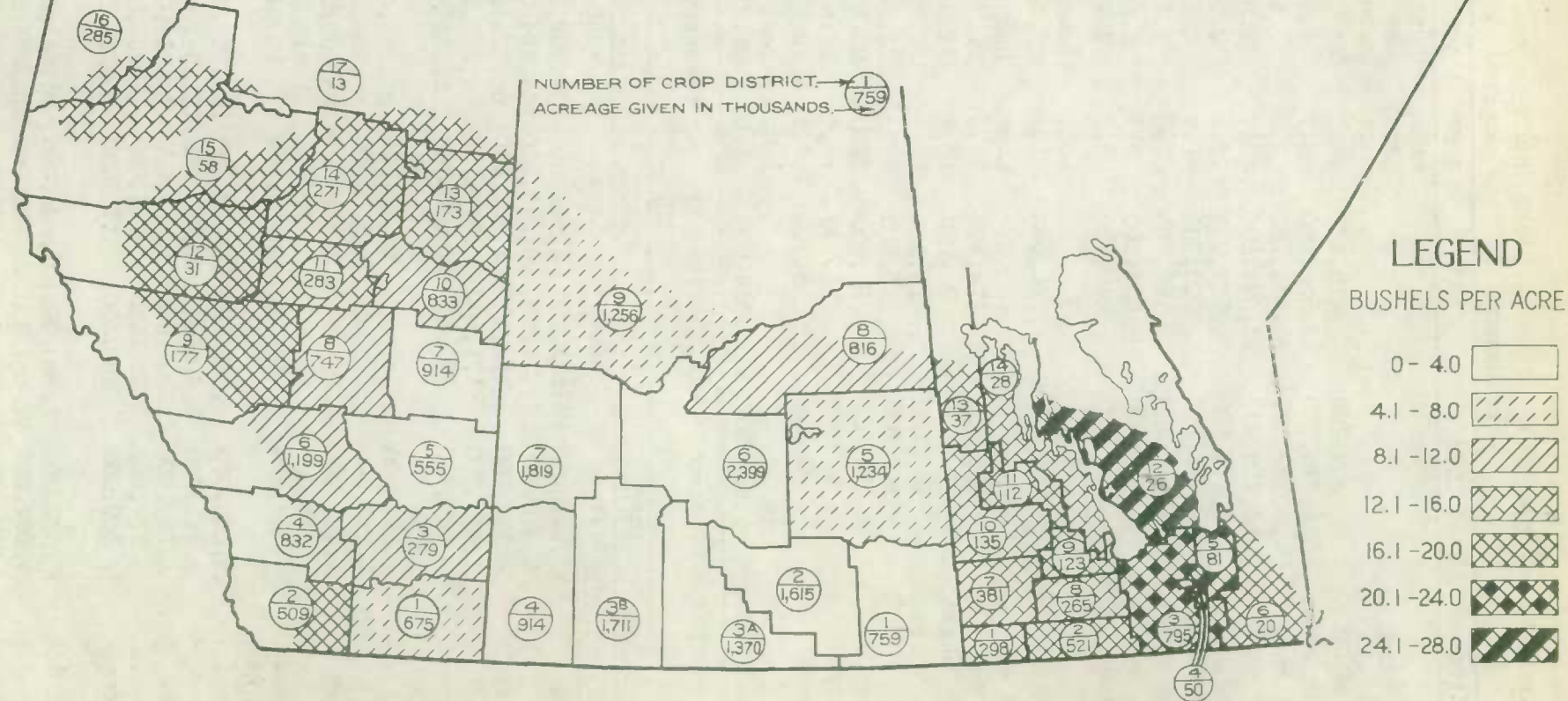
Area and Yield of Wheat, Oats, Barley, Rye and Flaxseed in the Prairie Provinces, 1935-37.

Prov. and Crop	1935	1936	1937	1935	1936	1937
	acres	acres	acres	bush.	bush.	bush.
<b>PRAIRIE PROVINCES</b>						
Wheat	23,293,000	24,522,000	24,599,000	264,096,000	212,000,000	164,000,000
Oats	9,478,000	8,505,000	8,579,000	244,854,000	135,862,000	148,032,000
Barley	3,187,000	3,719,000	3,562,300	62,625,000	52,617,000	66,457,000
Rye	649,300	571,500	808,200	8,379,000	3,201,000	4,535,000
Flaxseed	296,700	459,300	233,300	1,563,400	1,730,000	653,000
<b>MANITOBA</b>						
Wheat	2,587,000	2,566,000	2,872,000	23,250,000	28,000,000	53,000,000
Oats	1,434,000	1,441,000	1,410,000	30,700,000	20,400,000	44,000,000
Barley	1,121,000	1,384,000	1,393,000	23,100,000	18,990,000	38,000,000
Rye	107,000	93,000	135,200	1,816,000	950,000	2,201,000
Flaxseed	17,300	88,000	38,300	158,400	415,000	400,000
<b>SASKATCHEWAN</b>						
Wheat	13,206,000	14,596,000	13,893,000	142,198,000	117,000,000	35,000,000
Oats	4,942,000	4,610,000	4,380,000	131,951,000	65,462,000	28,032,000
Barley	1,146,000	1,299,000	1,174,000	23,149,000	16,627,000	6,457,000
Rye	374,200	326,600	518,000	4,967,000	1,489,000	956,000
Flaxseed	260,000	354,300	175,000	1,250,000	1,240,000	123,000
<b>ALBERTA</b>						
Wheat	7,500,000	7,360,000	7,834,000	98,648,000	67,000,000	76,000,000
Oats	3,102,000	2,454,000	2,789,000	82,203,000	50,000,000	76,000,000
Barley	920,000	1,036,000	995,300	16,376,000	17,000,000	22,000,000
Rye	168,100	151,900	155,000	1,596,000	762,000	1,378,000
Flaxseed	19,400	17,000	20,000	155,000	75,000	140,000



# AVERAGE YIELDS PER ACRE OF WHEAT IN THE PRAIRIE PROVINCES BY CROP DISTRICTS, 1937

ACCORDING TO THE PRELIMINARY ESTIMATE OF SEPT. 10, 1937





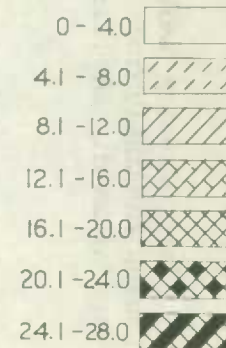
# AVERAGE YIELDS PER ACRE OF WHEAT IN THE PRAIRIE PROVINCES, 1936

ACCORDING TO THE THIRD ESTIMATE OF JAN. 21, 1937

ACREAGE IN THOUSANDS  
GIVEN IN EACH CROP DISTRICT

## LEGEND

BUSHELS PER ACRE





## V. VISIBLE SUPPLY

The following table shows stocks of Canadian wheat in store and in transit in Canada and the United States on September 17, 1937 along with comparative figures for approximately the same date last year.

	1937		1936
	Durum	Other	
	(000 Bushels)		
Country Elevators - Manitoba .....	1,510	3,590	4,387
Saskatchewan .....	200	6,560	27,255
Alberta .....	-	8,890	18,919
Total .....	1,710	19,040	50,561
Interior Private and Mill Elevators .....	238	2,564	6,256
Interior Public and Semi-Public Terminals .	-	675	135
Pacific Ports .....	-	4,055	7,000
Churchill .....	-	12	1,465
Fort William and Port Arthur .....	10,382	8,385	34,219
In Transit, Lakes .....	418	2,102	5,844
In Transit, Rail .....	-	8,598	12,835
Eastern Elevators - Lake Ports .....	1,146	3,814	11,931
Eastern Elevators - St. Lawrence Ports ....	425	1,486	9,751
Eastern Elevators - Maritime Ports .....	316	1	1,969
U. S. Lake Ports .....	71	574	15,315
U. S. Atlantic Seaboard Ports .....	-	1,229	3,975
T o t a l s .....	14,706	52,535	161,256
	67,241		

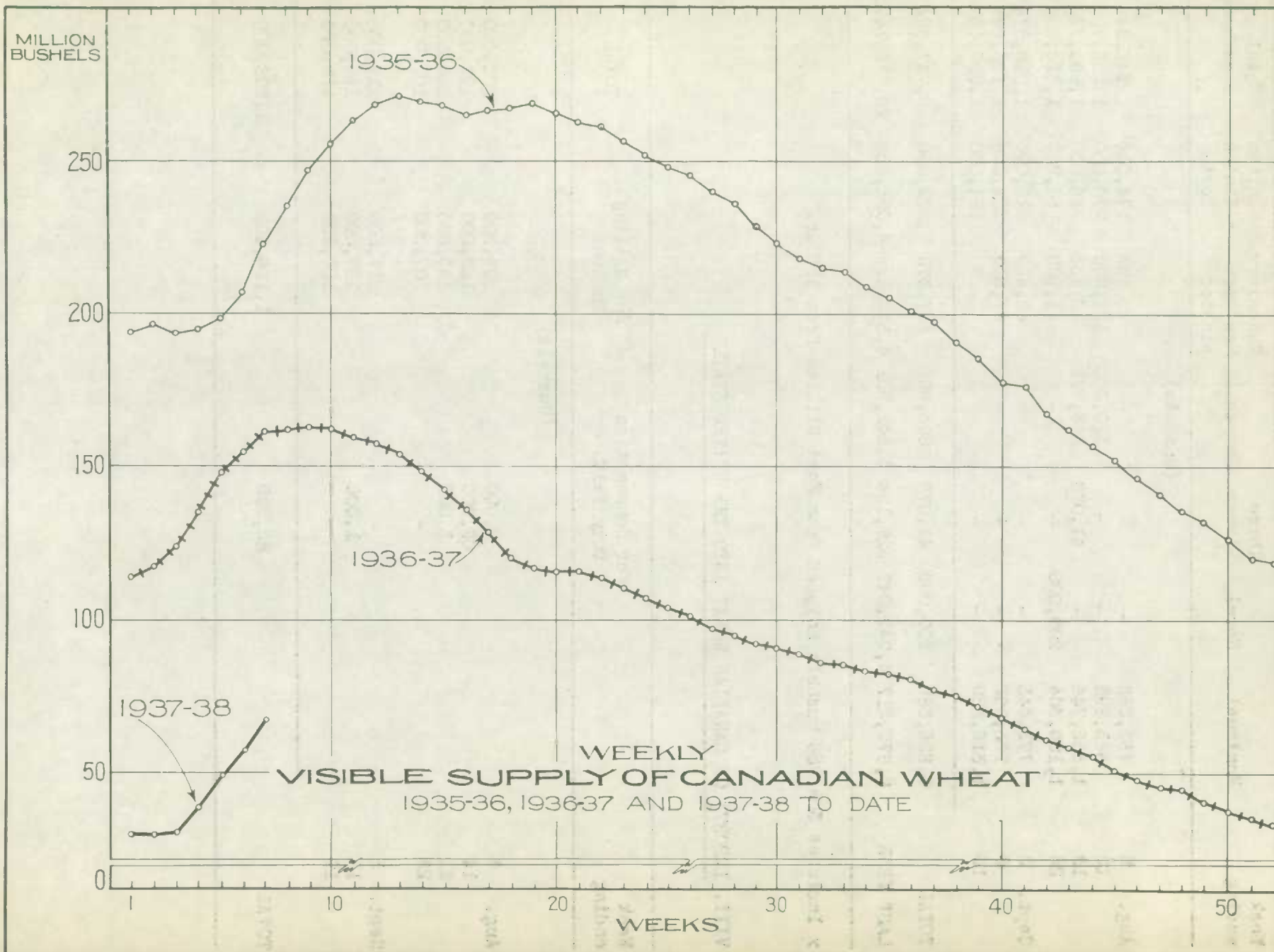
Because of the unusual Durum supply situation this year, the Board of Grain Commissioners has arranged to separate Durum stocks from other wheat in reporting the various items in the visible supply. Thus on September 17, 1937, there were 14.7 million bushels of Durum wheat in store in addition to 52.5 million bushels of the common grades, making a total of 67.2 million bushels in store. It is worth noting that Durum stocks at the Head of the Lakes are greater than the stocks of Northern grades. Only one and a half million bushels of common wheat are in store in St. Lawrence elevators, as against over 9 million bushels at the same date a year ago.

## VI. PRIMARY MOVEMENT

The following table shows primary receipts of wheat in the Prairie Provinces for the 1937-38 crop year along with comparative figures for 1936-37:

Week ending		Manitoba	Saskatchewan	Alberta	Total	Last Year
		(Bushels)				
August	6	27,621	93,649	81,383	202,653	1,713,506
	13	311,372	499,394	373,737	1,184,503	6,188,208
	20	2,461,409	1,143,449	583,990	4,188,848	10,787,812
	27	5,481,313	1,832,558	1,034,298	8,348,169	15,613,883
September	3	6,735,630	2,682,780	2,370,265	11,788,675	19,793,094
	10	4,931,600	2,016,961	3,527,101	10,475,662	15,070,766
T o t a l s		19,948,945	8,268,791	7,970,774	36,188,510	69,167,269







VII. EXPORT CLEARANCES OF CANADIAN WHEAT 1937-38.

Week ending	Montreal	Sorel	Three Rivers	Churchill	Vancouver New Westminster	United States Ports	Total Clearances
(Bushels)							
Aug. 5	753,262	-	-	-	83	194,000	947,345
12	583,998	-	-	320,000	121,800	270,000	1,295,798
19	1,355,746	-	41,078	283,982	33,933	266,000	1,980,739
26	1,109,304	200,000	-	-	51,500	64,000	1,424,804
Sept. 2	773,445	-	-	-	62,429	217,000	1,052,874
9	735,062	-	-	-	67,633	334,000	1,136,695
16	1,315,569	-	-	-	-	594,000	1,909,569
TOTAL	6,626,386	200,000	41,078	603,982	337,378	1,939,000	9,747,824
LAST YEAR	8,870,217	4,047,047	528,194	3,342,501	4,537,894	4,091,038	25,726,749x

x Includes 309,858 bushels shipped from Fort William-Port Arthur.

VIII. IMPORTS OF CANADIAN WHEAT INTO THE UNITED STATES

Week ending	For Consumption Duty Paid	For Milling in Bond	TOTAL
(Bushels)			
Aug. 7	9,000	193,000	202,000
14	69,000	128,000	197,000
21	3,000	185,000	188,000
28	-	107,000	107,000
Sept. 5	-	217,000	217,000
12	1,000	167,000	168,000
19	-	129,000	129,000
TOTAL	82,000	1,126,000	1,208,000



# IX. THE STATISTICAL POSITION

(a) In Canada:- The following table summarizes the statistical position of wheat in Canada as at September 1, 1937 with comparative figures for the same date in 1936:

	1936-37	1937-38
	(Bushels)	
Carry-over in Canada, July 31 .....	108,094,277	32,739,852
New Crop .....	229,218,000	188,191,000
Total Supplies .....	337,312,277	220,930,852
Domestic Requirements .....	97,653,984	100,000,000(1)
Available Supplies .....	239,658,293	120,930,852
Exports, August .....	22,902,044	7,843,703
Balance for Export or Carry-over, September 1 .....	216,756,249	113,087,149

(1) Tentative.

The above method of calculating the statistical position uses available supplies for the crop year in Canada only, and deducts the customs exports of wheat and flour as wheat for the month of August. According to this calculation, the balance of wheat available on September 1 for export from Canada or for the July 31 carry-over in Canada only, amounts to 113.1 million bushels compared with 216.8 million bushels a year earlier, representing a decrease in current supplies of 103.7 million bushels compared with those of a year earlier.

(b) In Canada and the United States:- A second method of calculating the statistical position takes into account stocks in the United States as well as in Canada, and then works from the elevator returns of overseas clearances, plus United States' actual imports for consumption and milling in bond. The calculation shown below, based on this method, indicates a balance of 116.5 million bushels on September 1, available for export or for the July 31 carry-over in Canada and the United States, compared with 233.1 million bushels a year earlier, indicating a decrease of 116.6 million bushels in the current available supplies between the two years.

	1936-37	1937-38
	(Bushels)	
Carry-over in Canada and the United States, July 31 .....	127,362,598	36,850,700
New Crop .....	229,218,000	188,191,000
Total Supplies .....	356,580,598	225,041,700
Domestic Requirements .....	97,653,984	100,000,000(1)
Available Supplies .....	258,926,614	125,041,700
Export Movement, August		
Overseas Clearances .....	16,681,019	6,348,867
United States' Imports .....	7,409,876	911,000
Flour (as wheat) .....	1,744,776	1,298,731
	25,835,671	8,558,598
Balance for Export or Carry-over, September 1 .....	233,090,943	116,483,102

(1) Tentative.





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# X. EXPORTS OF CANADIAN WHEAT AND WHEAT FLOUR

The following tables show exports of wheat and flour during the 1937-38 crop year, with comparative figures for preceding years:

W H E A T				
	1937-38	1936-37	1935-36	1934-35
		(Bushels)		
August .....	6,544,967	21,157,268	21,698,284	14,709,675
September .....		20,720,316	17,272,672	17,588,359
October .....		26,917,096	28,919,421	21,807,784
November .....		33,308,840	26,575,296	18,769,770
December .....		20,427,916	17,043,882	17,336,206
January .....		9,789,027	7,557,320	5,380,226
February .....		5,362,031	14,241,169	7,206,560
March .....		4,748,599	13,146,185	8,906,379
April .....		3,617,803	6,572,364	5,027,403
May .....		8,026,507(1)	27,316,983	11,989,891
June .....		12,180,068	25,763,565	6,494,622
July .....		8,602,689	25,912,508	9,158,035
Total .....		174,858,160(1)	232,019,649	144,374,910

F L O U R				
	1937-38	1936-37	1935-36	1934-35
		(Barrels)		
August .....	288,608	387,728	376,562	412,089
September .....		378,318	395,640	369,320
October .....		464,013	501,442	485,549
November .....		408,653	525,368	504,384
December .....		475,282	443,828	340,751
January .....		313,923	314,311	346,099
February .....		347,884	340,102	309,729
March .....		390,315	476,773	497,468
April .....		285,724	281,162	276,907
May .....		348,866	448,653	383,221
June .....		389,395	430,171	429,561
July .....		334,964	444,905	395,232
Total .....		4,525,665	4,978,917	4,750,310

WHEAT AND WHEAT FLOUR				
	1937-38	1936-37	1935-36	1934-35
		(Bushels)		
August .....	7,843,703	22,902,044	23,392,813	16,564,076
September .....		22,422,747	19,053,052	19,250,299
October .....		29,005,155	31,175,910	23,992,754
November .....		35,147,778	28,939,452	21,039,498
December .....		22,566,685	19,041,108	18,869,586
January .....		11,201,680	8,971,720	6,937,672
February .....		6,927,509	15,771,628	8,600,340
March .....		6,505,017	15,291,663	11,144,985
April .....		4,903,561	7,837,593	6,273,484
May .....		9,596,404(1)	29,335,921	13,714,385
June .....		13,935,046	27,699,335	8,427,647
July .....		10,110,027	27,914,580	10,936,579
Total .....		195,223,653(1)	254,424,775	165,751,305

(1) The last three issues of the Monthly Review of the Wheat Situation have over-stated May wheat exports by 2,502,804 bushels.