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MONTHLY REVIEW OF THE WHEAT SITUATION

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AGRICULTURAL BRANCH

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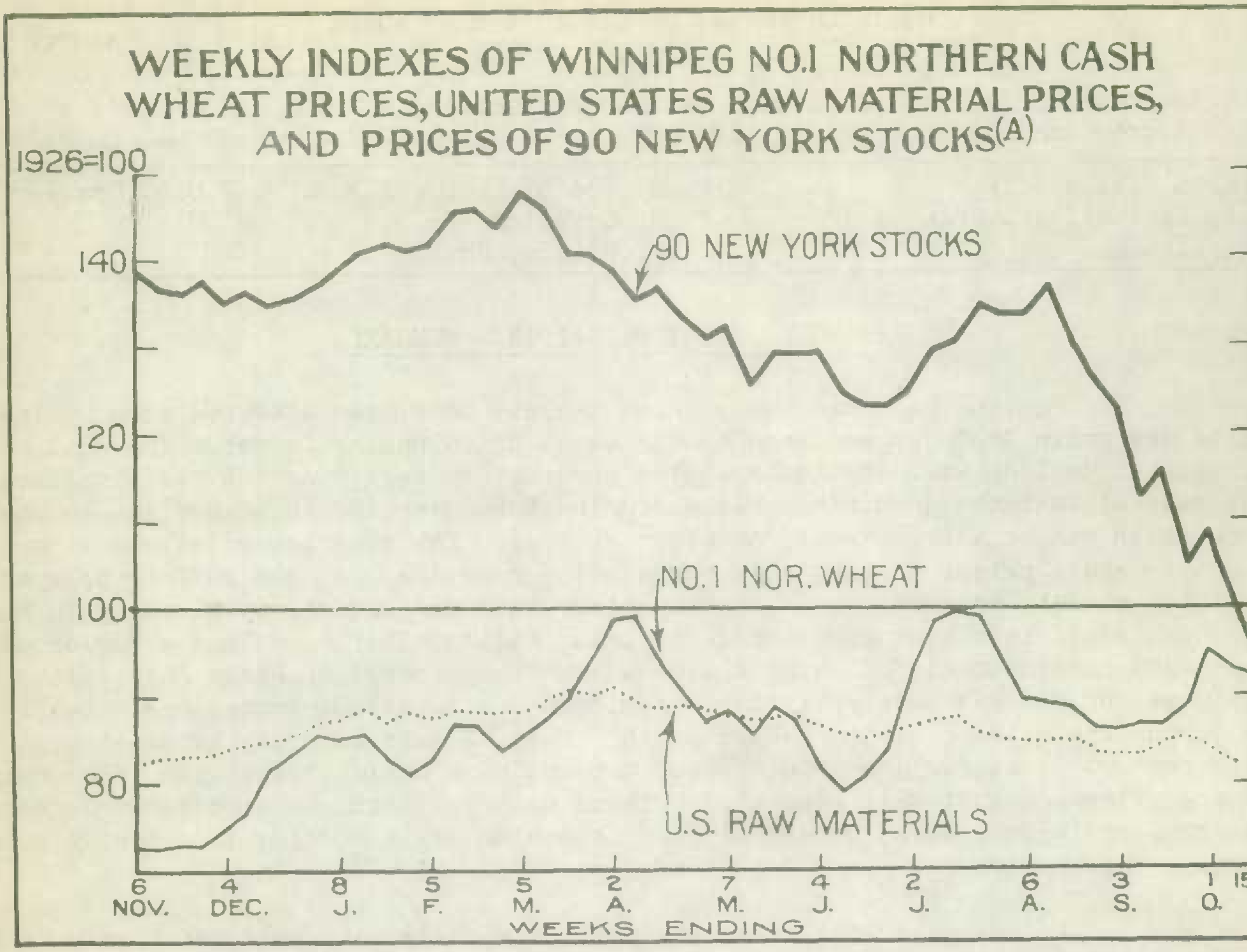
THE WORLD WHEAT SITUATION - SUMMARY

For the past two weeks wheat markets have been affected more by factors outside the grain trade proper than by the usual price making forces. The continued stock market decline with the accompanying uncertainty regarding its ramifications among general business conditions has accounted for several days of decline in wheat prices which can be attributed to no other sources. The surprising feature with respect to wheat prices is that this sympathetic reaction has been so long delayed. Securities markets have been consistently weak since mid-August, culminating in the minor "panic" of last week-end. Wheat markets, on the other hand, had experienced an appreciable readjustment following the Canadian "crop scare" of early July, with the result that prices eased very little from mid-August to mid-September and actually rose during the balance of the latter month. Most of this late September strength was due to renewed fears for the condition of the Southern Hemisphere crops. When rains in both Argentina and Australia prevented further deterioration and tempered this constructive price influence, wheat prices slipped into a moderate decline in sympathy with the decline in securities.

In analysing the reasons why wheat markets have ruled so firmly in spite of the prolonged stock market reaction, attention may be drawn to the feeling in the grain trade that prevailing wheat prices are conservatively based in view of the current relation between supplies and requirements. On two occasions within the past year wheat prices have moved into unsound levels as proved by subsequent events. From early February to April 6, prices moved upward in response to fears that an extremely tight supply situation would develop by July. When these fears were dispelled, prices worked down abruptly through April, May and early June until the Prairie drought threatened a shortage in new-crop supplies. A second upward surge in wheat prices occasioned by the Canadian crop disaster, was broken by July 18, following which prices again dropped rapidly under the assurance that United States supplies would fill the gap left by the Canadian drought, and that European import requirements would be substantially less in the new crop year. Consequently by late August wheat prices had reached levels quite consistent with apparent world available supplies of 619 million bushels and import requirements conservatively placed at 496 million bushels.

Under the circumstance that world wheat markets had reacted sufficiently through August and early September in response to the eased supply situation within the wheat trade itself, there was no specific reason for wheat prices to move in sympathy with the declining security values as long as the latter implied nothing more than an internal adjustment within the securities markets. On the other hand, when the stock market break became so prolonged and increasingly severe that it engendered a potential recession in general business activity, the grain trade could no longer afford to ignore this latter possibility. The outlook for wheat prices within the next few months pivots on the extent to which general business conditions are affected by the loss in security values. That there is underlying strength in the wheat situation itself is evidenced by the fact that on October 18 when New York shares dropped two to fifteen points, Winnipeg wheat prices eased only fractionally. On October 20 when New York shares recovered one to ten points, Winnipeg prices shot upward the five cent limit.



(A) Sources: Standard Statistics Daily Stock Price Indexes (Friday of each week); Dominion Bureau of Statistics Weekly Index of No. 1 Northern Cash Wheat Prices, and United States Bureau of Labor Statistics Weekly Index of Raw Material Prices.

In order to depict more clearly the relations between security prices, wheat prices, and prices of all primary commodities, the above chart has been prepared showing the Standard Statistics index of 90 stocks on the New York Stock Exchange, a weekly index of Winnipeg No. 1 Northern cash wheat prices, and the United States Bureau of Labor Statistics weekly index of raw material prices. The three indices are on the same 1926 base. The cash wheat index for the past four weeks is at a somewhat higher level than would be an index of futures prices, due to the abnormally high premiums being paid for cash wheat over the October future. The opposing trends between wheat prices and security prices have been commented upon above. It will be noted, however, that primary commodities in general displayed an upward tendency until the beginning April. Since then the trend has been mainly downward. Fluctuations in wheat prices show a much greater amplitude than those of the primary commodity group as a whole.

Turning to the factors within the wheat situation itself during the past month, developments in Argentina and Australia have been of some concern. Fairly general rains were received in Argentina on September 19 and 20, which were sufficient to bring along the crops in all but the drought areas of Cordoba and Santa Fe. Since then intermittent rains have fallen and the tentative estimate for this year's wheat crop in Argentina of 220 million bushels still appears to be justified. In Australia, the drought situation has been more alarming with rains delayed until early October. According to an official crop report of October 18, crop conditions have deteriorated in all the states, but are still satisfactory in Western Australia, South Australia and Victoria. In New South Wales rains are still needed to ensure a satisfactory harvest. The Canadian Government Trade Commissioner in Melbourne has reduced his estimate for the Australian crop over the month from 180 million bushels to 166 millions. This is still a fairly liberal estimate judged by other private reports. In the meantime, overseas buyers are reconciled to the prospect of little over 200 million bushels of Southern Hemisphere export supplies during the current season, and the prospects for these crops have ceased to be an important market factor.

World shipments of wheat have been showing a gradual improvement for the past four weeks. Throughout the summer months the total amounts of wheat shipped had been averaging about 7 million bushels weekly. For the week ending October 9, total shipments reached 11.5 million bushels, and in the following week ending October 16, they amounted to 10.9 million bushels. North American shipments have been increasing with the larger clearances of both Canadian and United States wheat, and in the week ending October 16, the combined shipments totalled 4.4 million bushels. Both Argentina and Australia are clearing out their old-crop surpluses, which are now only 7.3 million bushels in the former country, and 3.7 million bushels in the latter country. Broomhall suggests that Australia's export surplus has been underestimated. Russia has been exporting weekly amounts in the neighbourhood of 2 million bushels recently, with total shipments from the beginning of the crop year to-date amounting to 12 million bushels. The character of these shipments is very similar to those in 1935-36, when Russia exported 13.5 millions from August 1 to October 19, and 29.7 million bushels for the whole of the crop year. Danubian countries have shipped 15.8 million bushels to-date during the current season. This amount is considerably smaller than the shipments of 24.3 million bushels to-date a year ago. World shipments, as a whole, are likely to continue on an improved basis, while the Canadian and United States supplies can be moved on an economical basis during the autumn months. After December Southern Hemisphere supplies will begin to move in volume.

Total world shipments for the elapsed eleven weeks of the current crop year have amounted to 91 million bushels, or an average of 8.3 million bushels weekly. A weekly average of 9.5 million bushels is needed to maintain the estimated world shipments of 496 million bushels for the crop year, which is further reason for believing that weekly world shipments will continue to improve. It should be mentioned in this connection that the Food Research Institute places a more optimistic figure of 550 million bushels on world net exports for the crop year, compared with Broomhall's conservatively based estimate of 496 million bushels.

Throughout September, Liverpool c.i.f. prices worked upward to bid fairly with the peaks achieved in early April and mid-July. Since September 29, however, quotations on the various sorts have gradually fallen. The "Manitoba" grades have been by far the highest priced, with No. 1 Northern quoted at $1.68 5/8 on October 20. No. 2 Northern has not been quoted since October 11, but on that date it was 16 1/4 cents above the nearest quotation of $1.43 on Australian wheat. No. 3 Northern, on October 20, was quoted at $1.39 1/4 or 1 5/8 cents above Australian wheat for October shipment. No. 2 U. S. Hard Winters dropped rapidly in early October, and are now being offered at approximately the same prices as Russian wheat. On October 20, No. 2 U. S. Hard Winters were quoted at $1.26 3/4, and Russian wheat on sample at $1.25 1/4. Roumanian wheat is the most cheaply offered at $1.19, but this is consistent with the difference in quality.

For a graphic comparison of Liverpool c.i.f. prices up to October 18, see page twenty of this Review.

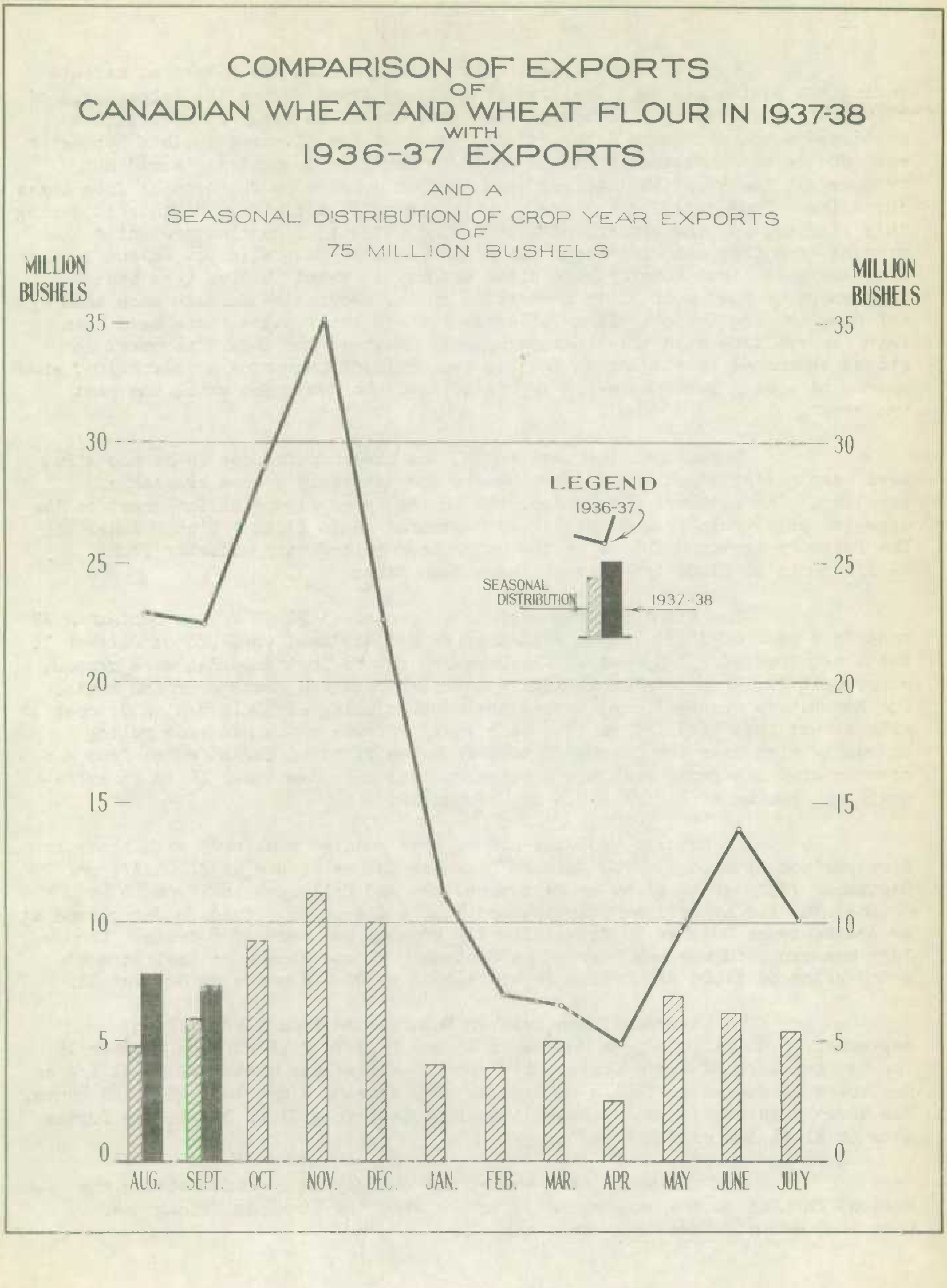
The Wheat Situation in Canada

On October 16, the Grain Research Laboratory of the Board of Grain Commissioners issued a report on "The Milling, Baking and Other Quality Characteristics of the Canadian Wheat Crop". According to this report, the 1937 crop shows a higher test weight but a lower protein content than that of the 1936 crop. The mean protein content of this year's crop is 14.2 per cent, compared with the unusually high protein content of 14.9 per cent in last year's crop. The 1937 Garnet crop, however, has a better protein content at 13.4 per cent for No. 1 C.W. Garnet and 13.7 per cent for No. 2 C.W. Garnet. The percentages for these grades in 1936 was 12.5 and 12.8 respectively. A supplementary report for Durum wheat indicates that the protein content of the Durum crop is lower at 13.3, 12.9 and 12.8 per cent for the first three grades of Amber Durum, compared with 14.8, 16.1 and 16.6 per cent for the same grades last year. These results are based on tests made up to September 30 in each year. Excerpts from the main report are quoted on pages twenty-three and twenty-four of this Review.

Primary receipts of wheat at country elevators and platforms have been dwindling since September 24, when the primary movement reached its peak for the year. Up to October 15, 72.7 million bushels have been delivered from farms, compared with 112.6 million bushels to-date, a year ago. Growers are tending to hold back their remaining supplies, and it is becoming increasingly difficult to get deliveries of the top grades. The visible supply of Canadian wheat reached its peak for the year on October 1, at 74.8 million bushels. For the past two weeks the total amount of wheat in store has declined slightly, being placed at 73.3 million bushels on October 16. Export clearances of Canadian wheat have shown moderate improvement since the third week in September. For two weeks, the amounts exceeded 2.5 million bushels per week, but in the week ending October 14, clearances fell back to 1.8 million bushels. Total clearances from August 1 to October 14, amounted to 18.2 million bushels, compared with 39.6 million bushels for the same period in 1936. Imports of Canadian wheat into the United States for consumption have disappeared entirely since September 11. Imports for milling in bond have been dwindling, amounting to only 47,000 bushels in the week ending October 16.

An Appraisal of the Canadian Export Movement, 1937-38.

As stated in the September issue of this Review, maximum available export supplies from Canada during the present cereal year, are 90 million bushels. This figure is derived by deducting from the 1937 crop of 188 millions, and carry-in stocks of 37 millions --a total of 225 million bushels --estimated domestic requirements of 100 million bushels and a minimum carry-over at the end of the crop year of 35 million bushels, which leaves 90 million bushels available for export. There is no doubt that all of the available supplies of the Northern grades will be taken by importers, but a more than usual percentage of the total available supplies is made up of the Durum and Garnet varieties, and there is some question whether these sorts will find as ready export outlets. Bearing these factors in mind a minimum export figure for the crop year can be placed at 75 million bushels, with probable exports falling within a 75-90 million bushel range. In the chart on the opposite page a seasonal distribution of crop-year exports of 75 million bushels is portrayed, as based upon the average seasonal distribution of exports by months, over a 10-year period. The Customs export totals for August and September this year amounted to 15.1 million bushels, or 4.4 million bushels in excess of the amount needed to maintain a total export of 75 million bushels seasonally distributed.


COMPARISON OF EXPORTS
OF
CANADIAN WHEAT AND WHEAT FLOUR IN 1937-38
WITH
1936-37 EXPORTS
AND A
SEASONAL DISTRIBUTION OF CROP YEAR EXPORTS
OF
75 MILLION BUSHELS
MILLION BUSHELS
MILLION BUSHELS
35
30
25
20
15
10
5
0
LEGEND
1936-37
SEASONAL DISTRIBUTION
1937-38
AUG.
SEPT.
OCT.
NOV.
DEC.
JAN.
FEB.
MAR.
APR.
MAY
JUNE
JULY

PRICES

Futures quotations in the North American and Liverpool markets during the past month were featured by a rising trend during the latter part of September followed by a comparatively sharp break in early October with a continued tendency toward lower levels. Most of the firmness in late September was due to apprehensions that the Southern Hemisphere countries would not produce all the supplies that had been counted upon to be forthcoming from these countries. Prospects for the new crop in Australia definitely diminished during this period, but the arrival of much needed rains in Argentina prevented the growing crop from deteriorating. Moderate rains in Australia put an end to the crop scare in that country, and since October 1, wheat futures have been influenced by the uncertainty prevailing in the securities markets more than by any other single factor. In this latter respect the wheat markets have been tardy in reacting with the stock exchanges. Whereas the "bear" movement in stocks commenced in mid-August and has been gaining increased acceleration, wheat prices have been governed mainly by factors within the trade until the past two weeks.

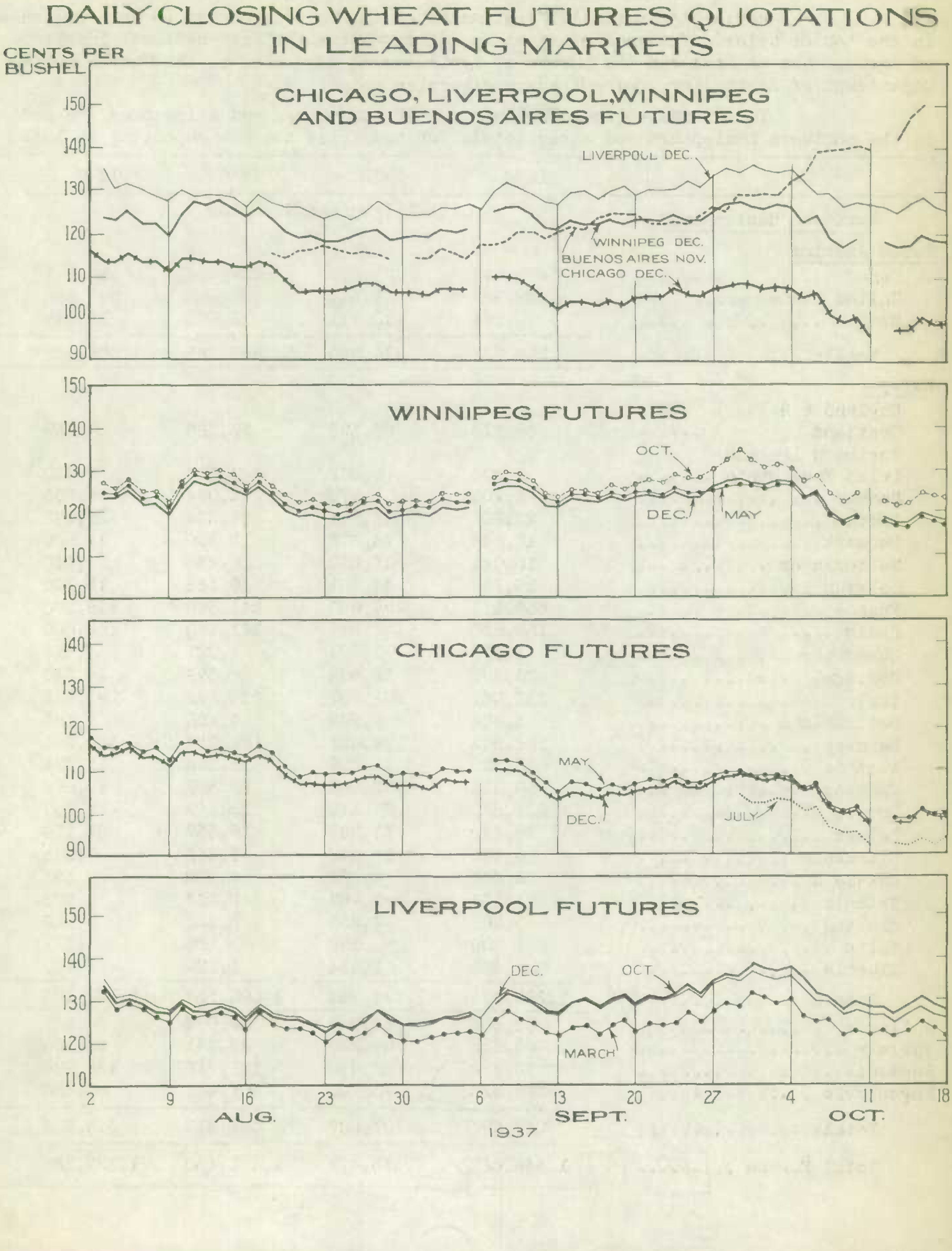
Throughout the past month, the old-crop futures in Buenos Aires have been rising steadily in response to the extremely scarce available supplies. The November future depicted in the upper figure of the chart on the opposite page, rose from $1.24 1/2 on September 18 to $1.49 7/8 on October 16. The February new-crop future on the other hand gained very modestly from 99 5/8 cents to $1.02 3/4 between these same dates.

The Winnipeg October future, quoted at $1.25 5/8 on September 18 rose to a peak of $1.34 1/2 on September 29 and declined to $1.23 on October 18 for a net loss of 2 5/8 cents. The December future lost somewhat more ground, closing at $1.18 on October 18 with a net loss of 4 7/8 cents over the month. The May future weakened most during the month closing at $1.16 5/8 on October 18 with a net loss of 7 1/4 cents. Cash wheat spreads which had been ruling unusually high over the October future from the first of August moved from a premium of 6 1/2 cents over the October quotation on September 18 to an extraordinary premium of 21 1/2 cents on October 18.

In Chicago, futures prices have reacted similarly with those in Winnipeg and Liverpool. The Chicago December future closed at $1.03 3/4 on September 18, rose to $1.09 by September 29, and fell back to 99 cents by October 18, for a net loss over the month of 4 3/4 cents. Chicago May closed at 99 3/4 cents on October 18 for a slightly greater net loss of 6 cents. The July new-crop future was boarded on September 28 and closed on that date at a top price of $1.04 3/8. This future closed at 93 3/4 cents on October 18.

In Liverpool, the October future rose from $1.31 1/2 on September 18 to $1.38 3/4 on September 30 and fell to $1.27 3/4 on October 18 for a net loss of 3 3/4 cents. Liverpool December was quoted at $1.31 1/4 on September 18 and at $1.25 1/8 on October 18, showing a net loss of 6 1/8 cents. The March future suffered a somewhat smaller loss from $1.25 3/8 on the former date to $1.21 1/4 of 4 1/4 cents.

For the month as a whole, the changes in spreads between the various futures on the same markets, and between the Winnipeg Chicago and Liverpool markets have been very minor.


DAILY CLOSING WHEAT FUTURES QUOTATIONS IN LEADING MARKETS
CENTS PER BUSHEL
CHICAGO, LIVERPOOL, WINNIPEG AND BUENOS AIRES FUTURES
LIVERPOOL DEC.
WINNIPEG DEC.
BUENOS AIRES NOV.
CHICAGO DEC.
WINNIPEG FUTURES
OCT.
DEC.
MAY
CHICAGO FUTURES
MAY
DEC.
JULY
LIVERPOOL FUTURES
DEC.
OCT.
MARCH
150
140
130
120
110
100
90
2
9
16
23
30
6
13
20
27
4
11
18
AUG.
SEPT.
OCT.
1937

Survey

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
Northern Hemisphere	(Thousand Bushels)			
North America				
Canada	275,849	281,935	229,218	188,191
United States	496,929	626,344	626,461	886,895
Mexico	10,949	10,711	13,606	12,949
Totals	783,727	918,990	869,285	1,088,035
Europe:				
England & Wales) Scotland) Northern Ireland)	69,775	65,395	55,265	56,057
Irish Free State	3,803	6,687	7,839	7,300
Norway	1,205	1,870	2,094	2,903
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	246,200
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	49,897
Greece	25,680	27,179	23,449	27,557
Poland	76,440	75,883	78,357	65,770
Lithuania	10,475	10,093	7,942	7,973
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)
Totals	1,299,165	1,274,786	1,090,538	1,173,181
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	86,236
Totals	249,297	301,687	381,912	356,555
Total Europe	1,548,462	1,576,473	1,472,450	1,529,736

World production in 1937 is now indicated to be 3,796 million bushels, an increase of 269 million bushels over the world production in 1936.

The estimate of total wheat production in Europe is 28 million bushels lower than that reported a month ago, due to a reduction in the estimates for France, Greece and Yugoslavia.

The Argentine estimate is virtually unchanged from last month, but the Australian estimate is decreased by 14 million bushels.

	1934	1935	1936	1937
	(Thousand Bushels)			
Africa:				
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	18,372
Egypt	37,276	43,221	45,701	45,378
Totals	134,172	113,691	95,792	116,112
Asia:				
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
Totals	524,768	536,670	562,818	555,809
Totals 43 Countries ...	2,991,129	3,145,824	3,000,345	3,289,692
Estimated Northern Hemisphere				
Total, ex U.S.S.R.				
and China	3,055,189	3,191,873	3,054,821	3,345,000
Southern Hemisphere				
Argentina	240,667	141,020	247,832	220,462(a)
Australia	133,392	142,596	149,579	166,000(b)
Union of South Africa	16,373	20,194	16,193	(15,000)
Totals	390,432	303,810	413,604	401,462
Estimated World Total, ex				
U. S. S. R. and China ...	3,502,720	3,562,978	3,526,603	3,796,000

(a) Source: Correspondent of the Dominion Bureau of Statistics in Buenos Aires.

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

UNITED STATES

The following excerpts relating to wheat are taken from the October 11 General Crop Report of the United States Department of Agriculture:

"Wheat: The preliminary estimate of production of all wheat in 1937 is 886,895,000 bushels, compared with 626,461,000 bushels produced in 1936 and the 5-year (1928-32) average of 864,532,000 bushels.

"The preliminary estimate of spring wheat production is 198,750,000 bushels, which is only slightly above the production indicated a month ago. The 1936 crop was 107,448,000 bushels and the 5-year average 241,312,000 bushels.

"Yields per acre of spring wheat are generally below the 10-year average except in the area west of the Rocky Mountains. With the exception of the Pacific Northwest, Minnesota is the only important spring wheat producing State reporting above average yield this year. In the remainder of the principal spring wheat producing region, the crop suffered severe injury from drought and black stem rust.

"Stocks of wheat on farms as of October 1, 1937, amounted to 333,746,000 bushels, compared with 225,505,000 bushels a year ago and the (1928-32) October 1 average of 408,523,000 bushels."

Wheat (Production by Classes) for the United States

Year	Winter		Spring		White (Winter and Spring)	Total
	Hard red	Soft red	Hard red	Durum 1/		
				(thousand bushels)		
Average						
1928-32 ...	392,656	178,541	153,636	56,000	83,700	864,532
1936	259,667	207,126	52,252	8,875	98,541	626,461
1937 2/ ...	374,565	258,287	114,263	29,502	110,278	886,895

1/ Includes durum wheat in States for which estimates are not shown separately.
2/ Preliminary.

AUSTRALIA

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

"Wheat and flour shipments for the period ending October 4 totalled 86,974,236 bushels compared with 84,897,680 bushels in the previous year. The overseas market for Australian wheat has steadied during the past month, but exports have been relatively small. The United Kingdom market for Australian wheat is considerably improved but there is a decidedly weaker turn evident at the moment due principally to lack of confidence in all markets. Japan is a steady buyer of small parcels at forty-five shillings per quarter owing to cheap parcel freights which are not expected to last. Nearly all the remaining wheat is held by growers. Uncommitted stocks are very low. The price of wheat to growers at country sidings is four shillings sevenpence per bushel, equivalent to ninety cents Canadian and the f.o.b. price is about five shillings twopence halfpenny, equivalent to one dollar three cents. Recent rains have brightened prospects for the new crop with the latest estimate at 166 million bushels. New crop cargo late November loading has been sold at forty-three shillings sixpence. The overseas demand for flour is limited; Dairen purchased 2,400 tons, October shipment. Other markets are quiet. Shipments have improved to the near East in fullfilment of old contracts but little new business has developed. Export quotations are ten guineas per ton, 150 pound sacks, equivalent to $41.48 Canadian and ten pounds seventeen shillings sixpence in 49 pound calico bags, equivalent to $42.95 Canadian. Chartering is quiet with the ruling rate for parcel freight forty-five shillings per ton, October-November shipment, and forty-seven shillings sixpence December-January shipment. Fixtures have been made at fifty shillings ninepence but have shown a tendency to ease.

ARGENTINA

The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of October 1, 1937, dealing with the grain situation in Argentina.

First Official Estimate of Areas Seeded

On September 17 the Ministry of Agriculture made known its first estimate of the areas seeded to the principal grain and seed crops (excluding maize) for the season 1937-38. For comparison the statistics of recent years are reproduced below:

	Wheat	Linseed	Oats	Barley	Rye
			(acres)		
1937-38	17,586,400	6,298,500	3,412,200	1,914,250	2,099,500
1936-37	17,495,000	7,435,000	3,157,000	1,924,000	2,203,000
1935-36	14,203,000	6,570,000	2,952,000	1,939,000	1,749,000
5 year average .	17,987,700	7,270,500	3,370,200	1,842,300	1,895,000
10 year average.	19,241,800	7,357,700	3,481,800	1,604,800	1,563,300

As compared with last year the total seeded area shows a decrease of 1,214,000 acres, or say 3.8 per cent, which is due in almost its entirety to the smaller linseed acreage. The total is also 6.7 per cent less than the 10-year average, which is looked upon as the normal seeded area for the country.

The wheat area exceeds that of a year ago by 91,000 acres. The figures are not given by provinces in the official memorandum, but it is indicated that the principal decrease in wheat occurs in the province of Cordoba (due to the prolonged drought there) and is more than compensated by increases elsewhere.

The publication of the official figures occasioned no great surprise, as it was realised that the hoped for increase in wheat acreage had been rendered impossible by the persistent drought in some of the provinces. But it should be pointed out that good general rains fell after the preparation of the official estimate, and wheat seeding was resumed in the backward districts, so that the second calculation may be expected to show a revision upwards.

Crop Conditions

The official monthly report on conditions in the grain districts made its appearance on the 21st. The data on the principal crops and zones may be summarized as follows:-

Buenos Aires: Weather conditions during the second half of August were similar to those indicated in the last report. The situation was totally changed in the early days of the current month, when almost all the provinces received abundant rains which still continue. With the exception of the extreme west, where the rains were lighter, the condition of the crops is generally good. Wheat: Seeding of wheat is virtually over. The condition of the fields may be said to be quite good. In the north the state of the weather and humidity of the soil have permitted excellent development and great strength in the plants, there being many fields which have been lightly pastured so as to check their growth. On the Atlantic coast the rains have maintained the wheat in good condition; and the same is true in the centre of the province where lack of rain had caused fears of depreciation. Towards the south-west the condition is also good, with well rooted and well stooled plants. In the western zones dryness persists; the winter wheat still maintains its good condition, but the spring varieties are only fair, being spindly and uneven in growth. As for the seeded area, the increase previously forecast has been confirmed.

Santa Fe: The rains which have fallen in this province during the period since the last report, although light, were sufficient to permit a change for the better in the crops and also to facilitate the work on the land. They were especially beneficial in the central zone, where drought was causing much damage. Wheat: The state of the wheat fields in the south is highly satisfactory as germination was even and strong, later heavy frosts promoted good root growth, and recent rains have stimulated stooling. In those parts of the north where the drought of recent months was most severe wheat fields are to be found in all conditions, according to whether or not they were favoured by recent rains. Some of the fields which suffered most have been reploughed for maize.

Cordoba: Since the last report drizzling rains in the east and centre of the province, although neither uniform nor abundant, have had a beneficial effect. South of Rio Cuarto and north and west of Villa Maria there was practically no rain, the insignificant precipitation being insufficient to neutralize the evaporation caused by winds. Wheat: Some fields are still being sown where this could not be done earlier because of the lack of soil moisture. Recent rains and excellent wheat prices prevailing have stimulated this out of season planting. The condition of the fields is good in San Justo, Marcos Juarez and Rio Cuarto districts; but more to the south the plants are yellowing here and there because of the prolonged drought. In many places the plants are heading although only 16 inches high which will be inconvenient if future rains produce a second growth and lower the quality. Alongside these fields may be seen others which have germinated under satisfactory conditions because of the recent rains.

Entre Rios: During the last month sufficient rain fell in this province to maintain the normal condition of the crops; nevertheless, more moisture is now needed, especially in some of the districts. Wheat: There is an increase in the area seeded with wheat in relation to that of last year, although not with respect to the normal acreage. Generally the condition is excellent, except in the southwest.

The Pampa: Since the last report drizzling rains have fallen in the south of the territory. Although the quantity which fell was small, the crops benefited by reason of the prolonged duration; but in the districts where the seeded area is greatest the precipitation was more abundant and found the crops in the best state. In the north practically no rain fell, but the dry condition mentioned in the last report has not been aggravated as the winds have not been either so strong or so frequent as is usual at this time of the year, and the many cloudy days with low temperatures have reduced evaporation. In some of the western sections the Wheat has begun to show the effects of the drought, although for the moment there are no appreciable areas which can be considered lost. In the most extensively sown zone the wheat plants are well rooted, and with normal conditions up to harvest a paying crop can be looked for. In this section an increased area has been planted.

A note attached to the official report of which the above is a summary mentions that it only covers condition up to the 17th of the month, and that the rains which fell between that date and the 21st when the report was published would improve the conditions of the crops and facilitate the final plantings.

Very good rains fell on the 19th and 20th. They were general, and extended into the areas which were most in need of the moisture. Moreover they were succeeded by a period of cool and misty days, which made the precipitation doubly beneficial. Every province, including also the Pampa Territory, has now had rain, with the exception of Santiago del Estero, which remains extremely dry. But Santiago does not figure very largely in the production of either grain or linseed. Following the rains, work on the land was renewed with great activity, and it is believed that there was a good deal of sowing of wheat and linseed, besides the coarse grains. What, if any, returns these late fields will produce depends entirely upon the future weather. Such late sowing is a gamble, but prevailing high prices make the gamble worth while. It is very probable that, due to the ravages of the prolonged drought, in some parts of the provinces of Cordoba and Santa Fe crops are beyond recovery; but where that extreme had not been reached there are now good prospects of damaged fields producing a profitable crop if the present cool and unsettled weather should continue for a while.

Wheat Supplies and Market Conditions

During September exports of wheat and wheat flour totalled 3,986,000 bushels (wheat 3,814,000; flour 172,000). This compares with a combined total of 3,942,000 bushels in August, and leaves the supply position as shown below.

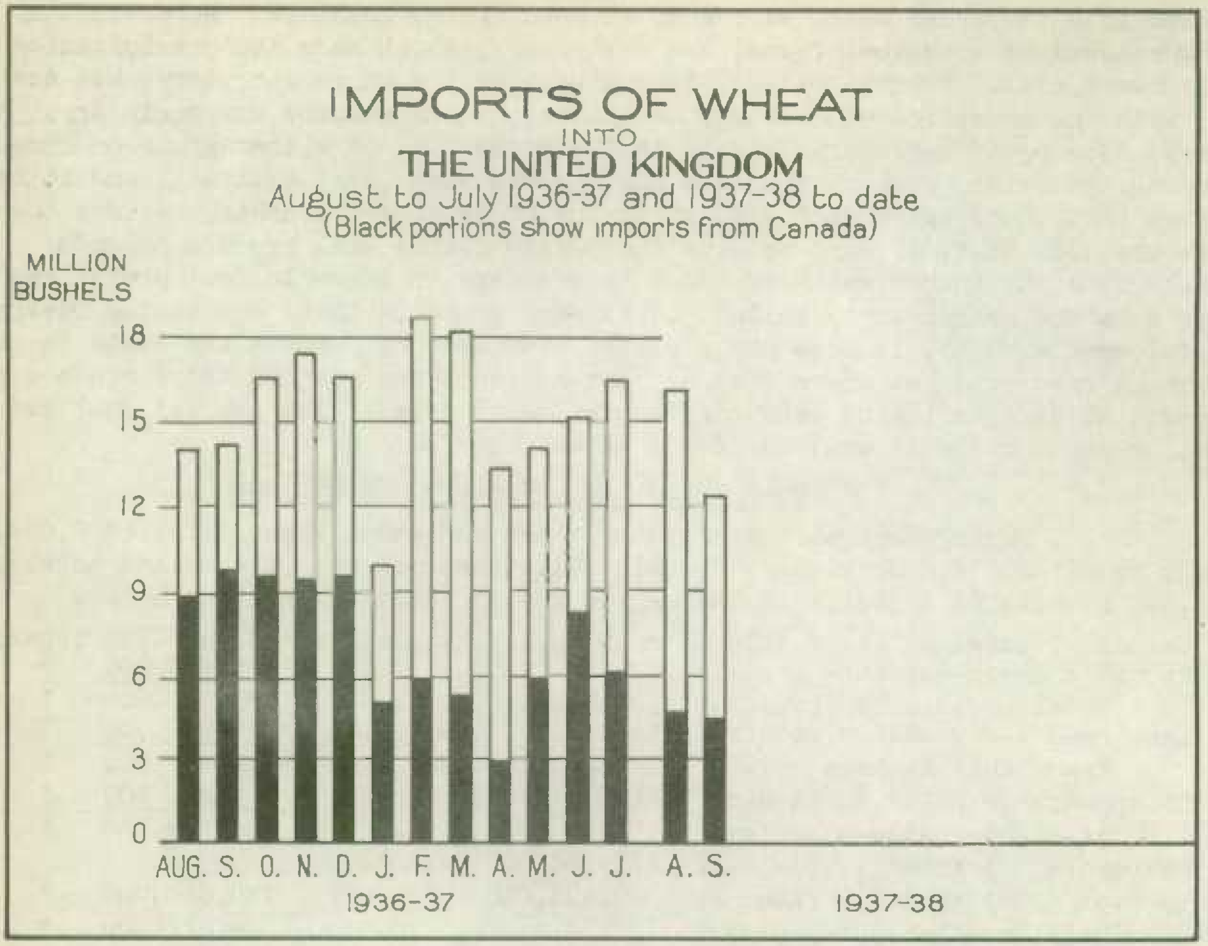
Second official estimate 1936-37 crop		247,836,000 bushels.
Probable under-estimate		3,674,000 "
Total		251,510,000 "
Less seed and domestic requirements		99,208,000 "
Exportable balance		152,302,000 "
Disappearance prior to January 1, 1937		3,380,000 "
Available balance on January 1		148,922,000 "
Shipments) Wheat	137,555,000 bushels	
to Sept. 30) Wheat as flour ..	2,495,000 "	140,050,000 "
Still available for export		8,872,000 "

There was a gradual stiffening of wheat prices during the month, due to the steady exhaustion of stocks. It is probable that the allowance shown in the above statement for under-estimate of the crop will have to be increased; but even so there are buyers waiting for all the grain likely to come forward before the new crop becomes available. Brazil, usually so "finnicky" as to the quality of the wheat she buys, is now apparently willing to take almost anything offered, and other neighbouring countries are also eager customers. Prices for Argentine wheat are naturally quite out of line with those of competing countries in the European markets.

Guessing the yield of the new crop is now a popular amusement. The average amongst members of the trade is about 220,462,000 bushels, as compared with 248,020,000 bushels for the last crop on a slightly lower area. But at this stage it is realised that it is pure guesswork, as the most critical time for the crop has still to be faced. For the moment weather conditions are almost ideal for the growing crops.

Trading in wheat of the new crop was officially opened on the 13th, when quotations commenced at 10.85 pesos per 100 kilos. At the close of the month the price had risen to 11.52. But sales are said to have been made by farmers at as high as 12. in combination with parcels of old wheat at 14.50, so anxious were the buyers to obtain the latter. Millers and exporters are in keen competition for old wheat. Millers have options bought to cover their needs, but cannot get actual wheat. Exporters have oversold, and are said to be losing money heavily. Hence the fortunate country holders of wheat of any quality are in a happy position, of which they are taking full advantage.

Spot wheat closed the month at 15.05 pesos per 100 kilos, equal to 135 1/4c. per bushel at current official exchange rates; the December option at 12.40 (111 1/2c. per bushel); and February new crop 11.52 (103 1/2c.) On the same day Winnipeg December wheat closed at 126 3/4c.



THE UNITED KINGDOM

Imports of wheat into the United Kingdom during the month of September, 1937, were lower than during the preceding month and lower than in the corresponding month last year. Imports during September amounted to 12,309,400 bushels compared with 16,030,423 bushels in August, 1937, and 14,168,399 bushels in September, 1936.

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

	August-July 1936-37	July 1937	August 1937	September 1937
	(Bushels)			
From:				
Canada	86,456,847	6,105,445	4,667,228	4,481,434
United States ..	103,438	-	320,988	808,893
Argentina	29,429,041	377,143	9,266	-
Australia	38,963,005	6,549,769	6,421,959	3,094,539
Russia	-	-	-	1,431,150
British India ..	10,670,162	2,691,296	3,346,909	1,399,412
Roumania	8,420,847	65,152	360,784	492,377
Others	10,423,586	673,414	903,289	601,595
T o t a l	184,466,926	16,462,219	16,030,423	12,309,400
Previous year	190,661,782	16,234,494	13,968,046	14,168,399

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 month 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 September, 1937 along with comparative figures for September, 1936.

	September, 1937	September, 1936
	(bushels)	
From:		
Canada	4,481,434	9,727,661
United States	808,893	-
Argentina	-	15
Australia	3,094,539	679,509
Russia	1,431,150	-
British India	1,399,412	384,568
Roumania	492,377	2,458,120
Others	601,595	918,526
Total	12,309,400	14,168,399

The above table shows that total imports of wheat into the United Kingdom during September, 1937 were lower than during September 1936. Imports from Canada amounted to only 4,481,434 bushels as compared with 9,727,661 bushels for the corresponding month last year. Imports from Russia amounted to 1,431,150 bushels this month, the first shipments from that country since January 1936. Australian imports amounted to 3,094,539 bushels for September, 1937 as compared with only 679,509 bushels during the corresponding month last year. Imports from British India were 1,399,412 bushels as compared with only 384,568 bushels for September 1936.

The following table shows imports of wheat into the United Kingdom during the months of August-September, 1937 and 1936:-

	1937 August-September	1936 August-September
	(bushels)	
From:		
Canada	9,148,662	18,523,078
United States	1,129,881	-
Argentina	9,266	7,265
Australia	9,516,498	2,906,955
Russia	1,431,150	-
British India	4,746,321	398,431
Roumania	853,161	3,050,528
Others	1,504,884	3,150,188
Total	28,339,823	28,136,445

It will be noted that total imports of wheat into the United Kingdom amounted to 28,339,823 bushels during the August-September period in 1937 as compared with 28,136,445 bushels during the same two months last year. Imports from Canada were less than half of those for the same period last year amounting to only 9.1 million bushels as compared with 18.5 million bushels in 1936. Australian imports for the August-September period in 1937 were higher by 6.6 million bushels as compared with the corresponding period in 1936. Imports from British India amounted to 4.7 million bushels for the two months this year as compared with only .5 million bushels for the August-September period last year.

INTERNATIONAL TRADE

The following table shows the world shipments of wheat and wheat flour for the first eleven 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	2,128	888	944	1,680	1,264	456	112	7,472
18	2,904	560	376	1,280	1,984	64	24	7,192
25	3,024	408	1,184	1,416	2,056	472	416	8,976
Oct. 2	3,312	1,144	704	1,768	1,728	200	400	9,256
9	4,051	1,218	900	2,504	1,680	552	600	11,505
16	4,370	365	2,013	1,896	1,608	88	544	10,884
Totals	33,941	9,167	12,601	12,040	15,752	4,376	3,200	91,077
Comparative 1936								
Corresponding week	4,408	1,568	1,536	-	2,328	424	152	10,416
Totals	61,184	10,224	15,376	88	24,288	2,120	3,128	116,408

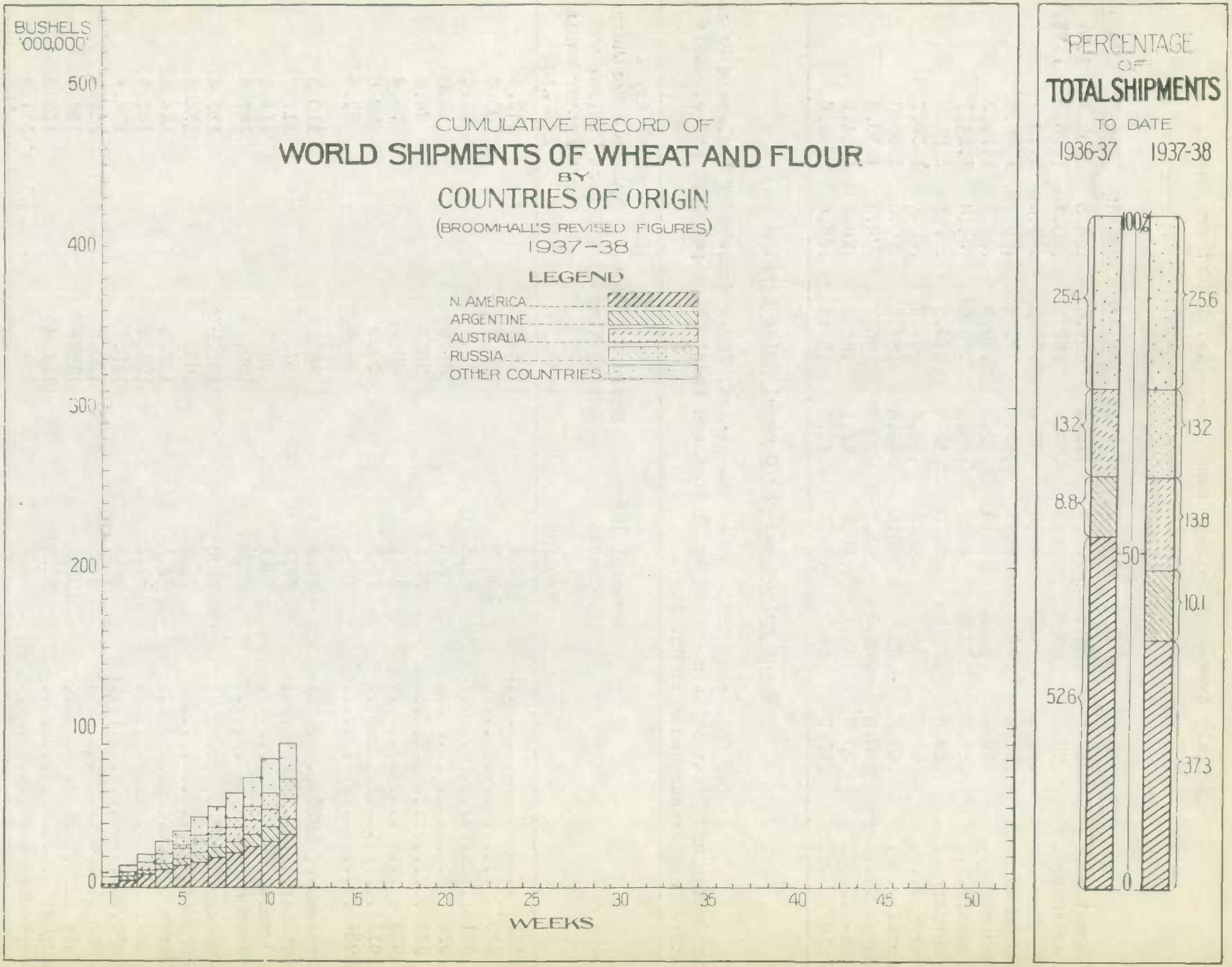
World shipments of wheat are gradually recovering from the low weekly amounts which have prevailed since early July. Part of this improvement is due to an increase in both Canadian and United States clearances making up the North American shipments. Russia is likewise exporting increasing amounts. Danubian shipments are fairly steady, with the total amounts for the crop year to date running below those of last year.

THE POSITION OF THE IMPORT REQUIREMENTS ESTIMATE

(Mr. Broomhall's Estimate)

Estimated Import Requirements	Actual Shipments	Balance to be Shipped
Aug. 1,1937 to July 31,1938 (52 weeks)	Aug. 1,1937 to Oct. 16,1937 (11 weeks)	Oct.16,1937 to July 31,1938 (41 weeks)
496 million bushels	91.1 million bushels	404.9 million bushels
or	or	or
9.5 million bushels weekly	8.3 million bushels weekly	9.9 million bushels weekly

During the first eleven weeks of 1937-38 world shipments have amounted to 91.1 million bushels, or an average of 8.3 million bushels per week. In order to fulfil the world estimate of 496 million bushels, weekly shipments will have to average 9.9 million bushels per week for the balance of the cereal year.


BUSHELS '000,000'
500
400
300
200
100
0
CUMULATIVE RECORD OF
WORLD SHIPMENTS OF WHEAT AND FLOUR
BY
COUNTRIES OF ORIGIN
(BROOMHALL'S REVISED FIGURES)
1937-38
LEGEND
N. AMERICA
ARGENTINE
AUSTRALIA
RUSSIA
OTHER COUNTRIES
1
5
10
15
20
25
30
35
40
45
50
WEEKS
PERCENTAGE
OF
TOTAL SHIPMENTS
TO DATE
1936-37
1937-38
100%
50
0
25.4
13.2
8.8
52.6
25.6
13.2
13.8
10.1
37.3

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	1.33.6
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
September, 1936	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
September	98.2	-	141.8

≠ Prepared by the Internal Trade Branch.

FOREIGN EXCHANGES (1)

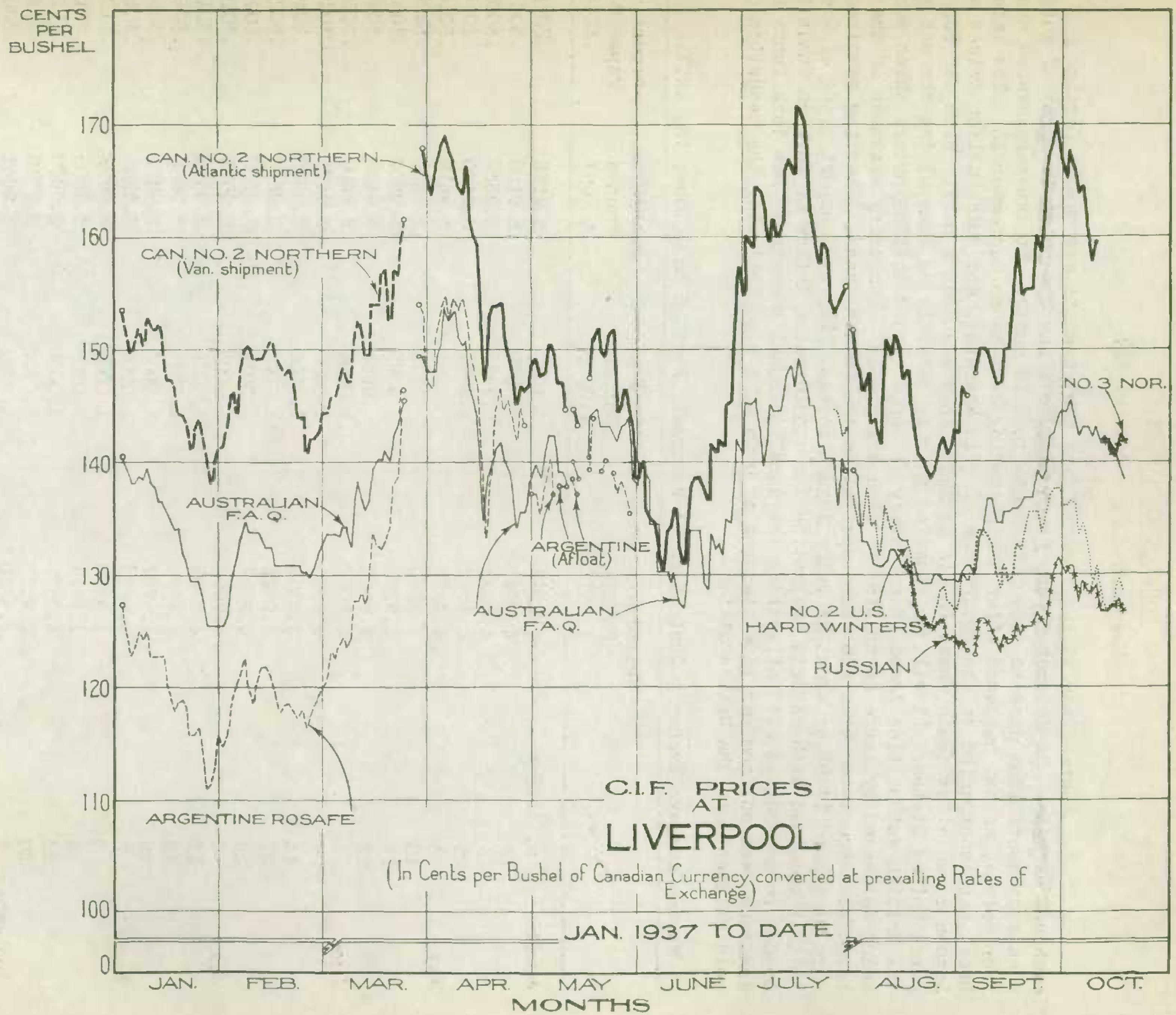
(September 21 - October 18)

Instability of the French franc continued to overshadow foreign exchange markets. On October 2, the franc sank to a new low point in terms of gold, when spot quotations dropped from 3.40 cents to 3.29 cents. It later recovered about four points, as had happened after the preceding decline on September 15. The latest break was accompanied by the recurrence of gold hoarding, and gold bullion prices at London moved a few cents above levels at which they are upon a parity with the $35 per ounce United States. It will be recalled that as recently as June of the current year, the British authorities found it necessary to support gold bullion prices which were being depressed by large quantities of dishoarded gold. Temporary weakness of the belga was associated with the sharp decline in the French franc. Sterling remained firm at around $4.95 or about 4¢ below August levels. Improved export trade of Great Britain combined with reports indicating the considerable inflow of foreign funds to London were credited with offsetting the usual seasonal pressure. New York funds at Montreal receded from par to a discount of 0.06 of 1 p.c. following the cessation of gold shipments to the United States.

Monday Average Exchange Quotations at Montreal, April 5 to October 18, 1937.

		United Kingdom Pounds 4.8667	United States Dollar 1.0000	Australia Pounds 4.8667	Argentina x Paper Peso .4244
April	5, 1937	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
	27	4.9519	1.0000	3.9615	.2975
October	4	4.9547	1.0000	3.9640	.2980
	12	4.9552	.9995	3.9641	.2989
	18	4.9549	.9994	3.9639	.2988

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


CENTS PER BUSHEL
170
160
150
140
130
120
110
100
0
CAN. NO. 2 NORTHERN (Atlantic shipment)
CAN. NO. 2 NORTHERN (Van. shipment)
AUSTRALIAN F.A.Q.
ARGENTINE (Afloat)
AUSTRALIAN F.A.Q.
NO. 3 NOR.
NO. 2 U.S. HARD WINTERS
RUSSIAN
ARGENTINE ROSAFE
C.I.F. PRICES AT
LIVERPOOL
(In Cents per Bushel of Canadian Currency converted at prevailing Rates of Exchange)
JAN. 1937 TO DATE
JAN.
FEB.
MAR.
APR.
MAY
JUNE
JULY
AUG.
SEPT.
OCT.
MONTHS

THE CANADIAN SITUATION

I. CARRY-OVER OF CANADIAN WHEAT IN CANADA AND THE UNITED STATES, 1921-1937.

Revised figures for the Canadian wheat carry-over were published in the October, 1936 issue of the Monthly Review of the Wheat Situation. Since that date, further investigation has revealed that there has been a minor amount of double counting arising from the reporting of eastern mill and elevator stocks for eastern companies licensed both as mills and elevators. The double counting which occurred in the years 1930 to 1936 has been eliminated from the totals appearing in the table below.

In the table published a year ago, stocks of Canadian wheat in United States ports for the year 1932 were inadvertently reported as 11,675,240 bushels - the March 31, 1932 total for stocks in the United States - rather than 5,888,255 bushels, which is the correct July 31 total.

As explained a year ago, the figures shown below are not entirely comparable, and the following omissions should be noted. The Canadian carry-over figures from 1921 to 1923 do not include wheat afloat to Canadian Lake and St. Lawrence Ports, rail transit in these years being reported only. From 1921 to 1931, wheat afloat to U.S. Ports was not reported. For the years 1932 to 1936, this item is included in the second column below. Stocks of wheat in U.S. Lake and Seaboard Ports from 1921 to 1931 are not exact month-end figures, but rather are for the week-end nearest the crop year-end for each of those years.

Carry-over of Canadian Wheat in Canada and the United States, 1921-1937.

	Carry-over of Wheat in Canada	Stocks of Canadian Wheat in U.S. Ports	Total Carry-over of Canadian Wheat in Canada and U.S.
		(bushels)	
September 1, 1921	13,888,694	240,786	14,129,480
1922	20,591,000	1,558,092	22,149,092
1923	11,690,296	483,324	12,173,620
August 1, 1924	45,158,819	2,958,084	48,116,903
1925	27,713,810	3,027,284	30,741,094
1926	36,475,183	3,664,179	40,139,362
1927	50,786,435	4,835,148	55,621,583
1928	77,547,071	13,609,623	91,156,694
1929	104,325,221	22,913,925	127,239,146
1930	110,516,848	16,065,242	126,582,090
1931	133,059,501	5,538,334	138,597,835
1932	130,053,092	5,888,255	135,941,347
1933	209,968,856	7,688,210	217,657,066
1934	192,947,925	9,954,252	202,902,177
1935	202,147,582	11,704,536	213,852,118
1936	108,094,277	19,268,321	127,362,598
1937	32,739,852	4,110,848	36,850,700

II. SEVEN DECADES OF WHEAT PRODUCTION IN CANADA

In the table below are reproduced estimates of wheat production in Canada commencing with the year following Confederation, 1868. In the period from 1868 to 1879, the Census year 1870 is the only year for which wheat production was currently enumerated or estimated. For the remaining years, Mr. E.H. Godfrey, former Chief of the Agricultural Branch of the Dominion Bureau of Statistics computed estimates by allowing an annual per capita consumption of 6 1/2 bushels for food, seed and other requirements, adding the current exports and subtracting imports. These estimates for 1868-69 and 1871-1879 were first published in the January, 1927 issue of the Monthly Bulletin of Agricultural Statistics. For the years 1881 to 1892, Mr. S.C.D. Roper formerly of the Dominion Department of Agriculture published statistics of wheat production estimated for all Canada, his latest figures appearing in the Statistical Yearbook of Canada, 1892.

From 1893 to 1907, excepting the Dominion Census year 1900 and the Prairie Province Census covering those provinces for the years 1905 and 1906, the estimates appearing below were computed by using available provincial estimates issued by the various Provincial Departments of Agriculture, and making allowances for the probable production in those provinces for which no contemporary estimates were made. These latter allowances were governed by the production in the Census years, and any qualitative information available for the particular year in the annual reports of the Provincial Departments of Agriculture. From 1908 to date, the estimates are those of the Census and Statistics office, and its successor in 1918, the Dominion Bureau of Statistics, working in co-operation with the Provincial Departments of Agriculture.

Estimated Wheat Production in Canada 1868-1937.

(thousand bushels)

1868 ...	22,156	1886 ...	38,225	1904 ...	71,838	1922 ...	399,786
1869 ...	22,578	1887 ...	38,954	1905 ...	107,033	1923 ...	474,199
1870 ...	16,724(a)	1888 ...	32,965	1906 ...	135,602	1924 ...	262,097
1871 ...	23,149	1889 ...	30,792	1907 ...	93,131	1925 ...	395,475
1872 ...	23,838	1890 ...	42,223(a)	1908 ...	112,434	1926 ...	407,136
1873 ...	24,180	1891 ...	60,721	1909 ...	166,744	1927 ...	479,665
1874 ...	23,853	1892 ...	48,182	1910 ...	132,078(a)	1928 ...	566,726
1875 ...	26,093	1893 ...	41,347	1911 ...	231,237	1929 ...	304,520
1876 ...	22,601	1894 ...	43,221	1912 ...	224,159	1930 ...	420,672
1877 ...	25,903	1895 ...	55,703	1913 ...	231,717	1931 ...	321,325
1878 ...	30,359	1896 ...	39,570	1914 ...	161,280	1932 ...	443,061
1879 ...	34,276	1897 ...	54,418	1915 ...	393,543	1933 ...	281,892
1880 ...	32,350(a)	1898 ...	66,495	1916 ...	262,781	1934 ...	275,849
1881 ...	38,000	1899 ...	59,912	1917 ...	233,743	1935 ...	281,935
1882 ...	47,752	1900 ...	55,572(a)	1918 ...	189,075	1936 ...	229,218(b)
1883 ...	30,840	1901 ...	88,337	1919 ...	193,260	1937 ...	188,191(b)
1884 ...	45,363	1902 ...	97,073	1920 ...	263,189(a)		
1885 ...	42,736	1903 ...	81,888	1921 ...	300,858		

(a) Decennial Census. —

(b) Subject to revision.

III. 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)			
Oct. 14, 1937:	44,444,182	8,636,542	5,542,460	280,090	163,793	59,067,067
Oct. 14, 1936:	45,865,935	15,639,735	36,469,402	17,608,037	1,143,829	116,726,938

IV. GRADING AND QUALITY OF THE 1937 CROP

The following table shows the grading of inspections during August and September, 1937, and for the same period in 1936.

	Number of Cars Grading No. 3 Northern or Better			
	1937		1936	
	Cars	Per Cent of Inspections	Cars	Per Cent of Inspections
August	3,514	81.40	8,849	96.37
September	11,421	84.22	26,018	96.92

Omitting special grades such as Garnets, Durums, White Springs and Winters, the number of cars of new wheat inspected in September, 1937, totalled 13,561 of which 11,421 graded No. 3 Northern or higher. September 1937 inspections of new Durum wheat amounted to 7,038 cars of which 6,531 or 92.8 per cent graded No. 3 Amber Durum or higher.

The report of the Grain Research Laboratory of the Board of Grain Commissioners on "The milling, baking and other quality characteristics of the 1937 western Canadian wheat crop" contains the following comments:

"This year, the most important degrading factors are improperly ripened and black-point infected kernels, frosted wheat being practically non-existent. Sufficient thin rusted wheat has been marketed to warrant re-introducing the Special grades, but to date only 4.6 per cent of the cars inspected in the Western Division has been classified in these grades, while 52 per cent of the crop has graded No. 2 Northern or higher. Less than one per cent of all cars inspected has graded tough or damp.

"Compared with corresponding grades for 1936, with the exception of the two Garnet grades, this year the test weight per bushel is higher, the protein content lower, flour gassing-power somewhat higher, water absorption slightly lower, and baking strength inferior as reflected in gluten quality, dough-handling quality, loaf volume and blending value. There is much less difference in the strength of the first six grades than is usually the case. The Garnet grades are superior to those of last year in all the above mentioned characteristics. ... ...

"With regard to Manitoba-grown wheat, owing to the earliness of the crop and the exceptionally fine weather experienced during the latter part of August and the beginning of September, harvesting is virtually completed and only a small percentage of the total crop remains to be inspected; hence, there is no danger of frosted wheat from this area. However, the Manitoba grown crop this year exhibits characteristics not often found in wheat from this section of the country; many samples inspected have contained varying percentages of one or all of the following types of kernels, namely: (1) improperly ripened, (2) green, (3) bronzy-green, and (4) black-point, all of which are plump and well filled.

"The so-called"improperly ripened" kernels are characterized by a dull brownish colour instead of the clear red associated with normal Manitoba wheat; the "green" range in colour from pea-green to a greenish-brown, while the "bronzy green", as the name implies, are intermediate in colour to these other two types. In the majority of cars inspected, the percentages of these three types of kernels has not been very high, but all three forms are important grading factors this year.

"'Black-point' infected kernels or 'smudge', is something rather different from the above three types and is caused chiefly by the fungus 'Helminthosporium', the development of which is favoured by the accumulation and retention of moisture at the germ end of the kernel, when the grain stands in the field, either uncut or stooked under unfavourable weather conditions. In some instances, the black discoloration is confined solely to the germ end of the kernel, while in others the damage is more extensive and may vary from a dark discoloration along or inside the crease to a complete discoloration of the entire seed coat. 'Black-point' infected kernels are fairly common in macaroni wheats, but are found much less frequently in bread wheats.

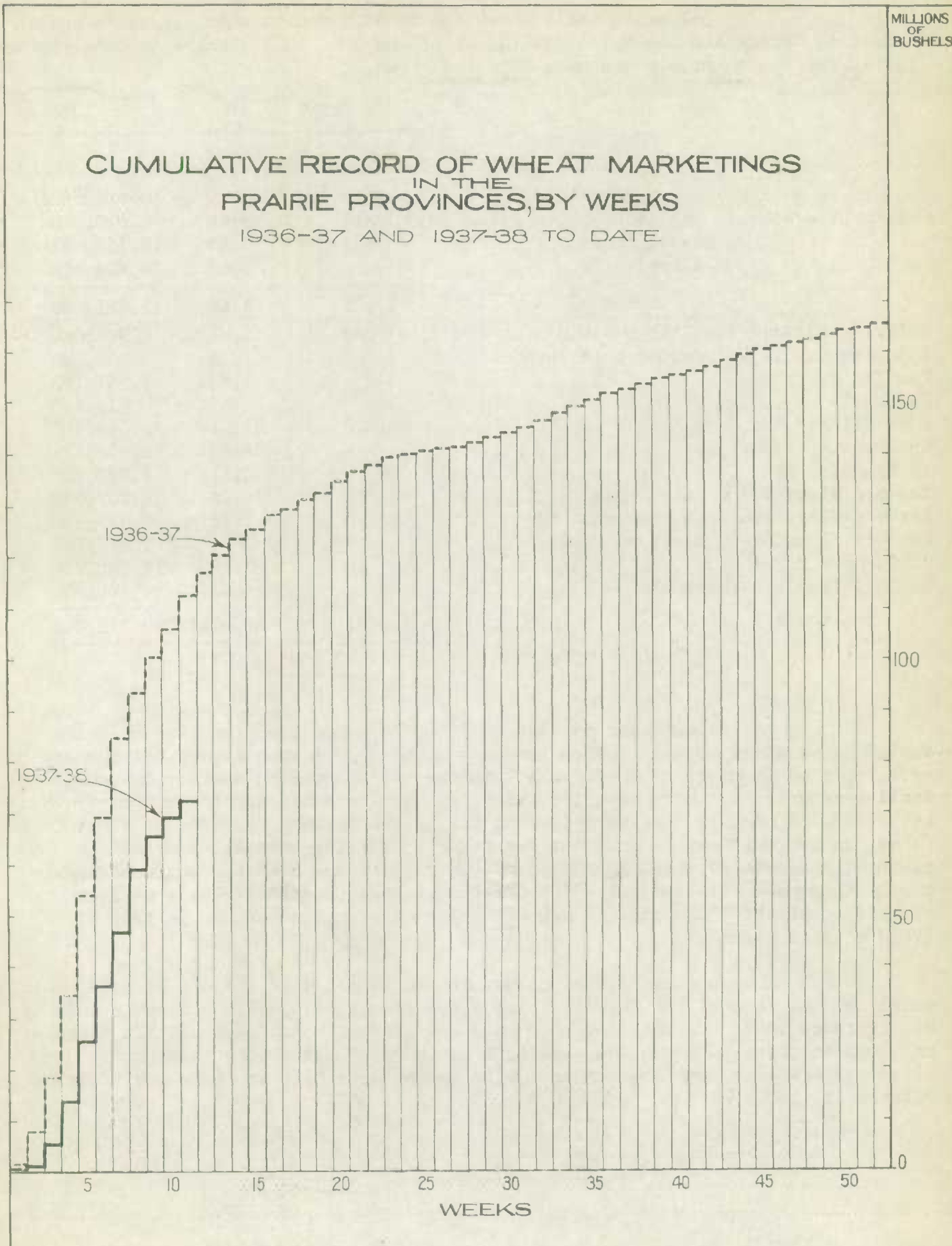
"Throughout Alberta, abundant rains fell late in the growing season and while this materially benefited the filling of the grain, ripening was delayed, the result being that the bulk of the wheat is high in bushel weight but lacks complete ripeness. In normal years, the lower grades from northern Alberta and Saskatchewan are usually characterized by plump frosted and green immature kernels, the extent and quantity of 'damage' determining the grade; this year, however, the lower grades contain varying amounts of plump 'immature appearing' kernels intermixed with normal grain. Frosted wheat has not been a factor in the grading of this year's crop, the main considerations being the percentages of plump green, improperly ripened and black-point kernels.

"In spite of the drought in certain sections of the country, the number of cars of wheat of high bushel weight inspected has been surprisingly high, but sufficient light weight wheat is available to warrant again introducing the Special grades Nos. 4, 5 and 6 to provide for the grading of sound wheat of very low weight per bushel; this was last done in 1935 when a very high percentage of thin rusted wheat was harvested."

V. 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
	17	3,186,093	2,114,081	5,485,839	10,786,013	15,542,786
	24	3,291,030	1,986,036	6,781,611	12,058,677	9,168,632
October	1	1,599,869	1,360,901	3,583,788	6,544,558	6,818,243
	8	609,026	1,107,667	2,066,974	3,783,667	5,448,641
	15	329,510	829,185	2,181,178	3,339,873	6,470,881
Totals		28,964,473	15,666,661	28,070,164	72,701,298	112,616,452


MILLIONS OF BUSHELS
CUMULATIVE RECORD OF WHEAT MARKETINGS IN THE PRAIRIE PROVINCES, BY WEEKS
1936-37 AND 1937-38 TO DATE
1936-37
1937-38
150
100
50
0
5
10
15
20
25
30
35
40
45
50
WEEKS

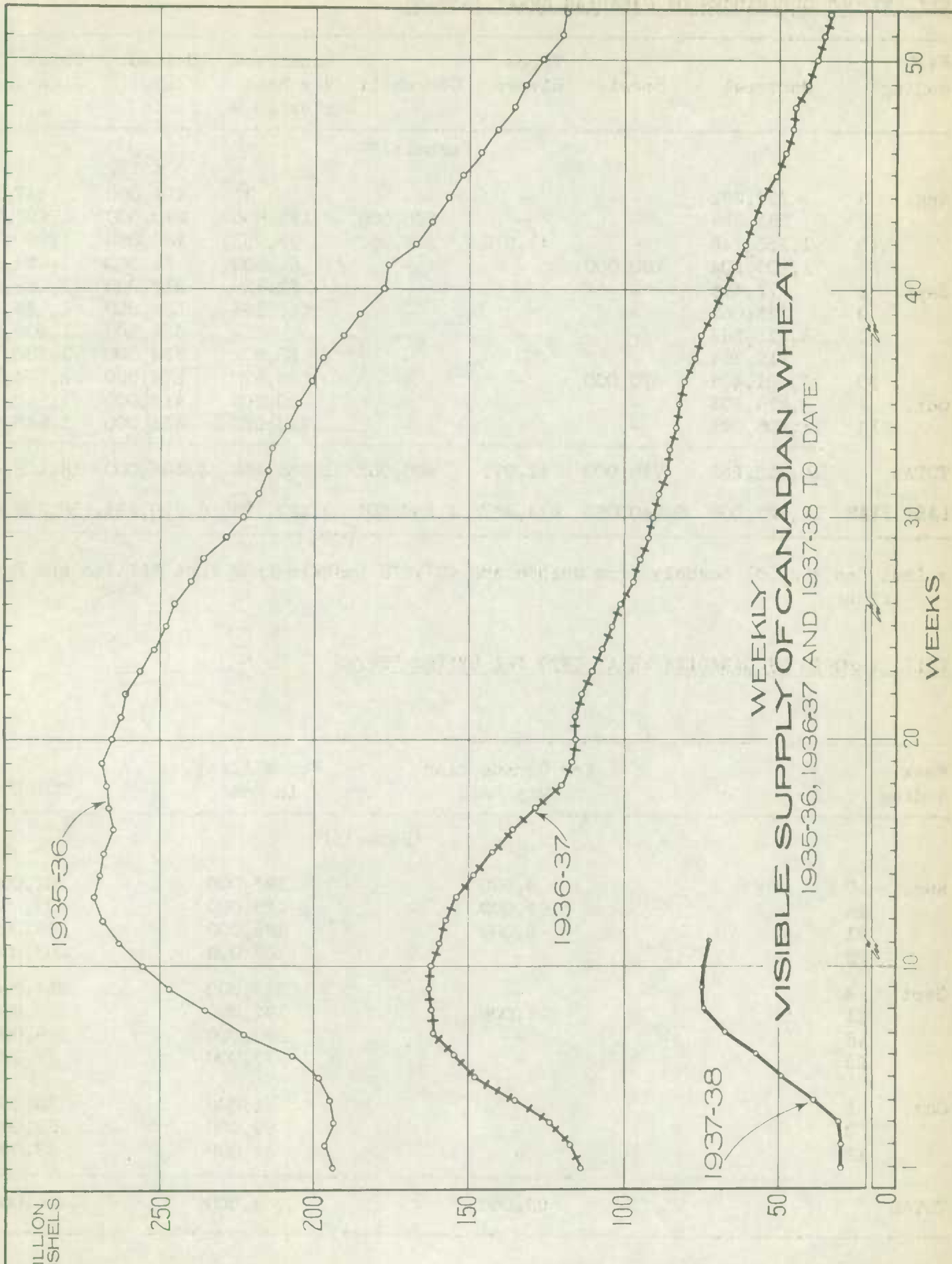
V. VISIBLE SUPPLY

The following table shows stocks of Canadian wheat in store and in transit in Canada and the United States on October 15, 1937 along with comparative figures for approximately the same date last year.

	1937		1936
	Durum	Other	
	(000 bushels)		(Bushels)
Country Elevators - Manitoba	1,340	2,460	2,910,629
Saskatchewan	205	6,355	18,536,021
Alberta	-	8,880	20,404,876
T o t a l s	1,545	17,695	41,851,526
Interior Private and Mill Elevators	250	3,950	6,973,068
Interior Public and Semi-Public Terminals	-	1,109	105,098
Pacific Ports	-	3,883	9,541,173
Churchill	-	12	610,450
Fort William and Port Arthur	10,202	11,612	35,548,869
In Transit, Lakes	979	2,651	5,653,271
In Transit, Rail	-	6,114	9,823,227
Eastern Elevators - Lake Ports	3,268	4,364	13,707,948
Eastern Elevators - St. Lawrence Ports ..	1,210	2,657	12,817,449
Eastern Elevators - Maritime Ports	-	-	1,968,797
U. S. Lake Ports	10	1,198	16,203,926
U. S. Atlantic Seaboard Ports	-	557	4,768,200
T o t a l s	17,464	55,802	159,573,002
	73,266		

As illustrated in the chart on the opposite page, the visible supply of Canadian wheat reached its peak on October 1 when 74,809,661 bushels were reported in store or in transit. In the two succeeding weeks somewhat smaller amounts have been reported, with the total visible supply on October 15 at 73,265,768 bushels. A sharp falling off in the primary receipts of wheat from farms, an improved export movement and domestic milling have all combined to reduce the amount of wheat in store. It is significant that the maximum visible supply this year totalled only 74.8 million bushels, compared with a maximum visible supply of 162.1 million bushels a year ago, and a maximum in 1935 of 270.7 million bushels.

Durum wheat stocks on October 15 totalled 17,464,000 bushels, held mainly at the Head of the Lakes. Total wheat stocks of 3,867,000 bushels held at St. Lawrence ports are very low this year compared with the 12.8 million bushels in store at these ports on the same date in 1936. Wheat stocks in country elevators are also very low compared with the amounts held in these positions on October 15, 1936.



WEEKLY
VISIBLE SUPPLY OF CANADIAN WHEAT
1935-36, 1936-37 AND 1937-38 TO DATE
MILLION BUSHELS
250
200
150
100
50
0
1935-36
1936-37
1937-38
WEEKS
1
10
20
30
40
50

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
	23	912,564	-	-	-	33,601	334,000	1,280,165
	30	1,601,408	570,000	-	-	228,870	374,000	2,774,278
Oct.	7	1,876,803	-	-	-	220,256	413,000	2,510,059
	14	1,296,091	-	-	-	216,033	334,000	1,846,124
TOTAL		12,313,252	770,000	41,078	603,982	1,036,138	3,394,000	18,158,450
LAST YEAR		13,322,308	6,740,063	814,487	4,293,501	7,227,102	6,019,394	39,598,014 x

x Includes 773,581 bushels from Quebec and 407,578 bushels from Fort William and 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.	4	-	217,000	217,000
	11	1,000	167,000	168,000
	18	-	129,000	129,000
	25	-	77,000	77,000
Oct.	2	-	75,000	75,000
	9	-	69,000	69,000
	16	-	47,000	47,000
TOTAL		82,000	1,394,000	1,476,000

IX. THE STATISTICAL POSITION

(a) In Canada:- The following table summarizes the statistical position of wheat in Canada as at October 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-September	45,324,791	15,126,711
Balance for Export or Carry-over, October 1	194,333,502	105,804,141

(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 months of August and September. According to this calculation, the balance of wheat available on October 1 for export from Canada or for the July 31 carry-over in Canada only, amounts to 105.8 million bushels compared with 194.3 million bushels a year earlier, representing a decrease in current supplies of 88.5 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 107.4 million bushels on October 1, available for export or for the July 31 carry-over in Canada and the United States, compared with 209.9 million bushels a year earlier, indicating a decrease of 102.5 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-September		
Overseas Clearances	32,356,811	13,557,130
United States' Imports	13,180,412	1,360,000
Flour (as wheat)	3,447,207	2,678,684
	48,984,430	17,595,814
Balance for Export or Carry-over, October 1	209,942,184	107,445,886

(1) Tentative.

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:

WHEAT

	1937-38	1936-37	1935-36	1934-35
		(Bushels)		
August	6,544,967	21,157,268	21,698,284	14,709,675
September	5,903,060	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	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	232,019,649	144,374,910

FLOUR

	1937-38	1936-37	1935-36	1934-35
		(Barrels)		
August	288,608	387,728	376,562	412,089
September	306,655	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		389,995	430,171	429,561
July		334,964	444,905	395,232
Total		4,525,665	4,978,917	3,740,310

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	7,283,008	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	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	254,424,775	165,751,305