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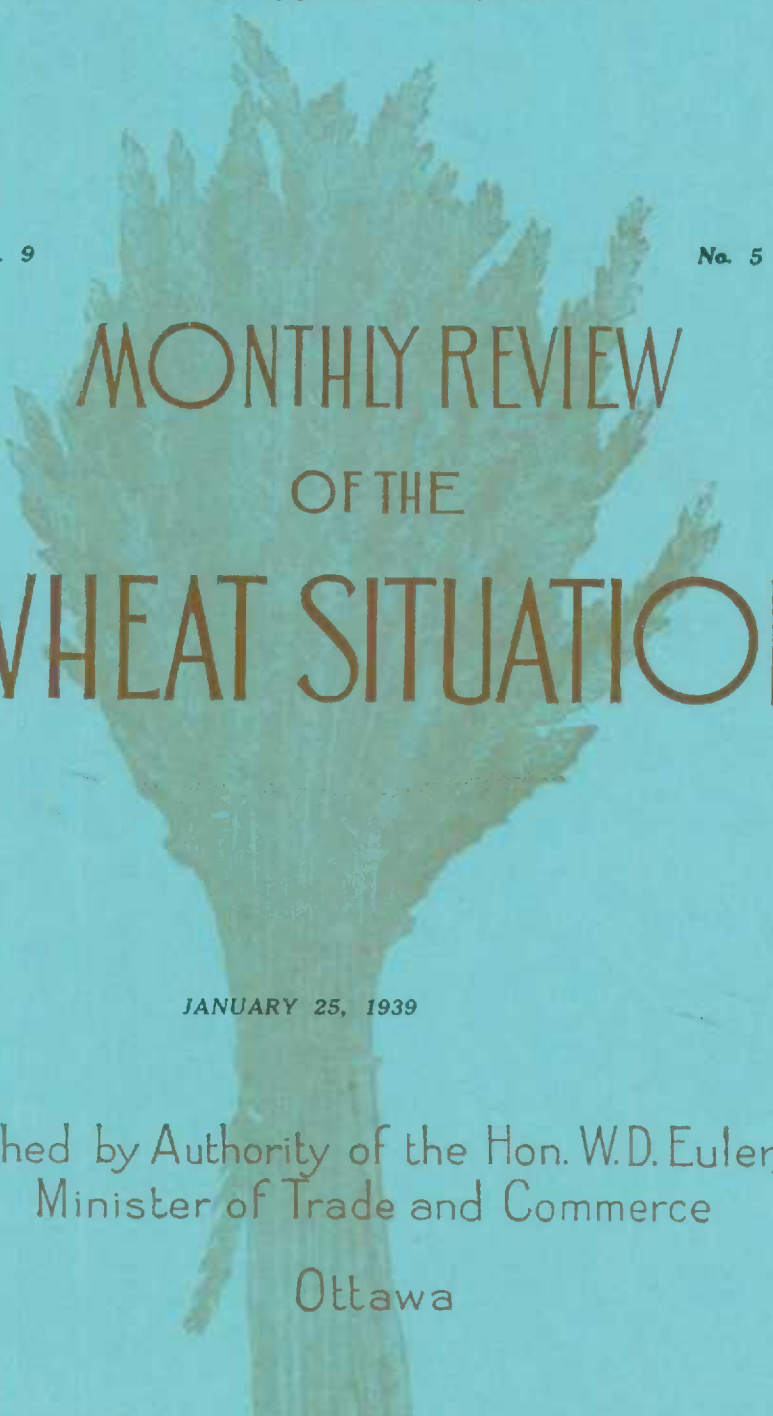


CANADA

DOMINION BUREAU OF STATISTICS
AGRICULTURAL BRANCH

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A large, stylized wheat stalk is positioned vertically in the center of the cover, serving as a background for the title text.

MONTHLY REVIEW OF THE WHEAT SITUATION

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THE WORLD WHEAT SITUATION - SUMMARY

The world wheat situation has continued during the past month in a stalemated condition as a result of mixed developments which have not been lacking in interest. Apprehension for the United States winter wheat crop, which was initiated by the poor moisture conditions of last autumn, was renewed by the cold wave which struck the south-west during the last week in December. The resulting damage was hard to appraise and will probably not be fully revealed until spring. Moisture supplies have been somewhat improved during the past two weeks, although very little has been added to the shallow sub-soil reserves. Drought has continued practically unabated in the important wheat-producing Punjab and Orissa areas in India. Drought which was menacing the growing Argentine corn crop was considerably relieved in the second week of January, although conditions are largely beyond recovery in the province of Cordoba. After weeks of market hesitation over possible changes in the Argentine government export policy, Argentine offers have continued comparatively firm, although doubt still remains how long this policy may be continued.

Fair export sales of Canadian wheat have been made during the present month for Vancouver shipment, mainly to the United Kingdom. Within the past month, the United States Federal Surplus Commodities Corporation has been gradually reducing its export subsidies on new transactions in wheat and flour, with export sales already near the goal of 100 million bushels. The recently developed Chinese demand for wheat and flour has resulted in the sale of a cargo of United States Pacific wheat to China, with possible further sales in the offing. However, the bulk of the Chinese purchases have been made in Australia amounting to a reported 3.6 million bushels in the form of flour. While new import purchases in India have not been resumed since the imposition of the 28 cent import duty, it is expected that India will be in the market again as the season advances. These anticipated diversions of Australian wheat to non-European markets, if realized, will help to ease the pressure on Liverpool.

The Australian exportable surplus during 1939 is estimated at 93 million bushels in comparison with actual shipments of 135 million bushels in 1938. The Argentine maximum exportable surplus is estimated at 225 million bushels, although allowance for a reasonably higher carry-over at the end of 1939 would leave an exportable surplus of 205 million bushels. In previous years when supplies have been as large, Argentina has been a ready shipper. So far this year, Argentine c.i.f. offers at Liverpool have been kept almost in line with No. 2 U.S. yellow hard winters, and a few cents below Australian offers. Weekly Argentine shipments have been very light, rising to 2.3 million bushels for the first time this year, in the week ending January 20. Australian shipments in the same week amounted to 2 million bushels.

The Argentine selling policy so far this season has evidently been dominated, on the one hand, by the poor prospects for the domestic corn crop, and on the other hand, by official reticence to tax the prevailing low international wheat price levels, by way of underselling other wheats. There is the added possibility that the Argentine government may negotiate some direct sales in Europe, but no such sales have been confirmed to date. Port stocks are rapidly accumulating in Argentina which may lead to heavier selling, although there still

remains some hope of exporting in larger volume without having at the same time to break prices. A few Argentine cargoes are now being put afloat unsold, and hedged in Liverpool. This is a normal practice for this time of year, with the six-week period on passage allowing a reasonable time for sale before there is danger of getting into a distress position. Such shipments help to relieve the congestion in Argentine ports.

The cold wave which swept over Europe in the third week of December came when most of the wheat was in a dormant state. The extent of any possible winter-killing cannot be estimated until next spring. More recent frosts in France and Roumania have caused a little concern, and the recent thawing and freezing weather in the Russian winter wheat areas may possibly result in some winter-killing. Generally, European winter wheat conditions are satisfactory. Within the coming month, several of the European winter wheat acreage estimates will be available. Private reports at present indicate a small increase, if anything, in the total European area. One report suggests a 15 per cent increase in the area sown to winter wheat in Roumania. The first official estimate for France is just at hand, indicating a winter wheat area of 12,249,000 acres sown by January 1 in comparison with 12,353,000 acres sown a year ago.

Official revisions in 1938 production estimates have been mainly upward during the past month, and 1938 world wheat production, ex-U.S.S.R. and China is now placed at 4,471 million bushels, an increase of 28 millions since the December estimate. The largest increase, amounting to 19.9 million bushels was made in the estimate for Bulgaria, which now stands at 78,998,000 bushels. The French wheat estimate was raised by 10.3 millions to 345,385,000 bushels. The first official estimate for Denmark was placed at 16,902,000 bushels, which is 2.9 millions higher than the preceding unofficial estimate. The January estimate of the 1938 Canadian wheat crop amounted to 350,010,000 bushels, representing an increase of 1.9 millions over the November estimate. The estimate for Latvia has been lowered slightly from 7,646,000 bushels to 7,052,000 bushels. While no official estimates are currently available for Spain, the United States Department of Agriculture estimate for the former country has been reduced by 7.4 millions to 95.5 million bushels.

World Shipments

For the first twenty-four weeks of the current crop year, world shipments according to Broomhall have amounted to 257.8 million bushels, which is an average of 10.7 million bushels weekly. This average is just slightly above that necessary to maintain Broomhall's estimated total world shipments of 548 million bushels for the 1938-39 crop year. While weekly shipments were running well ahead of this rate up to the beginning of December, the seasonal decline in shipments from North America, and the failure to date of Southern Hemisphere shipments to fill this gap, have resulted in weekly world shipments falling below the needed average of 10.5 million bushels weekly, in five of the past six weeks. In the week ending January 14, an upturn in the volume from Australia and Argentina, in addition to relatively heavy shipments from North America and Danubian ports resulted in shipments of 11.3 million bushels. It is expected that Argentine shipments will increase appreciably in the next several weeks, as well as those from Australia. Unless the Argentine government presses export sales more heavily than in the past few weeks, continuation of the present firm policy in Argentina, in addition to smaller available export supplies in Australia this year, should not result in the rapid exporting of Southern Hemisphere supplies which characterized the early months of 1937.

In order to compare the relative export volumes attained by the exporting countries in the first twenty-four weeks of the present crop year, with those attained in the same period of the three previous crop years, the following table is shown, in percentages:

August 1 to January 14 or Approximate Date
(twenty-four weeks)

<u>From -</u>	<u>1938-39</u>	<u>1937-38</u>	<u>1936-37</u>	<u>1935-36</u>
	(per cent)			
North America	44.1	41.3	48.3	40.6
Argentina	9.3	8.7	15.0	18.5
Australia	14.3	16.6	13.6	19.1
Russia	13.2	14.2	-	11.7
Danube	15.9	14.7	18.3	5.9
India	1.3	3.3	2.6	-
Others	1.9	1.2	2.2	4.2

The total world shipments of 257.8 million bushels shipped in the first 24 weeks of the present crop year, compare with 224.4 millions shipped in the same period of 1937-38, 263.7 millions in 1936-37, and 227.2 millions in the same period of 1935-36.

United Kingdom Imports

United Kingdom wheat import figures are now available for the August-December period, 1938, showing total imports of 84.4 million bushels. This marks an increase of 9.2 million bushels over the imports of 75.2 millions in the August-December period in 1937. Imports during the first five months of the present crop year are also higher than those in 1936 and 1935, which amounted to 78.7 and 80.8 million bushels, respectively. Imports from Canada have continued to predominate in the autumn months during which the export movement from this country is seasonally heavy. Canada obtained an improved share in the United Kingdom market during the 1938 autumn period, in comparison with that of the previous year when Canadian available export supplies were small. This share, however, is still considerably below that obtained in the autumn of 1936, when Canada had virtually no competition from Russia and the United States.

The following table shows the percentage allocation, among countries of origin, of the imports into the United Kingdom during the August-December period, 1938, with comparisons for the same periods in the three previous years:

<u>From -</u>	<u>August- December 1938</u>	<u>August- December 1937</u>	<u>August- December 1936</u>	<u>August- December 1935</u>
	(per cent)			
Canada	40.9	32.7	59.7	41.5
Australia	19.1	20.0	15.5	16.2
Russia	15.1	20.2	-	15.9
Roumania	7.9	4.4	9.5	2.9
United States	5.9	8.6	0.1	0.8
British India	5.3	9.3	7.5	0.4
Argentina	1.4	-	0.7	13.2
Others	3.6	4.8	7.0	9.1

CALENDAR OF WHEAT EVENTS

1938

- Aug. 4. Minimum price for No. 1 Northern wheat at Fort William-Port Arthur set at 80 cents by Order-in-Council for the 1938-39 crop year.
16. Minimum prices for other grades, except Mixed Wheats, set by Order-in-Council for the 1938-39 crop year.
25. Conference between Canadian and United States officials in Ottawa.
26. Washington announcement that Federal Surplus Commodities Corporation would buy wheat for relief purposes and for export.
- Sept. 2. United States export purchases extended to flour.
9. European political situation develops. Canadian wheat crop officially estimated at 358,433,000 bushels; Prairie Provinces at 334,000 bushels.
14. Minimum prices of Mixed Wheats, Sample Amber Durum Broken and No. 1 Mixed Grain set by Order-in-Council.
17. British firm agrees to purchase 15 million bushels of Roumanian wheat.
- 24-29. Acute European political situation, relieved on September 29 by Munich agreement.
30. Maximum lake freight rate for wheat Fort William-Port Arthur to St. Lawrence ports set at 7 cents per bushel by Board of Grain Commissioners.
- Oct. 24. Liverpool Committee on grading admitted United States No. 2 yellow hard wheat as tenderable on futures contracts.
28. United Kingdom government purchased 7,500,000 bushels of Roumanian wheat, to be used for replacement of security stocks.
- Nov. 2. Federal Surplus Commodity Corporation announced that up to October 15 it had purchased 19,741,000 bushels of wheat and had sold 16,000,000 bushels of wheat and flour, the average subsidy being 11.9 cents per bushel.
10. Second official estimate of Canadian wheat crop 348,100,000 bushels; Prairie Provinces 324,000,000 bushels.
15. Argentine government fixed price of domestic wheat from 1938-39 crop at 7 pesos per quintal, equivalent to 59 1/2 cents a bushel c.i.f. Buenos Aires, and provided for subsidies on exports.
17. United Kingdom-United States Trade agreement signed, removing as from January 1 the duty of 2 shillings per quarter on non-Empire wheat imported into the United Kingdom.
- Dec. 2. Washington announcement that F.S.C.C. subsidy on flour export to the United Kingdom had been removed, and that a sale of 20 million bushels of wheat to United Kingdom millers had brought the season's total export sales to 63 million bushels.

CALENDAR OF WHEAT EVENTS - Concluded

1938

- Dec. 2. Australian government announced a fixed price of 5s. 2d. (97 cents) a bushel on wheat domestically consumed, with costs to be defrayed by an excise tax on flour.
7. Heavy import purchases by India, because of drought, halted by placing a tariff equivalent to 28 1/4 cents a bushel on imports.
9. Australian wheat crop tentatively estimated at 145 million bushels.
12. Washington announcement that a further 5 million bushels had been included in the transaction with United Kingdom mills, bringing the total to 25 million bushels.
- 12-15. Bracken Conference on Markets for Western Farm Products held in Winnipeg.
16. Washington reported wheat and flour export sales from July 1 to December 10 at 71.4 million bushels, of which 47.1 millions were sold under subsidy. Recent sales were involving a loss slightly above 20 cents a bushel.
17. First official estimate of Argentine crop placed at 315,993,000 bushels.
19. United States 1938 wheat estimate reduced by 9.4 million bushels to 930,801,000 bushels.
21. United States winter wheat area sown in autumn of 1938 officially estimated at 46,173,000 acres. Winter wheat production in 1939 forecasted at 485,000,000 bushels.
Continued cold wave in Europe.
26. Continued heat wave in Argentina threatens corn crop.
- 26-29. Cold wave in United States winter wheat belt, with little snow cover, accompanied by dust storms.
India still suffering from drought.

1939

- Jan. 2. Rain in Argentina helps corn crop, except in Cordoba.
5. Further rains in Argentina. Argentine sales increase. Uruguay offers in Liverpool from 7.5 million bushel surplus.
9. Beneficial rains in United States south-west.
- 9-10. Rain in India, but insufficient to improve wheat crop.
- 9-11. General rains in Argentina relieve corn crop.
- 10-12. International Wheat Advisory Committee meeting in London decides to call a world conference on wheat, subject to general acceptance of agenda to be worked out by a sub-committee of the member countries.
- 13-14. Light moisture in United States south-west.
16. Moderate cold wave in United States south-west.
19. Frosts in France and Roumania.
Dr. Hjalmar Schacht, head of German Reichsbank dismissed, giving rise to renewed European apprehension.
20. Third estimate of Canadian 1938 wheat crop at 350,010,000 bushels.
German securities decline in London, and Mark cases.
- 21-23. New York and other security markets react.

The Wheat Situation in Canada

On January 20, the Dominion Bureau of Statistics released its third estimate of the 1938 wheat crop in Canada at 350,010,000 bushels. This amount is 1,910,000 bushels higher than the November estimate, due to an increase of 2 million bushels in the estimate for Alberta, and to minor reductions in the Nova Scotia, New Brunswick and Quebec estimates. The January estimate for the three Prairie Provinces amounts to 326 million bushels, divided as follows: Manitoba 51 million, Saskatchewan 132 million, and Alberta 143 million bushels. Included in the Manitoba and Saskatchewan estimates are 15 and 7 million bushels of Durum wheat respectively, compared with finally revised 1937 figures of 23 and 2 million bushels. The final revision of the 1937 Canadian wheat production estimate shows a reduction of 2.2 million bushels to 180,210,000 bushels.

Primary marketings of wheat in the Prairie Provinces have totalled 256.3 million bushels from August 1 to January 13 during the current crop season. This amount includes 41.2 million bushels in Manitoba, 101.8 millions in Saskatchewan, and 113.3 millions in Alberta. On the basis of the production estimates cited above, with due allowance for seed and feed retained on farms, total marketings for the 1938-39 season are estimated at 281 million bushels. This leaves about 25 million bushels still to come forward from mid-January to the end of July. The visible supply of wheat on January 13 amounted to 164,355,000 bushels, showing a reduction of 6.3 million bushels within the past four weeks.

Overseas clearances of wheat from August 1 to January 12 amounted to 72.4 million bushels. Imports of Canadian wheat into the United States for consumption and milling in bond in the same period totalled approximately 4 million bushels. Exports of wheat flour (partly estimated) amounted to 9.6 million bushels, making a total export movement up to January 12 of 86 million bushels.

An Appraisal of the Canadian Export Movement

The Customs export figures for wheat and flour during the month of December totalled 17,625,409 bushels, bringing the total exports for the August-December period to 90,045,389 bushels.

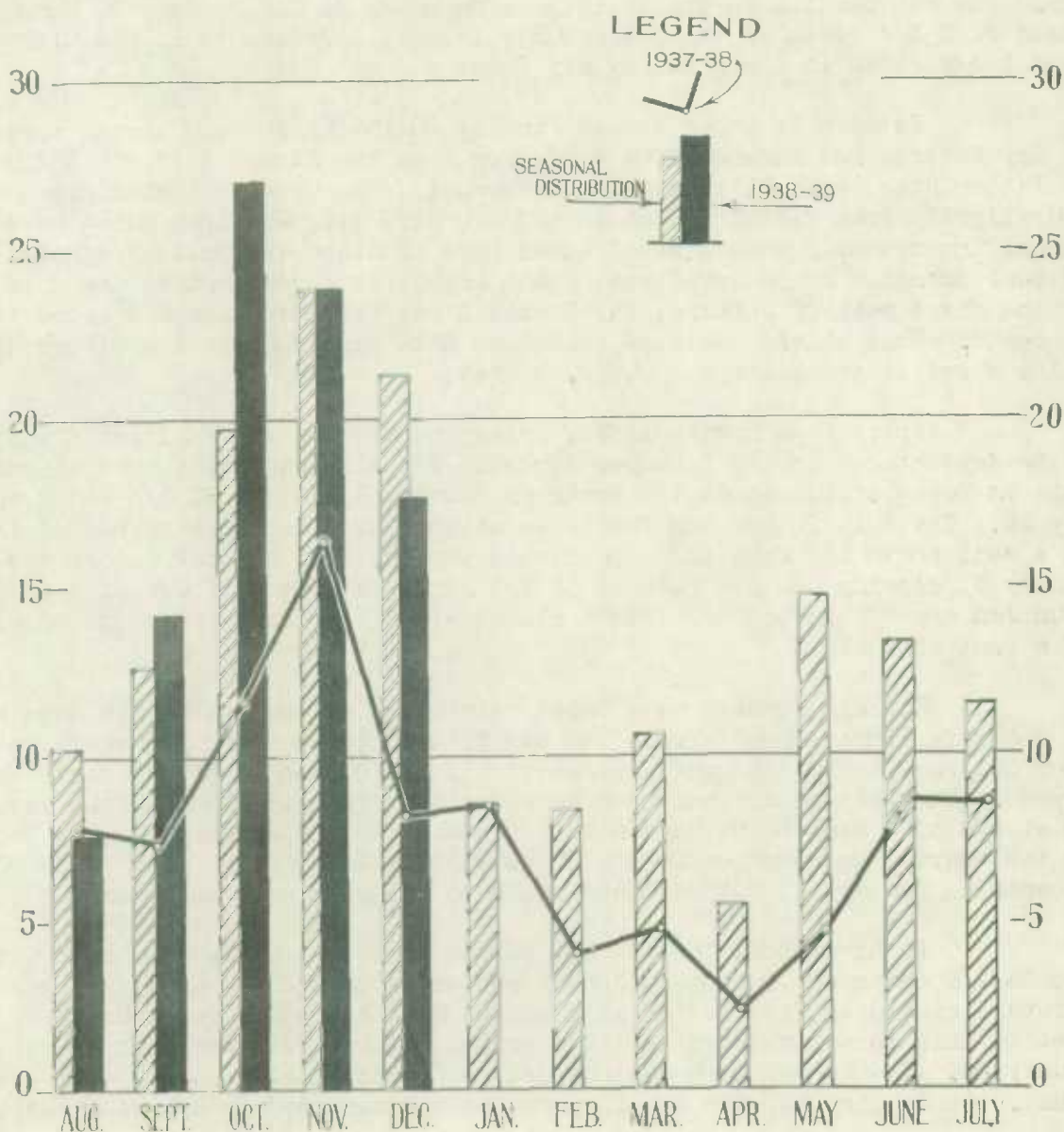
It will be observed that the overseas export clearance figures plus United States withdrawals for consumption and milling in bond and wheat flour exports for the month of December amounted to only 8,949,093 bushels. The same data for the August-December period total 81,718,685 bushels as shown in the lower table on page 45 of this Review. The greater part of the difference of 8,326,704 bushels between the Customs figures and the elevator clearance figures for the August-December period is explained by a net increase of 6,943,370 bushels in the stocks of Canadian wheat held in store in United States lake and Atlantic seaboard ports which occurred between August 1 and December 30. Wheat moving into storage in United States positions is included in the Customs export figures inasmuch as **the wheat has** actually left Canadian borders; the same wheat is not taken into account in the clearance figures on the premise that Canadian wheat merely stored in the United States has not yet found an overseas or United States market.

With the seasonal distribution in the chart on the opposite page, based upon Customs figures, it will be noted that December exports of 17.6 million bushels, fell 3.7 million bushels below the monthly allocation of 21.3 millions out of a total crop-year export movement of 160 million bushels. For the August-December period, however, the seasonal distribution calls for exports of 87.6 million bushels up to the end of December. Actual customs exports of 90 million bushels are 2.4 million bushels in excess of this amount.

COMPARISON OF EXPORTS
OF
CANADIAN WHEAT AND WHEAT FLOUR IN 1938-39
WITH
1937-38 EXPORTS
AND A
SEASONAL DISTRIBUTION OF CROP YEAR EXPORTS
OF
160 MILLION BUSHEL

MILLION
BUSHEL

MILLION
BUSHEL



PRICES

From December 20 to January 3, wheat prices in the Chicago, Liverpool and Winnipeg markets made moderate headway, mainly under the influence of the currently reduced crop prospects in both the United States and India. Net gains of 4 5/8 cents in Chicago, 2 7/8 cents in Liverpool and 3 1/8 cents in Winnipeg were registered in the May futures of these markets between the above-mentioned dates. Since January 3, price movements have been mixed, with net recessions taking place. During the first week of January some signs of the commencement of Argentine selling pressure coupled with rumours of possible direct sales by that country contributed to market weakness. Neither of these factors has actually developed, however. Rains during the past two weeks in the United States winter wheat belt have brought some temporary relief in the latter country, and rains over the Argentine corn belt where drought was becoming severe, caused further market hesitation. With India still likely to become a buyer, and the United States winter wheat crop basically unpromising, these have been offsetting factors. The net results on prices between December 20 and January 20 have been increases of 2 3/4 cents in the Chicago May future, 1 7/8 cents in the Liverpool May, and 1 3/8 cents in the Winnipeg May future.

Between December 20 and January 20 the Liverpool-Chicago spread in the May futures has widened from 4 1/4 cents on the former date, to 5 7/8 cents on the latter date, with Chicago above Liverpool. The Liverpool-Winnipeg spread widened slightly from 7/8 of a cent to 1 3/8 cents, with Winnipeg below Liverpool. Throughout the month, Buenos Aires futures have remained virtually "pegged" at the 59 1/2 cent domestic price level set by the Argentine government on new-crop wheat. During the first week of January, the Buenos Aires February future dropped to 58 1/2 cents. This slight weakness coincided with more competitive offers of Argentine wheat in the Liverpool c.i.f. market.

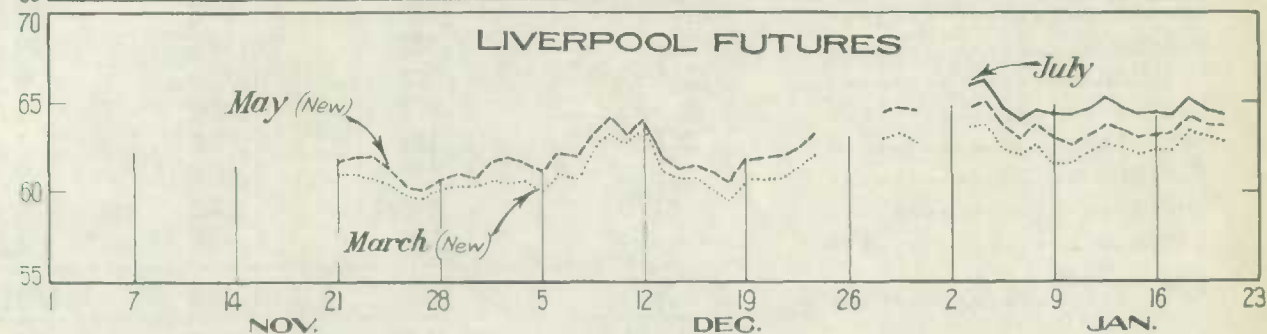
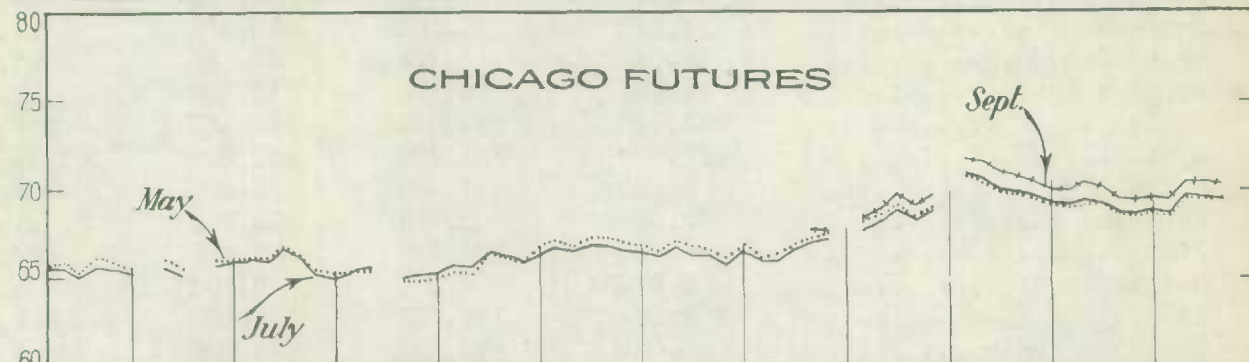
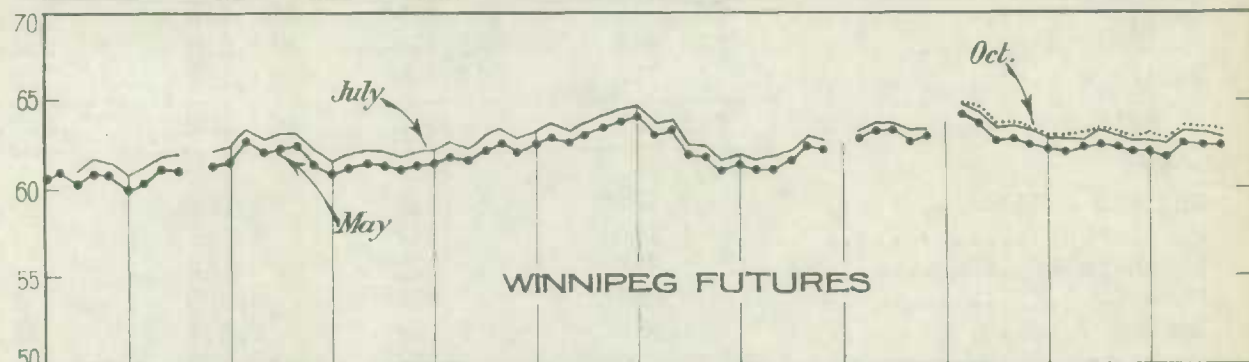
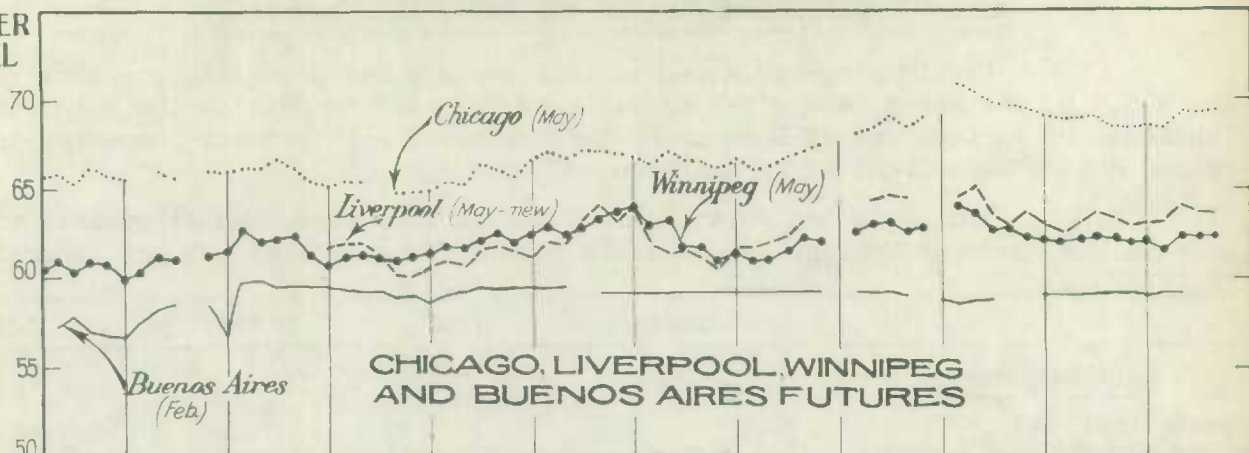
Apart from Buenos Aires, prices have shown the smallest fluctuations in day-to-day chances in the Winnipeg market. The Winnipeg May future closed at 61 cents on December 20, at 64 1/8 cents on January 3, and at 62 3/8 cents on January 20. The July future has continued at an almost constant spread of 1/2 to 3/4 of a cent above the May, throughout this period. The October future was boarded on January 3, closing on that date at 64 3/4 cents, a spread of 5/8 of a cent above May. On January 20 the October future closed at 63 1/4 cents, or a spread of 7/8 of a cent above May.

Chicago futures have ruled relatively strong due to the developments in the domestic winter wheat crop. The May future closed at 66 1/8 cents on December 20, rose to 70 3/4 cents on January 3, and closed at 69 5/8 cents on January 20. The July future has been quoted almost identically with the May, having closed at 1/8 of a cent below May on both December 20 and January 20. The September future was boarded on December 23 at 1/2 cent above May. This spread widened to 1 1/4 cents on January 4, but narrowed again to 3/4 of a cent on January 20.

In Liverpool, the new May future closed at 61 7/8 cents on December 20, rose to 65 1/8 cents on January 4, and closed on January 20 at 63 3/4 cents. The March future closed on December 20 at a spread of 1 1/4 cents below May. By December 30 this spread widened to 1 3/4 cents, but narrowed again to 7/8 of a cent on January 20. The July future was boarded on January 3 at a spread of 1 1/4 cents above May. On January 20, the May-July spread had narrowed to 5/8 of a cent.

DAILY CLOSING WHEAT FUTURES QUOTATIONS IN LEADING MARKETS

CENTS PER
BUSHEL



WORLD WHEAT PRODUCTION ESTIMATES, 1938,
WITH COMPARATIVE ESTIMATES FOR 1935, 1936 AND 1937.

Preliminary estimates of 1938 world wheat production, exclusive of the U.S.S.R. and China, are given herewith as reported to date by the International Institute of Agriculture at Rome or by the Bureau of Agricultural Economics in the United States Department of Agriculture.

The estimates shown below cover 42 countries, and allowances are made in the northern hemisphere and world totals for countries not yet reporting in 1938.

	1935	1936	1937	1938
(thousand bushels)				
Northern Hemisphere				
North America				
Canada	281,935	219,218	180,210	350,010
United States	626,344	626,766	875,676	930,801
Mexico	10,712	13,606	11,216	12,000
Totals	918,991	859,590	1,067,102	1,292,811
Europe				
England & Wales	60,592	51,445	52,005	69,253
Scotland	4,480	3,547	4,181	3,883
Northern Ireland	362	273	164	190
Eire	6,686	7,839	6,990	8,000
Norway	1,869	2,094	2,497	2,614
Sweden	23,610	21,635	25,720	30,170
Denmark	14,672	11,266	13,521	16,902
Netherlands	16,653	15,428	12,615	15,138
Belgium	16,101	16,153	15,550	17,796
France	284,950	254,618	257,837	345,385
Spain	157,986	121,492	110,200	95,500
Luxemburg	1,022	1,071	1,206	1,775
Portugal	22,092	8,651	14,668	16,534
Italy	282,760	224,570	296,280	297,317
Switzerland	5,974	4,470	6,184	6,096
Germany 1/	186,997	176,699	178,590	214,723
Czechoslovakia	62,095	55,583	51,266	65,708
Greece	27,180	19,537	32,373	35,934
Poland	73,884	78,357	70,774	84,442
Lithuania	10,093	8,027	8,109	9,072
Latvia	6,520	5,272	6,302	7,052
Estonia	2,267	2,433	2,786	3,056
Finland	4,233	5,259	7,665	7,973
Malta	179	236	326	296
Albania	1,554	1,106	1,636	1,500
Totals	1,274,811	1,097,061	1,179,445	1,356,309
Bulgaria	47,925	60,350	64,909	78,998
Hungary	84,224	87,789	72,157	96,782
Roumania	96,439	128,717	138,157	181,511
Yugoslavia	73,100	107,422	86,238	100,902
Totals	301,688	384,278	361,461	458,193
Total Europe	1,576,499	1,481,339	1,540,906	1,814,502

1/ Including Austria.

World production of wheat in 1938, ex U.S.S.R. and China is now estimated at 4,471,000,000 bushels, which is 655 million bushels larger than the 1937 revised estimate of 3,816,000,000 bushels.

Within the past month the 1938 Canadian estimate has been raised by 1.9 million bushels. The Danish estimate has been increased by 2.9 millions. An increase of 10.3 million bushels has been made in the French estimate. A large increase of 19.9 million bushels was made in the Bulgarian estimate, and a minor increase of almost a million bushels in the estimate for Hungary. A small decrease of approximately 600,000 bushels is shown in the estimate for Latvia, while the Spanish estimate shows an appreciable decrease of 7.4 million bushels.

	1935	1936	1937	1938
	(thousand bushels)			
<u>Africa:</u>				
Algeria	33,532	29,774	33,106	32,066
Morocco	20,036	12,234	20,895	21,476
Tunisia	16,902	8,083	17,637	13,962
Egypt	43,222	45,700	45,376	45,933
Totals	113,692	95,791	117,014	113,437
<u>Asia:</u>				
Palestine	3,834	2,795	4,682	4,000
Syria & Lebanon	18,520	15,704	17,227	23,368
India	363,216	351,680	364,075	402,453
Japan	48,718	45,192	50,410	45,244
Chosen	9,747	8,095	10,242	10,399
Turkey	92,641	141,582	132,985	160,424
Totals	536,676	565,048	579,621	645,888
Totals 42 Countries	3,145,858	3,001,768	3,304,643	3,866,638
<u>Estimated Northern Hemisphere</u>				
<u>Total, ex U.S.S.R.</u>				
<u>and China</u>	3,225,000	3,067,000	3,371,000	3,932,000
<u>Southern Hemisphere</u>				
Argentina	141,462	249,193	184,799	315,991
Australia	144,218	151,390	188,018	145,000
Union of South Africa	23,709	16,077	10,157	17,407
Totals	309,389	416,660	382,974	478,398
<u>Estimated World Total, ex</u>				
<u>U.S.S.R. and China</u>	3,601,000	3,540,000	3,816,000	4,471,000

THE WHEAT SITUATION AND OUTLOOK, 1939

The following is the text of the statement on wheat published in "The Agricultural Situation and Outlook, 1939" which was prepared jointly by the Department of Agriculture and the Department of Trade and Commerce:

Wheat

An all-time record world wheat crop was produced in 1938, with good yields harvested from an acreage which remained at a peak level. Carry-over stocks were moderately higher at August 1, 1938, and with the surplus above requirements from the 1938 crop, the world wheat carry-over at August 1, 1939, will again be close to the record levels of 1933 and 1934. With the return of a large surplus, wheat prices on the open markets have declined to roughly half the level prevailing a year earlier. International trade in wheat is likely to show a moderate increase in 1938-39 over that of the previous crop year. A reduction in world wheat acreage is expected in 1939, which with normal yields would bring production more into line with consumption requirements. World carry-over stocks at August 1, 1939, are likely to be more than ample to offset any deficiencies through partial crop failures. Governmental policy in major wheat exporting and importing countries has been an important factor in determining prices received by growers in recent years. The Canadian crop of 348 million bushels in 1938 was the largest since 1932. Acreage was slightly higher than in the previous year. The Canadian carry-over at August 1, 1938, was the lowest in the past 15 years, but it is expected that this figure will be materially increased at the end of the current crop year. Prices to growers were sharply reduced during 1938. Fall moisture conditions are satisfactory in Alberta and Northern Saskatchewan, although deficient in Southern Saskatchewan and Manitoba.

World Situation

Supplies. -- World wheat production in 1938, excluding Russia and China, reached an all-time record volume of 4,443 million bushels, representing an increase of 605 million bushels over that of 1937, and an increase of 692 million bushels over the average world production in the ten-year period 1928-37 of 3,751 million bushels. The world wheat area of 286 million acres remained approximately the same as in 1937, continuing at a record level. The world average wheat yield per acre, on the other hand, rose significantly from 13.5 bushels in 1937 to 15.5 bushels in 1938, the highest yet attained.

Most of the wheat producing countries experienced increased production in 1938. Among the major exporting countries, Canada, the United States, Argentina and the Danubian countries, except Bulgaria, had larger crops. Australia suffered serious drought which lowered the yield of the 1938 crop. European wheat production in 1938, excluding the Danubian countries and Russia, amounted to 1,351 million bushels, which was an increase of 150 million bushels over the production of 1937. The United Kingdom, France and Germany had larger crops than in the previous year, and France now has a considerable surplus above requirements. North African crops as a whole were slightly smaller than in 1937, while the Asiatic countries, chiefly Turkey and India, harvested larger crops in 1938.

World stocks of old-crop wheat at August 1, 1938, amounted to 602 million bushels, registering an increase of 75 million bushels over the very low world carry-over of wheat amounting to 527 million bushels at August 1, 1937. The increase in world stocks, added to the increase in world production in 1938, makes total world supplies for the 1938-39 season 680 million bushels greater than in 1937-38.

It is apparent that after two crop years in which export supplies and import requirements were in reasonably close alignment, a world wheat surplus is again in prospect. World wheat carry-over stocks at August 1, 1939, are likely to be in the neighbourhood of 1,100 million bushels, recording an increase of 500 million bushels during the current crop year. This will be a rapid transition from the low world carry-over at August 1, 1937, to a level at August 1, 1939, which will be close to the record peak of 1,199 million bushels established in 1934. Of the 1,100 million bushel world carry-over in prospect, 600 million bushels must be regarded as necessary reserves to supply consumption requirements before the new harvests are available. The additional 500 million bushels will represent excess carry-over supplies.

In appraising the world outlook for the 1939-40 season, consideration should be given to the fact that some decrease in the world wheat acreage is expected. The United States winter wheat area has been reduced by 10.2 million acres, while the latest United States government report forecasts a reduction of 200 million bushels in output comparable with a year ago. Later reports indicate further abandonment of winter wheat acreage. The present program of the United States government also calls for a reduction in the spring wheat area as well. It is also reported that moisture conditions have been poor in India and that appreciable acreage abandonment is expected. Normal yields on an acreage thus adjusted would bring total production mor into line with consumption requirements. Recent unfavourable weather conditions in Europe may also affect production and thus contribute to the same result.

Apart from these changes in acreage indicated at the present time, much of the world acreage story is still to be revealed. However, the potential variations in 1939 world average yields are overruling in importance to the known acreage trends. Other things being equal, a repetition of 1938 yields in 1939 would add gravely to the current excess supplies. A repetition of 1936 yields would enhance their liquidation. Yields midway between these extremes may leave the current supplies unaltered. Average yields of wheat in importing countries have been relatively high in recent years and any reduction in yields might be reflected in increased imports.

Trade. - World net exports of wheat and wheat flour, including those from Russia, amounted to 546 million bushels in 1937-38, representing a decrease of 60 million bushels from the volume of net exports attained in 1936-37. Several uncertainties surround the prediction of the volume of world net exports during the current crop season. These may be listed as additional purchases of wheat for security reserves, possible over-estimates of production for certain countries, and increased human and animal consumption of wheat in response to relatively low prices. Against these possibilities for increased import requirements, the larger wheat production in most of the importing countries results in less dependence on outside wheat supplies. With these factors in mind, it is estimated that world net exports of wheat and wheat flour for the 1938-39 season are likely to range from 540 to 565 million bushels.

Import Restrictions. - Exports of Canadian wheat to European countries other than the United Kingdom have declined materially in recent years. Canadian hard wheat is highly regarded in Germany, and at one time Canada supplied a large proportion of the total import requirements of that country. Since 1934, there has been a tendency to direct purchases to countries with which Germany has clearing agreements and special trading arrangements, regardless of the quality or price of the wheat offered. The importation of wheat into Italy is subject to ministerial licence and the government also controls and regulates the domestic production of wheat, the milling of flour and the baking and distribution of bread. Under these circumstances, no accurate forecast of Italian requirements is possible. France recently has had a

large surplus of domestic wheat and imports are not permitted except for special purposes and in amounts determined by the National Wheat Office. Millers may, however, import strengthening wheats under a system of temporary admission or as is now commonly called, of prior exportation. The importation of wheat into Switzerland has been restricted since May, 1932, by a quota system under which imports are taken largely from countries in which Switzerland has frozen credits. The result of this has been the diversion of a large proportion of Switzerland's wheat imports to certain European countries, chief among which is Hungary. Belgian imports are controlled by a system of import licences and taxes the proceeds of which are used to pay a bounty to domestic wheat producers when necessary. Import licences are granted to anyone and for unlimited quantities, and importers may purchase wheat in the country of their choice except in special cases. The importation of wheat into the Netherlands since 1933 has been subject to an import licensing system operated by the Central Agricultural Office. An import levy known as a "monopoly tax" is applied to all permits issued.

Prices. During the spring and early summer months, as it became more and more apparent that both exporting and importing countries would have good wheat harvests, world wheat prices continued the downward trend, which had been set in motion when the business recession commenced in October, 1937. The Liverpool December future, which averaged \$1.21 per bushel during November, 1937, had declined to 63 cents in November, 1938. Because of the very small supplies of hard milling wheats in 1937-38, Canadian wheat enjoyed an unusually favourable price spread which has since become more nearly normal with the return of more plentiful export supplies of wheat in Canada. The Winnipeg cash price of No. 1 Northern wheat averaged \$1.35 per bushel in November, 1937, and rose to \$1.49 in January, 1938. Since then it has declined to an average of 59 cents in November, 1938, which is less than half the price prevailing a year earlier.

Because of the decline in market prices during 1938, prices which growers receive have become a matter of government policy in the major exporting countries. In Canada, the Canadian Wheat Board is accepting deliveries from the 1938 crop by growers in the western provinces at the basic rate of 80 cents per bushel for No. 1 Northern in store Fort William Port Arthur which after allowing for freight rates, handling charges and grade differentials is equivalent to an average for all grades of approximately 59 cents to the farmer. Under the wheat loan program, the United States Government offers co-operating wheat producers loans at farm rates averaging about 60 cents per bushel. In addition, the government is subsidizing wheat and flour exports. This serves to prevent domestic market prices from declining to an international competitive level. The Argentine government is paying growers the equivalent of $59\frac{1}{4}$ cents a bushel for top quality wheat delivered at Buenos Aires, with prices for the lower grades at appropriate spreads. The Australian government is paying a subsidy on the portion of the crop used in domestic human consumption, out of proceeds of a tax on flour millings.

Canadian Situation

Supplies. Following a five year period of below normal wheat yields in Canada, culminating in the unusually small 1937 crop of 182.4 million bushels, production in 1938 rose sharply to 348.1 million bushels. The Canadian wheat area increased slightly to 25.9 million acres in 1938, as compared with 25.6 million acres in 1937, and the ten year (1928-37) average area of 25.3 million acres. The average yield per acre in 1938 rose to 13.4 bushels as compared with 7.1 bushels in 1937, the ten year 1928-37 average of 13 bushels, and the 1908-30 average of 17.1 bushels per acre.

Since practically all available supplies were exported during the 1937-38 crop year, the carry-over of Canadian wheat at August 1, 1938, was reduced to 23.4 million bushels, the lowest level within fifteen years. When this small carry over is added to the 1938 crop, total supplies of Canadian wheat for the current season amount to 371.5 million bushels. Deducting domestic requirements of 103 million bushels, there remain 268.5 million bushels available for export or carry over, as compared with 114.8 million bushels in the 1937-38 crop year.

Moisture conditions in the Prairie Provinces last fall varied considerably, with above normal rainfall in most of Alberta and normal moisture supplies in Saskatchewan, except in the southern districts. Practically the whole of Manitoba experienced an extremely dry autumn. Very little relief seed will be required, and with the availability of adequate supplies of rust-resistant wheats, it is expected that all Manitoba and Eastern Saskatchewan growers of common bread wheats will use seed of the rust-resistant types.

Irrespective of the acreage sown next spring, growers will appreciate the need for keeping production expenses at a minimum in relation to their returns from wheat. The maintenance of proper soil practices, use of rust-resistant varieties in susceptible areas and employment of all possible control measures against insect damage will be necessary for the realization of the largest possible returns.

Trade. Total Canadian wheat and flour exports during the 1937-38 season amounted to 93 million bushels, while wheat imports from the United States rose from 147,000 bushels in 1936-37 to 5.7 million bushels in 1937-38. Exports from August to November in the 1938-39 season totalled 72.4 million bushels, and it is expected that exports for the whole crop year will range between 150 and 170 million bushels. This volume falls considerably short of the average Canadian exports of 215 million bushels during the five crop years 1932-33 to 1936-37. Whereas Canada might ordinarily expect to export a similar volume of wheat in 1938-39 despite the continuation of restricted import requirements, the unusually large supplies available in competing exporting countries are making it more difficult for exports of Canadian wheat to reach this volume in the current season. However, the high quality of Canadian wheat continues to give Canada a special advantage in overseas markets.

million

Total exports of 150 to 170 million bushels will result in a carry over of Canadian wheat on August 1, 1939, amounting to 100-120 million bushels. While a carry over of this size is larger than necessary, a somewhat larger carry over than at August 1, 1938, would tend to ensure against deficiency in export supplies.

Prices. The disappearance this season of the unusual premiums on top grades of Canadian wheat which prevailed throughout the 1937-38 season has been noted. Narrowing of these spreads in addition to the general decline of wheat prices has resulted in a 60 per cent decline in Winnipeg prices from the peak average during January, 1938, to the average in November, 1938. Farm prices in Canada averaged \$3.02 per bushel during the 1937-38 season. In the 1938-39 season farm prices are averaging about 59 cents per bushel.

Some of the basic factors which in the absence of new developments will affect market prices of Canadian wheat in the 1939-40 season will be the size of the 1939 Canadian and world crops, the 1939 carry overs of old-crop wheat and general business conditions. Of these factors, the most clearly apparent at the present time is the considerable increase which will take place in the world carry-over of wheat, including an enlarged carry-over in Canada. General business recovery, if continued through the 1939-40 season, may provide moderate support for wheat prices.

Durum Wheat

World supplies of durum wheat in 1938-39 are plentiful for a second consecutive season. While prices are considerably below the level of a year ago, the spread between prices of the bread wheat grades and the durum grades is relatively unchanged. Canadian durum wheat supplies are being exported somewhat more readily this year than they were a year ago, although it is probable that the Canadian carry-over of durum wheat at August 1, 1939, will remain approximately the same as on August 1, 1938.

Canadian production of durum wheat in 1938 amounted to 22.0 million bushels, as compared with 26.4 million bushels in 1937. This reduction was mainly due to the smaller area of 1.7 million acres sown in 1938, as compared with 2.4 million acres in 1937. The reduction in acreage was due mainly to the availability of substantial quantities of rust-resistant seed of the bread wheat varieties together with the discount of durum wheat prices in the 1937-38 season. The 1938 durum crop in the United States was 40.4 million bushels as compared with 28 million bushels in 1937. The United States again has durum wheat supplies beyond the needs of domestic requirements. The North African crops in Morocco, Algeria and Tunisia amounted to 42.0 million bushels compared with 45.9 million bushels in 1937.

While production of Canadian durum wheat was 4.4 million bushels less than in 1937, at least 8 million bushels of old-crop durum wheat were carried into the 1938-39 season, compared with a negligible amount a year earlier, so that the total supply for the current season is 30 million bushels, which is 3.6 million bushels larger than in the previous year.

Durum exports for the four-month period, August-November, 1938, amounted to 8 million bushels, whereas in the same period of 1937, durum exports were only 3.6 million bushels. The Mediterranean Basin and the Near East constitute the principal outlet for this type of wheat. The present crop year has witnessed three important developments in this area. For the first time Turkey has an exportable surplus amounting to 11 million bushels. Although there has been an increase of nearly 12 million bushels in the Italian crop, it is expected that most of this will be absorbed within that country. Despite the large surplus in the Mediterranean Basin, France will require to import from North America some 3.5 to 4.0 million bushels because of the short crop in French North Africa.

Winnipeg prices of No. 2 amber durum averaged 96 cents during the August-November period 1937, which amounted to an average spread of 39 cents below No. 1 Northern. In the same period of 1938, No. 2 amber durum average 48 cents with a spread of 17 cents below No. 1 Northern. Durum wheat continues at a discount below the bread wheat types and the present spread is relatively the same based on 1938 prices as it was a year ago.

Fall Wheat

The area sown to fall wheat in the autumn of 1938 amounted to 799,000 acres as compared with 815,000 acres sown in the autumn of 1937. The fall wheat area in Canada is almost entirely confined to Western Ontario, where it is grown as a cash crop. Winter abandonment of 9 per cent reduced the 1938 harvested area to 742,100 acres. Production amounted to 19.8 million bushels, as compared with 18.8 million bushels in 1937. The condition of the crop for harvest in 1939 at October 31, 1938, was 98 per cent of the long-time average compared with 93 per cent for the 1938 crop at the same time in 1937. Upwards of six million bushels are required annually for the production of flour for the manufacture of cake, biscuits and pastry, while smaller quantities are used in cereal breakfast foods. The remainder of the crop is utilized largely as feed.

The average price received by growers in November, 1938, was 58 cents per bushel compared with 59 cents per bushel in November, 1937.

AUSTRALIA

The following cable was received on January 17, from the Canadian Government Trade Commissioner in Melbourne:

"Shipments of wheat and flour from Australia since December 1 to week ending January 2 total 7,950,094 bushels of wheat, compared with 10,021,781 bushels in the preceding season. Export market continues very dull, owing to overseas selling difficulties and reluctance of farmers to sell at present low prices. A few cargoes sold recently to United Kingdom thought to be resales of shipments diverted from India as a result of the duty imposed on imported wheat. Two or three cargoes are proceeding to Calcutta as the internal price of Indian wheat may improve and offset duty. Should droughty conditions continue there, India may prove a useful outlet for Australian surplus disposal, which the large Argentine surplus makes more difficult. Price to growers about one shilling ninepence per bushel at country sidings (equivalent to thirty-two cents Canadian). Price f.o.b. approximately two shillings sixpence (equivalent to forty-five cents Canadian). Assistance by way of wheat bounty and drought relief measures ensures minimum return of three shillings and sixpence per bushel (equivalent to sixty-three cents Canadian) to growers. There is a brisk demand for Australian flour in northern China representing 3,600,000 bushels of wheat, although continuance of demand is uncertain. Export quotations for flour are six pounds two shillings sixpence per ton in 40 pound calico bags (equivalent to twenty-two dollars and ninety-five cents Canadian) and five pounds fifteen shillings per ton in 150 pound sacks (equivalent to twenty-one dollars and fifty-five cents Canadian). Price delivered at Melbourne (including tax) twelve pounds nine shillings fourpence per ton of 2,000 pounds (equivalent to forty-six dollars seventy-four cents Canadian). Freight rates are unchanged for full cargoes and parcels. Sailing vessel loading, South Australia, at twenty-five shillings per ton. Early fixtures last season were at forty-three shillings and sixpence, having declined to current rates of thirty-one shillings and sixpence English currency per long ton."

The following statement on the operation of the "home consumption" price of wheat in Australia was issued by the Prime Minister's Department, Canberra, on November 25, 1938:

Wheat Stabilization

Home Consumption Price

Commonwealth Legislation

CANBERRA

The Wheat Industry Assistance Bill and related taxing bills now before the House of Representatives give effect to the plan, agreed on at Conferences of Commonwealth and States Ministers, whereby wheatgrowers shall secure a stabilized price in respect of the proportion of their crop which is used for human consumption in Australia.

The home consumption price aimed at is based on 5/2d. a bushel free on rail Williamstown Victoria. This is equivalent to an average of 4/8d. at country sidings throughout Australia.

Two-Way Subsidies

When wheat falls below this basic price the growers return is brought up to that figure from the proceeds of a tax levied on flour consumed in Australia.

When, however, the export wheat price rises above the equivalent of 5/2d. f.o.r. Williamstown, provision is made for a tax on wheat sold, the proceeds of which to be applied in such a way as to ensure that the cost of wheat gristed for home consumption shall not exceed 5/2d. a bushel. The principle is: When Wheat is below 5/2d. the local consumer subsidises the grower but when wheat is above 5/2d. the grower subsidises the local consumer.

The rates of tax in the cases of both wheat and flour, subject to certain maximums shall be such as recommended in the light of the facts from time to time by the Wheat Stabilization Advisory Committee, the body created under the legislation.

Drought Relief

Of the Fund established from the proceeds of the taxes, £500,000 a year will be reserved for special purposes and the balance distributed among growers on the basis of their production.

The Special Purposes Reserve of £500,000 will be applied this year to the States which have suffered most severely from drought -- Victoria, £200,000, New South Wales, South Australia and Western Australia £100,000 each.

In subsequent years an amount not exceeding £500,000 will be divided among the States, in proportions to be decided by the Minister, on condition that the money is applied towards meeting the cost of transferring wheat farmers from lands unsuitable for wheat or of arranging for such lands to be used for other purposes.

'Marginal Area' Problem

"The elimination of marginal areas will improve the position of the sound wheatgrowing country", explained Sir Earle Page in speaking on the principal bill, "and as marginal areas go out of production the available funds will enable a somewhat larger payment per bushel to be made to wheat farmers who remain in production. This represents the first time that a concerted attempt has been made by any Government in this country to evacuate farmers from areas which, over a period of years, have definitely shown themselves to be unsuitable for wheatgrowing."

Complimentary State Legislation Essential

The whole of the Commonwealth legislation is complementary to the legislation of the States for fixing the price of flour and payments will be withheld from any State which fails in such legislation.

As Tasmania is not a wheat producer the amount of the tax collected in that State will be refunded.

India

Writing under dates of December 13 and 22, the Canadian Government Trade Commissioner in Calcutta has furnished the following information regarding the condition of the Indian wheat crops:

"In so far as the crop situation is concerned it is estimated that if there are no rains in the Punjab before the New Year the crop in that part of India will suffer very serious damage and the outturn of the present season's crop for the whole country may be reduced by as much as two million tons, (75 million bushels). As you are aware the Punjab is the most important producing area in the whole of India and any damage to the crops there will exercise an important influence on India's total wheat production. In so far as other producing areas are concerned crops are understood to be in normal condition.

"Apprehensions as to the wheat crop in the Punjab have exercised an important influence on the prices of this commodity throughout India and this situation in turn has led to the sale to Calcutta and Bombay of certain quantities of Australian, Canadian, and American wheat. Practically all of these sales have been made from Australia whose wheat is well-known in the Indian market and adaptable to local milling methods. As far as I am aware Canadian and American business has been limited to one cargo from each country, both of these having been sold in Bombay.

"It is generally admitted that shortage of rain in the Punjab had a serious effect on the outlook for wheat production in that part of India. The crop which will be harvested about May, 1939 will almost certainly be 20% less than the last one and the opinion hazarded by some local firms engaged in the wheat trade is that the decline in production may be as high as 30%. The actual quantity involved will accordingly be from two to three million tons, (75 to 112.5 million bushels). No accurate estimate as to the 1938-39 crop can yet be made. There may still be rain in the areas of production where it is at present so badly needed and the crop will in any event not be completely ruined provided that there is rain within three or four weeks. It is nevertheless certain that damage sustained to date has been serious and that the next crop will be very much below the last one. Anticipating or speculating on a short crop various firms in India have purchased Australian and other wheat. Cargoes already delivered or afloat en route to Calcutta and Bombay amount to some 175,000 tons. Practically all of this is Australian although one cargo of Canadian wheat is understood to have been purchased for delivery to Bombay and I was also told that a cargo of American wheat had been purchased for shipment to the same port as well."

NOTE: Indian wheat production in 1938 was unusually large at 402,453,000 bushels. A reduction from this amount of 75 to 112.5 million bushels, as suggested above for the May, 1939, harvest, would mean a crop of from 290 to 327.5 million bushels.

ARGENTINA

The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of January 4, 1939, dealing with the grain situation in Argentina.

First Official Estimate of Grain Crops

Upon the basis of the final estimate of the areas planted with wheat, linseed, oats, barley and rye as reproduced in the report of a month ago, the Ministry of Agriculture has now formulated its first estimate of the probable yields of these crops, after making due allowance for abandoned areas. The forecast of the several yields is as follows:

Wheat	8,600,000	metric tons, or	315,991,000	bushels
Linseed	1,620,000	" " "	63,777,000	"
Oats	750,000	" " "	48,631,000	"
Barley	480,000	" " "	22,047,000	"
Rye	295,000	" " "	11,614,000	"
	<u>11,745,000</u>	" " "	<u>462,060,000</u>	"

The figures, of course, do not include the maize crop, which is now in the growing stage.

As compared with the crops of last season, the above forecast indicates an increase of 71 per cent in wheat; 5.2 per cent in linseed; 8.9 per cent in oats and 229.7 per cent in rye, while there is a decrease of 6.5 per cent in barley.

In relation to the five-year average, the following differences are to be noted: Wheat shows an increase of 43.3 per cent; oats 0.4 per cent, and rye 45.5 per cent, while linseed decreased 5.8 per cent and barley 23.1 per cent.

Comparative statistics of crop production in recent seasons are shown below in bushels:

	<u>Wheat</u>	<u>Linseed</u>	<u>Oats</u>	<u>Barley</u>	<u>Rye</u>
1938-39 estimate .	315,991,000	63,777,000	48,631,000	22,047,000	11,614,000
1937-38	184,799,000	60,604,000	44,676,000	23,585,000	3,523,000
1936-37	249,193,000	76,202,000	51,355,000	29,855,000	7,480,000
1935-36	141,462,000	59,446,000	33,756,000	20,301,000	6,023,000
Five-year average.	220,448,000	67,713,000	48,440,000	28,668,000	7,984,000
Ten-year average .	230,673,000	69,637,000	55,939,000	24,221,000	7,977,000

According to the official memorandum, in arriving at the estimate the partial results of threshing in the north and centre of the cereal region have been taken into account. There, the weather conditions were particularly favourable. In the south, where threshing had not yet commenced, the crops were appreciably affected by unfavourable weather conditions in the south-west of Buenos Aires and parts of La Pampa and San Luis, principally lack of rains; but the damage suffered in these zones by the wheat crop was not sufficient to neutralize the high yields registered elsewhere.

The quality of the crop at the time the report was issued (December 16) was said to be very good.

Crop Conditions

The official report of the Ministry of Agriculture on crop conditions during the month of December, which appeared on January 4, says that the dry weather which prevailed throughout the month permitted the continuance of harvesting and threshing under very favourable conditions; but it was highly injurious to the growing crop of maize, the present state of which is considered as only fair, there being zones in which total losses have occurred.

Threshing results are confirming the description of from good to very good applied to the wheat crop in the last official report. But the same cannot be said with regard to the linseed crop, the state of which is slightly better than fair, owing to isoca grub attacks, extreme heat and lack of rains during December.

The dryness of the soil has interfered with ploughing and the planting of maize in the southern districts, and this applies also to the late plantings in the north.

Details with regard to the various crops and districts are contained in the following extracts from the official report:

The Wheat Crop: The high threshing yields recorded in December confirm the former description of good to very good applied to the wheat crop. In the province of Santa Fe the checked yields exceed those forecast in the last report, and what was considered then as good may now be said to be very good. On the other hand, in the southern part of Buenos Aires lack of rains in the final period of growth has brought about some deterioration.

Throughout the north cutting has been terminated, and it is now being intensified in the south, including Southern Buenos Aires and the Pampa. This work, as also that of threshing in the north, has been carried on under ideal conditions, dry weather prevailing.

Generally up to now wheat of superior quality has been obtained. The quality for the most part is very good; but in some places in the south of Santa Fe somewhat shrunken grain is to be found, due to attacks of rust; other lots of later ripening wheat have been damaged by the hot sun.

In Buenos Aires the condition of wheat fields is fair. The great heat aggravated the effects of the lack of rain in December and caused deterioration in the south of the province; and in parts of the south-west the "prosaldius rufus" weevil contributed to the deterioration.

In Santa Fe, as already indicated, the last yields checked permit the description of the wheat crop of the province as very good.

Cordoba: The crop in this province is superior to good. High yields were registered throughout the east, diminishing towards the west. The quality is very good, except in some recently harvested lots, which were somewhat bleached.

Entre Rios: The crop of wheat this season has been from good to very good, in respect of both yield and quality.

The Pampa: Yields this year are from fair to poor. The latest harvestings in the north are better than the earlier ones; on the other hand they are inferior in the south.

Supplies and Market Conditions

Wheat.— Exports during December were 3,672,000 bushels of wheat and 38,000 bushels of flour in terms of wheat, a combined total of 3,710,000 bushels, which compares with 4,201,000 bushels in the month of November.

Subject to possible adjustment later, the statistical position at the close of 1938 is as shown in the following statement:

Exportable surplus at January 1, 1938	83,681,000 bushels
Shipments) wheat	74,027,000 bushels
during 1938) wheat as flour .	1,358,000 "
	<u>75,385,000 "</u>
Carry over into 1939	8,296,000 "
First official estimate 1938-39 crop	<u>315,991,000 "</u>
Total supplies	324,287,000 "
Deduct 1939 seed requirements ..	22,046,000 bushels
And domestic requirements	<u>77,160,000 "</u>
	<u>99,206,000 "</u>
Surplus for export	<u>225,081,000 "</u>

The new Argentine wheat crop, if it comes up to the estimate of the Ministry of Agriculture, of 315,991,000 bushels, will be the largest in the history of the Republic with the exception of that of the 1928-29 season, which totalled 349,049,000 bushels. Although the figures when announced were somewhat in excess of general expectations, threshing outturns subsequently received from the north and centre of the country have shown such heavy yields that the official estimate seems likely to be justified, notwithstanding the frost and drought damage sustained in parts of the south and west.

Samples of the new wheat which have been received indicate that the quality is very good. Both weight and colour are very satisfactory, and the Rosafe type of grain promises to grade well above the average.

The problem of the disposal of the new crop is in the hands of the Grain Trade Control Board, which is understood to be showing no haste in pouring the wheat on the market. On the contrary, while welcoming offers from exporting houses, the Board is understood to be anxious to avoid any action which might tend to further depress the already low prices. So far practically the only sales made have been to Brazil.

As the season advances and farmers' deliveries increase, it is possible that financial considerations may necessitate freer selling; but for the moment a conservative policy, with no speculative shipping, is likely to prevail.

At the close of the month and year, Spot wheat of the old crop was selling at 6.00 pesos per 100 kilos, equivalent to 51 1/4 cents Canadian per bushel at current official exchange rates; while for new wheat for February delivery, the official minimum price, of course, prevailed, viz: 7.00 pesos per quintal, or say 59 3/4 cents per bushel. In Winnipeg at the same time May wheat was quoted at 62 5/8 cents.

Exchange Profits

One of the recipients of this series of reports has asked for information as to the working of the Argentine Exchange Control system and the profits derived by the Government from it, and as the subject is one of general interest

the following brief explanation is included in this report.

The system is very simple. Under it all bills of exchange received by exporters in payment for grain, meat or other produce shipped abroad must be turned over to the Argentine Central Bank (an official institution) by the bank with which the exporter does business.

These bills are paid for by the Central Bank at a buying rate which is 15 pesos per pound sterling in the case of British currency, and for other currency a rate equivalent to the international parity of the pound sterling and the particular currency involved. Today's buying rate for the United States dollar, for instance, is 322.90 pesos per \$100. The rate for the pound is fixed. The rates for other currencies may vary from day to day as their international parity in relation to the pound may rise or fall. The rates are established daily by the Argentine Central Bank.

The currency acquired by the Central Bank is disposed of to merchants or others having payments to make abroad, principally importers wishing to bring in goods from abroad for which payment has to be made in the currency of the country of origin. These sales of currency are made by the Bank on the basis of 17 pesos per £1, thus leaving a margin of two pesos per pound sterling in the hands of the Central Bank, which goes into the national treasury. Other currencies are in proportion, that of the United States having a selling rate of 366.29 pesos per \$100. today, leaving a profit of 43.39 pesos for the Argentine treasury.

The spread between buying and selling rates was recently doubled by the Government. The buying rate remained unchanged at 15 pesos, but the selling rate, which had previously been 16 was raised to 17.

The contributions to the fund from the various industries naturally vary with the surpluses exported and the prevailing prices. Information on the subject is not officially published.

The proceeds of the exchange fund, according to the last published annual report of the National Treasury Department, totalled 325,684,300 pesos in the four years 1933 to 1936.

Of this sum, there were expenditures for the benefit of agricultural industries during the four years, including costs of administration, as follows:

Grain growers, in respect of guaranteed minimum prices ...	7,567,700 pesos
Dairymen, premiums on cream, advertising, etc.	5,579,400 "
Cotton growers, encouragement of cotton growing	1,550,000 "
Live-stock men, encouragement of exportation	3,000,000 "
A total of	<u>17,697,100</u> "

Of this amount 85,055,600 pesos was used in payment of the public debt abroad and 30,133,400 represents other payments made abroad in respect of various departments of the public service; leaving a surplus of 192,798,200 pesos.

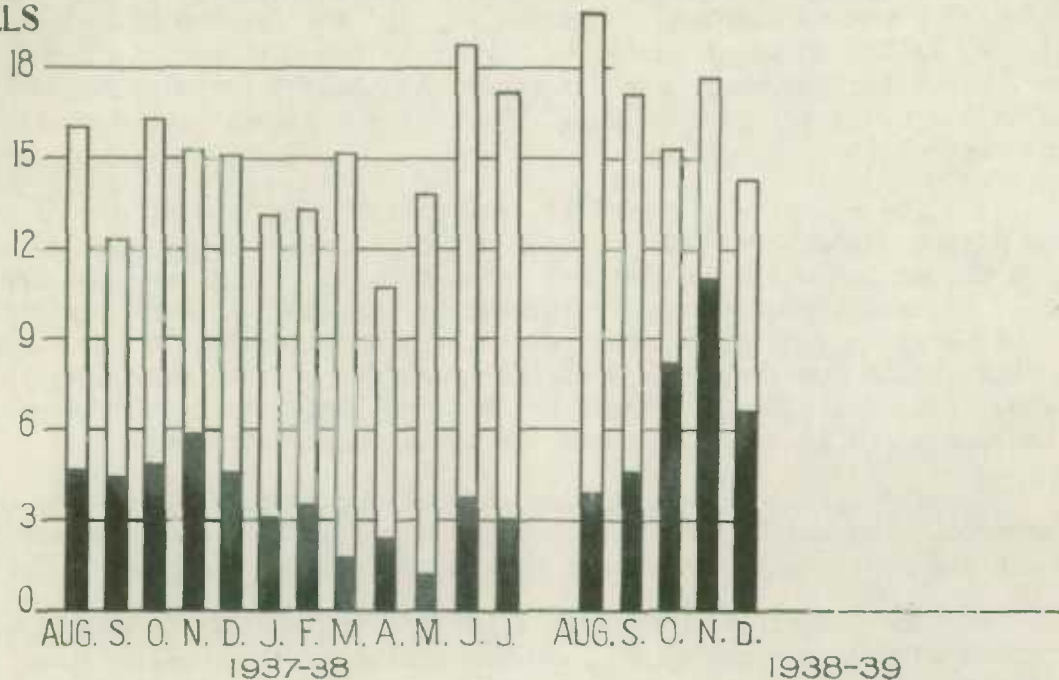
The above figures refer to the four years 1933-1936, of which the first was only a portion of the year. There are two subsequent years for which no statistics are available. Probably a total profit of 500 million pesos to the end of 1938 would not be a very wide guess.

When the system was started pledges were given to the farmers, who feel that the profits have largely come out of their pockets, that the proceeds would be spent for their benefit. The above figures speak for themselves.

IMPORTS OF WHEAT INTO THE UNITED KINGDOM

August to July 1937-38 and 1938-39 to date
(Black portions show Imports from Canada)

MILLION
BUSHELS



THE UNITED KINGDOM

Imports of wheat into the United Kingdom during the month of December 1938 were about 3.4 million bushels lower than those of the preceding month and also lower than the corresponding month last year. Imports during December amounted to 14,280,192 bushels compared with 17,736,096 bushels in November 1938 and 15,080,696 bushels in December 1937.

The following table shows imports of wheat into the United Kingdom for the twelve months August to July, 1937-38 and August to December, 1938:

	August-July 1937-38	August-October 1938	November 1938	December 1938
From:				
Canada	43,895,650	16,842,181	11,063,301	6,634,919
United States ..	31,380,591	4,827,266	2,076	110,660
Argentina	9,550,177	1,174,669	373	31,075
Australia	55,974,140	12,759,669	2,508,662	1,538,618
Russia	20,264,361	11,258,259	1,014,674	465,004
British India ..	10,818,261	4,173,970	-	299,055
Roumania	3,335,969	85,886	1,686,809	4,910,265
Others	5,325,800	1,271,377	1,460,201	290,596
T o t a l s	180,544,949	52,393,277	17,736,096	14,280,192
Previous year	184,466,926	44,717,543	15,366,484	15,080,696

The following table shows imports of wheat into the United Kingdom during December, 1938, along with comparative figures for December, 1937.

	<u>December, 1938</u>	<u>December, 1937</u>
	(bushels)	
From:		
Canada	6,634,919	4,607,842
United States	110,660	3,600,401
Argentina	31,075	-
Australia	1,538,618	2,451,620
Russia	465,004	2,888,789
British India	299,055	384,800
Roumania	4,910,265	319,763
Others	290,596	827,481
Totals	<u>14,280,192</u>	<u>15,080,696</u>

The above table shows that total imports of wheat into the United Kingdom during December 1938 were lower than during December 1937 by .8 million bushels. Imports from Canada amounted to 6,634,919 bushels as compared with only 4,607,842 bushels for the corresponding month last year and showed a decrease from the previous month of 4.4 million bushels. Imports from the United States amounted to only 110,660 bushels as compared with 3,600,401 bushels for the same month last year. Australian imports during the month of December 1938 amounted to 1,538,618 bushels as compared with 2,451,620 bushels for the corresponding month last year. Russian imports into the United Kingdom dropped still lower this month amounting to only 465,004 bushels as compared with 2,888,789 bushels for the same month in 1937.

The following table shows imports of wheat into the United Kingdom during the months of August to December, 1938 and 1937:

	<u>1938</u>	<u>1937</u>
	<u>August-December</u>	<u>August-December</u>
From:	(bushels)	
Canada	34,540,401	24,575,459
United States	4,940,002	6,461,667
Argentina	1,206,117	9,266
Australia	16,806,949	15,036,439
Russia	12,737,937	15,167,741
British India	4,473,025	7,032,686
Roumania	6,682,960	3,285,647
Others	3,022,174	3,595,818
Totals	<u>84,409,565</u>	<u>75,164,723</u>

Total imports into the United Kingdom amounted to 84.4 million bushels during the August-December period in 1938 as compared with 75.2 million bushels for the corresponding months last year. Imports from Canada amounted to 34.5 million bushels as compared with 24.6 million bushels for the same period in 1937. Imports from the United States for the August-December period were about 1.5 million bushels lower than for the same five months last year.

INTERNATIONAL TRADE

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

Week ending	North America	Argentina	Australia	Russia	Danube	India	Other	Totals
(thousand bushels)								
Aug. 6, 1938	4,288	1,120	2,608	2,784	336	896	-	12,032
13	4,192	1,032	2,104	3,512	696	736	-	12,272
20	4,376	600	2,104	2,624	512	640	-	10,856
27	3,760	1,568	2,576	3,552	808	224	-	12,488
Sept. 3	4,104	1,448	2,160	2,368	280	328	-	10,688
10	3,400	760	1,456	3,960	640	304	-	10,520
17	4,152	1,120	1,384	1,304	992	8	-	8,960
24	4,296	880	1,704	1,552	768	-	-	9,200
Oct. 1	5,536	1,528	1,256	1,512	936	112	-	10,880
8	5,776	840	976	2,568	904	-	-	11,064
15	4,768	416	1,712	1,264	1,728	-	16	9,904
22	8,104	800	840	1,280	1,520	144	40	12,728
29	7,360	1,488	1,792	1,072	3,016	-	88	14,816
Nov. 5	6,192	1,016	496	824	2,224	-	680	11,432
12	6,488	904	568	952	1,896	-	640	11,448
19	6,312	712	584	224	3,712	-	408	11,952
26	6,312	680	1,536	416	2,952	-	504	12,400
Dec. 3	4,688	1,120	608	552	4,448	-	328	11,744
10	2,072	448	1,656	264	2,504	-	248	7,192
17	1,736	1,000	1,696	624	2,016	-	256	7,328
24	3,904	928	1,584	552	2,168	-	104	9,240
31	3,032	1,200	2,480	-	3,360	-	120	10,192
Jan. 7, 1939	3,996	594	820	384	552	-	864	7,210
14	4,739	1,684	2,175	-	2,128	-	568	11,294
Totals	113,583	23,886	36,875	34,144	41,096	3,392	4,864	257,840
Comparative 1937-38								
24th week	4,096	1,656	3,592	236	552	192	-	10,376
Totals	92,800	19,440	37,152	31,936	33,064	7,384	2,672	224,448

THE POSITION OF THE IMPORT REQUIREMENTS ESTIMATE

(Mr. Broomhall's Estimate)

Estimated Import Requirements	Actual Shipments	Balance to be Shipped
Aug. 1, 1938 to July 31, 1939 (52 weeks)	Aug. 1, 1938 to Jan. 14, 1939 (24 weeks)	Jan. 14, 1939 to July 31, 1939 (28 weeks)
548 million bushels	257.8 million bushels	290.2 million bushels
or	or	or
10.5 million bushels weekly	10.7 million bushels weekly	10.4 million bushels weekly

During the first twenty-four weeks of 1938-39 world shipments have amounted to 257.8 million bushels, or an average of 10.7 million bushels per week. In order to fulfil the world estimate of 548 million bushels, weekly shipments will have to average 10.4 million bushels per week for the balance of the cereal year.

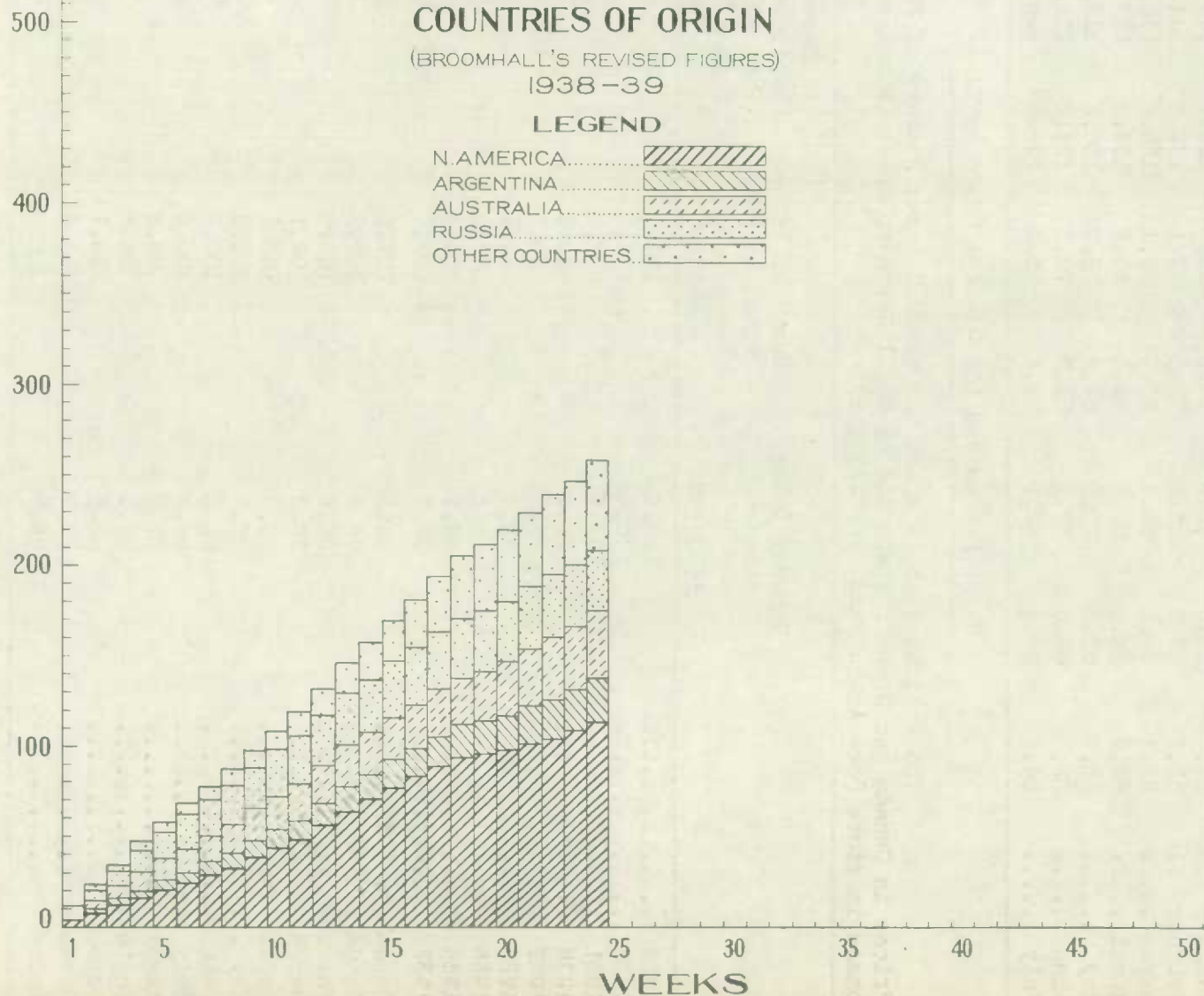
BUSHELS
'000,000

CUMULATIVE RECORD OF WORLD SHIPMENTS OF WHEAT AND FLOUR BY COUNTRIES OF ORIGIN

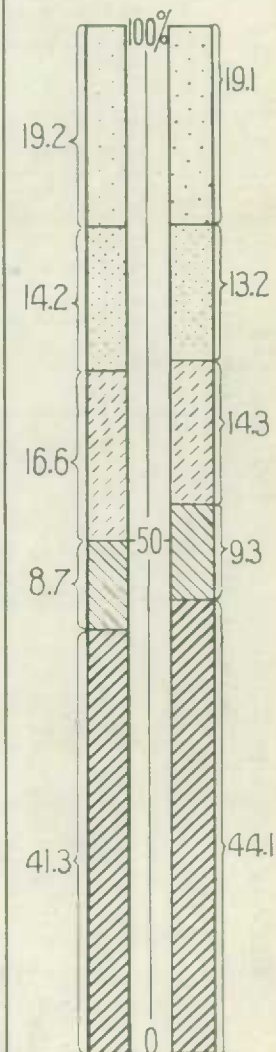
(BROOMHALL'S REVISED FIGURES)
1938-39

LEGEND

N. AMERICA.....
ARGENTINA.....
AUSTRALIA.....
RUSSIA.....
OTHER COUNTRIES.....



PERCENTAGE OF TOTAL SHIPMENTS TO DATE 1937-38 1938-39



Monthly Average Winnipeg Cash Prices - No. 1 Northern Wheat,
Crop Years 1931-32 to 1938-39.

(cents per bushel)

	1931-32	1932-33	1933-34	1934-35	1935-36	1936-37	1937-38	1938-39
August	55.1	56.3	73.4	86.0	84.5	102.2	131.8	76.6
September .	53.6	51.9	67.2	82.3	90.3	103.9	133.6	63.3
October ...	59.9	48.2	60.5	78.2	90.8	110.9	142.3	61.5
November ..	67.3	46.7	63.7	79.6	85.7	108.4	134.6	59.0
December ..	60.6	42.4	60.3	79.2	84.7	120.2	137.4	60.6
January ...	60.0	44.2	65.0	79.0	84.8	124.7	149.1	
February ..	63.2	45.8	65.6	79.5	82.1	127.0	144.6	
March	63.1	49.1	66.4	81.9	82.1	135.7	138.4	
April	62.6	53.6	65.5	87.6	80.5	138.9	138.4	
May	62.9	63.3	70.6	85.7	76.8	130.6	115.2	
June	55.1	66.8	77.1	81.7	79.5	124.2	114.3	
July	54.7	83.4	82.0	81.4	93.4	145.6	98.4	

Wheat Prices and the General Price Level ^{1/}

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	Board of Trade United Kingdom	Wheat No. 1 Manitoba Northern Fort William and Port Arthur basis
	1930=100	1930=100	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	64.3
1934	82.7	88.1	79.4
1935	83.3	89.0	89.3
1936	86.1	94.4	99.3
1937	97.7	108.8	142.3
December, 1937	95.5	107.6	145.3
January, 1938	96.8	107.7	158.3
February	96.5	105.8	153.5
March	96.0	104.1	146.9
April	95.0	103.1	146.9
May	92.7	102.0	122.3
June	92.5	100.7	121.3
July	90.8	100.6	104.5
August	87.8	99.5	81.3
September	86.0	98.4	67.2
October	85.6	99.1	65.3
November	84.9	98.4	62.6
December	84.6	-	64.3

^{1/} Prepared by the Internal Trade Branch.

FOREIGN EXCHANGES 1/

(December 13 - January 16)

Political factors continued to dominate foreign exchanges during the five-week period ended January 16. The pound sterling was under almost constant pressure and several limiting restrictions were imposed by the British Treasury to bolster its position. Rates on the pound were maintained at comparatively steady levels until almost the end of December when they dropped about 2 1/2 cents to \$4.6850. This level was 7 per cent below the corresponding rate at the end of 1937. The low point for the period under review, however, occurred on January 3 when the pound stood at \$4.6671, and the price of gold at London recorded a new all-time high of 150s. 5d. on January 4. On January 6 the Bank of England transferred gold amounting to £350,000,000 (at current levels) to the Exchange Equalization Fund and sterling showed swift response to this action. By January 16 sterling had advanced to \$4.7132 or slightly above mid-December levels. Advances in the Australian pound and Argentine peso coincided with sterling, and closing quotations for these units, relative to the Canadian dollar, indicated considerable improvement over the low points touched early in January. Strength in United States funds between December 13 and January 16 was associated with substantial year-end payments of Canadian dividends to United States stock holders. The premium on the dollar closed at 27/32 of one per cent, though it had been as high as 1 1/16 per cent in December. United States gold holdings were reported to total \$14,577,000,000 on January 11, 1939, an increase of approximately \$577,000,000 since the end of September.

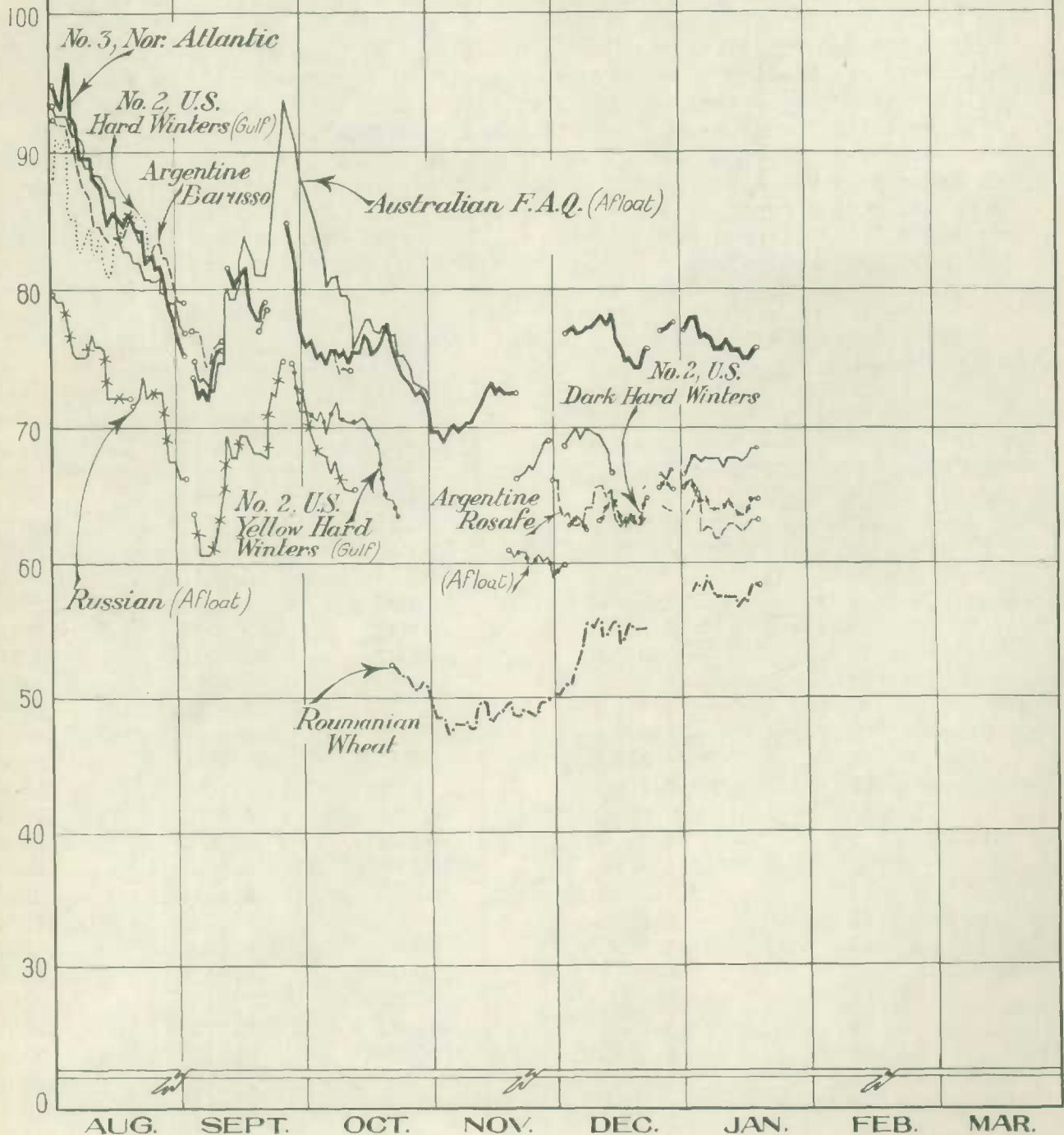
Monday Average Exchange Quotations at Montreal, July 5, 1938 to January 16, 1939.

		United Kingdom	United States	Australia	Argentina 2/
		Pounds	Dollars	Pounds	Paper Pesos
		4.8667	1.0000	4.8667	.4244
July	5, 1938	4.9850	1.0075	3.9887	.2625
	11	4.9650	1.0075	3.9725	.2614
	18	4.9519	1.0056	3.9616	.2610
	25	4.9338	1.0025	3.9470	.2602
August	1	4.9288	1.0028	3.9431	.2607
	8	4.9025	1.0037	3.9214	.2610
	15	4.8925	1.0043	3.9140	.2576
	22	4.8965	1.0034	3.9175	.2574
September	29	4.8761	1.0012	3.9000	.2568
	6	4.8367	1.0028	3.8700	.2537
	12	4.8320	1.0050	3.8650	.2538
	19	4.8300	1.0056	3.8630	.2544
October	26	4.8037	1.0093	3.8430	.2549
	3	4.8270	1.0068	3.8625	.2552
	10	4.8027	1.0087	3.8421	.2547
	17	4.8143	1.0150	3.8515	.2543
November	24	4.8037	1.0093	3.8425	.2534
	31	4.7887	1.0068	3.8300	.2527
	7	4.7912	1.0068	3.8325	.2522
	14	4.7500	1.0087	3.8000	.2330
December	21	4.7300	1.0081	3.7837	.2309
	28	4.6750	1.0059	3.7400	.2278
	5	4.7325	1.0081	3.7850	.2299
	12	4.7075	1.0087	3.7636	.2290
January	19	4.7182	1.0093	3.7746	.2291
	27	4.7130	1.0106	3.7700	.2309
	3, 1939	4.6675	1.0087	3.7337	.2290
	9	4.7125	1.0087	3.7700	.2320
	16	4.7132	1.0084	3.7705	.2304

CENTS
PER
BUSHEL

C.I.F. PRICES
AT
LIVERPOOL

In Cents per Bushel of Canadian Currency converted at
prevailing Rates of Exchange)
AUG. 1938 TO DATE



THE CANADIAN SITUATION

I. CROP REPORT OF JANUARY 20, 1938.

On January 20, the Dominion Bureau of Statistics issued the third estimate of the production of the 1938 field crops, together with the final estimates of the 1937 crops. Excerpts from the report relating to wheat are reproduced herewith:

Summary

Apart from wheat and oats, the 1938 production estimates contained in this release show very small changes from the second estimates of last November. The third estimate of Canadian wheat production in 1938 amounts to 350,010,000 bushels, which is an increase of 1,910,000 bushels, compared with the November estimate. The 1938 crop is 169,800,000 bushels larger than the final estimate of the 1937 Canadian wheat production of 180,210,000 bushels as shown in this release. Wheat production in 1938 was the largest of any year since 1932. Fall wheat production in 1938 amounted to 19,814,000 bushels and spring wheat production to 330,196,000 bushels. The spring wheat estimate includes 22 million bushels of Durum wheat, of which 15 million bushels were produced in Manitoba, and 7 million bushels in Saskatchewan. The 1938 Durum estimates compare with final revisions of the 1937 estimate of 25 million bushels, with 23 millions produced in Manitoba and 2 million bushels in Saskatchewan.

Total 1938 spring wheat production in the Prairie Provinces is now estimated at 326 million bushels, an increase of 2 million bushels over the November estimate. This increase was made in the estimate for Alberta, which now stands at 143 million bushels. The Manitoba and Saskatchewan estimates remain unchanged at 51 million and 132 million bushels respectively. Decreases of 2,000 bushels in Nova Scotia, 38,000 bushels in New Brunswick, and 50,000 bushels in Quebec have been made in the present spring wheat estimates from those published in November.

The gross farm value of production of the 1938 field crops is now estimated at \$528,860,000, which is 5 per cent below the value of \$556,222,000 in 1937, due to price reductions more than offsetting the effect of increased production. The value of the 1938 wheat crop is estimated at \$205,351,000, an increase of \$20,700,000 from 1937. The oat crop of 1938 is worth \$24,493,000 less, and the barley crop \$13,637,000 less than the 1937 valuations. Potatoes are valued at \$27,079,000 in 1938 as compared with \$26,650,000 in 1937.

Agricultural Season of 1938

Manitoba experienced a second season of good yields, although crop yields per acre were slightly below those of 1937, except for wheat. Rainfall was light in southern Manitoba during the growing season. Otherwise, weather conditions were favourable to a good harvest. Stem rust on susceptible varieties of wheat appeared in June. The heavy seedings of rust-resistant varieties in Manitoba, this year, prevented any serious damage to the total wheat crop.

In Saskatchewan, the 1937 drought areas received good supplies of rainfall during the 1938 growing season. The relatively dry areas occurred in the north-central and north-western districts during 1938. With a normal wheat crop in prospect during the first week of July, the spread of stem rust from the south-eastern districts, where subsequent damage was heaviest, to the north and west accounted for appreciable reductions in yields. In addition, the grasshopper

outbreak got beyond control and much of the crop in southern and central districts was damaged from this source. While yields of all field crops were still considerably below their long-time averages, the improvement was marked this year in comparison with the disastrous yields of 1937.

Alberta - Weather conditions were favourable in Alberta in 1938, except principally for the extreme northern districts and the Peace River area. As in the case of north-central Saskatchewan, drought in Alberta in 1938 shifted to the north. The most favoured areas this year were in the extreme south-west and west-central parts of the province. The eastern and south-eastern areas afflicted by drought in 1937 harvested fair to good yields this year. Yields in the Peace River district were considerably below average as a result of drought.

Wheat Production in the Prairie Provinces, 1938.

The following table lists the three estimates of wheat production for 1938 in the Prairie Provinces, together with the final estimate for 1937:

	1 9 3 8			Final, 1937
	September	November	January	
	(bushels)			
Manitoba	50,000,000	51,000,000	51,000,000	45,100,000
Saskatchewan	143,000,000	132,000,000	132,000,000	36,000,000
Alberta	141,000,000	141,000,000	143,000,000	75,700,000
Prairie Provinces	334,000,000	324,000,000	326,000,000	156,800,000

The third estimate of 1938 wheat production in the Prairie Provinces totals 326 million bushels, which is 2 million bushels higher than the total shown in the November estimate. According to the third estimate, the 1938 crop is 169.2 million bushels greater than the crop of 1937.

Marketings from the 1938 crop to date are consistent with the estimates for Manitoba and Saskatchewan as published in November. These estimates are unchanged in the January estimate. Marketings to date in Alberta have warranted an increase of 2 million bushels in the January estimate as compared with the November estimate for that province.

Progress of Marketings, 1938 Wheat Crop

Out of a total crop estimated at 326 million bushels, farm deliveries of wheat between August 1 and January 6 have amounted to 255.2 million bushels. From records available at the present time, it is estimated that a further 25.8 million bushels are likely to come forward up to the end of July and that total marketings from the 1938 crop will approximate 281 million bushels. On this basis, 91 per cent of this year's marketable wheat has already been delivered, compared with 80 per cent at the same date in the 1937-38 season, and 85 per cent at the same date in 1936-37.

While this year's percentage of wheat already marketed looks high in comparison with the earlier years, the fixed schedule of prices to growers this year has been conducive to rapid marketings. Wheat feeding on farms is likely to be higher this year than last, principally because of the greater availability of wheat in Saskatchewan and Alberta. Comparatively small amounts will have to be withdrawn from elevators for seed purposes next spring, with most of the transactions taking place involving the exchange of wheat varieties susceptible to rust for rust-resistant

seed, particularly in Saskatchewan. Thus larger amounts for feed and seed may be expected to be held on farms this year than was the case in 1937-38.

This year's marketings of 255.2 million bushels, from August 1 to January 6, are 156 million bushels in excess of the 99.2 million bushels marketed in the same period last year, and are 115.9 million bushels higher than the deliveries of 139.3 million bushels in the same period of the 1936-37 crop year. Up to January 6 in the present season, Manitoba deliveries have amounted to 41.1 million, Saskatchewan deliveries to 101.4 million, and Alberta deliveries to 112.7 million bushels.

1937 Crop Estimates

Final revisions for the 1937 wheat crop estimates have been made for the Prairie Provinces on the basis of disposition data that are now complete. The final estimates and disposition data are given as follows:

	Manitoba	Saskatchewan	Alberta	Prairie Provinces
			(000 bushels)	
Supplies:-				
Carry-over on farms, July 31, 1937	280	1,638	1,474	3,392
Final Estimate, 1937 crop	45,100	36,000	75,700	156,800
Total Supplies	45,380	37,638	77,174	160,192
Disposition:-				
Marketings	37,325	25,656	61,009	123,990
Seed 1/	3,900	7,900	9,200	21,000
Feed	2,181	3,238	4,133	9,552
Unmerchantable	336	111	370	817
Country Millings	390	326	538	1,254
Carry-over on farms, July 31, 1938	1,248	407	1,924	3,579
Total Disposition	45,380	37,638	77,174	160,192

1/ The figures shown do not include 1 million bushels in Manitoba, 8 million bushels in Saskatchewan and 1.5 million bushels in Alberta estimated to have been withdrawn from elevators for seed purposes.

Using unrevised data for marketings and feed last August as published on page 249 of the August issue of the Monthly Bulletin of Agricultural Statistics, the January 1938 estimate of the 1937 crop of 159 million bushels in the Prairie Provinces was indicated at that time to have been only 11,000 bushels over-estimated. Final figures on marketings as shown above are 1,451,000 lower than those used in August. In addition, the final feed estimate is 738,000 lower, due mainly to a reduction in the Manitoba feed estimate. These changes account for the reduction of 2.2 million bushels from the Prairie Province estimate of 159 million bushels published last January to the final estimate of 156.8 million bushels published herewith.

In checking the 1937 flaxseed estimates for the Prairies on the basis of final marketing, seed and feed data, no change is warranted for the estimates in Manitoba and Alberta as published last January. In Saskatchewan, however, the 1937 flaxseed estimate is increased from 123,000 bushels published last January to 200,000 bushels. This raises the final estimate for the Prairie Provinces from the January, 1938 figure of 617,000 bushels to 694,000 bushels.

No changes have been made from the January, 1938 estimates of the remaining crops in the Prairie Provinces.

Quality of the 1938 Wheat Crop

Grading

The 1938 wheat crop in the Prairie Provinces is averaging about a grade higher than in 1937, with No. 2 Northern the more common grade this year, compared with No. 3 Northern a year ago. The best grading from the 1938 crop has occurred in southern Alberta with No. 1 Northern predominating. Winnipeg inspections are concentrating in No. 2 Northern and are somewhat better than in 1937. The effects of rust damage in Saskatchewan in 1938 are shown in Moose Jaw inspections, which are ranging between No. 2 and No. 3 Northern, whereas the small volume of inspections in 1937 was predominantly No. 1 Northern. Northern Saskatchewan inspections are about the same as last year, varying between Nos. 2 and 3 Northern, while central and northern Alberta inspections are going more into No. 2 Northern this year, with No. 3 Northern the predominating grade in 1937. While grading on the whole is higher this season than a year ago, the protein content of the 1938 crop is slightly under that of the 1937 crop. Durum grades are predominantly No. 2 Amber Durum this season, whereas in 1937 the grades were mainly divided between Nos. 2 and 3 Amber Durum. The protein content of the 1938 Durum crop is unchanged from that of the 1937 crop.

After eliminating special grades such as Garnets, Durums, White Springs and Winters, the percentages of inspections grading No. 3 Northern or higher by months in 1938 are shown as follows with comparative figures for 1937 within brackets: August 96 (81); September 90 (84); October 82 (89); November 83 (77); December 89 (76). Except during the month of October in the current crop year, inspections have graded above those of the corresponding month in 1937. For the five-month period from August to December, 1938, the percentage of inspections grading No. 3 Northern or higher amounted to 87 per cent as compared with 84 per cent for the same months in 1937.

Considering the inspections by grades for the August-December period, 1938, the principal grade this season is No. 2 Northern, whereas a year ago the grading was more concentrated in No. 3 Northern. For the first five months of the current crop season, 66 per cent of the inspections have graded No. 1 Hard and Nos. 1 and 2 Northern, whereas in the corresponding months of the previous year 47 per cent of the inspections were in these grades. For the same period this crop year 8 per cent of the inspections graded Nos. 4 Northern, 5, 6 and Feed, which is the same percentage for these grades as in the August-December period, 1937. A year ago, 5 per cent of inspections graded "tough" while only 0.5 per cent have graded "tough" this season. In the Durum grades 72 per cent of inspections have graded No. 2 Amber Durum or higher, as compared with 57 per cent in the August-December period, 1937.

Charts Showing the Average Yields Per Acre of Wheat in the Prairie Provinces by Crop Districts 1937 and 1938.

Accompanying this report are two charts showing the average yields per acre of wheat by crop districts for the Prairie Provinces in 1937 and 1938.

In comparing the distribution of 1938 average yields per acre with those of 1937, it should be noted that the 10 crop districts in Saskatchewan in 1937 were subdivided into 20 districts in 1938.

For the 1938 season, 35 districts out of 51 or 69 per cent reported average yields in excess of 12 bushels per acre as compared with 23 districts out of 41, or 56 per cent in 1937. Of the 16 districts reporting average yields of 12 bushels per acre or less in 1938, 14 are located in Saskatchewan, one in Manitoba and one in Alberta.

Distribution of Crop Districts According to
Yield of Wheat per Acre, 1937 and 1938.

Yield per Acre Bushels	Number of Districts							
	Manitoba		Saskatchewan		Alberta		Prairie Provinces	
	1937	1938	1937	1938	1937	1938	1937	1938
0 - 4.0 ..	0	0	6	0	2	0	8	0
4.1 - 8.0 ..	0	0	3	8	1	0	4	8
8.1 - 12.0 ..	0	1	1	6	5	1	6	8
12.1 - 16.0 ..	8	2	0	4	6	6	14	12
16.1 - 20.0 ..	3	10	0	2	3	5	6	17
20.1 - 24.0 ..	3	1	0	0	0	3	3	4
24.1 - 28.0 ..	0	0	0	0	0	2	0	2
Total	14	14	10	20	17	17	41	51

Manitoba

Crop districts 1 to 6 and 12 reported average yields in 1938 below those of 1937. Districts 1 to 6 cover the southern portion of the province which experienced a season of light rainfall. The decline in yields in these seven districts was in part compensated for by increases in average yields in the other seven districts, covering the western and north-western parts of the province.

Saskatchewan

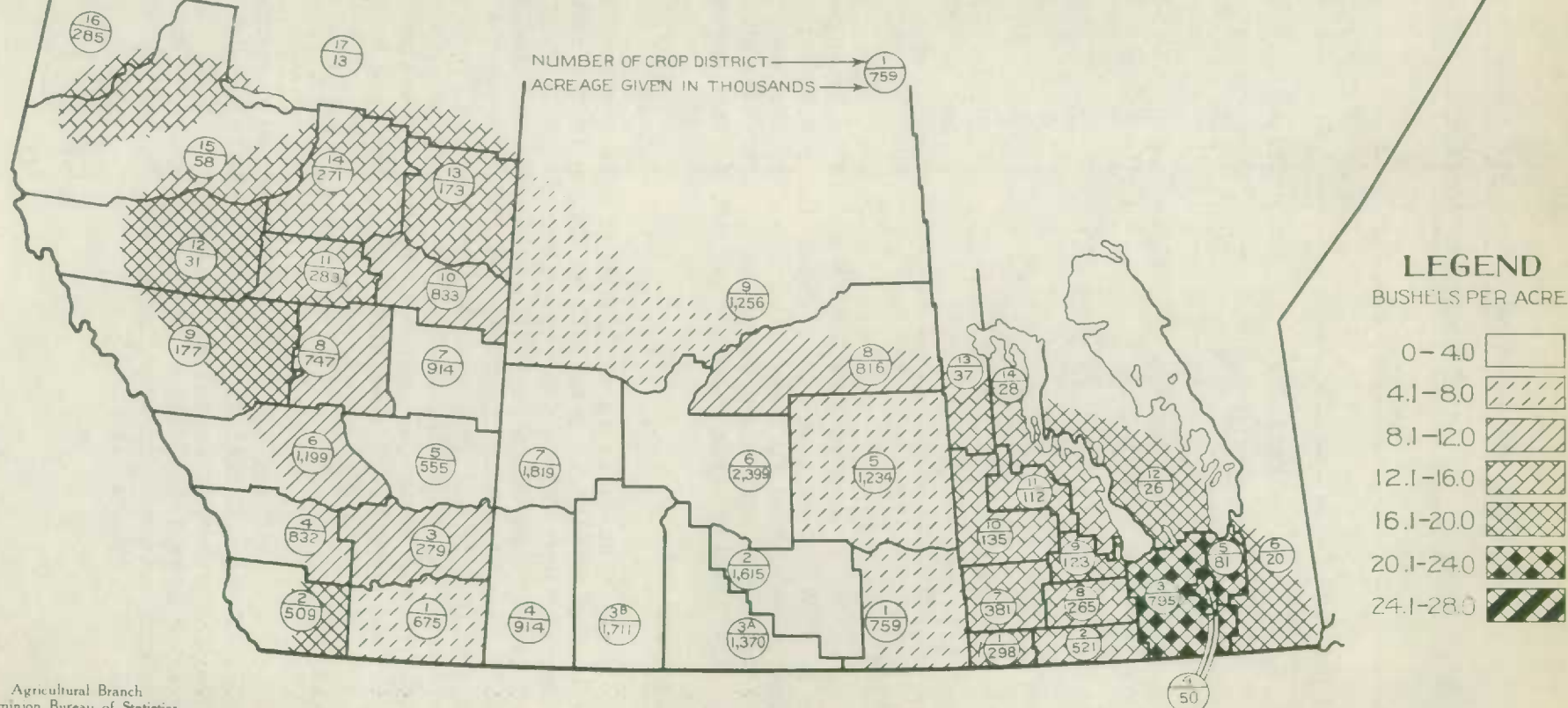
While it is difficult to make comparisons in Saskatchewan, the distribution of districts in 1938 according to the average yields per acre shows considerable improvement over the situation in 1937. In 1938, six out of 20 districts or 30 per cent recorded yields of more than 12 bushels per acre, while in 1937, none of the 10 districts had yields above the 12 bushels average. Average yields of 4.1 to 8 bushels were reported in 8 districts. These districts embrace most of the south-central portion of the province, the south-east corner, and central and north-central Saskatchewan. The districts having average yields over 12 bushels per acre lie along the eastern and western boundaries.

Alberta

Fifteen out of 17 districts had higher average yields in 1938 than in 1937. The two districts in which yields fell below the previous year are located in north-western and north-eastern Alberta. Only district 16, in the Peace River area fell below an average yield of 12 bushels per acre. The greatest improvement was shown in crop districts 1 to 8 which include practically all of central and southern Alberta.

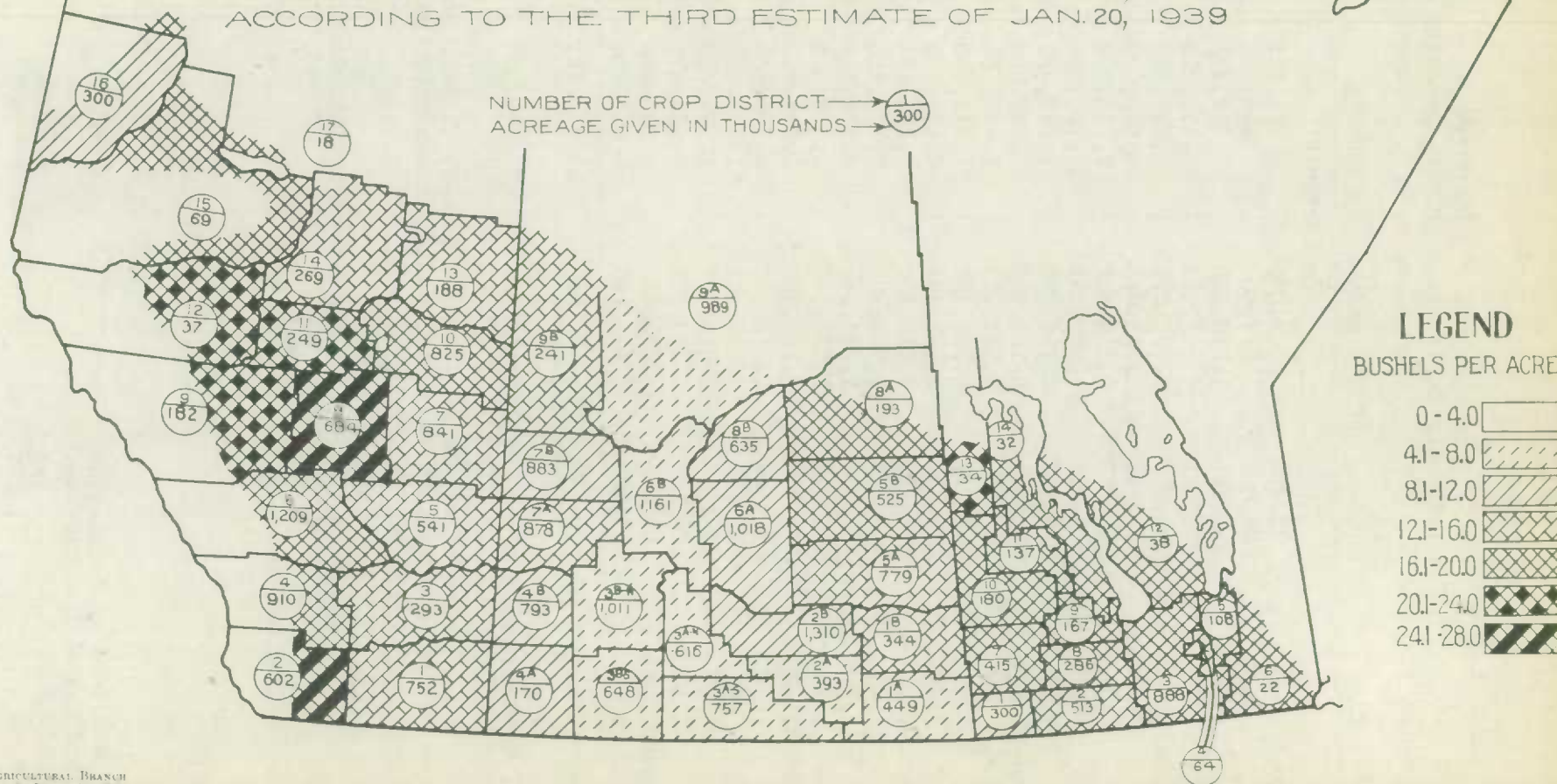
AVERAGE YIELDS PER ACRE OF WHEAT IN THE PRAIRIE PROVINCES BY CROP DISTRICTS, 1937

ACCORDING TO THE THIRD ESTIMATE OF JAN. 21, 1938



AVERAGE YIELDS PER ACRE OF WHEAT IN THE PRAIRIE PROVINCES BY CROP DISTRICTS, 1938

ACCORDING TO THE THIRD ESTIMATE OF JAN. 20, 1939



II. PRIMARY MOVEMENT

The following table shows primary receipts of wheat in the Prairie Provinces for the 1938-39 crop year along with comparative figures for 1937-38:

Week ending	Manitoba	Saskatchewan	Alberta	Totals	Last Year
			(bushels)		
August 5	73,493	132,692	165,925	372,110	202,653
12	654,603	277,409	462,855	1,394,867	1,184,503
19	3,073,725	1,210,203	769,478	5,053,406	4,188,848
26	8,899,851	4,333,433	1,472,903	14,706,187	8,348,169
September 2	10,358,006	9,698,026	4,797,617	24,853,649	11,788,675
9	5,603,895	14,332,054	9,270,075	29,206,024	10,475,662
16	4,088,070	9,113,412	8,775,982	21,977,464	10,786,013
23	2,826,203	11,259,442	17,704,278	31,789,923	12,058,677
30	530,011	12,185,920	15,982,686	28,698,617	6,544,558
October 7	623,055	8,764,462	11,549,056	20,936,573	3,783,667
14	801,551	5,001,133	7,647,733	13,450,417	3,339,873
21	597,720	5,702,426	7,915,745	14,215,891	3,850,186
28	658,833	5,793,981	6,536,269	12,989,083	4,930,385
November 4	493,745	3,638,522	5,213,667	9,345,934	4,331,575
11	430,033	1,754,908	2,733,433	4,918,374	2,694,077
18	332,338	1,843,541	2,776,316	4,952,195	1,981,693
25	262,454	1,557,745	2,035,018	3,855,217	1,537,677
December 2	172,932	1,253,628	1,787,522	3,214,082	1,655,250
9	220,296	1,074,060	1,108,133	2,402,489	1,160,640
16	113,895	912,465	1,834,472	2,860,832	1,329,218
23	148,497	810,232	1,099,720	2,058,449	1,494,284
30	105,102	549,752	648,876	1,303,730	608,963
January 6	55,216	233,239	350,283	638,738	886,353
13	77,109	405,140	683,906	1,166,155	2,132,273
Totals	41,200,633	101,837,825	113,321,948	256,360,406	101,293,872

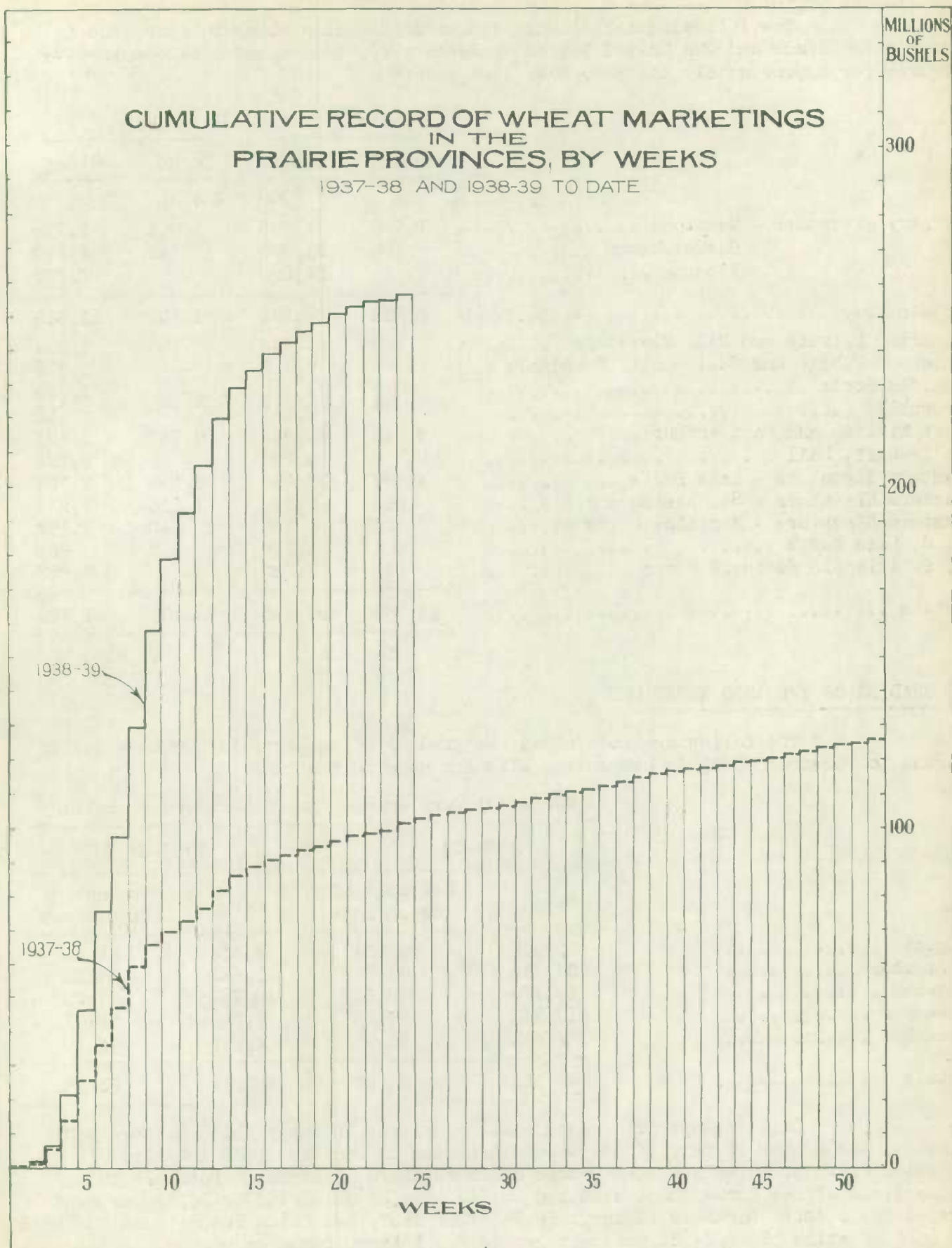
III. MOVEMENT OF WHEAT TO MARITIME PORTS

The winter rail movement of wheat to Maritime ports so far this season has been exceptionally light, in comparison with the rail movement up to January 20 a year ago.

Origin and Amount of Wheat Shipments to Maritime Ports

1938-39 and 1937-38.

Origin	Total to January 19, 1939	Total to January 20, 1938
		(bushels)
Port McNicoll	189,084	4,193,457
Midland		424,388
Owen Sound	619,204	1,030,931
Goderich	297,409	380,978
Sarnia		45,436
Port Colborne	32,128	161,819
Kingston	48,070	107,815
Prescott	8,000	
Totals	1,193,895	6,344,824



IV. VISIBLE SUPPLY

The following table shows stocks of Canadian wheat in store and in transit in Canada and the United States on January 13, 1939 along with comparative figures for approximately the same date last year.

	1939		1938	
	Durum	Other	Durum	Other
	(000 bushels)			
Country Elevators - Manitoba	2,770	4,385	1,661	1,785
Saskatchewan	498	21,670	146	4,790
Alberta	-	24,220	-	7,770
Totals	3,268	50,275	1,807	14,345
Interior Private and Mill Elevators	69	6,144	186	4,580
Interior Public and Semi-public Terminals ..	-	7,186	-	1,092
Pacific Ports	-	13,700	-	3,099
Churchill	-	2,213	-	12
Fort William and Port Arthur	3,748	34,913	6,747	3,303
In Transit, Rail	-	4,094	-	2,796
Eastern Elevators - Lake Ports	4,480	16,296	3,358	6,328
Eastern Elevators - St. Lawrence Ports	593	9,889	1,216	1,244
Eastern Elevators - Maritime Ports	23	146	142	1,192
U. S. Lake Ports	604	5,117	652	665
U. S. Atlantic Seaboard Ports	575	1,022	-	3,053
Totals	13,360	150,995	14,108	41,709
	164,355		55,817	

V. GRADING OF THE 1938 WHEAT CROP

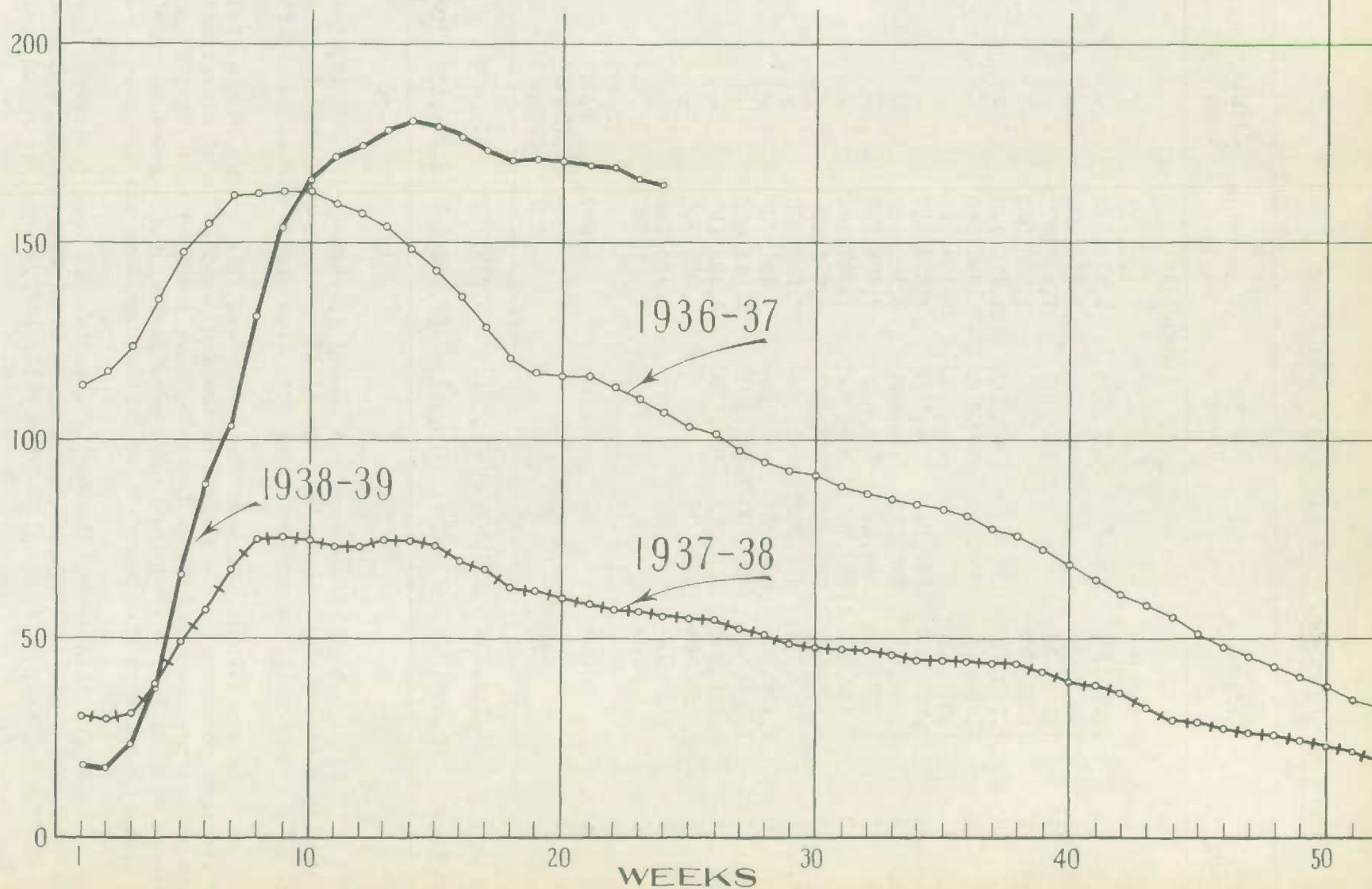
The following table shows the grading of new-crop inspections during August to December 1938, in comparison with the same months 1937:

	1938-39		1937-38	
	Cars	Per Cent of Inspections	Cars	Per Cent of Inspections
August	9,905	95.84	3,514	81.40
September	34,715	89.71	11,421	84.22
October	30,778	82.40	10,768	89.29
November	12,341	83.18	7,249	77.31
December	7,413	88.69	2,265	75.50
Totals	95,152	86.84	35,217	83.23

Omitting special grades such as Garnets, Durums, White Springs and Winters, the number of cars of new wheat inspected in December 1938 totalled 8,358, of which 7,413 or 88.69 per cent graded No. 3 Northern or higher. December 1938 inspections of new Durum wheat amounted to 159 cars of which 153 or 96.23 per cent graded No. 3 Amber Durum or higher. In December 1937, new Durum inspections numbered 93 cars of which 88 or 94.62 per cent graded No. 3 Amber Durum or higher.

MILLION
BUSHELS

WEEKLY
VISIBLE SUPPLY OF CANADIAN WHEAT
1936-37, 1937-38 AND 1938-39 TO DATE



VI. EXPORT CLEARANCES OF CANADIAN WHEAT 1938-39.

Week ending	Montreal	Sorel	Three Rivers	Total St. Lawrence Ports	Saint John	Halifax	Total Maritime Ports
(bushels)							
Aug. 4	308,831	-	-	308,831	-	-	-
11	1,257,370	-	212,600	1,469,970	-	-	-
18	1,253,001	-	-	1,256,001	-	-	-
25	1,423,606	-	122,999	1,546,605	-	-	-
Sept. 1	1,342,022	-	-	1,342,022	-	-	-
8	1,160,142	-	16,000	1,176,142	-	-	-
15	1,684,442	283,441	450,800	2,418,683	-	-	-
22	1,665,835	-	495,982	2,161,817	-	-	-
29	2,225,562	774,155	654,700	3,654,417	-	-	-
Oct. 6	1,605,496	872,533	771,600	3,249,629	-	-	-
13	1,701,747	763,547	159,855	2,625,149	-	-	-
20	3,443,601	1,760,785	724,078	5,928,464	-	-	-
27	3,400,058	1,398,048	284,300	5,082,406	-	-	-
Nov. 3	2,067,788	459,967	55,924	2,583,679	-	-	-
10	1,120,573	1,020,034	461,100	2,601,707	-	-	-
17	1,930,649	750,000	1,102,808	3,783,457	-	-	-
24	2,469,951	1,215,689	509,475	4,195,115	-	-	-
Dec. 1	954,885	116,109	-	1,070,994	-	-	-
8	158,019	-	-	158,019	-	-	-
15	320	-	-	320	32,459	-	32,459
22	-	-	-	-	63,497	-	63,497
29	4,050	-	-	4,050	8,000	-	8,000
Jan. 5	-	-	-	-	79,957	-	79,957
12	320	-	-	320	284,557	-	284,557
Totals	31,181,268	9,414,308	6,022,221	46,617,797	468,470	-	468,470
Last Year	22,542,091	2,476,039	420,811	25,438,941	4,244,165	103,956	4,348,121

Total export clearances from August 1, 1938 to January 12, 1939 amounted to 72,410,119 bushels, which is an increase of 61 per cent over the clearances of 44,913,897 bushels in the previous crop year from small available export supplies.

An appreciable increase has been shown this season in the clearances from St. Lawrence ports during the autumn navigation period. Total clearances from St. Lawrence ports up to January 12, 1939, have amounted to 46,617,797 bushels, as compared with 25,438,941 bushels in the same period of the previous crop year. Sorel and Three Rivers were much more active last autumn than was the case a year ago.

So far this season the Maritime ports have been relatively inactive with less than half a million bushels cleared from Saint John, N. B., and no clearances as yet from Halifax, N. S. Up to January 12, 1939, these ports had cleared 4.3 million bushels.

VI. EXPORT CLEARANCES OF CANADIAN WHEAT, 1938-39 - Cont'd.

Week ending	Head of Lakes (Direct)	Churchill	Vancouver New West- minster (bushels)	Victoria	United States Ports	Total Clearances
Aug. 4	-	-	-	-	97,304	406,135
11	-	-	6,083	-	402,591	1,878,644
18	-	-	-	-	155,225	1,411,226
25	-	-	-	-	182,326	1,728,931
Sept. 1	-	-	84	-	594,278	1,936,384
8	-	-	134,400	-	177,000	1,487,542
15	-	-	560,125	-	451,062	3,429,870
22	-	-	531,200	-	336,237	3,029,254
29	56,000	303,191	330,337	-	270,286	4,614,231
Oct. 6	-	613,722	385,287	-	336,814	4,585,452
13	-	-	292,500	-	66,735	2,984,384
20	56,066	-	742,733	-	615,758	7,343,021
27	-	-	1,129,340	-	187,515	6,399,261
Nov. 3	-	-	1,219,541	-	476,940	4,280,160
10	-	-	1,298,149	-	147,235	4,047,091
17	-	-	1,324,780	-	184,695	5,292,932
24	-	-	1,062,742	-	192,750	5,450,607
Dec. 1	-	-	1,464,147	-	266,830	2,801,971
8	-	-	1,141,022	-	90,182	1,389,223
15	-	-	693,421	-	27,507	753,707
22	-	-	1,635,515	-	240,288	1,939,300
29	-	-	919,583	84,000	274,767	1,290,400
Jan. 5	-	-	1,568,722	-	230,462	1,879,141
12	-	-	1,241,721	-	524,654	2,051,252
Totals	112,066	916,913	17,681,432	84,000	6,529,441	72,410,119
Last Year	114,375	603,982	5,292,203	-	8,497,214	44,913,897 ⁽¹⁾

(1) Including 619,061 bushels shipped from Prince Rupert.

The export movement from Vancouver-New Westminster this season has shown a marked increase, with 17.7 million bushels cleared up to January 12, 1939, in comparison with clearances of 5.3 million bushels up to January 13, 1938.

Clearances from United States Atlantic seaboard ports have failed to maintain last year's volume, with 6.5 million bushels, or 2 millions less exported to date this season than was exported from these ports up to January 13, a year ago.

VII. IMPORTS OF CANADIAN WHEAT INTO THE UNITED STATES

	For Consumption Duty Paid	For Milling in Bond	TOTALS
	(bushels)		
Final Monthly Figures -			
August, 1938	174	9,750	9,924
September	645	924,125	924,770
October	1,791	1,223,132	1,224,923
November	32,458	863,073	895,531
Preliminary Weekly Figures-			
December 3	7,000	198,000	205,000
10	-	112,000	112,000
17	-	98,000	98,000
24	-	40,000	40,000
31	-	109,000	109,000
January 7, 1939	-	177,000	177,000
14	-	176,000	176,000
Preliminary Totals			
August 1 to date	42,068	3,930,080	3,972,148

VIII. IMPORTS OF UNITED STATES WHEAT INTO CANADA

Customs Imports for Consumption Duty Paid

	1938	1937
	(bushels)	
August	323,740	52,106
September	124,167	77,269
October	291,250	228,617
November	52,204	449,916
TOTALS - August - November .	791,361	807,908

IX. THE STATISTICAL POSITION

(a) In Canada: The following table summarizes the statistical position of wheat in Canada as at January 1, 1939, with comparative figures for the same date in 1938:

	1937-38	1938-39
	(bushels)	
Carry-over in Canada, July 31	32,937,991	23,411,171
New Crop	180,210,000	350,010,000
Total Supplies	213,147,991	373,421,171
Domestic Requirements	99,855,646	103,000,000 1/
Available Supplies	113,292,345	270,421,171
Exports, August-December	51,220,647	90,045,389
Balance for Export or Carry-over, January 1.	62,071,698	180,375,782

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 to December. According to this calculation, the balance of wheat available on January 1 for export from Canada or for the July 31 carry-over in Canada only, amounts to 180.4 million bushels compared with 62.1 million bushels a year earlier, representing an increase in current supplies of 118.3 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 189.7 million bushels on January 1, available for export or for the July 31 carry-over in Canada and the United States, compared with 65.0 million bushels a year earlier, indicating an increase of 124.7 million bushels in the current available supplies between the two years.

	1937-38	1938-39
	(bushels)	
Carry-over in Canada and the United States, July 31	37,048,839	24,393,801
New Crop	180,210,000	350,010,000
Total Supplies	217,258,839	374,403,801
Domestic Requirements	99,855,646	103,000,000 1/
Available Supplies	117,403,193	271,403,801
Export Movement, August - December		
Overseas Clearances	42,962,531	69,208,471
United States' imports	1,930,606	3,611,148
Flour as wheat	7,539,031	8,899,066
	52,432,168	81,718,685
Balance for Export or Carry-over, January 1 ..	64,971,025	189,685,116

1/ Tentative.



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IX. EXPORTS OF CANADIAN WHEAT AND WHEAT FLOUR

The following tables give the Customs totals of wheat and flour exports during the 1938-39 crop year with comparative figures for preceding years:

W H E A T

	<u>1938-39</u>	<u>1937-38</u>	<u>1936-37</u>	<u>1935-36</u>
		(bushels)		
August	6,266,055	6,554,967	21,157,268	21,698,284
September	12,614,858	5,903,060	20,720,316	17,272,672
October	24,579,370	10,055,102	26,917,096	28,919,421
November	21,703,514	14,542,227	33,308,840	26,575,296
December	15,982,526	6,636,261	20,427,916	17,043,882
January		7,193,986	9,789,027	7,557,320
February		2,838,804	5,362,031	14,241,169
March		3,487,449	4,748,599	13,146,185
April		1,617,703	3,617,803	6,572,364
May		3,370,545	8,026,507	27,316,983
June		7,275,376	12,180,068	25,763,565
July		7,248,115	8,602,689	25,912,508
TOTALS		<u>76,713,595</u>	<u>174,858,160</u>	<u>232,019,649</u>

F L O U R

	<u>1938-39</u>	<u>1937-38</u>	<u>1936-37</u>	<u>1935-36</u>
		(barrels)		
August	286,270	288,608	387,728	376,562
September	319,739	306,655	378,318	395,640
October	528,601	336,478	464,013	501,442
November	477,875	405,921	408,653	525,368
December	365,085	337,678	475,282	443,828
January		295,776	313,923	314,311
February		272,488	347,884	340,102
March		301,735	390,315	476,773
April		184,703	285,724	281,162
May		297,126	348,866	448,653
June		299,503	389,995	430,171
July		282,985	334,964	444,903
TOTALS		<u>3,609,656</u>	<u>4,525,665</u>	<u>4,978,917</u>

WHEAT AND WHEAT FLOUR

	<u>1938-39</u>	<u>1937-38</u>	<u>1936-37</u>	<u>1935-36</u>
		(bushels)		
August	7,554,270	7,843,703	22,902,044	23,392,813
September	14,053,684	7,283,008	22,422,747	19,053,052
October	26,958,075	11,569,253	29,005,155	31,175,910
November	23,853,951	16,368,871	35,147,778	28,939,452
December	17,625,409	8,155,812	22,566,685	19,041,108
January		8,524,978	11,201,680	8,971,720
February		4,065,000	6,927,509	15,771,628
March		4,845,256	6,505,017	15,291,663
April		2,448,867	4,903,561	7,837,593
May		4,707,612	9,596,404	29,335,921
June		8,623,139	13,935,046	27,699,335
July		8,521,548	10,110,027	27,914,580
TOTALS		<u>92,957,047</u>	<u>195,223,653</u>	<u>254,424,775</u>