

22-D-02

WEEKLY SUMMARY OF THE WHEAT SITUATION

December 8, 1938.

International Trade

World shipments for the week ending December 3, 1938 amounted to 11,769,000 bushels compared with 12,335,000 bushels in the previous week and 12,328,000 bushels in the corresponding week last year.

Cumulative world shipments from August 1 to December 3, 1938 were 205,344,000 bushels compared with 169,816,000 bushels for the same period in 1937.

Primary Movement

Receipts at country elevators for the week ending December 2, 1938 were 3,214,082 bushels as compared with 3,855,217 bushels for the previous week and 1,655,250 bushels for the corresponding week a year ago.

Cumulative receipts at country elevators from August 1 to December 2, 1938 were 245,930,013 bushels, compared with 93,682,141 bushels in the same period in 1938.

Visible Supply

The visible supply of Canadian wheat on December 2, 1938 was 170,655,019 bushels, compared with 172,960,355 bushels in the previous week and 62,573,462 bushels a year ago.

Export Clearances

Overseas export clearances of Canadian wheat for the week ending December 2, 1938 were 2,801,971 bushels, compared with 5,450,607 bushels for the previous week and 2,424,873 bushels for the corresponding week a year ago.

Imports of Canadian wheat into the United States for consumption and milling in bond for the week ending December 2, 1938 were 205,000 bushels as compared with 207,000 bushels for the previous week and 6,000 bushels for the corresponding week in 1937.

Cumulative overseas clearances plus United States imports of wheat from August 1, 1938 to December 2, 1938 were 66,198,790 bushels, compared with 38,088,675 bushels for the same period in 1937.

Prices

The Winnipeg cash closing price of No. 1 Northern on Tuesday December 6, 1938 was 61cents, showing an increase over the previous Tuesday's close of 1 7/8 cents.

WORLD EVENTS

1. According to Broomhall the visible supply of wheat in North America is decreasing while in Australia it is increasing. The world's visible supply is 136,000,000 bushels greater than at this time last year. The granaries of the world are filled and unless other countries follow the lead of the United States by curtailing seeding, there will be an over abundance next season providing weather conditions are normal.

Belgium millers are instructed to grind 40 per cent of their native wheat while Holland raised their duties against most grain.

Broomhall reports that Great Britain has agreed to purchase approximately 25,000,000 bushels of United States wheat. The price was not disclosed, but the Government will supply exporters when required. The Federal Surplus Commodities Corporation of the United States has purchased 28,000,000 bushels of wheat up to November 15 and sold approximately 15,000,000 bushels. This buying of cash wheat will support the market, although the amount is insignificant with regard to the total surplus existing in the United States. The United States has sold 68,000,000 bushels of wheat and flour, all of which has not cleared.

It is not likely that large shipments will be continued through the Black sea ports, but 7,500,000 bushels of Roumanian wheat is now being moved to Great Britain. Since August 1, Black sea ports have exported 48,000,000 bushels of Balkan and Russian wheat, which is 50 per cent of the estimated total.

Increased acreages of winter wheat are reported in Yugo Slavia and Hungary and the seeded acreage is maintained in Roumania, while the United States reduction in the above acreage is 10 million.

2. Argentina The weather in the Argentine is favourable to cutting and threshing. The sales for export are very small but it is believed that Germany and Italy will develop a market later. The Argentine acreage figures are shown as 20,859,000, with a wheat crop of from 280,000,000 to 300,000,000 bushels. Shippers were offering 65 3/8 cents per bushel. Argentine wheat shipments to Brazil have increased and according to recent reports the wheat yield in north Argentina is above expectations. In the Pampa and south-west Buenos Aires all crops suffered local damage from frost and insections.

3. Australia The acreage of wheat is estimated at 14,016,000 providing a crop of from 135,000,000 to 140,000,000 bushels. The new Australian wheat is now reaching the sea-board in volumes with shippers offering 68 1/4 cents per bushel.

Broomhall states in his report of December 3 - "The Australian Government has now fixed a minimum price on wheat consumed at home, 5s2d per bushel which at today's exchange is equal to \$1.20 a bushel. An excise tax on flour will be collected to defray the cost of paying the farmers this bounty on a portion of their wheat consumed at home. The per capita consumption in Australia is about 5.1 bushels on a population of 6,800,000 or nearly thirty-five million bushels. The new wheat is quoted at 68 1/2 cents cif Liverpool, freight charges are approximately 20 cents a bushel so that this wheat is worth around 48 cents at the seaboard and the Government will have to pay the farmer the difference between this and the \$1.20 for domestic use which will mean an expenditure of approximately \$25,000,000. This is in line with other exporting countries which are subsidizing their farmers to the extent of around \$30,000,000 to place their surplus wheat in the consuming countries. If Canada exports 150,000,000 bushels at the present subsidy of 20 cents a bushel it will mean a cost to the tax payers of \$30,000,000. The United States expects to export 100,000,000 bushels of wheat and flour and is apparently willing to pay something less than \$20,000,000 to achieve this end.

4. "The Argentine is probably anxious to export 150,000,000 bushels from this years big crop and is now offering this wheat in Europe at 65 cents a bushel which means 47 cents in the Argentine while the government is paying the farmers 59 1/2 cents, a difference of 12 1/2 cents a bushel without making any sales of importance, this will cost \$19,000,000 unless the cif price has to be lowered to effect sales, which in our opinion appears likely.

"It is therefore obvious that all countries with export surpluses will have to copy the lead of Rumania to effect sales abroad, this country has paid farmers anywhere from 14 centsto 26 cents a bushel on the portion of their wheat exported.

"The price at which Great Britain has agreed to take twenty million bushels of United States wheat has not been announced but it is noted that Washington has abolished the flour indemnity or flour subsidy to Great Britain and Northern Ireland and therefore will not compete with English manufactured flour."





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