

# The Commercial

WINNIPEG, AUGUST 26, 1895.

## OUTLOOK FOR WHEAT PRICES.

It is not a part of the business of a commercial journal to attempt to prognosticate the course of prices. When a commercial paper has correctly reported the markets as they exist at the time, it has generally speaking fulfilled its mission, and it is treading on dangerous ground to go beyond this and try to indicate the course of prices in advance. Sometimes, however, the commercial journalist is seized with the desire to go beyond the range of legitimate market reporting, to the extent of trying to foreshadow the future. There is no commodity which offers a greater temptation to this course than wheat. The Commercial has heretofore done considerable prognosticating as to wheat prices, and for the past three years this journal has been eminently successful in foreshadowing the wheat markets. The general course of the markets has during this period followed closely in line with the predictions of The Commercial, as foreshadowed from three to six months in advance. We do not make this statement in an egotistical spirit, and we will say that it was perhaps good luck, as well as a careful study of the wheat question, which led to such close guessing.

It would perhaps be wisdom now to stop guessing at the future of wheat, while the good record of The Commercial remains. We have, however, been so frequently asked about future prospects for wheat prices, that it will be difficult to keep from giving some opinions as to the immediate future of the markets. Mr. Pillsbury, the great Minneapolis miller, and also a great wheat speculator, says that the Northwest (in this term he includes Minnesota, the two Dakotas and Manitoba) holds the key of the situation this year. The way he puts it is this: All other leading wheat districts have either a moderate or poor crop this year, while the Northwest alone has a heavy crop. Mr. Pillsbury has not been a particularly successful prophet of late years in the wheat line, but his arguments nevertheless are very reasonable. The Northwest has the heaviest crop it ever produced. By throwing this crop on the market in a great mass, early in the season, as was done last year, the result will likely be to break the markets and reduce prices. By allowing the great Northwestern crop to flow out in moderate volume or by extending the marketing of the crop over a longer period, the effect will not be so depressing upon the markets, and prices would be less likely to decline. The heavy Northwestern crop is the greatest bear argument at present. If the crop is marketed rapidly, the impression will be made that the crop is fully as large or larger than the highest estimates, and prices will be correspondingly depressed. On the other hand, if a portion of the wheat

is held back, and the crop is marketed gradually, the impression will be made that the crop is not as large as was estimated, and the market will be stimulated to this extent. While The Commercial has generally favored early marketing, it appears from a careful consideration of the situation this year, that the producers of the Northwest will secure the best results by marketing their wheat in a moderate volume, rather than by deluging the market in the early part of the season.

On the present basis of values abroad, wheat is worth about 50 cents per bushel to the Manitoba producer. This range is considerably lower than has been paid here for some months past. The high prices paid in Manitoba during the latter part of the past crop year, has led Manitoba farmers to expect much higher prices for their wheat for the new crop. It must be borne in mind, however, that the situation of the wheat markets of Manitoba has been an unnatural one for many months back. In fact the market has been a manipulated one and prices were forced far above their natural level. This was made possible by the heavy exportation of wheat last fall, the great bulk of the crop having been shipped out before the close of navigation last fall. Such a condition might not occur again for a decade. Prices must find their way back to a legitimate export basis as soon as the new crop begins to move, and they have already worked down steadily during the past few weeks, on the road to an export basis. Producers will readily see from this explanation that they cannot base any argument for holding wheat on the high prices paid for wheat in Manitoba during the latter part of the crop year now about closed. Reason for holding wheat this year will have to be found elsewhere, and the reason for holding some wheat, which we have set forth in the preceding paragraph, is the best one we know of.

Crop reporting has not been reduced to a science yet. Crop reports are very unreliable at best. If crop reports could be more generally relied upon, we would certainly say that the outlook is fairly favorable for higher prices later on in the new crop year. We do not, however, expect an advance of much importance early in the crop year, unless some disaster should overtake the spring wheat crop now being harvested, or some other unexpected thing should occur, such as an European war.

The crop of the present year, so far as can be learned, is a moderate one in the principal countries. In Great Britain drought and excessively hot weather seriously damaged the crop, and this fact, together with the decreased area, will make the wheat crop one of the smallest harvested in Great Britain in the past forty years. The French crop is estimated at about 800,000,000 bushels, as compared with 844,000,000 bushels last year. Germany is estimated at about the same as last year. Hungary is not quite up to last year. The Danubian principalities are considerably better than last year, but their crops were poor last year. From Russia

reports are very uncertain, as usual, but the crop is generally estimated at 40,000,000 to 50,000,000 bushels less than last year.

Coming nearer home we know that the wheat crop of Eastern Canada is a very poor one, and the winter wheat crop in the United States is also a poor one, especially in point of quality, the quality being so poor that the crop should be reduced about 20 per cent in bulk to estimate its actual milling value. The yield of winter wheat in the United States last year was about 826,000,000 bushels, as compared with an estimated yield this year of about 225,000,000 to 210,000,000 bushels. The spring wheat crop this year is estimated at about 170,000,000 to 185,000,000 bushels as compared with 181,000,000 bushels last year. The spring wheat crop this year, however, is not altogether safe yet, but even allowing the full estimates of the spring wheat crop, it will be seen that the total crop of the United States is considerably less than last year in bulk, and in addition to this the winter wheat is very poor quality, which is equal to a further reduction in bulk from this crop of a good many million bushels.

Stocks of wheat in Europe are large, supplies of breadstuffs on August 1 this year being 85,800,000 bushels, as compared with 81,910,000 bushels a year ago, as reported by the Corn Trade News. These large stocks in the importing countries, with the new home crops in those countries coming to market, make them slow buyers at the moment, thus further indicating the unlikelihood of an early advance in prices.

## EDITORIAL NOTES.

AN effort which bids fair to be successful is being made to introduce the metrical system of weights and measures in Great Britain. A committee was appointed by the government to consider the question, and it has reported favorable to the introduction of the system. The committee recommends that the metrical system be at once legalized and that after two years the system be made compulsory by act of parliament. The system is bound to come into general use sooner or later, and the wonder is that in this advanced commercial age it has not already been generally adopted throughout the civilized world.

THE low price for butter and cheese no doubt will cause a desire on the part of many to hold their goods, but it is a question if it would not be better to let the stuff go while it is fresh and sweet, rather than hold in the hope of an advance. There is this point to be considered, that while the market may not advance, it is certain that the quality of the goods will depreciate. There is therefore a certainty of loss on the one hand, while there is by no means a certainty of an advance in prices. But even a moderate advance in prices would not help the holder who had carried his goods for any length of time, as it would require a considerable advance to cover the depreciation.