

## Our London Grain Letter

Exclusive Correspondence of "Journal of Commerce."

London, January 31st, 1916.

The question of freights in the grain trade continues, and the price of imported wheat must soon be affected. Imports of late have been, happily, good of all the chief cereals. The total supplies upon the high seas are at about this time of mailing 4,600,000 quarters of wheat and flour. The Continent is taking 2,400,000 quarters, and the rest is consigned to our own ports. There are 365,000 quarters coming from California and 210,000 quarters are on passage from Australia, but all the rest is crossing the Atlantic, and the voyage being a comparatively short one a total of 1,200,000 quarters of wheat and flour is due at our ports in the period January 19-February 2. The home supplies of wheat being at the very good rate of 200,000 quarters weekly, we have a presumptive total supply of some 1,600,000 quarters to meet needs of not more than 1,320,000 quarters. At this rate the recent addition of 261,000 quarters to the stocks will not only be retained but augmented; and on February 2 we should have 541,000 quarters more wheat in warehouses than we have to-day.

### Freight Rates.

If freights reach a point which stops buying forward the accumulation of an extra 500,000 quarters of wheat by early February would be a mere bagatelle. February will want 2,640,000 quarters. Farmers will find at most 800,000 quarters, and the future of prices depends on what is put on shipboard between now and early February, not what is actually here of due. That probably is why the Government is exerting itself to procure freights for wheat, and why corn merchants both in London and at Liverpool are advocating a control of our entire mercantile marine with a direct view to national provisionment. The situation with respect to war profits would be easy if the profits of neutrals were taxable, but at present, while the British shipowner making 500,000 extra profit pays back 250,000 to the nation, the neutral making the same profit keeps it all.

If war goes on into the autumn the task of moving the new crops will once more plunge the shipping trade into all those difficulties from which we are for the moment supposing the Government will have succeeded in extricating it. Even if war ceased, it will take a clear year, probably much longer, to restore the equilibrium of tonnage supply and demand. Not only, therefore, are farmers safe for profit on all they sow in 1916, but the national need of their increasing production is seen to reside not only in respect to releasing tonnage for all the multitudinous purposes of trade and general mercantile profit.

### Cheap Wheat.

The most probable source of cheap wheat in the near future is the North American coast. At New York fair average quality wheat costs \$11.50 per quarter. The intrinsic cost of getting the grain across is not exactly ascertainable, but in days of equal trade, that is to say of a good cargo both ways, 72 cents per quarter paid shipowners well. Taking the extreme case of vessels having need to go out empty, we still have \$1.50 per quarter as the hypothetical ordinary good profit price. That \$3.50 per quarter is being paid, which makes the wheat arrival here start at \$15 as bedrock value, is the crux of the hour. The Canadian wheat on offer is of far finer quality than the American. The Americans got a large crop of very inferior quality. Canada, happily, got quality, and an enormous extension of area squaw did the rest.

Canadian wheat at British ports is now making \$17 for a hard and good sample, while cargoes on passage are held for \$16.50, and the cheapest grade offered No. 4 is not obtainable below \$15.25 for February or March shipment. There is such a run on shipping accommodation that every cubic foot of space is taken up by fair to fine quality produce, and the two lower grades, No. 5 and 6, together with all poultry or feed wheat, are rendered unshippable. Wheat that will fetch \$16.50 to \$17 can of course pay a higher freight than wheat which would only realize \$14 to \$14.50 on arrival. The new Australian crop is coming into increased evidence, and as some fast steamers have been hired, we may see some of the new crop of the Antipodes on our markets before March is in, and an appreciable quantity before March is out. Prices mentioned are \$16.50 for March, \$16.50 for April, and \$16 for May delivery, 480 pounds, sound condition, any British port.



LATE S. A. MCGAW.

Photo, courtesy of Montreal Daily Star.

### Australian Wheat.

The seriousness of the question of the shortage in the world's tonnage, and of the consequent increase in freights, has nowhere been more acutely felt than in Australia. There the Federal and State Governments have been obliged to step in to save the Australian farmer from ruin, and the country from chaos. The scheme by which those Governments have undertaken to put the Australian wheat crop on the market, is explained in a long memorandum sent home by the Governor General, which I am told, indicates that the freight problem is the key of the situation. In normal years, the Federal Prime Minister explains, freights from Australia to the United Kingdom have ranged between \$6.25 and \$8.75, while to-day they are quoted at from \$23.75 to \$27.50, the cost of transporting a bushel of wheat from Australia to the United Kingdom, including insurance, being over 72 cents more than the farmer for many years received for his wheat. The means devised for dealing with this abnormal situation include Government control of both the wheat crop and freights, and the salutary effects are already plain. All competition for Australian wheat freights has been eliminated, and as a result farmers are at this moment getting freight at from \$2.50 to \$5 a ton less than would otherwise have been the case, while, what is even of greater importance, they are securing freight which by no means could they have obtained at any price. It is estimated that the amount of this season's Australian wheat available for export is somewhere between 2,500,000 and 3,000,000 tons, the greatest amount ever exported in any previous year having been 1,250,000 tons. The money required to finance the scheme amounts to several million pounds, and the Federal and State Governments claim that but for their scheme only one bushel in every ten would have been marketed before this month closes, and that even by the end of May not half the harvest could have found buyers.

### Price of Bread in London.

It is announced officially by the Secretary of the Incorporated Society of Principal Wholesale and Retail Bakers that it has been decided to increase the price of bread in London as and from January 31st by one cent per quarter (four pound) loaf. This decision has been come to after careful consideration of the flour market, and the increase in price of materials used in the baking trade, as well as the increased cost of labor.

An increase of \$1 in the price of a sack of flour weighing 280 pounds, is regarded by bakers as a rule as justifying a rise of one cent in the price of the loaf.

The following are the variations in the price of the loaf since the war began: August, 1914, 11 cents; December, 1914, 13 cents; January, 1915, 15 cents; February, 1915, 16 cents; April, 1915, 17 cents; May, 1915, 18 cents; June, 1915, 16 cents; November, 1915, 17 cents; January, 1916, 13 cents.

### NOTES.

The Pint Grove Milling Co., Ltd., Pine Grove, York Co., Ontario, has been incorporated under an Ontario charter. The principals are W. J. McCallum, H. L. McCallum, and C. J. McLaughlin, of Toronto.

### PIONEER MILLER DEAD.

S. A. McGaw, Killed in Auto Accident in California.

Word came from Los Angeles, California, Thursday last that Mr. S. A. McGaw, late general manager of the Western Canada Flour Mills Co., Ltd., had been injured in an automobile accident, and died without regaining consciousness.

Only last week the announcement of Mr. McGaw's retirement from active association with the flour milling industry was received. On the occasion of his retirement just before leaving for the South he was feted by his associates in the Western Canada Flour Mills, and presented with a beautiful gold watch and illuminated address.

The late Samuel Alexander McGaw was born in County Down, Ireland, on June 4, 1848. He came to Canada with his parents as a boy and received his education in the public schools of Ontario. He became assistant manager of the A. W. Ogilvie Flour Mills Co., in 1876, and moved to Winnipeg in 1882. From 1889 to 1916 he was western manager of the Lake of the Woods Milling Company. He then founded the Lake Huron and Manitoba Milling Company of Goderich, Ont., later amalgamating with the Kelly Milling Company of Brandon, Man. In conjunction with Andrew Welly he founded the Western Canada Flour Mills Company, of which he became general manager and vice-president, and later, president.

Mr. McGaw was one of the big men of the West. It would be hard to over-estimate what Mr. McGaw has accomplished for the grain trade of the west; first, as a big miller, then in his capacity as chairman of the grain section of the Winnipeg board of trade, and later as a member of the council and president of the Winnipeg grain exchange.

Throughout a strenuous business career Mr. McGaw found time for recreation, and among his chief diversions were motoring, golf, horses, etc. He was a member of the Manitoba and St. Charles Country clubs, and also of the Masonic Order. All problems affecting the welfare of the western provinces commanded his earnest and prompt attention.

### GOVERNMENT BAKERIES IN AUSTRALIA

The paternalistic drift of legislation in New South Wales, Australia, in the welfare of its citizens is illustrated by a bill which has just been introduced into the Parliament of that State, with every prospect of becoming a law, "to provide for the establishment of a commission with power to carry on the business of baking; for the registration of bakers; and for the acquisition by the commission on behalf of His Majesty of the business lands and property of bakers."

Under this bill the Governor General is authorized to appoint a commissioner, with a salary of £1,250 (\$6,083) per annum, who shall have power "to purchase or otherwise acquire and take over as a going concern and to carry on the business of any baker in any portion of New South Wales to which this act applies for the time being; to carry on the business of baker, pastry cook, and cake maker, or any other business or businesses which may seem to the commission capable of being carried on in connection therewith"; and also to acquire by purchase, exchange, lease or otherwise, any property, rights or privileges which may be necessary for the carrying on of the business, and to perform all the acts that a person or company engaged in the business of bakery would perform.

### MONOPOLY OF INDIAN WHEAT.

It has been announced that the monopoly held by the British Government of the export of wheat from India, which was originally fixed to extend through the fiscal year ended March 31, will be continued indefinitely—probably to the end of the war. The results of the monopoly are stated to have been entirely satisfactory. The profit to the Government of India from the experiment thus far has been about \$650,000.

The Times states that the monopoly has been a considerable factor in holding down the price of bread in Great Britain, the entire amount of Indian wheat exported reaching a value to the end of October of \$28,000,000 and representing a quantity sufficient to provide four weeks' consumption of the United Kingdom. Meanwhile, the Indian producer received excellent prices for his crop, with a minimum speculative activity.

### PERSONALS.

E. S. Jacques, of the British Empire Grain Co., Ltd., sails from New York on February 9, and T. Williamson, vice-president of the St. Lawrence Flour Mills Co., Ltd., on February 16, for Europe.

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