

Chicago Wheat Review

Specially written for the Journal of Commerce by R. A. MEINCKE.

Notwithstanding a break of over 30c in May wheat at Chicago in the past month, the market displays limited rallying power. This is due to two primary reasons, first the weight of enormous world's supplies and secondly the absence of material export demand. According to Bradstreet's figures the world's available supply of breadstuffs totals about 235,000,000 bushels or over 83,000,000 bushels in excess of the stock at this date last year. To this must be added the invisible supplies, which are unusually heavy this year, and the aggregate total is so immense that the trade in general, and importing countries in particular, cannot help but be impressed. Probably at no time in the history of the grain trade has there been so much wheat available, in the world, at this time of the year, as there is this year, and should by any chance the Dardanelles be re-opened and the Russian surplus thrown upon the market, it would result in nothing less than demoralization.

The report issued by the department of agriculture estimates that there was approximately 242,000,000 bushels of wheat held on farms in the United States on March 1, while the quantity held in interior mills and elevators, not including visible stocks at points of large accumulation, was 152,000,000 bushels. Adding the visible supply of about 73,000,000 bushels, and allowing 20,000,000 bushels on rail transit east of the Mississippi river to the seaboard, it gives a grand total of 487,000,000 bushels wheat still remaining in the United States, only four months away from the beginning of a new crop year. Out of this we have only to allow 177,000,000 bushels for domestic consumption and 285,000,000 bushels for spring seeding, which leaves a surplus of 285,000,000 bushels available for export and carry-over in to the next season. At the rate the United States has been exporting wheat this season the shipments for the four months will not reduce this total by more than one-third.

It is generally believed that Canada has about 100,000,000 bushels of wheat that is still available for export, and this grain will, without doubt, continue to be given the preference by European buyers. The movement of Canadian grain to the seaboard by rail has not been as large as expected, but at the opening of lake navigation, only a couple of weeks away now, heavy shipments of the Dominion grain are anticipated. Australia and Argentina are credited with having at least 200,000,000 bushels of wheat available for export, which, with the North American surplus and allowing 40,000,000 bushels for India, gives the importing countries a total of approximately 600,000,000 bushels of wheat to draw from. A year's requirements of all importing countries, excluding the central empires of Europe, which for the present cannot be reached, will not exceed much over 560,000,000 bushels. It appears, therefore, that there is already in existence, in countries whose surpluses can be reached, sufficient old wheat to more than meet world requirements for a full year from this time, without drawing a bushel from the new crops which each of these countries will harvest within that time.

Rumors, which have been so persistent as to attract considerable attention, that Turkey would make a separate peace with the Allies has again brought visions of the big Russian surplus of grain. If there should be any foundation to this talk the result would be the re-opening of the Dardanelles to trade channels again and the subsequent shipment of wheat from the Black Sea ports. Naturally the movement would be small for some time but the mere fact that Russian wheat was again available for export would have a very depressing influence on the market. It is reported that there are a number of vessels bottled up in the Black Sea, but port stocks of grain as said to be limited and transportation facilities poor.

The problem of finding ocean tonnage for carrying grain is still causing much trouble, and some relief has been furnished Argentine and Australian shippers by diverting vessels to those countries that had been active in the Trans-Atlantic trade. The heavy exports of war munitions from the United States are using up most of the boat room in the north Atlantic trade, although shipments of wheat from North America during the past few weeks have exceeded those for the corresponding period last year by a comfortable margin. Many of the German vessels that were interned in hostile ports have been seized in an effort to relieve the situation, the total tonnage secured in this fashion said to be about 1,000,000 tons. Foreign needs apparently are not as urgent as they were some time ago, this being due partly to increased import arrivals and partly to freer offering of native wheat. Broomhall states that in the United Kingdom there is large movement of native wheat to the market cen-

ters, and that a very large percentage of the crop is still unmarketed.

Crop advices from India of late have been very encouraging and it seems that that country is about to harvest a good yield of wheat and holders are reported as offerings old wheat freely, and it is expected that shipments of new wheat will commence in a few weeks. Official advices from France state that the general outlook for wheat there is excellent, but private reports are not so flattering, and it is said that their crop of last season was badly over-estimated. In Russia it is confirmed that the winter wheat acreage has suffered a material decrease, and prospects also point to a substantially smaller spring wheat area. The outlook in Italy is reported as more favorable while a liberal acreage is expected to be seeded in the United Kingdom.

The chief bullish argument in the wheat trade at the present time is the great amount of crop damage news that is coming from important sections of the United States winter wheat territory. While it is still a little early to estimate the amount of damage that has been done to the wheat, it is certain that much harm have been caused by the unfavorable weather conditions. Most of the wheat has been injured by the freezing and thawing process, lifting the plant out of the ground and exposing the roots to the cold, while in some sections it is becoming apparent that the wheat has been damaged by Hessian fly. Most of the complaints have been coming from Ohio, Indiana, Illinois and Missouri and in many sections of these states there has been much plowing up of wheat and seeding the land into oats. The outlook in most of Kansas, Nebraska and northern districts of Oklahoma is reported as promising, with rain needed but the crop not suffering greatly because of the liberal amount of subsoil moisture.

Thus for these unfavorable crop reports have not caused any great alarm. The trade realizes that there is winter killing of wheat every year, and while it appears to be unusually severe this season the opportunity for raising a large crop of winter wheat is still present. The phenomenal yields of the past two seasons can scarcely be expected to be duplicated, but there is still room for an average crop as the acreage planted last fall is second only to the record area seeded in 1914. Favorable growing weather at the right time of the season does much to rejuvenate a wheat crop that has been weakened by the severity of winter, and nature may again choose to favor the farmers of the southwest. Another factor that does much to offset the damage reports is the probability of a big carry-over of old wheat, which some statisticians say will be large enough to make up for a 10 percent loss in the new crop acreage.

Some concern is now being shown over the continued severe weather conditions in the spring wheat area, particularly in Canada. One of the best posted grain men in western Canada recently stated that the snow over the country will average 3 to 5 feet deep and the weather conditions have allowed little of it to melt. The indications are for a late spring, and a late spring in Canada this year would be a rather serious matter, in view of the very small amount of fall plowing that was done last year. The Canadian government reported that only 36 percent of plowing was done in Manitoba last fall, against 92 percent the previous year, in Saskatchewan 27 percent against 77 percent and in Alberta 34 against 56 percent in 1914. This shows that the greater part of the acreage will have to be plowed this spring, and if the weather is cold and the ground wet, there will be a decrease in the area seeded that might be serious. A much smaller percentage of ground has also been prepared for the spring wheat crop of the United States and the continued low temperatures are causing apprehension.

Milling demand for wheat in the United States has not been so active in the last couple of weeks, the sharp decline in prices naturally having something to do with this condition, as millers are not inclined to make large purchases while the market is in an unsettled condition. Some flour has been sold for export but only scattered lots, the scarcity of ocean tonnage restricting business in this direction. The congested condition of the railroads operating in eastern United States has been an important factor in the market, and is blamed by many as being responsible for much of the curtailed export business. While several of the roads recently removed or modified embargoes against grain shipments for export, the relief afforded was not material in view of the fact that these roads have scarcely any cars available for this traffic.

British Milling Conditions

(Special Correspondence, Journal of Commerce).

Glasgow, Scotland, Mar. 9, 1916.

Imports for week ending Mar. 3, 1916... 5,900 sks.
Shipments from Atlantic Seaboard for week ending Mar. 3, 1916:
To United Kingdom... 39,000 "
Glasgow... 17,000 "
Stocks in store and on quay:

Wheat—

at Feb. 29, 1916... 97,333 grs.
as at Jan. 31, 1916... 105,214 "
as at Feb. 27, 1915... 70,144 "

Flour.

at Feb. 29, 1916... 70,304 sks.
as at Jan. 31, 1916... 46,964 "
as at Feb. 27, 1915... 134,424 "

Prices have dropped very materially during the week. In some classes of flour there has been quite three or four shillings per sack. Business has pretty well stopped except for a small demand for spot and near at hand stuff.

The Home Millers have been moving very cautiously and must still pay good prices for Manitoban wheat, but on Winters they have come out on their old policy of trying to get a full price on spot and offering for a month or two ahead at a good deal less. They know that there is little inclination to buy forward.

The heaviest breaks have come in Minnesota flours which can be bought at 44s. 6d. C.I.F. for prompt shipment.

Kansas Patents of good quality can be bought for March shipment at 42s. to 43s. C.I.F., and Clears at 40c. to 41s. C.I.F.

In Kansas particularly there is great variety in prices quoted some mills being keen for business, others quite indifferent.

Manitobans are offered at 45s. 6d. to 46s. 6d., C.I.F., but, of course, near at hand stuff is worth more.

Home Millers Manitobans are 46s. to 46s. 6d. C.I.F., American Winter Patents are 45s. to 46s., C.I.F., but very few selling.

Ontario 90 per cent Winters are quoted 44s. to 44s. 6d. for early delivery and 42s. 6d. to 43s. 6d. for March-April shipment.

The greatest difficulty at present is the getting of stuff forward. Many lines are doing splendid work; viz.:—Donaldson, Furness and Anchor Lines to Glasgow. The Allan Line is poor and they are giving a very poor impression all round and making far too much of having their boats commandeered. The trouble looks more like an over development of their gripping senses. The C. P. R. who are really responsible for their service now, have made a poor show. Their outlook is small and unless they can enlarge it their old carrying trade will leave them. It looks as if some of the local firms could give them a few helpful hints. Flour has been badly handled by them, being left behind and higher freights taken for other goods. The shipments are badly muddled up.

War Risk Insurance has advanced considerably during the week and as high as £2. 2s. per cent has been asked for North Atlantic open cover. This would mean a considerable increase on cost—roughly seven pence per 280 sack.

Buyers will not commit themselves far on present markets and the result may show bare patches before long. Spot stuff will bring a premium for many a day yet.

There is a good deal of talk about the future possibilities with regard to taxation and it is quite on the boards that a smart duty might be put on American Wheat and Flour so as to give the Colonies a very distinct preference. This is a condition of things the Americans have done a good deal to bring on themselves, more especially the millers who by their vexatious and timid methods have disgusted the Flour Importers.

Docks are being better cleared and stuff is going into consumption more steadily now.

The store stocks as given above are small and the quay stock is only as large as reported through there being two New Orleans steamers in at the same time. None of this quay stuff will find its way into store.

NOTES

J. E. McFarlane, manager at Toronto of the Western Canada Flour Mills Co., Ltd. is visiting the West Indies and Bermuda.

A company is being formed at Lindsay, Ont., to purchase and operate the flour and oatmeal milling plant at that place belonging to the Canadian Cereal Co.