

bushels of wheat being carried by the stabilization agency, and that there was 200 million bushels in all of the Canadian visible, indicates the situation more clearly than I can state it.

Now, with the permission of this committee, I would like to analyze the statement as submitted by the Grain Exchange.

First: Flour in Canada totals 4,621,000 bushels. Are we to understand from this that there is no flour in Canada that is sold and that the hedges have been purchased in the futures market? In conversation with one of our leading Canadian millers several days ago, he told me that the flour he had on hand was practically balanced by future flour sales. That is, he had flour in his warehouse, we will say, to the extent of one million bushels, but he had sold flour for future delivery to bakers and others, to practically the extent of one million bushels, and against this, the hedges had been covered in the market in Winnipeg. Why then should such stocks be included in the Grain Exchange statement?

The same thing applies to items Two and Three. Is it conceivable that none of this flour that is in the United States and none of the flour afloat has been sold for future delivery?

What about item four, flour in British Isles and foreign countries? Can it be that none of this flour has been sold?

Item five: Wheat in United States in transit and in non-reporting mills and feed plants in bond, 4,625,000 bushels. Is it possible that none of this wheat is sold?

Then we will deal with wheat out of bond, 596,000 bushels. Surely this wheat is sold. Why would anyone pay duty on wheat that is not sold?

Then wheat on ocean passage and at British and foreign ports, 7½ million bushels. Some of this wheat must be sold and hedges lifted in the Winnipeg market.

Item seven: Wheat in non-reporting Canadian mills in process of grinding. Have these non-reporting Canadian mills no flour sales to take care of this wheat?

Item eight: Wheat en route from country points, 8,711,000 bushels. My information received from the railways indicates that over the Canadian National Railway on June 14th (which is the day on which this statement was filed), there were 3,298,000 bushels and over the Canadian Pacific Railway 4,417,000 bushels, making a total of 7,715,000 bushels. These figures have been given to me by the Railway Companies and I am accepting them as correct.

Other grains hedged in wheat futures are shown as 2,559,000 bushels. Would the Grain Exchange call this legitimate hedging?

Finally, an item for 4,414,000 bushels is shown as spreads with other markets. This apparently represents sales in Winnipeg with the hedges in some other market, thus adding to the load in Winnipeg. Surely this could not be termed hedging.

Our advices from the Pool Elevator organizations are to the effect that on June 14th they held a total of 4,000,000 bushels of farmers' unsold wheat. In other words this wheat appeared in the visible but had not been sold nor hedged. As the Pools have been handling about 40 per cent of all the wheat delivered in western Canada and using 4,000,000 bushels as representing 40 per cent of all the wheat that is unsold by farmers, it would mean there is 10,000,000 bushels of wheat unsold in farmers' hands, and yet appearing in the Canadian visible. I notice that no reference has been made to this item although the elevator companies must be well aware of this fact.

My view, after analysing the figures of the Canadian visible and having in mind the amount of wheat which is on hand for stabilization purposes, is that there is no question of doubt that there is a large short interest in the Winnipeg market and the figures which I have quoted absolutely prove this fact.