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OF

THE WHEAT SITUATION IN AUSTRALIA

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1. AREA, PRODUCTION AND AVERAGE YIELD.

In 1938-39, 14,224,000 acres were sown to wheat in Australia and 154,426,000 bushels were produced at an average yield of 10.80 bushels per acre. The area sown was slightly under the average for the ten years ended 1939, while production was 9 per cent. below the average.

Particulars of the area sown to wheat for grain in the several States, in the current season, are not yet available but estimates obtained from official sources point to an area approximating 13.5 million acres.

The tables below give particulars of Area, Production and Average Yield as collected by the State authorities for the years 1934-35 to 1938-39.

AREA SOWN UNDER WHEAT FOR GRAIN - AUSTRALIA (In 1,000 acres)

Year	N.S.W.	Vic.	Qld.	S.A.	W.A.	Tas.	A.C.T.	AUSTRALIA
1934-35	3,893	2,458	222	3,188	2,764	17	2	12,544
1935-36	3,851	2,324	240	2,969	2,541	10	2	11,957
1936-37	3,983	2,394	284	3,058	2,575	21	1	12,316
1937-38	4,465	2,666	373	3,162	3,026	21	2	13,735
1938-39(a)	4,560	2,748	400	3,084	3,412	10	2	14,224
Average 10 years ended 1939	4,294	2,053	273	3,527	3,157	17	2	14,333

PRODUCTION OF WHEAT - AUSTRALIA (In 1,000 bushels)

Year	N.S.W.	Vic.	Qld.	S.A.	W.A.	Tas.	A.C.T.	AUSTRALIA
1934-35	48,678	25,850	4,076	27,456	26,985	308	40	133,393
1935-36	48,822	37,552	2,690	31,616	23,315	186	36	144,217
1936-37	55,668	42,845	2,016	28,715	21,549	571	26	151,390
1937-38	55,104	46,173	3,749	43,429	36,225	525	50	187,255
1938-39(a)	59,124	18,104	8,448	31,737	36,711	243	59	154,426
Average 10 years ended 1939	55,858	36,416	4,104	34,706	35,799	378	43	169,304

AVERAGE YIELD PER ACRE - AUSTRALIA

Year	N.S.W.	Vic.	Qld.	S.A.	W.A.	Tas.	A.C.T.	AUSTRALIA
	bush.	bush.	bush.	bush.	bush.	bush.	bush.	bush.
1934-35	12.50	10.51	18.38	8.61	9.76	18.46	21.91	10.63
1935-36	12.68	16.16	11.30	10.58	9.18	17.88	22.56	12.06
1936-37	13.98	17.90	7.11	9.39	8.37	26.78	17.96	12.29
1937-38	12.34	17.93	10.05	13.73	11.97	25.00	25.00	13.63
1938-39(a)	12.94	6.59	21.11	10.29	10.76	23.82	28.74	10.86
Average 10 years ended 1939	13.01	12.54	15.06	9.64	11.34	21.91	20.58	11.61

(a) Subject to revision.

2. WEATHER CONDITIONS

(Compiled from reports of Commonwealth Meteorologist
and current press reports)

New South Wales: Rainfall during July was below the average over most of the State. Crops which had been forward were checked and hardened by frosts but in some parts the early sown crops were affected adversely. Conditions during August were favourable and the outlook is most promising.

Victoria: Fine weather was experienced in July and crops benefited greatly particularly in areas which had experienced a particularly wet autumn and early winter. Heavy frosts checked rank growth. Very heavy rains in August caused some damage due to waterlogging and a period of fine weather would be welcomed now.

Queensland: Wheat crops tending towards rank growth were checked and hardened by July frosts while late sown crops germinated well. In August good rains were received early in the month and conditions continued to be favourable.

South Australia: Favourable seasonal conditions were maintained almost generally during July. Growth was checked in parts by cold, frosty weather. Showery weather was prevalent throughout the settled areas during August and prospects continue to be most favourable.

Western Australia: Rainfall was abnormally heavy during July and frosts were practically absent. Crops generally are well advanced though some late sown crops are somewhat backward. Good falls were received in August and prospects are reported to be excellent.

Tasmania: Rainfall in July was slightly over average but low temperatures retarded growth. Excessive rains were received in August accompanied by a continuance of cold conditions. Fine weather would be most beneficial now.

3. WHEAT PRICES

Shippers' limits for grower's lots at the beginning of August averaged 2/1 per bushel. The general unsteadiness on the overseas exchanges which resulted from the announcement of the bearish U.S. official estimate plus the uncertainty of events in Europe, was reflected on the local markets. During the last week of August, however, speculative interest caused prices to harden but at the close of the month there was a tendency for traders to await the outcome of events in Europe. The month closed with shippers' limits averaging 2/1½.

WHEAT PRICES - AUSTRALIA.

(Source: New South Wales Government Statistician,
other States daily press)

(Weighted average of shippers' limits for growers' bagged and bulk lots,
Sydney, Melbourne and Adelaide).
(pence per bushel)

Month	1934	1935	1936	1937	1938	1939
January ..	29.32	32.80	44.54	61.84	51.86	29.00
February ..	28.36	34.12	42.29	60.28	51.51	29.05
March ..	28.43	36.04	43.22	64.07	47.96	27.19
April ..	28.92	39.36	44.11	64.55	46.17	28.12
May ..	29.48	38.75	43.90	62.66	44.69	30.28
June ..	31.71	36.59	42.19	60.40	41.85	28.68
July ..	33.78	34.42	46.63	65.21	42.02	26.15
August ..	33.94	36.81	55.22	61.14	36.92	(a) 24.98
September ..	36.06	40.30	55.64	60.47	32.72	
October ..	32.59	43.51	58.44	61.06	33.58	
November ..	29.66	40.11	56.87	53.98	30.34	
December ..	30.25	41.33	62.98	51.65	28.96	
Average:	31.45	37.84	49.67	60.61	40.72	

(a) Price on 31st August, 1939 = 25.42.

4. OVERSEA FREIGHT RATES

Source: Overseas Shipping Representatives Association

In the following table are shown the freight rates ruling at the end of the month for shipments of wheat in parcels from Australia to United Kingdom and Continental ports.

FREIGHT RATES PER TON WEIGHT ON WHEAT (PARCELS) - AUSTRALIA TO THE UNITED KINGDOM AND CONTINENTAL PORTS.

Last day of Month	1935	1936	1937	1938	1939
	s. d.	s. d.	s. d.	s. d.	s. d.
January ..	26. 3	28. 9	40. 0	36. 3	33. 9
February ..	23. 9	26. 9	40. 0	40. 0	33. 9
March ..	21. 3	27. 6	42. 6	33. 9	31. 3
April ..	21. 3	25. 0	45. 0	33. 9	31. 3
May ..	22. 6	25. 3	45. 0	33. 9	31. 3
June ..	23. 9	26. 3	45. 0	33. 9	31. 3
July ..	23. 9	30. 0	45. 0	33. 9	31. 3
August ..	23. 9	32. 6	45. 0	33. 9	31. 3
September ..	25. 0	32. 6	45. 0	33. 9	
October ..	25. 0	32. 6	45. 0	33. 9	
November ..	25. 0	32. 6	40. 0	33. 9	
December ..	26. 3	40. 0	40. 0	33. 9	

The next table gives particulars of the charter rates for wheat shipped to United Kingdom and Continental ports during the month.

CHARTER RATES PER TON WEIGHT ON WHEAT - AUSTRALIA TO THE UNITED KINGDOM AND CONTINENTAL PORTS

(Prior to 1938 supplied by the Overseas Shipping Representatives Association, thereafter compiled from published figures in various shipping journals).

Month	1935	1936	1937	(b)1938	(b)1939
	s. d.	s. d.	s. d.	s. d.	s. d.
January ..	(a)	(a)	(a)	41. 0	31. 6
February ..	(a)	(a)	(a)	38. 1	31. 1
March ..	20. 0	27. 0	37. 6 to 39. 9	36.11	(c)27. 7
April ..	(a)	(a)	38. 3 to 44. 6	32. 6	31. 1
May ..	(a)	(a)	47. 0 to 53. 6	31. 7	30. 0
June ..	23. 0	25. 6	49. 0 to 53. 6	31. 8	30. 6
July ..	(a)	(a)	41. 3	31. 9	29.11
August ..	(a)	(a)	44. 3	31. 9	
September ..	27. 6	29. 3	41. 6 to 47. 0	31. 8	
October ..	(a)	(a)	45. 9 to 50. 9	31. 6	
November ..	(a)	(a)	43. 6 to 50. 9	31. 6	
December ..	24. 0	32. 0 to 45. 6	32. 3 to 43. 0	31. 7	

(a) Not available. (b) Weighted Average Charter Rates for wheat shipped during the month to United Kingdom and Northern Continental Ports. (c) Includes 8 sailing vessels.

5. EXPORTS OF WHEAT AND FLOUR.

Publication of the table showing quantities of wheat and flour exported from Australia will be discontinued until further notice.

6. IMPORTS OF WHEAT AND FLOUR INTO THE UNITED KINGDOM

During the month of July, 1939, wheat imports into the United Kingdom totalled 26.3 million bushels, an increase of 52 per cent. on the corresponding figure for July, 1938. Of the 26.3 million bushels imported, 11.3 million bushels or 43 per cent. was obtained from Empire countries, Australia supplying 3.0 million bushels and Canada 8.3 million bushels. Foreign countries supplied 15.0 million bushels or 57 per cent. of the total imports, the chief contributors being the Argentine with 9.6 million bushels, France with 3.6 million bushels and the United States with 2.2 millions bushels.

Imports of flour into the United Kingdom during the month of July, 1939 totalled 35.5 thousand tons, an increase of 30 per cent. on the 27.1 thousand tons imported in July, 1938. Of the 35.5 thousand tons imported, 30.2 thousand tons were obtained from Empire sources, Australia supplying 10.5 thousand tons and Canada 19.7 thousand tons.

Total imports of wheat and flour into the United Kingdom in the month of July, 1939, expressed in terms of wheat, amounted to 27.9 million bushels or 50 per cent more than in the corresponding month of last year.

WHEAT AND FLOUR IMPORTED INTO THE UNITED KINGDOM.

(Source: Trade and Navigation Accounts of the United Kingdom)

Country from which imported	Month of July		Year ended June		
	1938	1939	1937	1938	1939
<u>WHEAT</u>					
	bushels	bushels	bushels	bushels	bushels
Australia	7,082,505	3,021,376	35,934,842	55,443,619	37,688,247
Canada	3,097,784	8,271,373	90,849,249	46,905,080	68,753,695
India	2,377,872	-	8,121,282	11,132,163	6,851,056
Other British Countries ..	-	-	747,370	64,945	60
Argentine Republic ..	1,246,316	9,558,659	29,052,926	8,681,356	19,874,676
France	-	2,639,372	34,377	686,913	11,410,066
Germany	-	-	425,338	502,576	8,736
Roumania	-	231,775	8,518,974	3,401,241	16,733,153
Soviet Union	856,529	-	-	19,408,546	13,594,917
United States of America	2,526,069	2,241,449	103,441	28,855,634	27,934,239
Other Foreign Countries ..	72,057	289,949	10,457,918	4,672,937	5,227,174
TOTAL:	17,259,132	26,253,955	184,245,718	179,755,011	208,076,039
<u>FLOUR - TONS OF 2,000 LB.</u>					
	tons	tons	tons	tons	tons
Australia	10,653	10,548	167,018	182,550	123,146
Canada	12,693	19,713	229,566	208,523	228,428
Other British Countries ..	-	-	1,333	847	185
Argentine Republic ..	1,944	869	21,293	21,415	23,552
France	63	3,258	34,088	4,777	42,882
United States of America	1,456	270	1,467	20,208	8,512
Other Foreign Countries ..	266	751	16,737	9,428	9,070
TOTAL:	27,075	35,459	474,522	447,748	435,775
TOTAL - In Terms of Wheat (a)	bushels	bushels	bushels	bushels	bushels
	1,299,600	1,702,032	22,777,056	21,491,904	20,017,200
GRAND TOTAL - Imports of Wheat and Flour in terms of Wheat (a)	18,558,732	27,955,987	207,022,774	201,246,915	228,993,239

(a) One ton of flour taken as equivalent to 48 bushels of wheat.

7. PRODUCTION OF FLOUR

Detailed particulars of the production of flour in Australian mills during the year 1936-37 were included in issue No. 1 of Volume 3 of this Summary. Particulars of the production of flour in 1937-38 will not be published in this Summary.

8. STOCKS OF WHEAT AND EXPORTABLE SURPLUS

Publication of the table showing the exportable surplus of wheat and flour in Australia, will be discontinued until further notice. The table showing the stocks of wheat at country sidings will also be discontinued.

9. INTERNATIONAL REVIEW

The official estimate of production, as at 1st August, has been issued by the Crop Reporting Board of the U.S. Department of Agriculture. Details are shown in the table below.

WHEAT PRODUCTION - UNITED STATES (million bushels).

Particulars	1939 1st August	1939 1st July	1938 Final	1937 Final	1927-36 average
Winter ..	551	538	687	686	546
Durum ..	31	31	40	28	40
Other Spring ..	149	148	204	162	166
TOTAL WHEAT:	731	717	931	876	752

The production estimate has been unexpectedly increased since 1st July. Private estimates of the Winter crop had averaged 527 million bushels and the Spring crop had been estimated at 193 million, a total of 710 million bushels compared with the official 731 million. Reports indicate that the crop in the N. W. plains has deteriorated considerably as a result of heat and drought and the chances are that the next official report will show some reduction in the Spring crop estimate.

Based on the official estimate of production the supply position in the United States for 1939-40 is as follows:-

	million bushels
Crop, 1939 ..	731
Carry-over 1st July ..	254
Total Supply:	985
Domestic Requirements ..	700
Balance for Export and Reserves:	285

The statistical position indicates that the United States will have ample for domestic requirements from the current crop, leaving the old crop carry-over for reserves and export.

In the event of the government deciding to retain 250 million bushels for the ever-normal granary scheme, the available supply for export purposes would be only 35 million bushels for the 1939-40 season. For the year ended 30th June, 1939, export sales from the United States totalled 118 million bushels. Of this quantity, 93.7 million bushels were exported under the subsidy plan at a cost of 25.7 million dollars.

Early in August a change in the government wheat policy was announced by the United States Secretary of Agriculture whereby the Government would no longer be a purchaser of wheat for export on the open market. It was proposed that the export business in wheat should be left in the hands of the trade but that a subsidy would be granted by the government to exporters to enable them to compete in the international market. Subsidy payments were due to commence on the 19th August but no statement has been made as to the quantity proposed for export. Broadhall stated that, at the level of prices existing about the middle of August, the amount of subsidy necessary would be in the neighbourhood of 40 cents per bushel.

Reports from Canada indicate that crop condition had deteriorated considerably as a result of heat and drought experienced in July. Apparently the reserves of soil moisture, built up by the soaking rains in June, were insufficient to enable

the plant to withstand adverse conditions in the following month. Early in August, after five weeks of heat and drought, reports were received concerning the poor filling of heads and the prevalence of shrivelling. The damage sustained in July was reflected in the official report of the Dominion Bureau of Statistics which gave crop condition as 89 per cent. compared with 102 per cent. a month previously. Private estimates early in August placed the crop at 400 million bushels, an increase of 50 million bushels compared with the preceding year, but a statement by the Minister of Agriculture suggested that the Prairie crop would not exceed last year's figure. Later in the month, however, private reports of the Canadian crop became more optimistic and the latest official figures as of 31st August has been announced as 449 million bushels.

The Carry-over at 31st July, 1939 was estimated at 192 million bushels. This quantity may be regarded as adequate for domestic trade so that the exportable surplus for 1939-40 will be dependent only on the size of the 1939 crop i.e. 449 million bushels. The following table from Broomhall's Corn Trade News gives details of Canada's Wheat Supplies and Distribution for the years 1934-35 to 1939-40.

CANADA'S WHEAT SUPPLIES AND DISTRIBUTION
(million bushels)

Year	Carry-over	Crop	Total Supplies	Exports	Carry-over	Indicated Domestic Disappearance
1934-35	204	276	480	166	215	99
1935-36	215	282	497	255	127½	114½
1936-37	127½	219	346½	198	37	111½
1937-38	37	180	217	92½	24½	100
1938-39	24½	350	374½	158½	102	114
1939-40	102	(b) 449	551	(a)	(a)	(a)

(a) Not yet available. (b) Estimated.

The recent legislation in Canada provides that the Wheat Board will take only 5,000 bushels from any single grower at the guaranteed initial price of 70 cents per bushel, basis No. 1 Northern Manitoba, Fort William. Any wheat in excess of 5,000 bushels will be absorbed by Pools on the basis of an initial payment of 60 cents per bushel. The Pools are guaranteed against loss in paying this initial price to growers under a Federal Act. Pool operation costs as well as freight rate to Fort William have to be deducted from the 60 cents initial price.

Official advice to curtail acreage has resulted in a smaller area being seeded to wheat in the Argentine this season. Weather conditions for the new crop were adversely worn but towards the end of August general intensive frosts checked the tendency to rank growth. Broomhall estimates that the Argentine wheat surplus remaining at 31st July, 1939 was 132 million bushels. Since domestic requirements absorb only 105 million bushels, it is evident that practically the entire 1939-40 crop would be available for export.

The impression that European crops are smaller this season has been confirmed by the estimate of the International Institute of Agriculture, Rome. The Institute estimates European production at 1,817 million bushels, a decline of 14 per cent. on the 1938 figure but still 2 per cent. greater than the 1933-1937 average. The wet dull weather which continued into August delayed harvesting operations and affected the quality of the grain in some countries.

Crop prospects in France, at the beginning of August, were regarded as in different but later reports mentioned increases in official estimates. In any case, there will be no need for France to import, as the large carry-over estimated at from 64 to 80 million bushels will off-set the decrease in production. Reports from Germany tended to become more hopeful during August but apparently the crop was barely average, though the quality was mentioned as being reasonably good.

Estimates of crops in the Danubian countries show a decrease of 56 million bushels compared with last season's production and exports are likely to be smaller in consequence. Roumanian production is estimated officially at 164 million bushels compared with 184 million last year and the quality is said to be inferior. In the last week of August, it was reported that Roumania had sold 11 million bushels to Germany, shipments to commence immediately. The decline in the Yugo-Slav crop, compared with the previous season, amounted to 7 million bushels and the official estimate of production was announced at 104 million bushels. According to official sources, Hungary

is likely to obtain 111 million bushels from the current crop, an increase of 14 million bushels on last year's production.

Harvesting is completed in the Southern half of European Russia. In view of the drought experienced in the important Volga region, however, it would seem unlikely that there will be any considerable surplus for export in the current season.

Wheat production in the United Kingdom in 1939 has been officially estimated at 56 million bushels. This represents a decline of 13 million bushels compared with production figures for 1938.