THE WHEAT SITUATION IN THE FOUR MAIN EXPORTING COUNTRIES.

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In any assessment of the world wheat situation it is the position in the four main exporting countries - Canada, U.S.A., Argentina and Australia - which is of primary importance.

Stocks held elsewhere are at present believed to be small and most other countries depend to some extent on imports from these four countries to supplement their own production of wheat.

Although stocks in these four countries have fallen considerably in the past eighteen months and are now lower than in any year since 1940-41, it appears that there are nearly 800 million bushels available to feed war-stricken areas after normal export and domestic needs have been met. These stocks of grain should be ample to meet all immediate European demands but the flour milling capacity of the world is inadequate at present and it may not be possible to mill enough flour to meet all immediate needs.

Australia, of course, will not be able to supply any wheat for war-stricken countries, at least until the 1945-46 crop is harvested towards the end of this year, and in view of the existing weather conditions in many of Australia's wheat producing areas it is unlikely that there will be any wheat available for this purpose even then.

The carryovers in the four main exporting countries at the end of each crop year* since the outbreak of war and the expected carryover at the end of the current crop year are given below:

1938-39	..	497	million bushels.
1939-40	..	667	" "
1940-41	..	1,030	" "
1941-42	..	1,318	" "
1942-43	..	1,479	" "
1943-44	..	920	" "
1944-45	..	777	" "

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* The crop year commences on 1st July in U.S.A., on 1st August in Canada, and on 1st December in Australia and Argentina. Until 1944 the crop year in Argentina commenced on 1st January.

The official crop years have been adhered to throughout so that the stock figures do not apply to any one point in time but represent the true carryover, or exportable surplus.

The heavy reduction in stocks at the end of the 1943-44 crop year was due largely to big increases in domestic utilisation which rose from a pre-war average of 970 million bushels to 1,409 million bushels in 1942-43 and 1,613 million bushels in 1943-44. The expected utilisation in the current year is 1,337 million bushels which, although below that of the two previous years, is still over 350 million bushels above the pre-war average.

An expected reduction in domestic utilisation this year is due almost entirely to a reduction in the consumption of wheat for stock feed and alcohol production in the United States. Domestic utilisation in the other three countries is expected to show very little change from 1943-44.

Net exports, which reached the lowest level for many years in 1942-43, viz., 352 million bushels, increased to 426 million bushels in 1943-44, and are expected, even without taking into account special European relief needs, to exceed 500 million bushels in the current year. They will probably be much above this level in the next few years.

As the stock position and current policy differs widely in each country the position and prospects in each is now discussed separately.

Canada.

Canadian wheat policy for the 1945-46 season is in striking contract to that of Australia. This is due to the differing stock positions in the two countries.

Stocks in Canada rose to a record level at the end of the 1942-43 crop year when they amounted to 594 million bushels. Since then they have shown a substantial decline, due in part to a below-average crop in 1943-44, and in part to greatly increased exports in that year and in the current year. Stocks, however, are still heavy and it is expected that at the end of the current year they will amount to over 280 million bushels.

"In the opinion of the Government, the need for a large wartime reserve of wheat is now passing and market demand in 1945-46 will be supplied out of the accumulated reserve and 1945-46 marketings by producers. The limitation on marketings to 14 bushels per authorised acre (announced March 2) provides for a substantial reduction of commercial stocks of wheat in Canada by July 31, 1946, and represents the application of a new principle necessary to the transition from a wartime to a peacetime basis.

"It is the hope of the Government that wheat acreages will be reduced in 1945 and acreages sown to food grains substantially increased."

It is not yet known whether the goal of 21½ million acres (nearly 2 million acres below the area sown in 1944) was exceeded. The tendency to increase sowings due to the high prices Canada is receiving for export wheat may well have been counteracted by the bad weather which prevailed during much of the seeding period.

United States.

The main factors influencing the wheat position in the United States in the past year were an all-time record for domestic consumption in the 1943-44 crop year, due to the heavy increase in the use of wheat for stock feed and alcohol production, followed by a crop in 1944-45 of record proportions amounting to 1,079 million bushels.

The large corn and sorghum crops in the current year are expected to reduce the consumption of wheat for feed and alcohol by about 250 million bushels. Thus, consumption in the present year should be about 970 million bushels as against 1,233 million bushels in the previous year. Stocks at the end of the crop year are expected to amount to over 350 million bushels.

Preliminary reports on the winter wheat indicate possibilities of a heavy crop, the latest estimate being for 835 million bushels. It is not advisable to place over-much reliance on these early estimates. However, should a crop of this size be harvested it would need only an average Spring yield to give another crop of the same proportions as last year; on present indications such a crop is quite possible.

Argentina.

The Argentine crop year was altered recently to commence on the 1st December instead of on the 1st January as previously. Consequently, the figures for domestic utilisation and exports given for the year 1943-44 are for the eleven months, January to November. The estimates for 1944-45 are for the twelve months December, 1944, to November, 1945.

The statistics of domestic utilisation and stocks in the Argentine are not always satisfactory. As far as possible, official figures have been used but these are not always obtainable. From the figures available it appears that in the 1942-43 crop year domestic utilisation amounted to 209 million bushels, while for the eleven months in 1943-44 domestic utilisation was 99 million bushels; in the year 1941-42 it amounted to 101 million bushels.

The heavy domestic utilisation of 209 million bushels in 1942-43, which was double that of other years, was due to extensive use of old crop wheat as industrial fuel and also for stock food.

Exports reached their lowest point in recent years in

1942-43 when only 76 million bushels were exported. In 1943-44, exports amounted to 88 million bushels, and with the altered international position it is likely that they will show a further increase in the current year.

Year-end stocks have shown greater fluctuation in Argentina than in the Northern Hemisphere countries. At the 1st December last they were officially estimated to be 173 million bushels and it is expected that they will be well over 100 million bushels at the end of the current crop year. Such a carryover is greatly above the usual pre-war carryover.

The latest reports from Argentina indicate that the acreage seeded to wheat this year will be greater than in 1944, when 15,369,000 acres were sown.

Australia.

The latest official estimate of Australia's 1944-45 crop is 53 million bushels, the lowest since the harvest of 1919.

The carryover at the end of the 1943-44 crop year was officially stated to be 77 million bushels. Thus, if these figures are correct, 130 million bushels were available for consumption in 1944-45.

Inescapable export commitments are stated to be 15 million bushels, leaving a maximum of 115 million bushels for domestic consumption.

Human consumption is expected to amount to 37 million bushels. Wheat for stock food has now been rationed, and it is intended that 42 million bushels should be made available for this purpose in the eleven months ending 30th November. Stock food was unrationed in December and probably 5 to 6 million bushels were used in that month so that when an allowance is made for seed requirements it would seem that at least 100 million bushels will be used in the current crop year, leaving a carryover of perhaps 15 million bushels.

The distribution of stocks is at present a matter of grave concern, the Eastern States not having sufficient to meet their needs until the harvest at the end of the year.

The Australian Wheat Board has stated that only sufficient wheat will now be released to New South Wales millers to provide for local flour needs. Flour for the Pacific Islands and the armed forces outside New South Wales is to be milled in Western and South Australia, where stocks are concentrated. It is likely that almost the whole of the small carryover at the end of the year will be stored in these two States.

Because of the serious stock position the Government has lifted all restrictions on wheat growing and has guaranteed a first advance of 4/3d per bushel bagged at the grower's siding on all wheat delivered to the Australian Wheat Board for the 1945/46 season.

In 1944, 8.3 million acres were planted and the goal for 1945 seeding is 11 million acres. At the time of writing it appeared doubtful whether the guaranteed first advance of 4/3d per bushel would be sufficient inducement to farmers to increase sowings to the extent required, especially as superphosphate was still in short supply, although more plentiful than in recent years. Also labour was difficult to obtain, and in some parts of the Commonwealth the drought had not broken, thus retarding sowing operations. In spite of these limiting factors it is almost certain that there will be an increase on 1944 sowings.

The table which follows gives details of movements in the wheat situation in recent years in the four countries with which this article is concerned.

Movements in the Wheat Situation.

(Figures in millions of bushels).

Country	1. Initial exportable Stocks	2. Crop	3. Domestic disappearance	4. (2-3) Current exportable Surplus	5. (1+4) Total exportable Surplus	6. Net Exports	7. (5-6) Final Stocks
			1942-43				
Canada	424	557	172	385	809	215	594
U.S.A.	632	974	960	14	646	24	622
Argentina	160	235	209	26	186	76	110
Australia	102	156	68	88	190	37	153
Total:	1,318	1,922	1,409	513	1,831	352	1,479
			1943-44				
Canada	594	284	180	104	698	343	355
U.S.A.	622	836	1,233	-397	225	-90	315
Argentina	110	250	99	151	261	88	173
Australia	153	110	101	9	162	85	77
Total:	1,479	1,480	1,613	-133	1,346	426	920
			1944-45				
Canada	355	436	160	276	641	350	281
U.S.A.	315	1,079	974	105	420	65	355
Argentina	173	156	103	53	226	100	126
Australia	77	53	100	-47	30	15	15
Total:	920	1,724	1,337	387	1,307	530	777