Flax Looks Tight

THE PROSPECTIVE North American flax situation looks stronger than at any time since 1946. Canadian plus American production will probably be no larger than 43 million bu. *vs.* as high as 82 million as recently as 1956. U.S. crushings are likely to be lower than in any year since the early 30's when we were an import nation. (High protective tariffs prevent imports now, and even in the unlikely event that tariffs might be lowered Canada may not have much to spare.)

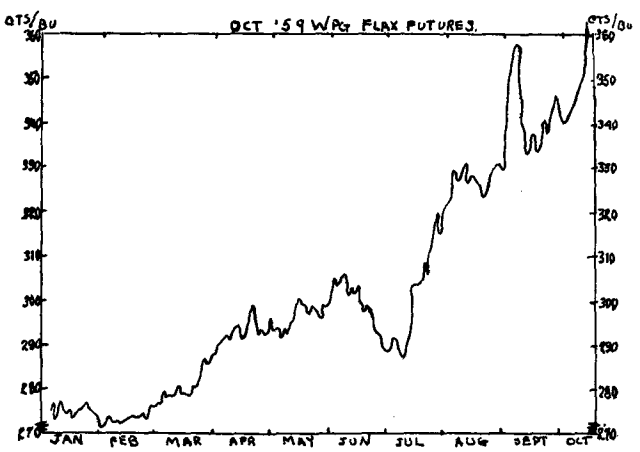
Supply-Disposition Flax

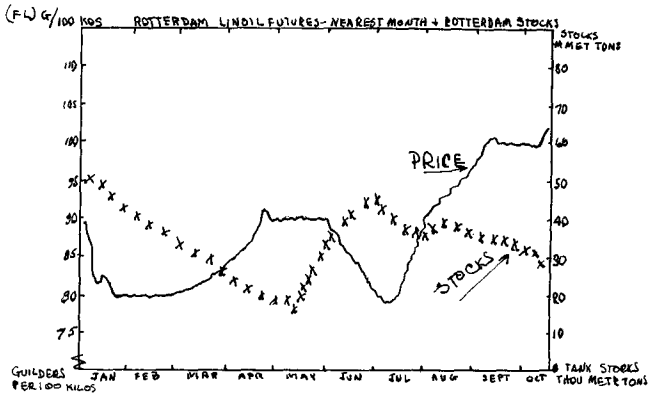
	Canada			United States		
	1957-58	1958-59	1959-60	1957-58	1958-59	1959-60
Supply						
Carry-over	7.6	5.6	6.2	19.4	8.7	14.9
Production	19.2	22.8	21.5?	25.9	39.5	21.8?
Total supply	26.8	28.4	27.7?	45.3	48.2	36.7?
Disposition						
Crush	3.6	3.3	3.3?	27.3	22.4	22.0?
Seed	1.6	1.5	1.5?	2.6	2.4	3.0?
Exports	13.6	14.3	16.0?	9.0	6.0	5.0?
Feed, waste Dockage, errors	2.2	3.2	2.8?	−2.4	2.5	1.0?
Total disposition	21.0	22.3	23.6?	36.5	33.3	31.0?
	Estimated carry-in 4.1?			Estimated carry-in 5.7?		

Western Canada's crop was plagued by drought during the growing season as was the crop in the U.S. The U.S. harvest was completed roughly on schedule. However in Canada heavy rains during the early portion of the harvest prevented gathering the crop on time. At this writing (early October) winter appears to have set in on the western prairies, and much of the balance of the crop may be snowed in. This means not only slow and uncertain movement to market but also potential losses both in quantity and quality. Quality loss is important in Canada as grain grades there are much tighter than ours, and 3 CW flax is not deliverable on futures.

The North American figures have special significance in the world position this year because at present it does not appear that Argentina will bring in a big crop when her harvest commences in December. Argentine acreage, hampered by seeding-time rains, is down about 20%. The Indian new crop will not be available until March-April. Neither India nor Argentina is likely to permit the exportation of flax as they want to keep home mills working.

Importing countries, on the other hand, have mills of their own to keep occupied. This means that, up to a point, linoil availability in exporting countries is a matter of indifference to importing nations. They want flax and will subsidize its importation. This predilection, coupled with no competition from the U.S.A., may put Canada in the driver's seat. Of course, overseas buyers are going to





do their best to avoid putting the market up. So far they have been able to resist advances, at least partly because of ability to buy resale flax from U.S. exporters and linoil from Rotterdam tank storage. However CCC has virtually no flax left and holds only about 54 million lbs. of oil. Rotterdam tank stocks on October 5 were only 31,500 metric tons *vs.* 64,200 metric tons on October 4, 1958. These stocks are likely to continue decreasing until new crop Argentine oil becomes available after the turn of the year. Although we cannot back this up with figures, we feel strongly that Argentina has very little old crop oil remaining for sale. If anyone came after a quantity of Rotterdam oil, it seems obvious that a tight situation could also develop there unless India really starts to fire out oil.

Complicating all this is the very dry summer experienced all over Western Europe. (In England both football games and race meets were cancelled on account of concrete-hard ground. When the English give up football and horses, it is *really* dry.) The result of the weather has been very poor hay and pasture, lower out-turn of indigenous oilseeds, and poor crops of the two big root-feeding stuffs, beets and potatoes. The resulting heavy need for supplementary feeding will mean great pressure to import oil-bearing materials rather than oils, especially since coconut oil meal is likely to continue to be scarce.

All of this has resulted in a strong rally in Winnepeg Flax Futures. It is obviously impossible to say whether the rally has gone far enough to discount the statistics. We would be inclined to say that it has not gone far enough except for the fact that the rally has not gotten the quality sponsorship it needs. Past experience teaches us that eventually the strength will be overdone. Consuming nations will cut stocks of seed and products to the lowest possible level and will turn to substitutes where available. However there is only so much stock-reducing that can be done and only so much substituting. As long as exports hold up, the market should stay very firm.

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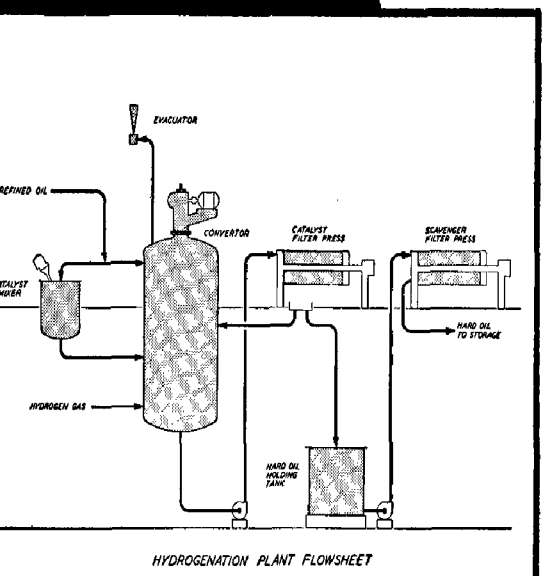
Revises National Fire Codes

A new, revised edition of the National Fire Codes has been published by the National Fire Protection Association 60 Batterymarch street, Boston, Mass. The six-volume, 1959 edition is a compilation of the 177 standards developed by the N.F.P.A. and is available at $7 per volume or $35 for the set. The volumes, by title and content, are: I, Flammable Liquids and Gases; II, Combustible Solids, Dusts, Chemicals, and Explosives; III, Building Construction and Equipment; IV, Extinguishing Equipment; V, Electrical; and VI, Transportation.

The American Society for Testing Materials, Philadelphia, Pa., has brought out "Bibliographical Abstracts of Methods for Analysis of Synthetic Detergents. STP 150-B," to supplement the August 1956 edition, "STP 150-A." The volume has 28 pages and sells for $1.50 to nonmembers.

WURSTER & SANGER, INC.

HYDROGENATION PLANTS



HYDROGENATION PLANT FLOWSHEET

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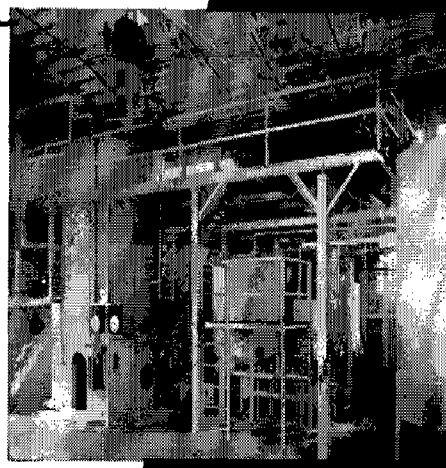

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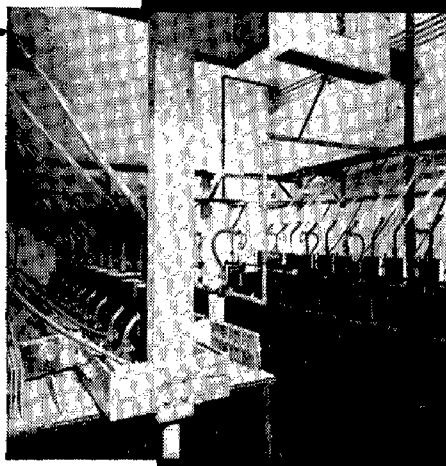

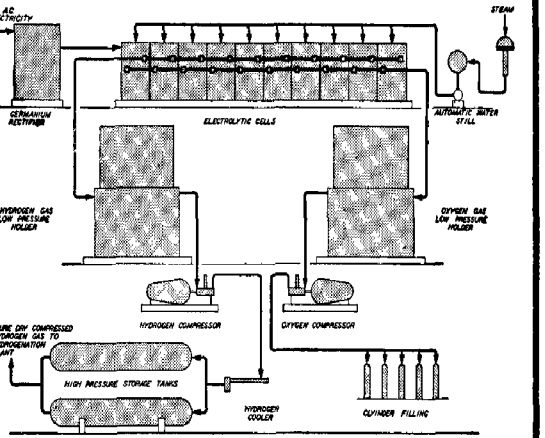

HYDROGEN GAS GENERATING AND HANDLING FLOWSHEET

GAS HANDLING

Regardless of hydrogen production methods, catalyst condition, oil quality and any other precautions observed, all are of no avail if the essential and correct procedure in compressing, drying and holding hydrogen under proper time and pressure conditions is not followed. Experience with many installations around the world has given W & S