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The Wheat Situation in the Argentine

Ottawa, February 27, 1933.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report under date of February 1, 1933 dealing with the grain situation in the Argentine:-

WHEAT

EXPORTS:

During the month of January 13,783,200 bushels of wheat were exported from the Republic, more than double the quantity which left the ports in the previous month.

The following is now the statistical position:-

Official estimate of the 1932-33 crop	231,481,500	bushels
Carry-over from 1931-32	11,043,500	"
Total	242,525,000	"
Needed for seed and domestic consumption	95,532,000	"
Balance available for export	146,993,000	"
Exported in January	13,783,200	"
Still available for export	133,209,800	"

MARKETS:

Prices have remained fairly steady throughout the month and the net result at the close is the equivalent of about $\frac{3}{4}$ cent per bushel gain.

The closing price for February delivery on the last day of the month was $5.03 (paper) per quintal, equivalent to $40\frac{1}{4}$ cents Canadian per bushel at the current rate of exchange. At the same time the May option closed at the equivalent of 43 cents per bushel as compared with 46 7/8 cents quoted in Winnipeg on the same day.

In the export business there has been a fair amount of activity, but with Canada still offering freely the demand has been insufficient to take care of all the wheat available for purchase. It is felt here that with Russia and the United States out of the market for the time, and with half the Australian surplus already disposed of, Canada and the Argentine are the only real contenders for the business of the United Kingdom and Europe, with this country enjoying a little advantage during the Canadian Winter months.

It is estimated that approximately 30,000,000 bushels of the new crop have been disposed of already, with Great Britain the principal purchaser. Brazil, which is now again able to use Argentine wheat, her contract with the United States for the exchange of coffee for wheat having expired, has also bought considerable quantities. Brazil is a very valuable customer for the Argentine, her annual purchases of wheat in normal times running to about 22,000,000 bushels of the finest quality, in addition to considerable quantities of flour.

The local market has been weak on the whole. The mills are not keen buyers at the moment, although on the lookout for choice parcels of wheat to suit their needs.

The general feeling around the exchange is rather less depressed than was the case a few weeks ago. It is felt that the world's statistical position in regard to wheat is giving less cause for gloom than was recently the case, and that with Russia out of the picture and the United States winter wheat crop giving evidence of serious damage, and the movement for a restriction of acreage gaining ground in that country, the prospect for a little improvement of price levels is distinctly better.

Selling by the farmers has not been quite so free as had been looked for, although a fair volume has changed hands. The tendency now is to immediately buy the May option against the cash sale. This is an innovation in this country, where the practice has always been to sell on the price-to-be-fixed contracts, in order to secure the benefit of any later advance in prices. But restrictions on this form of contract by the Minister of Agriculture, as the result of complaints that it has been made use of unfairly to the detriment of the farmer, has led to the refusal of the big grain firms to buy in this way. Hence the adoption of the plan followed in Canada and other countries.

CROP MOVEMENT:

The movement of the grain down to the ports has been steadily increasing, and it is now coming forward in fair volume, which, however, is likely to be arrested as the result of the recent heavy rains over a very widespread area, which is certain to have made many of the country roads impassable.

The boats loading or contracted for up to the end of March show a total of over 55,114,700 bushels, which compared with a total of 66,137,600 for the same period of last year. To the foregoing figures there might be added a little for tonnage not reported and for parcel space.

CROP CONDITION:

Reports from the country indicate that threshing is practically completed, the only exceptions being some districts where rains have interrupted operations.

The reports received tend to confirm those previously published with regard to the condition and quality of the crops in the various provinces and zones. Both yields and qualities are very irregular, and there will undoubtedly be a considerable percentage of light weight grain to be disposed of this year. Much of this will, of course, disappear "in the mix".

MAIZE

Official estimate (corrected) 1931-32 crop	293,453,950 bushels
Seed and domestic requirements	56,297,000 "
Balance available for export	237,156,950 "
Exported to January 31st, 1933	212,829,200 "
Still available for export	24,327,750 "

The demand for maize has been good throughout the month, with a consequent firmness in the market and a moderate increase in the price levels.

Contributing factors were the improved demand from Europe following the setting in of hard winter weather, and the set-back to the Argentine new crop through increased locust damage in the northern part of the maize zone and some local droughts.

These drought conditions have been relieved by recent ample rains, but the crop will not be so large as had been anticipated by the optimists. It is generally conceded that there is a substantial increase in the acreage seeded, as compared with last year. No official estimate has yet been compiled, but private computations place the increase at around 15 per cent.

With this increase in the area seeded, even though the yield per acre may be lower, the volume of the crop should reach that of last year, nearly 295,263,750 bushels, which would leave an exportable surplus of about 236,211,000 bushels. But with the season no farther advanced than it is this is mere guess work. Much may happen to the crop before it is harvested.

The locust plague is nearing its end for the present season. Whilst the insects are still present in great numbers over a very extended area, they are gradually working their way northward, and it is hoped that they will soon have disappeared from the grain area. Private estimates of the damage done to the maize crop by the locusts up to the present time, place it at 10 per cent.

The weather at the moment is unsettled, and the prospect is that there will be more rain, which with the higher temperatures appropriate to the month, will be very favorable for the crop.

Quotations for the new crop of maize were officially recognized on the option market today. For delivery in the month of May the closing quotation was $4.23 paper pesos per quintal, equivalent at the day's exchange to 31¾ cents Canadian per bushel. This is approximately the same as the opening quotations for the new crop a year ago.

LINSEED

Official estimate 1932-33 crop	53,147,500 bushels
Carry-over from 1931-32	1,941,400 "
Total	55,088,900 "
Needed for seed and domestic consumption	7,480,000 "
Available for export	47,608,900 "
Exported to January 31st	7,349,100 "
Balance still available	40,259,800 "

There was considerable trading in linseed during the month, but prices continue to be disappointingly low. With a smaller than average crop in this, the world's heaviest linseed producing country, it is felt that there is no justification for the grower having to be content with the lowest price on record for his seed. Nevertheless that is the condition.

The industrial demand is poor because of trade conditions, and there is such a plethora of other cheap feeding stuffs available that linseed can be dispensed with if the price goes too high. But in spite of that there is a feeling that when the rush of early deliveries is over, price levels should improve, and it is regarded as not at all improbable that there may be a scarcity of seed.

The closing price at the end of the month for linseed in the port of Buenos Aires was $9.10 paper per quintal, equivalent to 68 cents Canadian per bushel at the prevailing rate of exchange.

The quality of the new crop is on the whole fairly good, except in the province of Entre Rios, where the linseed was a failure both in regard to yield and quality, owing to adverse weather conditions and locust damage. Ordinarily Entre Rios is one of the best districts of the Republic for linseed. This year its production is only about one-quarter of an average crop.

OATS

Official estimate 1932-33 crop	81,053,000 bushels
Seed and domestic requirements	29,827,500 "
Balance available for export	51,225,500 "
Exported to January 31st	4,864,900 "
Balance still available	46,360,600 "

The above figures are based on the official estimate published by the Ministry of Agriculture, but there is a feeling in the grain trade that they may prove too high. In the southern part of the province of Buenos Aires, where the largest areas under oats are to be found, the yield has proved disappointing, and in other places the grain has been used for pasture rather than cut and thresh it at the present low price level.

With this doubt as to the volume of the crop being as high as estimated and the disinclination of the farmers to sell at the prevailing prices, there has been a slight improvement in quotations during the month, which closed with quotations of $4.00 paper the quintal, equivalent to 17 centsCanadian per bushel.

BARLEY

Official estimate 1932-33 crop	32,151,400 bushels
Seed and domestic requirements	6,568,100 "
Balance available for export	25,583,300 "
Exported to January 31st	2,533,700 "
Balance still available	23,049,600 "

The barley crop this year has done well. With an increase of acreage which brought it to about 10 per cent above the average, the yield has proved to be very nearly double that of the five-year average, and the grain is of excellent quality and good colour.

The crop is, however, relatively unimportant in this country, and the market uncertain. Prices have declined recently for lack of buyers, and the closing quotation at the end of the month was $4.10 paper per quintal for feed barley, equivalent to 26¼ cents Canadian per bushel at the current rate of exchange.