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Dominion Statistician: R. H. Coats, LL.D., F.R.S.C., F.S.S. (Hon.)  
Chief, Agricultural Branch: T. W. Grindley, Ph.D.

The Grain Situation in the Argentine

Ottawa, January 15, 1934. - The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of January 3, 1935, dealing with the grain situation in the Argentine:-

WHEAT

SUPPLIES:

December exports of wheat and wheat flour amounted to 9,482,000 bushels, of which 9,318,000 bushels were wheat and 164,000 bushels flour. This represents a substantial drop from the previous month's total of 15,497,000 bushels.

Supplies of old crop wheat are undoubtedly less plentiful than would be supposed taking only the official estimate of the crop as a basis for calculations, and in the statement given below I have made a substantial allowance for the probable error in that estimate.

Another factor in the situation is the anticipated low grade in much of the new wheat crop, which has led to the buying up of the remaining stocks of good quality by one of the milling companies here, control of which has recently passed into the hands of one of the great exporting houses. This grain will probably be resold later for mixing with the new crop.

The following is now the statistical position:-

Second official estimate 1933-34 crop .....	286,123,000 bush.
Deduct for probable over-estimate .....	11,023,000 "
	<u>275,100,000 "</u>
Add carry over from 1932-33 crop .....	7,323,000 "
Total supplies.....	<u>282,423,000 "</u>
Deduct for seed & domestic requirements .....	95,534,000 "
Balance available for export.....	<u>186,889,000 "</u>
Exported to Dec. 31: Wheat ... 171,813,000 bushels	
Flour ... 3,023,000 "	<u>174,836,000 "</u>
Still available from old crop .....	12,053,000 "
Prospective exportable balance from new crop.....	<u>156,528,000 "</u>
Total prospective export balance 1935.....	<u>168,581,000 "</u>

MARKETS:

The market has been very dull, with a tendency to weakness almost throughout the month. The demand from importing countries has been slow, although a revival in the near future is looked for. It is anticipated also that more interest will shortly be shown by the buyers in the Orient. Meanwhile more wheat is offering than the market can absorb, and the situation is not improved by unwelcome French competition.

The new crop being generally late, only small quantities of new wheat are coming forward as yet, and it is not expected that any considerable arrivals will be on the market before mid-January.

At the end of the year Spot wheat closed at 5.95 paper pesos per quintal (equal to 53c. Canadian per bushel at current exchange rates) and the March option at 6.23 (55½c. per bushel). Winnipeg May at the same time closed at 83 5/8c.

NEW CROP:

During the two weeks preceding Christmas the weather generally was fine and dry; then it turned hot with greater humidity, culminating in a liberal rainfall, especially in the province of Buenos Aires, the south of the province of Cordoba and the Pampa. There was very little precipitation in Santa Fe and the Entre Ríos.

Harvesting is general except in the far south, and it is nearing the end in the north and centre of the cereal zone. Results in the north and centre are very uneven in regard to both yield and grade, and some of the samples show a considerable percentage

of bleached and shrunken grains as a consequence of the unfavourable weather conditions which have prevailed. The average of the specific weight will be lower than that of last year in these districts. But in the Pampa and south of Buenos Aires reports indicate much better out-turns, and some of the samples are very superior. The high grade of the wheat of this zone of the last two or three years looks like being maintained.

On December 21st the Ministry of Agriculture issued its first estimate of the volume of the new crop of grain. That for wheat is given below, with the figures for former years for comparison:-

1934-35 .....	6,860,000	tons or	251,762,000 bushels
1933-34 .....	7,787,000	" "	285,782,000 "
Average 5 years to 1933-34 ....	6,213,733	" "	228,044,001 "
" 10 " " " "	6,491,705	" "	238,245,573 "

(N.B. These figures, converted to bushels in Buenos Aires, are slightly different from conversions made here).

The report gives the area which is expected to be cut as 17,191,200 acres. The earlier estimate of the area seeded was 18,475,600 acres. Last year's final estimate of the area was 19,654,531 acres.

Whilst the official estimate of the volume of the new crop is regarded by the trade as rather high, there has been no severe criticism in this respect. Improved weather conditions towards the close of the growing season brought about more optimistic expectations generally.

Following the report on the volume of the crop, the Ministry published its customary monthly report on condition, from which the following is extracted:-

Buenos Aires: In the east of the province cutting has commenced, with varied yields of wheat, of low quality because of the rust and continuous rains. The storms of the first half of December produced some lodging of grain. The softness of the soil is the greatest obstacle in the harvesting. In the south-east the wheat is approaching maturity and cutting will begin at the end of the month. There are many fields lodged, which will be costly to harvest. Weather conditions are inducing fears of last minute losses through hail. In the central part of the province cutting with headers has begun on the higher parts of the farms, the lower parts being very soft. In the hill zone the damage caused by rust and other plagues is visible in the leafless stalks and high proportion of white heads. The harvest appears late and will only commence at the end of the month. In the south-west there are spindly plants but it is expected that there will be a satisfactory and perhaps good harvest; although there are white heads, hail damage, lodged grain and possibility of shrunken grains if the weather turns hot, seeing that cutting will be late. In the west there are important hail losses, and latterly there has appeared a strong attack of worm damage in the zone bordering on the Pampa. Since the rust attacks and the heavy rains a dry spell has permitted the first attempts to cut with the harvester, which have had to be suspended because of the greenness of the grain. The first threshings in this zone showed variable results, but in general the wheat is of low specific weight and dirty. In the north of the province cutting is general and some threshing has been done, which gave light and discoloured wheat. Some fields are lodged, making the work of harvesting laborious.

Santa Fé: In the north of the province cutting commenced later than in other years, but now it is practically finished in spite of the rains. Threshing is being conducted under some difficulties, since, besides the interruptions, the soil is too soft for moving the machines. Up to the present the yields are very variable, but in general they may be considered good. The quality of the grain cut before the rains is better than that obtained afterwards with harvesters, as the latter is bleached and somewhat shrunken, with second growth and frozen grains. The excessive humidity has made drying necessary in many cases, and there has been much rebuilding of stacks damaged by wind and rain. There has been some hail damage, but generally it is of little importance. In the centre and south the winds and rains have made harvesting difficult, but it is being carried out without great loss in the estimated yields. There is some bleached wheat in the grain not stacked. In the central zone the results are generally good in the grain which has been threshed.

Córdoba: The wheat fields of the province which already in the month of November had suffered strong attacks of rust, have been passing through a period of rains and storms up to the middle of December, which have retarded the maturity and produced important hail losses, spoiling the quality of the grain, which has lost colour, and have made difficult the cutting of the fields already ripe which had to be harvested with

headers. In the south-east of the province there will be the best crop, which should be all cut before the end of the month in view of the present dry weather; yet in this same zone there will be inferior wheats which were harvested damp for fear of bad weather. In the north-west the yields will be very varied but in general low. Here the harvest is almost finished. In the south-west the crop is very late because of the late varieties and the frequent rains. It is in this zone that the most important hail losses have been suffered as well as worm damage. Wheats threshed in the south of the zone gave light and discoloured grain.

Entre Rios: The wheat harvest is being brought to an end normally, with good yields in some districts and average in others. Some of the grain is bleached and the specific weight is variable. It is expected that all the fields sown will be harvested.

Pampa: Contrary to other cereal zones, in the Pampa rains have not been a contrary factor in the later growth of the wheat, if indeed they encouraged the spread of rust and pistin. The precipitation was a benefit in the sandy, loose soil of the zone. Now with the beginning of the harvest dry weather has set in. The Pampa wheat crop will give a good yield, but of a deficient quality because the farmers hastened to cut the crop for fear of hail and other damage, and using the combines prematurely they are now hauling to the stations a crop which requires to be dried.

Santiago del Estero: All the wheat crop is in stack, and threshing began early in December but has been interrupted by rains. Yields obtained are inferior to those of last year, and the specific weight of the grain is very low, with a considerable proportion of bleached wheat.

MAIZE

Shipments of Maize during December totalled 14,926,000 bushels, which is rather below the figure of the preceding month, viz: 15,886,000 bushels.

The supply position is now as follows:-

Revised official estimate 1933-34 crop.....	232,312,000	bushels
Probable excess over official figures.....	19,684,000	"
Carry over from 1932-33.....	2,283,000	"
Total supplies.....	<u>254,279,000</u>	"
Deduct for seed & domestic use.....	56,297,000	"
Balance available for export.....	<u>197,982,000</u>	"
Exported to December 31st.....	174,052,000	"
Still available for export.....	<u>23,930,000</u>	"

There are increasing complaints with regard to the quality of the remaining stocks of old maize, much of which has suffered damage through being left in the cribs in the fields with little or no protection from the heavy rains which were experienced in the months of October and November. Discounts on account of quality have been suffered on some cargoes to the Continent and the United Kingdom, and shippers here have been compelled to reject some of the grain tendered, on the same grounds.

The new crop is making excellent progress under weather conditions which have been very favourable indeed, speaking generally, although here and there because of local conditions the crop is a little backward. No estimates have yet been made of the acreage seeded, and in fact sowing is still in progress in some districts. But it is fairly certain that this year's area will be found to be much in excess of that of last year, and there is already talk of the possibility of a record crop if weather conditions continue favourable.

A new feature in the situation is the reported sale of 1,000 tons of maize from the Chaco for January delivery. The Chaco territory in the far north of the Republic has hitherto been a negligible factor because of lack of transportation facilities, but with the improvement which is taking place in this respect there is a possibility that in future years substantial shipments of early maize may be marketed from there.

The possibility of a big yield of maize in the new crop has no doubt had some influence on the market, which has recently weakened appreciably, and there has been a substantial drop in price levels during the month. Nevertheless these remain still far above the official minimum price of 4.40 paper pesos per quintal, and there is little doubt that the remaining balance of the old crop will be disposed of at remunerative rates.

At the close of business Spot Yellow for export was selling at 6.10 paper pesos per quintal (equal to 51c. U.S. per bushel at prevailing exchange rates), and the May option was changing hands at 5.27 (equal to 44c.). On the same day in Chicago May maize was selling at 89½c. per bushel.

In the domestic market quotations were as follows:- Yellow 5.70, Red 6., White 6.90 and Cuarenteno 6.40 paper pesos per quintal.

LINSEED

December exports of Linseed were 4,949,000 bushels, nearly double the quantity shipped in the previous month, 2,655,000 bushels. A good percentage of these December shipments consisted of linseed of the new crop, which is now coming forward fairly freely.

The following is the supply position:-

Second official estimate 1933-34 crop.....	56,690,000 bushels
Addition to cover probable error.....	2,835,000 "
Carry over from 1932-33.....	535,000 "
Total supplies.....	<u>60,060,000</u> "
Deduct for seed & domestic consumption.....	7,480,000 "
Exportable balance.....	<u>52,580,000</u> "
Exported to December 31st.....	<u>55,196,000</u> "
New crop seed shipped.....	<u>2,616,000</u> "

The official estimate of the new crop is 72,102,000 bushels, as against the old crop of 56,736,000 bushels. Deducting the customary amount for seed and domestic requirements (7,480,000 bushels) and the quantity already shipped as indicated above (2,617,000 bushels), there is left a prospective exportable balance for 1935 of 61,947,000 bushels.

Of the 2,920,000 hectares seeded, the Ministry anticipates that 2,800,000 will be harvested.

The disappointing conditions with respect to the new crop, which were mentioned in my last month's report, are confirmed in the official report issued on December 22nd, although as will be seen from the above figures the volume of the crop is substantially higher than that of last year.

Business was stimulated a little by the arrival of the new seed on the market, but the demand was soon satisfied and an atmosphere of weakness set in, with prices closing a little lower.

Spot linseed closed at 11.75 paper pesos per quintal (equal to 98 1/8 c. U.S., per bushel at current exchange rates), and the March option at 11.90 (99 1/2 c. per bu.) On the same day in Duluth May seed was selling at 188 cents.

OATS

December shipments of oats were 2,907,000 bushels, as against 4,669,000 bushels in November.

Part of the December shipments probably consisted of new crop oats, although there is still a small quantity of the old crop on hand, as indicated in the following statement:-

Second official estimate 1933-34 crop.....	54,013,000 bushels
Carry over from 1932-33 crop.....	8,956,000 "
Total supplies.....	<u>62,969,000</u> "
Seed and domestic requirements.....	29,827,000 "
Exportable balance.....	<u>33,142,000</u> "
Exported to December 31st.....	<u>31,938,000</u> "
Balance still available.....	<u>1,204,000</u> "

According to the first estimate of the Ministry of Agriculture an oat crop of 73,271,000 bushels will be harvested this year, as against 53,819,000 bushels last year. This means that the new crop will constitute a record for volume, although unfortunately the quality of much of it will not be all that might be desired because of the weather conditions which have prevailed. In the principal district in which oats are grown for threshing, in the south of the province of Buenos Aires tributary of Necochea and Bahía Blanca, the wet season led to excessive leaf development, then rust attacked the crop, and afterwards heavy rains and winds just before maturity caused much of the grain to lodge. Cutting is now in progress, and considerable grain is light in weight, discoloured and dirty with weeds. It is a little early to pronounce upon the general condition, but there is small hope of the quality of the crop equalling that of last year.

A fair business has been done in oats during the month, and prices remained firm, being in fact a little higher at the close than at the beginning, Spot feed selling at 5.15 paper pesos per quintal (equal to 28 1/8c. U.S. per bushel) as against 5.00 a month ago.

BARLEY

Shipments of barley during December were only 58,000 bushels which compares with 244,000 bushels in November.

On the basis of the official estimates there is still a considerable balance of barley of the old crop on hand:-

Second official estimate 1933-34 crop.....	36,009,000	bushels
Carry over from 1932-33.....	4,710,000	"
Total supplies.....	<u>40,719,000</u>	"
Seed & domestic requirements.....	6,568,000	"
Exportable balance.....	<u>34,151,000</u>	"
Exported to December 31st.....	24,721,000	"
Balance still available.....	<u>9,430,000</u>	"

The new crop is estimated at 42,687,000 bushels by the Ministry of Agriculture, as against 35,985,000 bushels last year.

As in the case of oats, the barley crop has suffered from weather conditions, and reports are that although the yield is satisfactory there is a great deal of dirty, discoloured and light grain to be cut, due to the lodging of the crops.

Spot feed barley closed the month at 6.20 paper pesos per quintal, (44 1/2c. U.S. per bushel), with brewing grades worth 8.00 pesos.

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