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DEPARTMENT OF TRADE AND COMMERCE
DOMINION BUREAU OF STATISTICS - CANADA
AGRICULTURAL BRANCH

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The Grain Situation in the Argentine

Ottawa, March 29, 1933.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of March 1, 1933 dealing with the grain situation in the Argentine:-

W H E A T

EXPORTS:

During the month of February, there were shipped out from the various ports of the Republic 17,849,318 bushels of wheat, which compares with 14,004,504 bushels exported during the preceding month.

Since the last report the Ministry of Agriculture has published its second estimate of the volume of the crop, increasing the first estimate by approximately 3,957,298 bushels and the following statement of the statistical position is therefore based upon the new official figures:-

Second official estimate of the 1932-33 crop	239,154,937 bushels	
Carry-over from 1931-32 crop	11,220,769	"
Total	250,375,706	"
Seed & Domestic Consumption requirements	97,065,800	"
Balance available for Export	153,309,906	"
Exported to February 23th	31,853,822	"
Still available for Export	121,456,084	"

MARKETS:

The chief feature of the markets during the month has been the remarkable steadiness of prices. There have been very small daily fluctuations, and the net result at the close of the month is a small decline equal to about one per cent in the price of cash wheat in store in the port of Buenos Aires.

On the last two days of the month the markets were closed for the annual carnival holidays. On the last trading day, which was the 25th, the closing price on the Option Market for March delivery was \$4.98 paper pesos per quintal, which is equivalent to 42 cents Canadian per bushel at the day's rate of exchange, and for May delivery the market closed at \$5.18 paper, equal to 43 $\frac{3}{4}$ Canadian cents per bushel. The closing price in Winnipeg for the May option on the same day was 47 $\frac{1}{2}$ cents.

In the export trade business has been conducted in an atmosphere of weakness. The continued unfavorable reports which have been published with regard to the prospects of the United States winter wheat crop have been offset by the heavy stocks and heavy shipments, and the hoped for advance in price levels has not materialized.

It is of course true that this country with its heavy exports, somewhat in excess of those for the same period a year ago, has been one of the factors in keeping prices down. This, however, is in part attributable to the fact that freight commitments by the chief shippers of grain were on a generous scale which was evidently designed to cover a much heavier export of maize than proved to be available in the month of February, and the space had then to be utilized for wheat shipped on consignment, than which nothing is more detrimental to price levels. This condition is in process of being corrected, and freight chartering has recently been on a much restricted scale, there being less than 26,133,100 bushels at present reported as loading or booked for March or April.

A novel feature of the export business for the past month has been the sale of between 2,613,310 and 2,986,640 bushels of Argentine wheat to the Orient, a market which has hitherto been looked upon as closed to this country's grain by the high freight rate. Small parcels have been experimentally shipped there in past years, but with no success in opening up business. Now, however, with a freight rate of 17s.6d. from Buenos Aires to Shanghai, and with an apparently increasing capacity on the part of China and Japan, to absorb imported wheat, it has been possible to make a start with what is hoped will prove to be good business for the Argentine.

Some small quantities have been sold to Brazil, but in the aggregate they only amount to about 10 per cent of the volume so far exported this year.

In the domestic market conditions have been quiet, with a fair interest for parcels of good quality, but with indifference shown to ordinary or inferior grades. Millers have no difficulty in covering their requirements, and there is no disposition to buy ahead, either here or in importing countries.

There is no great selling pressure from the country. The level of prices is too low to induce farmers and local dealers to part with more grain than is necessary to finance immediate needs, and the tendency is to restrict offerings. It is estimated that about 70,000,000 bushels of wheat have been sold by the farmers already, and the cash so obtained will go a long way towards liquidating pressing debts such as store bills. There is a disposition to hold back further sales to see what the course of prices will be.

Meanwhile, recent heavy rains have made hauling difficult in many districts in the cereal zone, and the flow of grain to the ports has been somewhat less free than would normally be the case, and farmers are taking advantage of the opportunity to get ahead with their ploughing for the next crop.

CROP STATISTICS:

As indicated above, the Statistical Department of the Ministry of Agriculture has now published its second estimate of the production of wheat in the new crop, and it includes some interesting data.

The area seeded is given as 19,782,230 acres, and the area harvested as 17,781,530 acres.

The estimated production is given as 6,405,993 tons, which is equivalent to 239,154,937 bushels.

These figures work out at a yield per acre of the area harvested of 13½ bushels. On the basis of the acreage seeded, however, the yield per acre is only 12¾ bushels.

M A I Z E

Official estimate (corrected) 1931-32 crop	298,161,160 bushels
Seed & Domestic Requirements	<u>57,200,000 "</u>
Balance available for Export	240,961,160 "
Exported to February 28th	<u>224,243,120 "</u>
Still available for Export	<u>16,718,040 "</u>

Conditions in the market continue to be very unsatisfactory in respect to maize. Although a report published by the Government with regard to the new crop showed poorer prospects than had been hoped for, and although European markets report less pressure from the Danubian countries, there has been no more than a temporary improvement in prices in this country, which advantage was quickly lost, leaving a lower level at the close of the month than at the opening, viz: \$4.30 paper per quintal, against \$4.47½. At the current rate of exchange these figures represent 34 cents and 35 cents Canadian per bushel, respectively. The May option closed at \$4.14 pesos per quintal, equal to 32½ cents Canadian per bushel.

There is comparatively little of the old crop now remaining in the country, the figure given above probably representing the very outside limit of stocks. Much of this remaining balance is undoubtedly of poor quality and unattractive to the shipper, especially as the new crop is already being cut in the northern provinces, and small lots have found their way to the Buenos Aires market.

Early in the month the Ministry of Agriculture published its first estimate of the acreage seeded to maize, viz:- 14,326,000 acres. A few days later it made public the first definite statement as to the area lost through locust and other damage, 3,705,000 acres, leaving a net area to be harvested of 10,621,000 acres.

These figures have been received with some scepticism by members of the grain trade, by whom it is felt that the area seeded has been under-estimated, and possibly the extent of the damage over-estimated. Certainly the lack of influence on the market of the publication of the reports would appear to support this view. Nevertheless, they are the only figures available.

Taking them as a basis, and assuming that the area remaining will give an average yield, there should be a possible crop of 6,450,000 tons, or 258,000,000 bushels, to be cut.

As the locust damage is about over for the present season, and the weather has been and still is generally favorable for the crop, this forecast should be well justified. It is, of course, unofficial, nothing having yet been made public by the Ministry as to its view of the probable yield of maize.

It is to be feared that the effects of the locust depredations will be seen in the equality of the grain, as the stripping of the leaves from the maize plants is likely to have caused some shrinkage in the size of the grain, as well as damaged its appearance through the disappearance of the natural bloom. This damage, however, will probably be more apparent than real, as the feeding value should be unimpaired.

L I N S E E D

Together with its report on the wheat acreage and production, the Ministry of Agriculture made public its second estimate with regard to the linseed crop.

The area seeded was 7,397,650 acres, of which only 5,652,521 acres were harvested.

The estimated production is 1,328,609 metric tons, or 53,144,360 bushels.

On the basis of the area harvested, this works out at an average of 9½ bushels per acre. On the area seeded the average is only 7 bushels.

Taking the new figures as a basis, the following is now the statistical position with regard to linseed:-

Official estimate (2nd) 1932-33 crop	53,144,360 bushels	
Carry over from 1931-32	<u>1,792,440</u>	"
Total	54,936,800	"
Needed for Seed & Domestic Consumption	<u>7,600,000</u>	"
Available for Export	47,336,800	"
Exported to end of February	<u>15,319,400</u>	"
Balance still available	<u>32,017,400</u>	"

As will be seen from this statement, the shipments overseas have been heavy, and this has had its effect on the price level, the heavy quantities afloat having militated against any improvement in prices such as had been hoped for.

The industrial depression in the United States has prevented any great amount of business being done with that country, and the great bulk of the shipments were to Europe or for orders.

After a month of weakness, the market firmed up on the last trading day, to close at \$9.05 paper per quintal for linseed in the port of Buenos Aires, equal to 71¼ cents Canadian per bushel at the current rate of exchange.

O A T S

The second official estimate of the production of oats has not yet been made available. Its publication is expected during this month. The following statement is therefore based on the first estimate:-

Official estimate 1932-33 crop	82,352,500 bushels
Seed & Domestic Requirements	<u>30,305,720</u> "
Balance available for Export	52,046,780 "
Exported to end of February	<u>8,432,896</u> "
Balance still available	<u>43,613,884</u> "

Business throughout the month has been very quiet, with no features worthy of note. Very little of the grain is being offered, and the price level is practically the same as at the beginning of the month.

The latest quotation is \$4.05 paper the quintal, which is the equivalent of 19 cents Canadian per bushel at the current rate of exchange.

B A R L E Y

Official estimate 1932-33 crop	32,666,200 bushels
Seed & Domestic Requirements	<u>6,673,238</u> "
Balance available for Export	25,992,962 "
Exported to February 28th	<u>4,973,429</u> "
Balance still available	<u>21,019,533</u> "

There have been very few operations in barley during the past month, the market having been very quiet.

Prices remain practically unchanged, the close being \$4.17½ paper per quintal, equal to 28 cents Canadian per bushel, for the best quality, put into the port of Buenos Aires.

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Balance available for Export	52,046,780 "
Exported to end of February	<u>8,432,896</u> "

GENERAL CONDITIONS

There has been little change in the general conditions in the Republic. Prices of all produce are at a low level, although there has been recently a little improvement, very slight, in the prices paid for live stock for slaughter, due probably to the fact that the very heavy rains in some districts made the driving of fat stock to the railways difficult and curtailed supplies in the stockyards.

A certain feeling of optimism prevails as to the outcome of the negotiations which are being conducted in London by the Mission headed by the Vice-President of the Republic, and it is hoped that the result will lead to an increased exchange of trade with the United Kingdom through modifications of the present restrictions.

B A R L E Y

Recent attempts to organize a strike of farmers as a protest against existing price levels are proving a fiasco. As the result of meetings called for the purpose, which passed resolutions endorsing the strike, a few farmers in certain districts abstained from ploughing their land in preparation for the next crop, but as the movement failed to spread to the extent anticipated by the leaders, and strong appeals were published by the President of the Republic and the Minister of Agriculture, pointing out the futility of the strike as a remedy for the conditions complained of, and its probable bad effect on other members of the community, the plan has apparently been abandoned, and ploughing is now fairly general in the sections where recent rains have put the land into excellent condition for working.

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