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The Grain Situation in the Argentine

Ottawa, April 18, 1933.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of April 1, 1933 dealing with the grain situation in the Argentine:-

WHEAT

EXPORTS:

During the month of March the quantity of wheat exported from the Republic totalled 17,899,344 bushels, practically the same as in the month of February, when 17,849,318 bushels were shipped. In January 14,004,504 bushels were exported.

The total shipped overseas during the first quarter of the year was therefore 49,753,166 bushels. This is considerably below the figure for the corresponding period of last year, when 62,022,545 bushels were exported.

The figures for the last week of March were particularly low. Only 2,134,962 bushels were exported, as compared with 4,324,057 in the corresponding week of 1932. This small shipment is probably due in part to the very bad state of the roads in a great deal of the wheat area, following heavy rains which were in some districts torrential and led to the washing out of bridges and flooding of low-lying lands; and in part to the market conditions, the low level of prices making the country holders of wheat reluctant to dispose of more than is absolutely necessary.

The statistical position with regard to the wheat crop is now as follows:-

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	"
Required for Seed and Domestic Consumption.......	97,065,800	"
Balance available for Export......	153,309,906	"
Exported to March 31st..........................	49,753,166	"
Still available for Export.......	103,556,740	"

It will be seen from this statement, that practically one-third of the exportable surplus of the crop has moved out during the first three months of the year.

MARKETS:

There have been very few fluctuations in the market during the past month. The banking crisis in the United States with the closing of the grain markets there, and the confirmation of previous rumours with regard to the poor condition of the United States winter wheat crop, produced very slight temporary increases in the price levels, which, however, very soon slipped back to their former depths, and the month closed practically as it started.

Great Britain continues to be the principal customer for Argentine wheat, the continental countries taking very little interest in it. Brazil is buying fair supplies from time to time, and other neighbouring South American countries have made small purchases recently. But on the whole the demand for export has been far from satisfactory.

There is however more than a suspicion that stocks of grain overseas have dwindled to low figures, and it is felt that purchasing on a more generous scale can be looked for in the not distant future.

With this in mind, there is a disposition on the part of the farmers and country holders of wheat to hold off selling in the hope of realising better prices later on. Hence there has been less selling pressure evident in this market recently, and little pressure is looked for in the near future unless a raising of price levels induces it. The new maize crop is beginning to come forward, and as wheat is better to hold back than maize it is likely that the latter will be the medium used for obtaining the cash necessary to carry on on the farms and in the country stores. There is the further reason that even at today's low price for maize (the equivalent of less than 40 cents Canadian per bushel, laid down in the port) the loss to the farmer is less on that than it would be on his wheat at 42 cents, in view of the lower production costs of the maize.

This probable course of events was reflected in the tone of the market at the close of the month, when wheat showed a tendency to firmness, whilst maize was distinctly weak.

In the domestic market, the buyers have shown an interest in parcels of good quality grain which were on offer, but their purchasing has not been on a scale to have any influence on price levels.

Closing prices on the last day of the month were $5.05 for spot wheat, and $5.10 for May, laid down in the port of Buenos Aires, equivalent at the current rate of exchange to 42 cents and 42¼ cents Canadian per bushel. The closing price in Winnipeg on the same day for May wheat was 49 7/8 cents.

BARLEY

Second official estimate (unchanged) 1932-33 crop.....	32,666,200	bushels
Seed and Domestic requirements........................	6,673,238	"
Balance available for Export..............	25,992,962	"
Exported to March 31st................................	9,194,182	"
Balance still available...................	16,798,780	"

During the past month 4,220,753 bushels have been shipped out, leaving a balance still available for export as above.

The market has been very quiet, with the weakness in maize reflected in barley also. The closing price for feed barley was $4.00 paper per quintal, equal to about 26½ cents Canadian per bushel at the current rate of exchange, with brewing qualities nominally a shade higher. This represents a drop of 17½ centavos during the month.

MAIZE

Exports of maize have dwindled considerably, and there is now only an average of about 1,600,000 bushels per week being shipped. Last week's figure was 1,781,080 bushels, making a total for the month of March of 6,589,400 bushels.

The statistical position is now as follows:-

Official estimate (corrected) 1931-32 crop.......	298,161,160	bushels
Required for Seed and Domestic Consumption.......	57,200,000	"
Balance available for Export.............	240,961,160	"
Exported to March 31st..........................	230,832,520	"
Still available for Export..............	10,128,640	"

Apart from a little display of firmness during the third week, the market for maize has remained consistently weak, and prices show a slight decline as compared with the close of last month.

For yellow maize, which is the standard, the closing quotation for the new crop was $4.10 (paper) per quintal. At today's rate of exchange this is equal to 33.9 cents Canadian per bushel. For old crop the quotation was about 5 per cent lower. These rates are for exportation, laid down in the port.

In the domestic market, for superior grades, the following rates have prevailed for the different varieties:-

Yellow, new crop............	$4.30	per qtl.
old crop............	4.20	" "
Red, new crop................	4.60	" "
old crop................	4.50	" "
Cuarenteno, new crop.........	5.40	" "
old crop.........	5.00	" "
White, old crop..............	4.00	" "

The above are the principal types of maize grown in the Republic. Unfortunately there are no records showing the quantities of each which are produced.

The yellow is the standard upon which quotations are based, and it makes up the bulk of the crop. It is principally used for stock feeding, both at home and abroad.

The red is a favourite with the Italians, and some of it is used industrially in the Republic for grinding into meal for the preparation of the Italian dish "Polenta".

Cuarenteno is a type with a very small grain, which is in great demand in this country for poultry feed. The grain is so small that it does not need cracking. A good deal is used in the city for horse feed, especially race horses. Little is exported.

The remaining type, the white, or Morocho as it is called here, is the one which comes principally into competition with the South African maize. Almost all of it is exported, mostly to England, where it is probably used industrially.

No statistics are available with regard to it, but it is estimated that between two and three per cent of the total maize crop would consist of this Morocho. Taking the mean figure of 2½ per cent and applying it to last year's crop, there would be a production of about 7,454,000 bushels, and applying the same percentage to the exportable surplus would give a total export of 6,024,000 bushels, which is probably a little low, as it is unlikely that the balance of 1,440,000 would remain here.

It is, however, difficult to estimate on this white maize, as it is grown in scattered districts and finds its way to market only in small lots, which have to be segregated by the dealers in order to obtain sufficient to make up a parcel.

No figures are yet available with regard to the new crop of maize. It is expected that the Ministry of Agriculture will publish its first estimate during this month. Meanwhile, a yield of six or six and a half million tons is talked of by members of the grain trade. But the variety of factors which have influenced the crop this season make this more or less guesswork.

There is no doubt that in some districts the crop is turning out better than was anticipated, thanks to late rains and opportune hot weather benefitting the late crops and bringing about an improvement in the districts which suffered locust damage.

Reports coming in are to the effect that some of the acreage which had been regarded as definitely lost will turn out to be worth harvesting, although the yield will be small. Santa Fe in particular has benefited in this respect. In the important province of Buenos Aires, there is prospect of a better than average yield, some districts being really excellent.

LINSEED

Exports of linseed during the month of March amounted to 6,512,560 bushels. The statistical position is therefore now as follows:-

Official estimate 1932-33 crop...........	53,144,360	bushels
Carry-over from 1931-32..................	1,792,440	"
Total..............................	54,936,800	"
Seed and Domestic Consumption............	7,600,000	"
Available for Export.................	47,336,800	"
Exported to end of March.................	21,831,960	"
Still available for Export...........	25,504,840	"

During the month there has been an atmosphere of weakness in the market for linseed. Free offerings of Indian seed in Europe have contributed to this condition, and the absence of the United States as a buyer has been a factor also. The free shipments from this country have not helped matters, and the net result on price levels is a drop of 20 centavos the quintal during the month.

The closing quotation was $8.85 per quintal for seed delivered in the port of Buenos Aires, equal at the rate of exchange of the day to 68½ cents Canadian per bushel.

OATS

Since the writing of my last report, the Ministry of Agriculture has made public its second official estimate of the crop of oats, reducing the first figures by 15,811,680 bushels.

This is accounted for by climatic conditions in the southern part of the province of Buenos Aires, the principal zone for the production of oats, encouraging rust, and subsequently by the action of strong winds in breaking down the plants weakened by worms in the roots. Much of this damage took place subsequent to the ripening of the grain, the low market price discouraging the farmers from cutting at the proper time.

Exports during the month amounted to 4,655,420 bushels. The statistical position is as follows:-

Second official estimate of the crop........	66,540,820	bushels
Seed and Domestic Requirements..............	30,305,720	"
Balance available for Export........	36,235,100	"
Exported to end of March...................	13,088,316	"
Balance still available.............	23,146,784	"

The market has been very quiet during the month, there being neither pressure to sell nor keenness to buy. Local buyers have been picking up parcels of well dried oats of good weight at prices higher than were offered by the exporters.

The closing price is practically the same as a month ago, $4.00 paper per quintal, equal to 19 cents Canadian per bushel at the current rate of exchange.

GENERAL CONDITIONS

Heavy rains during the last half of the month, whilst they put a stop to the gathering of the maize crop and held up deliveries of grain by waggon to the railway stations, greatly benefitedd the pastures, and put the land into good condition for working for the next crop. With the work horses in excellent condition and ample pasturage for them, the ploughing of the land is well advanced, and it is altogether likely that seeding of the new crop of wheat will be commenced towards the end of the current month.

The strike of farmers which an agrarian organization attempted to bring about, after gradually petering out for lack of support amongst the farmers themselves, has now been formally called off by the organization in question, and preparations for the new crop are in full swing in practically every part of the cereal zone.

It is not impossible that there may be an increased acreage under wheat in the coming season. Last year a certain portion of the old wheat area in the southern Pampa, where conditions are extremely dry, was seeded to rye, with excellent results, a yield of about 11 bushels per acre being secured. It is altogether probable that this rye acreage may be extended this coming season at the expense of wheat. But on the other hand the results achieved by the growers of linseed this past season have been so discouraging that it is likely that some of the linseed acreage will be switched to wheat.

Given an improvement in price levels and a continuance of the present favourable natural conditions, an extended acreage of wheat is more than a possibility.

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