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The Grain Situation in the Argentine

Ottawa, September 16, 1933.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of August 1, 1933 dealing with the grain situation in the Argentine:-

W H E A T

EXPORTS:

Exports of wheat from the Republic during the month of August totalled 16,490,524 bushels, a slightly higher figure than that for the previous month, which was 15,016,023 bushels, and over four times as great as that for the corresponding month of last year, when only a little over 3,674,310 bushels were shipped out.

On the basis of the official crop figures, another month of shipments on the present scale would leave the country with less wheat on hand than is usually carried over into the next crop year. But, as pointed out in my report dated July 1st, a check-up made by a private organization of the stocks of wheat in existence here at that time, indicated that the government figures were probably about 4,593,000 bushels below the true ones, and opinion in the trade now appears to be that there is an even greater difference.

However, continuing to use the official figures as a basis in the absence of anything more definite, the following is now the supply position:-

Official estimate of the 1932-33 crop	235,376,041	bushels
Carry-over from 1931-32	11,043,469	"
Total supplies	246,419,510	"
Seed & Domestic Requirements	95,532,060	"
Balance available for Export	150,887,450	"
Exported to end of August	125,382,889	"
Still available for Export	25,504,561	"

MARKETS:

Markets here have been comparatively quiet during the month, and there has been much more stability in the daily quotations than has prevailed elsewhere.

The demand from Europe has been very small indeed. Plate wheats have had to compete there with offerings from countries which are ordinarily importers, and Russia also is again out to sell wheat. The vagaries of exchange have made strong Canadian competition hard to meet by this country, with its peso left comparatively high by the depreciation of Canadian currency in sympathy with sterling. So that it has been hard for Argentine shippers to do business except with neighbouring South American republics, which fortunately have continued to purchase steadily.

Substantial losses are reported to have been made by European speculators through enforced liquidation of Argentine wheat sold whilst afloat. This will likely have some influence in discouraging such business in the near future, although some of the grain recently shipped is reported to have gone forward unsold, in order to use up some of the tonnage chartered with the intention of shipping maize.

Receipts from the country are light and are diminishing daily in view of the discouraging reports with regard to the condition of the new crop. The little wheat which is still in the hands of the farmers is likely to be held back until the fate of the new crop is decided.

In the domestic market conditions have been much the same as in the export, crop conditions and the smallness of stocks being a great steadying influence.

At the close of business on the last day of the month, spot wheat was worth \$5.91 paper pesos per quintal, equivalent to 61 cents Canadian at the current rate of exchange, and the October option \$5.87 paper, equal to 60½ cents Canadian per bushel. Winnipeg on the same day closed at 70¼ cents for October delivery.

NEW CROP:

Growing anxiety is being felt with regard to the prospects for the new crop of wheat. As reported a month ago, the crop got off to a good start, but now the prolonged absence of rain is beginning to change the picture. In the province of Santa Fé and in most of the province of Córdoba there has been no precipitation for over three months.

A report made public by the Statistical Department of the Ministry of Agriculture on the 20th of the month, gave a description of the crop condition which is briefly summed up as follows in respect to wheat:- In the province of Buenos Aires, conditions in the east are good, but in the south and south-west, especially around Bahía Blanca, absence of rain for two months has made matters critical; this is made worse where the soil is loose and sandy by drifting. In the west the condition is fair, with a tendency for the wheat to be yellow and rickety as the Pampa boundary is approached. In the north of the province the wheat is still in good condition.

In the province of Santa Fé, the wheat condition was still not too bad, there being some humidity remaining in the soil, but some damage from locusts was indicated. In Córdoba serious and growing damage was reported. In Entre Ríos and the Pampa the condition of the wheat was described as relatively good, but rain urgently required.

Since the above report was issued, there has been no moisture of any value in any part of the cereal zone, nor is there anything in the present weather condition to indicate that precipitation is approaching. Hence the growing alarm being expressed as to the fate of the crop.

Without a careful personal inspection, no definite opinion can be expressed as to the exact condition with regard to damage; but enquiry amongst those in close touch with rural conditions indicates that there is undoubtedly some actual damage already, with much more in prospect unless there are early and generous rains.

Estimates of the present damage vary considerably, running as high as 20 per cent, but from 10 to 15 per cent of the seeded acreage is probably a fair average.

It is, of course, a fact that winter wheat, well rooted, is capable of making a great recovery after a drought, given a good and repeated soaking. But it is felt that to the extent indicated above the damage sustained has gone too far to be reparable and many of the wheat fields will undoubtedly be ploughed and planted to maize when the rain comes. At the present time the land is far too dry and hard to be capable of cultivation.

Some locust damage to the crop is almost a certainty. The insects are present in unusual numbers, there being even more reported than last year, which was the worst for very many seasons. They are not yet in the stage when damage results, this being reached usually about the month of November, when the next crop of insects is in the hopper stage of development. In preparation for the coming fight, the National Government has voted the sum of fifteen million pesos, part of which has recently been spent in placing orders for extensive supplies of the galvanized sheets which are used in the erection of barriers for trapping the locusts.

There may be a gleam of hope is furnished by reports that the insects in some of the flights are "dopey" or "sick", which may indicate that nature is coming to the assistance of man by inflicting some disease or parasite on these pests which will kill them off or at any rate reduce their numbers.

The Ministry of Agriculture has recently published the first forecast of the area seeded to the various grains for the new crop. The area supposed to be under wheat is 18,278,000 acres, as compared with 19,782,230 acres in the last crop, and a five-year average of 20,316,000 acres.

The proceedings at the London Conference of the wheat exporters and consumers have naturally been watched with a good deal of interest here, and the agreement reached tentatively has been on the whole well received. It is felt that there will be no difficulty in keeping within the quota fixed for the Argentine of 257,000,000 bushels for two years, as the average exportable surplus for the last few years has been around 129,000,000 bushels, and as shown above there has been a substantial reduction in the acreage seeded, if the Government's figures are to be relied upon, and between drought and locusts there is a reduction in the yield in prospect for the current year.

MAIZE

19,638,031 bushels of maize were exported during the month of August, as compared with 17,799,601 bushels in July. The total for the current year to date is much below the corresponding figure for the same period of last year: 87,324,175 bushels against 153,180,353.

The supply position is now as follows:-

Official estimate 1932-33 crop....................	263,768,950	bushels
Carry-over from 1931-32.........................	9,968,734	"
Total..............................	273,737,684	"
Seed & Domestic Requirements....................	56,296,955	"
Balance available for Export.................	217,440,729	"
Exported to end of August.......................	87,324,175	"
Still available for Export...................	130,116,554	"

Market conditions throughout the month have been consistently weak, and the level of prices has suffered a drop in spite of the measures taken by the Government to prevent this by making loans of $4.50 the quintal on maize held in store. Spot Yellow was quoted at only $3.90 at the close of business on the last day of the month, as compared with $4.00 a month ago.

Whilst there has been a fair demand from importing countries, the competition has been keen, liberal offerings of Danubian maize having to be met, in addition to other feed stuffs such as Russian and Danubian Barley. The drought conditions in Canada and the serious losses of coarse grains have raised the hopes of Argentine maize exporters that an opening for their grain may develop there.

Shipments overseas are on a modest basis, due in part to the market conditions, and also in part to the fact that some of the early cargoes of the new crop having been loaded under unsatisfactory conditions, deteriorated considerably on the voyage and the heavy losses incurred have made the shippers more cautious.

The weakness in the export market was reflected in the domestic market, and the price decline was even more marked.

Yellow maize for export, on railway waggons in the port of Buenos Aires, closed at $3.90 paper the quintal, equal to 37½ cents Canadian per bushel at the current rate of exchange.

In the domestic market spot Yellow closed at $3.70, Red at $4.10, Cuarenteno $4.40, and White $4.30, all for parcels of superior quality, with a substantial cut for inferior qualities, for which there is little demand.

With regard to crop conditions, the preparation of the land for sowing maize, which would ordinarily be in full swing, is this year being held up by the hardness of the land, due to the continued drought. Only in parts of the province of Entre Ríos is the soil sufficiently mellow to be in shape for ploughing at the present time. If and when there is rainfall enough to put the land in condition, the work will go right ahead, with the prospect of a fully normal acreage being planted to maize, as it is altogether probable that much of the area in which wheat, oats and linseed have been dried out will be re-seeded with maize, in spite of the discouragingly low prices now obtainable for it.

LINSEED

Exports during August totalled 3,927,362 bushels, a slight decrease as compared with the previous month when 4,137,433 bushels were shipped.

The statistical position is now as follows:-

Official estimate 1932-33 crop..................	52,305,343	bushels
Carry-over from 1931-32........................	1,887,444	"
Total supplies.......................	54,192,787	"
Seed & Domestic Requirements...................	7,480,015	"
Balance available for Export...............	46,712,772	"
Exported to end of August......................	42,603,252	"
Still available for Export................	4,109,520	"

The market for linseed has been generally quiet during the month, with an atmosphere of weakness at times, which however gave place to a little firmness towards the close. The amount remaining for export is very small, although there is a general feeling that there is more seed in the country than the above figures, based on official estimates, seem to indicate. But at best the total is only small.

The smallness of shipments and remaining supplies in the Argentine have been offset by cheaper offerings of Indian seed, which has succeeded in invading the principal market for Argentine seed in the United States, and this factor combined with the reduced industrial demand has dragged down prices nearly a peso the quintal as compared with a month ago.

Linseed for September delivery at the close of the month was quoted at $11.90 paper per quintal, equivalent to $1.14 Canadian per bushel at the day's rate of exchange. This compares with $12.85 a month ago, and $9.55 at the end of April.

With the continuance of drought conditions throughout the linseed growing area, there has been without doubt a serious loss already sustained, which is daily increasing, especially in the provinces of Santa Fé and Córdoba. Whilst some estimates run even much higher, it can be taken as fairly certain that there has been a loss of one third of the acreage seeded, up to the present time, and that between drought and locusts this loss is likely to grow.

According to the first forecast of the area seeded to linseed published by the Statistical Department of the Ministry of Agriculture, this will amount to 6,916,000 acres this year, as against 7,397,650 acres in the last crop, and an average for the last five years of 7,514,051 acres.

This reduction in the area seeded took place almost entirely in the province of Santa Fé, and is attributed to the drought and to lack of seed with which to replant fields which were destroyed by frosts early in the season.

OATS

Exports of oats during the month of August amounted to 2,104,460 bushels as compared with rather less than 1,296,848 bushels in the month of July.

The following is now the supply position:-

Official estimate of the crop....................	65,490,824	bushels
Seed & Domestic Requirements....................	29,827,504	"
Balance available for Export...............	35,663,320	"
Exported to end of August.........................	2,124,227	"
Still available for Export.................	13,539,093	"

The market for this grain has been generally quiet during the past month, with a tendency to weakness. Prices however, firmed up with some revival of interest on the part of exporters towards the close.

For clean, sound grain, $3.85 paper pesos per quintal was the ruling price at the close of business on the last day of the month, equivalent to 22½ cents Canadian per bushel at the current exchange rates. This compares with $4.20 pesos a month ago.

The first official forecast of the area seeded to oats for the new crop is 3,458,000 acres. This compares with 3,650,660 acres in the preceding crop, and a five-years average of 3,691,645.

The oats crop has suffered heavily from the adverse weather conditions, first the severe frosts and then the drought, and in parts of the northern area the loss is total. But in the south of the province of Buenos Aires, the district from which most of the oats which go for export are drawn, the conditions are not so bad, and given generous rains within a reasonable time there may still be a fair production in that area.

BARLEY

Exports in August totalled 827,761 bushels, little more than half the figure for July - 1,620,615 bushels.

The statistical position is now:-

Official estimate of the crop	32,151,420	bushels
Seed & Domestic Requirements	6,568,076	"
Available for Export	25,583,344	"
Exported to end of August	18,871,551	"
Balance still available	6,711,793	"

Business has been dull, with prices weak, except in the case of superior parcels of Feed Barley, which were less difficult to place than lower qualities.

The month closed at $3.85 paper pesos per quintal, equal to $31\frac{3}{4}$ cents Canadian per bushel at current rates of exchange, as compared with $4.30 paper a month ago, for Barley for export, on waggons in the port of Buenos Aires.

Superior Feed and Brewing grain were worth nominally more.