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The Grain situation in the Argentine

Ottawa, October 14, 1933.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of October 1, 1933 dealing with the grain situation in the Argentine:-

W H E A T

EXPORTS:

The amount of wheat exported during the month of September was 7,817,311 bushels, less than half the quantity shipped in the preceding month, viz: 16,490,748 bushels, but still greatly in excess of the figures for September of last year, when only 3,075,256 bushels were sent out.

Using the official estimate of the crop as a basis, the following is now the statistical position:-

Official estimate of the 1932-33 crop	235,379,244	bushels
Carry over from 1931-32	11,043,620	"
Total supplies	246,422,864	"
Seed & Domestic Requirements	95,533,360	"
Balance available for export	150,889,504	"
Exported to September 30th	133,201,907	"
Still available for export	17,687,597	"

As pointed out in previous reports, it is altogether probable that there is more wheat in the country than is indicated by figures based on the official crop estimate, and the quantity still available for export is likely to be at least 22,266,622 bushels and possibly even more. This compares with an available balance of 31,819,958 bushels on the corresponding date of last year.

Brazil is figuring very largely at the present time as the destination of Argentine wheat exports. Of the 1,175,795 bushels exported in the last week, no less than 698,128 bushels went there. Only 1,837 bushels left consigned to Europe; 91,859 bushels to the United Kingdom, 293,949 bushels left "for orders", and 110,231 bushels for various destinations.

During the 9 months since January 1st the following have been the quantities consigned to the various principal destination:-

Brazil	21,883,900	bushels
United Kingdom	9,021,105	"
Europe	15,751,099	"
South Africa	7,459	"
Various	9,720,666	"
Orders	71,363,567	"

MARKETS:

There is little to be said with regard to market conditions during the past month except that they have been almost uniformly unsatisfactory.

Neighbouring republics, especially Brazil, have made purchases of fair quantities, but European countries have shown no interest whatever in Plate wheats, and sales in the United Kingdom have not been easy to make.

Reports indicate that Russia is actively offering her wheat in European importing countries, and that Canadian prices have had to be adjusted to meet the competition, leaving Argentine prices away out of line. Much of the wheat which has recently left Argentine ports has been shipped on consignment.

However, receipts from the interior are on a very moderate scale, and remaining stocks are negligible. So that with three months to pass before the new crop begins to move in volume, there should be no difficulty in placing the small balance still on hand.

At the close of business at the end of the month, the October option was officially quoted at $5.25 (paper) per 100 kilos, equal to $56\frac{1}{4}$ cents Canadian per bushel at the current rate of exchange, and the December option at $5.41 (paper), equivalent to 58 cents per bushel. On the same day Winnipeg closed at 61 5/8 cents for October and $62\frac{1}{2}$ for December.

NEW CROP:

Since my report of a month ago, there has been a complete change in the situation with regard to the new crop of wheat. The anxiety then being felt on account of the long continued drought was dissipated a week later by generous rains which lasted several days, in the course of which every part of the grain growing area was given a soaking. Each week since then there have been further rains, with the weather fine but cool in between, so that with little loss by evaporation, the full benefit of the precipitation has been felt.

In the greater part of the wheat zone the reports coming in indicate that there has been a wonderful response to the changed weather conditions. Most of the fields are looking fine, and their condition is probably fully up to the average for this period. of the year.

There will doubtless be some acreage on the light sandy soils where the grain is past recovery and will have to be plowed up and the land planted to maize, but this will be much less than at one time seemed to be in prospect.

The following is a digest of the report issued by the Ministry of Agriculture on the 20th of September:-

Buenos Aires. The condition of the wheat can be described as generally good. In the north-west of the province there are fields which are deficient, but in the south there are large stretches which can be said to be very good. Before the rain came the fields in the north and northwest had reached an almost critical stage by reason of the drought; in the centre the growth had been retarded by heavy frosts; in the south and south-east with ample moisture in the soil the condition was good; in the southwest lack of moisture was beginning to be felt. The abundant precipitation has brought about a vigorous reaction, and a good crop is in sight. In the north and northwest zones there are stretches which are destroyed by the joint effects of frost and the drought.

Santa Fé. In the north the late fields are dried and yellow, and in places have been stripped by the locusts. In some districts the wheat is headed out. The condition is very uneven. The irreparable damage will probably not exceed 15 per cent. In the centre the fields are more uniform and the condition is good. In the south the grain is well advanced and the condition fairly good.

Córdoba. There has been a notable reaction. The area lost cannot be estimated with accuracy, but it will be rather less than appeared to be probable in August.

Entre Ríos. The actual condition is normal, in spite of drought and locusts.

Pampa. Whilst the development is later than normal, there are no present fears that the production will be affected.

Whilst fears of damage from drought have been for the moment removed, and there is now ample moisture to carry the crop for quite a while, the possibility or probability of damage from locusts later on must not be lost sight of. The danger will probably be greatest in the month of November. Extensive preparations are being made to cope with the pests, but past experience with them does not encourage the hope that these measures will be more than partly successful, and unless Nature takes a hand there is very likely to be some damage result.

The extent of the damage to the different crops by the locusts will depend to a great extent upon the stage of development of the plants when the insects get busy. If the wheat is well advanced and approaching ripeness, they will turn to something more palatable if it is available.

MAIZE

Exports of maize during the month of September totalled 22,171,855 bushels, as against 19,637,882 bushels in the month of August. The grain is moving out much more slowly than was the case a year ago.

The following is now the position with regard to supplies:-

Official estimate 1932-33 crop	263,766,940	bushels
Carry over from 1931-32..........................	9,968,658	"
Total	273,735,598	"
Seed & Domestic Requirements	56,296,526	"
Balance available for export	217,439,072	"
Exported to September 30th	109,495,365	"
Still available for export	107,943,707	"

In trade circles the opinion is common that the above official crop estimate is too low, and that consequently the balance still available for export will be found to be greater than is shown above.

The market during the past month has been very weak, there being little demand for maize for export to European countries, and the United Kingdom being unable to absorb all that is offered. A few cargoes have been sold for shipment to Canada.

Whilst the demand has been very small, on the other hand there has been no great pressure to sell on the part of country holders, one factor in this undoubtedly being the loans granted by the Government through the official bank on maize either in the cribs or in store, in the hands of farmers or dealers, in order to enable it to be held off the market.

At the close of the month, the prevailing price for yellow maize suitable for export, placed on waggons in the port of Buenos Aires, was \$3,70 (paper) per quintal, equal to 37 cents (Canadian) at the current rates of exchange.

In the domestic market, spot yellow of superior quality was worth \$3.50, Red \$3.90, Cuarenteno \$4.20 and White \$4.20, with lower grades less in demand and correspondingly lower in price.

The maize available for shipment is in much better shape for export than was the case with the earlier cargoes sent out, some of which through deterioration en route caused substantial losses to the exporters.

Following the recent rains, the land is now in excellent shape for working in preparation for the planting of the new crop, and the present prospect is that there will be an increase in the acreage seeded to maize as compared with last year, some of the land which was last year growing wheat being put under maize, as well as some of the land on which the wheat and linseed were lost.

LINSEED

Exports of linseed during September totalled 3,141,582 bushels a drop of 787,364 bushels from the figure of the previous month.

The statistical position is now as follows:-

Official estimate 1932-33 crop	52,304,945	bushels
Carry over from1931-32	1,887,430	"
Total	54,192,375	"
Seed & Domestic Requirements	7,479,958	"
Balance available for export	46,712,417	"
Exported to end of September	45,744,510	"
Still available for export	967,907	"

It is generally agreed that there is more linseed in the country than is indicated by the above figures, although exact statistics are not available from any source. Nevertheless the total stocks are admittedly small.

Whilst there was a fair amount of activity in European linseed circles, and some of the business found its way to this country the amount was limited, uncertainty with regard to exchange being one of the limiting factors. There was practically nothing doing with the United States, in spite of the short crop which has been harvested there, and in spite of the attempted industrial revival. India proved a strong competitor for what little business was available, and prices here suffered a drop.

Linseed for October delivery at the close of the month was worth $10.65 (paper) per 100 kilos, the equivalent of $1.06¼ (Canadian) per bushel at the exchange rates current. This price compared with $11.90 a month ago, and with $12.85 at the end of August.

Whilst the September rains have done much to improve the condition of the new crop of linseed, especially in the provinces of Entre Ríos and Buenos Aires, the irreparable losses in Córdoba and Santa Fé caused by the severe frosts and the long drought are very substantial, being probably at least one third of the seeded acreage. Following the rains, some of this has been reseeded, but the percentage is small. On the other hand, in the south of the province of Buenos Aires there has been great activity in sowing linseed, which is still proceeding in some districts, and it is possible that the total area planted, after deducting the losses in the north, will still be up to normal. But as the zone referred to is outside the recognised linseed belt, being too far south, the results of these late plantings are very much of a gamble, with the odds against the farmer, and unless the weather from now on is very favorable the prospect of an average volume of linseed being harvested is not very bright. Already there are reports of the weeds getting ahead in the northern fields where the crop has been thinned out.

OATS

Exports of oats during September were 1,106,525 bushels little more than half those of the previous month.

The supply position is now as follows:-

Official estimate of the crop	65,490,218	bushels
Seed & Domestic requirements	29,827,228	"
Balance available for export	35,662,990	"
Exported to end of September	23,230,547	"
Still available for export	12,432,443	"

There has been very little activity in the market for oats during the past month. The demand for export is very limited, and business is practically confined to domestic needs.

Clean, sound grain closed at $3.75 (paper) per 100 kilos, equal to 22¾ cents Canadian per bushel.

The damage to the new crop of oats has been very heavy indeed through the combined effects of heavy frosts and the prolonged drought. The south east of the province of Buenos Aires is the only district which has not suffered severely. Whilst figures are not available, it is likely that fully half of the seeded area has been lost.

BARLEY

Exports of barley were very small, only 414,698 bushels being shipped during the month, half as much as in August.

The supply position is now as follows:-

Official estimate of the crop	32,150,720	bushels
Seed & Domestic requirements	6,567,933	"
Balance available for export	25,582,787	"
Exported to end of September	19,285,839	"
Balance still available	6,296,948	"

Business has been very dull, the demand being only small, and prices have suffered a substantial drop. At the close of the month, feed barley for export was quoted at $3.30 (paper) per quintal, equal to 28¼ cents Canadian per bushel, on railway waggons in the port, with brewing barley worth nominally a little more.

The new crop is somewhat backward, but there has been an appreciable improvement in its condition since the rains arrived. Much of the grain had been sown during the dry period. There has been some frost damage, but this is probably not serious.

GENERAL

As will be seen from the figures given in the preceding pages, the export of grain is on a very small scale at the present time, and the small volume of tonnage being chartered would lead to the supposition that shippers do not anticipate any great increase in the near future.

The charters reported only total 514,939 short tons as against 1,017,974 short tons at the same date last year, and 1,846,683 short tons on the corresponding date in 1931.

The regular session of Congress has just terminated. One of the most important measures which became law was the bill to enable the building of a complete system of grain elevators to cover the Republic, and to be operated as a public service. The day when the Argentine grain handling methods will be modernised has thus been brought appreciably nearer. A period of six months is to be occupied with the preparation of plans and the complete study of the needs of the system before calling for tenders.

The Grain Bill, providing for a system of grading and classification of grain on the Canadian plan, was introduced, but did not get beyond that stage. It will undoubtedly be proceeded with when Congress re-convenes.