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The Grain Situation in the Argentine

Ottawa, December 18, 1934. - The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of December 1, 1934, dealing with the grain situation in the Argentine:-

W H E A T

SUPPLIES:

Exports of wheat and wheat flour during the month totalled 15,497,000 bushels, composed of 15,266,000 bushels of wheat and 231,000 bushels of flour. The combined total for the previous month was 14,112,000 bushels.

The statistical position is now as follows:-

Second official estimate 1933-34 crop	286,123,000 bushels
Carry-over from 1932-33 crop	7,323,000 "
Total supplies	293,446,000 "
Deduct for Seed & Domestic Requirements	95,534,000 "
Balance available for export	197,912,000 "
Exported to Nov. 30: wheat 162,495,000 bushels)	
flour 2,859,000 bushels)	165,354,000 "
Balance still available for export	32,558,000 "

As previously mentioned in these reports, there is an inclination in the grain trade to doubt whether the stocks remaining are as large as the above statement indicates, and some members are disposed to cut the figure in half. In any case, however, stocks are not burdensome, and at the present rate of exportation by the end of the current year there will be little more than a normal carry-over on hand.

Receipts from country points continue at about an average rate. Roads are bad, and threshing is much later than usual, so that there is little prospect of deliveries of the new crop being received for some time yet.

Bookings of freight continue heavy, and there are at the present time either loading, waiting to load or chartered (including one boat for April loading) 67,445,000 bushels. On the same date in 1933 the total was 38,691,000 bushels.

MARKETS:

There has been only average activity on the market here during the past month. Prices have remained fairly steady, with a slight upward tendency towards the end, when the millers were competing for parcels of good quality to meet current needs. The announcement of the Control Board that whilst it would buy new wheat at the same rates as last year it would buy no more of the old crop, caused a drop to five centavos below the minimum of the Board on the last day of the month.

Spot and December wheat closed at 5.70 paper pesos the quintal, equal to 50½c. Canadian per bushel at current rates of exchange; and the March option at 6.33 paper pesos (55 7/8c. per bushel). On the same day Winnipeg December closed at 77c. per bushel.

NEW CROP:

The weather during the past month has not been altogether favourable for the new crop of grain. There has been too much precipitation in many districts, and not enough heat; although this latter factor has helped to keep the rust plague in check. There are complaints of damage through excessive rains in many zones in the north and centre of the cereal region, but it is likely that this damage will be more noticeable in the quality of the threshed grain than in the yield. As a result of the weather conditions the harvest is distinctly later than usual, and very little cutting has yet been done. Generally, it can be said that the crop is from two to three weeks later than normal this year.

As an offset to the damage done by too plentiful rains in other districts, the usually dry areas in the south and west have greatly benefitted by the extra moisture, and reports indicate that the wheat there is in excellent condition, with the farmers somewhat nervous of the possibilities of heavy damage should the weather turn hot and humid and favour the spread of the dreaded black rust.

At the moment of writing this report, temperatures are cool and the weather unsettled, with an apparent tendency to more rain.

Below is given the monthly report of the Ministry of Agriculture, which was made public on the 24th, with regard to the condition of the wheat crop:-

Buenos Aires: In view of the natural backwardness of the wheat crop in the province of Buenos Aires, due to its geographic position, especially in the districts where the crop is most extensively grown, we add the fact that this year its development is from 15 to 20 days late; it can be said that the wheat fields are now in their critical period, and the prospect of a good or poor yield depends entirely upon the weather, the presence of rust being a cause of much worry. In the east and southeast many lots are lodged; frosts have caused light damage; in general the condition is good; most of the fields are heading well and the attack of rust is very limited. In the centre, although backward, the wheat is a good height, and the rust is not bad. The Bahía Blanca and Tornquist districts are the poorest in the south. There was frost on the 12th in this zone, but without much damage. In the west, the wheat is in best condition in the districts bordering on the Pampa, where the land is sandy, which suits the prevailing weather, excessively rainy. In general the plants are too high and the stalks too weak. Rust is to be found in almost all the fields, but up to the present only on the lower leaves; only in Nuevo de Julio have the heads been attacked. In some places the effects of the excessive humidity are to be noted, and in Lincoln hail damage was suffered over an extension of 14,000 hect. In the north, where the wheat is the most advanced, cutting will be general in the first half of December. The attack of rust covers 40% of the area seeded.

Santa Fé: In the north of the province the cutting of wheat has commenced. The maturing has suffered delay through lack of heat and the continuous rains of the past fortnight. In two districts most of the early wheats, and especially the 38 M.A., which predominates, have been seriously affected by the frosts of September 11th and 12th, so that having remained very thin and sparse and with heads of second growth, they will produce a crop very poor in quality and quantity. In this same section there are important losses from hail. From Rafaela south the prospect changes and good yields have already been proved in the Las Colonias district. The centre and south of the province promise a normal crop of wheat which can be described as good. The ample diffusion of the use of pedigreed wheats in these zones permits the use of this description, which would be even more optimistic were it not for the rains, which may cause the lodging of the 38 M.A. wheats.

Córdoba: In the southeast of the province there is a good crop of wheat in prospect, although without the good quality of last year, because the rust and some frost damage will lower the specific weight and the yield. To a dense mist experienced on the morning of the 16th instant, affecting some of the grain which was in the milk stage, much importance is not attributed as it was lifted by wind, averting the possibility of a subsequent "sunstroke". In this zone the crop is some 15 days late, so that the cutting will commence at the end of the current month. The Lin-Calel wheats, which showed the poorest appearance at the beginning of the month, their foliage being entirely infested with brown rust, have improved visibly since they headed out. In the southwest of Córdoba the crop also is late in comparison with other years. As in this zone there is a high proportion of late wheats, which for lack of heat have only just finished flowering, there is the danger of "sunstroke" waiting for them in the month of December if there should be hot north winds. The early varieties, especially the 38 M.A., have their development already assured and the danger of total loss is remote. To the attacks of rust there is only given the importance of an ordinary risk which this year will reduce the crop without destroying it. The late frosts do not appear to have had much influence in the zone to which we are referring, but a hail storm damaged about 10,000 hectares in one part. In the centre of the province harvesting of the wheat has begun, with varying results, since the extraordinary attacks of yellow rust in the head have specialized on certain varieties whilst others came through successfully, so that there are fields totally lost side by side with others which are fairly good. Although late, in the north-west of the province cutting is becoming general; important losses are to be seen caused by the frosts of September and October, especially in the low lands.

Entre Ríos: Wheat is the crop which appears most even in the province, especially from the centre towards the west, where there are fields which will give a high yield. In the fields infested with weeds north of the Uruguay and south of Villaguay there are fields which are very thin and will be difficult to harvest. In general, some

La Pampa: The appearance of the wheat is very good, although rust is a factor which may vary according to the state of the weather. Optimism prevails amongst the farmers and merchants with regard to the crop prospects. The dry winter caused the plants to root well. In the northern half of the wheat zone the fields have finished heading and the grain is well advanced. The abundant rains have permitted the growth of the plants and given freshness to the foliage, washing off the rust, and if the quality of the grain may be deficient there is room to hope for a yield approximately normal. In the southern part the wheat has just finished heading and will therefore have to suffer for a longer time the attacks of rust. This is the only contrary factor which prevents the description of the prospects as good from now on for the crop of this zone. Hail damaged some 4,000 hectares, mostly wheat.

Santiago del Estero: In the southeast of the province cutting has commenced, with interruptions because of the abundant rains. The results are varied, but generally normal.

The contents of the foregoing official report are substantiated by private advices. There has been a tendency to exaggerate the extent of the rust damage in some quarters, but there is no doubt that given the appropriate weather conditions there is yet a possibility of very extensive losses.

It is difficult at this date to give any reliable estimate of the volume of the new crop of wheat, but in view of prevailing conditions, and taking into account the slightly reduced area seeded, it does not seem probable that it will exceed 220,500,000 bushels this year, as compared with last year's crop of 286,123,000 bushels. And there is little doubt that in point of quality it will be much inferior to that of last year. Reports of the early threshings in the north show a poor specific weight. The movement to market is likely to be very late, as not only is the crop backward as mentioned above, but the frequent and heavy rains have made the country roads very bad and quite unfit for hauling grain to the station.

GRAIN CONTROL BOARD:

Just as the month of November closed, the Ministry of Agriculture gave publicity to the long-expected statement as to the operations of the Grain Control Board in respect of wheat.

Up to November 28th the official Board had sold 138,756,000 bushels, having still on hand a remnant of 6,142,000 bushels. Below is a statement of the handlings and stocks month by month:-

	<u>Purchases</u>	<u>Sales</u>	<u>Cancellations</u>	<u>Stocks, end of month</u>
December	20,997,000	1,035,000	112,000	19,850,000 bushels
January	55,580,000	17,532,000	273,000	57,625,000 "
February	34,001,000	10,869,000	92,000	80,665,000 "
March	15,564,000	17,455,000	108,000	78,667,000 "
April	14,425,000	5,868,000	156,000	87,067,000 "
May	6,403,000	42,431,000	213,000	50,826,000 "
June	372,000	5,150,000	717,000	45,331,000 "
July	23,000	13,071,000	500,000	31,784,000 "
August	5,000	3,813,000	293,000	27,684,000 "
September	700	7,042,000	56,000	20,587,000 "
October	-	6,655,000	4,000	13,928,000 "
November	50,000	7,836,000	-	6,142,000 "

The total expenses of the Board amounted to 8,814,942 paper pesos of which 5,881,756 represents the loss on the grain sold; 2,455,000 interest on money borrowed for the purpose of its operation; and 714,000 general expenses.

These costs and expenses are of course more than covered by the profits on the purchase and sale of exchange bills received in payment for the exported grain, and there still remains on hand a balance of 43,000,000 pesos, which it is announced will be used by the Board for its operations with the new crop.

The report mentions that it had been originally estimated that there would be a loss of 50 millions on the operations of the Board, but the situation was completely changed by the rise in prices following the drought in the United States.

The Minister of Agriculture announces that the Grain Control Board will continue its functions, and will buy grain of the new crop at the same basic rates as last year, viz: 5.75 for wheat, 4.40 for maize and 11.50 for linseed. Some disappointment is felt by the growers, who had been hoping for a higher minimum, especially for wheat.

At the same time announcement is also made that no more wheat of the old crop will be acquired by the Board. It is felt that the amount still remaining in the hands of the growers is very small at this late date. This news caused a drop in the current price for old wheat to 5.70, five centavos below the official minimum.

COOPERATIVE MARKETING:

With a view to the encouragement of cooperative marketing by the producers, the Banco de la Nación (the official Argentine bank) has announced that it will make advances to the Association of Argentine Cooperatives and its affiliated cooperatives, for the purpose of making an initial payment to the growers on the grain committed to them for sale and placed in store in the cooperative warehouses or elevators. 75% of the current market value of the grain will be advanced, and the interest to be paid will be 6%. Rules governing this new business are laid down by the bank. This is regarded as valuable assistance for the cooperatives, who have hitherto been badly handicapped in their financing, and have had to have recourse to the big exporting houses for their funds.

L I N S E E D

Exports of linseed during the past month were 2,655,000 bushels, as compared with 4,058,000 bushels in the previous month.

It is evident that the official estimate of the last crop was a little too low, and an adjustment has been made in the following statement of 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	60,060,000	"
Deduct for Seed & Domestic consumption	7,480,000	"
Exportable balance	52,580,000	"
Exported to November 30th.	50,247,000	"
Balance still available	2,333,000	"

There is little of note in the market conditions. Quietitude prevailed throughout the month, with a little improvement in prices towards the end when it became evident that stocks were becoming very low and there was a little competition for spot seed.

Spot linseed closed at \$12 per quintal, and March at \$12.20, equal to 101 1/8c. and 102 3/4c. U.S. per bushel. December closed in Duluth on the same day at 183c.

The new crop has suffered more from adverse weather conditions than has the wheat crop, and there will be some disappointing returns in some districts, although there are very few fields in which a total loss will be incurred. There has been considerable frost damage in scattered zones; linseed rust has taken its toll; and the pasmo (phlyctaena linicola) is very generally complained of. Finally the weed growth is very heavy in some districts, and in Entre Ríos there are fields which will not be able to be cut because of the tree-like growth of weeds.

M A I Z E

Shipments of maize during November totalled 15,886,000 bushels, as compared with 15,665,000 bushels in October and 19,471,000 bushels in September.

In the following statement of the supply position it will be noticed that I have added 29,334,000 bushels to the figures of the official estimate of the last crop, which it is generally agreed was too low.

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	254,279,000	"
Domestic consumption and seed	56,297,000	"
Balance available for export	197,982,000	"
Exported to November 30th.	159,126,000	"
Balance still available for export	38,856,000	"

The maize market has been much more active than that for wheat during the month, and prices show an approximate 10 per cent rise, closing firm at a level 50 per cent above the official minimum (4.40).

Spot Yellow for export was quoted at the close of business at \$6.54 per 100 kilos, equal to 55c. U.S. per bushel at current exchange rates. The February option was worth \$6.79 (57½c.). On the same day in Chicago December maize closed at 89¾c. per bushel.

Red, White and Cuarenteno maize are all quoted at a small premium over the yellow.

The new crop of maize is reported to be a little backward on account of the prevailing weather conditions, but generally speaking it is in healthy condition. Sowing still continues in the southern districts of the maize zone, and in the northern territory some of the fields of other grains destroyed by hail storms are being reseeded with Cuarenteno maize. No acreage figures are available yet, but it is generally agreed that a larger area than usual has been put under this crop, and in view of the satisfactory price levels an atmosphere of optimism prevails amongst the growers.

O A T S

November exports were 4,669,000 bushels, as against 3,825,000 the preceding month.

Stocks are quite low, as shown in the following statement:-

Second official estimate 1933-34 crop	54,013,000	bushels
Carry-over from 1932-33	8,956,000	"
Total supplies	62,969,000	"
Seed & Domestic requirements	29,827,000	"
Exportable balance	33,142,000	"
Exported to November 30th.	29,031,000	"
Balance still available	4,111,000	"

Exporting houses have shown an active interest in oats, and prices, although a shade lower than a month ago, have recently shown satisfactory firmness. The month closed with Spot Feed Oats quoted at \$5.00 paper pesos per quintal, equal to 24 1/8c. U.S. per bushel.

Reports on the condition of the new crop of oats are very encouraging. The weather conditions have been less detrimental to the oats than to the wheat and linseed, and in the great oat-growing region in the south of the province of Buenos Aires the crop is said to be in excellent shape.

B A R L E Y

November exports were very small, only 244,000 bushels being shipped out, which compares with 735,000 bushels in the previous month. Stocks continue comparatively high, with the new crop not far away.

Second official estimate 1933-34 crop	36,009,000	bushels
Carry-over from 1932-33	4,710,000	"
Total supplies	40,719,000	"
Seed & Domestic requirements	6,568,000	"
Exportable balance	34,151,000	"
Exported to November 30th.	24,663,000	"
Balance still available	9,488,000	"

A fair amount of activity developed on the market during the month, and although prices fell a little from the level of October trading, the market closed fairly firm.

Superior Feed Barley closed at \$6.40 per quintal, with Superior Brewing worth \$7.60, equal to 46½c. and 55c. U.S. per bushel respectively.

The new crop is reported to be making satisfactory progress, with weather conditions not unfavourable. Harvesting will soon be in progress.

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