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The Grain Situation in the Argentine

Ottawa, April 17, 1934.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of April 1, 1934 dealing with the grain situation in the Argentine:-

W H E A T

SUPPLIES:

During the past month the quantity of wheat and wheat flour expressed as wheat shipped out of the Republic totalled 18,604,000 bushels, made up of 18,264,000 bushels of wheat and 340,000 bushels of flour expressed as wheat.

This quantity compares with 14,636,000 bushels in February and 13,079,000 bushels during January of this year.

The total for the first three months of this year is thus 46,319,000 bushels of wheat and flour, which is rather below the figure for the corresponding period of 1933, viz: 48,441,000 bushels.

The statistical position is now as follows:-

1st official estimate of 1933-34 crop	256,177,000 bushels
Probable excess over official figures	18,372,000 "
Carry-over from 1932-33 crop	7,323,000 "
Total supplies	<u>281,872,000 "</u>
Deduct Seed & Domestic Requirements	95,534,000 "
Balance available for export	<u>186,338,000 "</u>
Exported to March 31, wheat and flour	46,319,000 "
Balance still available for export	<u><u>140,019,000 "</u></u>

Threshing operations in the wheat fields have been completed for some time, and probably about half the crop has been sold by the farmers, taking advantage of the favourable prices and conditions available under the Grain Control Board. The second official estimate of the volume of the crop has not yet been published by the Department of Agriculture.

MARKETS:

There is little to be said with regard to market conditions, as these are still on the artificial basis established by the Grain Control Board, which has not as yet made public any information with regard to its operations in wheat.

Weakness has been the feature of the market here during practically the whole of the month. Some good sales have been made to neighbouring countries, particularly Brazil, which has now resumed its place as one of the best customers for Argentine wheat. Although there are rumours of a possible new agreement with the United States for the exchange of wheat for coffee, these are given little credence here.

It is known that some good sales have been made to China during the past month, 2,756,000 bushels being the estimated amount. Japan also has been in the market. Increasing attention is being paid to the Far East as its great possibilities as an outlet for Argentine wheat are realised, and both official and commercial channels are being made use of in an endeavour to cultivate the business.

The hoped-for improvement in the market in Europe has not yet materialised. Neither England nor the Continent has shown more than a very slight interest in Plate wheats recently, and it is said that some very substantial losses have been incurred by exporters with unsold wheat afloat. Much of this wheat was probably shipped in order to make use of freight which had been chartered for Maize, of which the available stocks turned out to be short of the exporters' calculations.

The price being paid by the Control Board continues unchanged at 5.75 paper pesos per 100 kilos. With this assured minimum price, substantially above the international value of the grain, the growers have been content to market their wheat freely, and it

is estimated that about 110 million bushels have now been delivered, the great bulk of it going to the Control Board. No information on the subject has been given out, but it is estimated that fully half of this amount remains in the hands of the Board awaiting favourable conditions for its disposal.

Business on the Futures Market is very dull indeed, and there is little call for the services of the Brokers with the semi-official control of the market in vogue.

At the close of business on the last trading day of the month, the 28th, Spot wheat was quoted at the official minimum price of 5.75 paper pesos the quintal, equal to $46\frac{3}{4}$ cents Canadian per bushel at the current rate of exchange. May was worth 5.83 paper pesos, equal to $47\frac{1}{2}$ c. and July 5.89, equal to 48 cents Canadian. In Winnipeg on the same day the May option closed at $67\frac{5}{8}$, and July at $68\frac{7}{8}$ cents.

The Control Board's price for resale to exporters is 5.25-5.35 paper pesos per qtl.

WHEAT QUALITIES:

Reference was made in the report dated February 1st to the exclusion of certain varieties of wheat by the Grain Control Board with the object of maintaining the standard of the recognised export types and enabling these to compete on more equal terms with the product of other exporting countries such as Canada.

One of the difficulties with which the grain trade has had to contend in the past in this country has been the tendency of the wheat grower, particularly the more ignorant or less progressive type, to favour varieties which yield heavily, regardless of quality. Certain features of the trade have rather tended to encourage this in years gone by. These need not be entered into now, when more enlightened policies prevail, and the way is being paved for an up-to-date official grading system.

The inauguration of the Grain Control Board offered a splendid opportunity to take steps to combat the evil, and it was decided to exclude certain varieties of inferior wheats from the classes known as Rosafé No. 1 and Rosafé No. 2. The varieties particularly mentioned are "Ardito", "San Martin" and "Favorito", which are all of wide diffusion in the area tributary to Rosario and the neighbouring ports.

At the same time it was decided to form a new grade, to be known as No. 3, in the composition of which these varieties would be permitted and which would be quoted at a discount of 25 centavos per quintal under No. 2 for this crop year. This No. 3 is not permitted to be mixed in with Nos. 1 and 2, under penalty of these losing their grade.

In a country which has no official grading system, this latter provision is not very easy to enforce, of course. But a great deal of good can be effected by propaganda, and in the meantime there is little doubt that the Grain Act now before Congress will provide the necessary compulsory powers before another crop year comes round, even though the mechanical equipment may still be lacking.

Meanwhile, a National Wheat Commission has been called into being and has been charged with the investigation of this matter of inferior wheats. It reports that there are no less than $6\frac{1}{4}$ million acres on which wheat is being grown which is unfit for exportation. The above list of three undesirable types is expanded to a list of 24. The Commission has divided the cereal region of the Republic into zones, for each of which it recommends certain high grade pedigreed strains of proved adaptability to each zone.

Obviously it is not possible to provide pedigreed seed for more than a fraction of the acreage where it is needed. But the Grain Control Board has undertaken to collaborate by placing at the disposal of the Ministry of Agriculture whatever parcels of suitable wheat fit for seed which come into its possession, and the Ministry is proposing to exchange such seed for wheat of the inferior types which would otherwise again be sown. By this means it is hoped to do a good deal to eradicate the objectionable types now being grown and effect a distinct improvement in the quality of the Argentine wheat exported.

It is calculated that there are about 275,000 bags of pure seed wheat available in the various experimental farms, private and official, of the Republic, most of which will be sold in small parcels to individual farmers desirous of sowing a few acres in order to provide a quantity of seed for the following year.

In this connection, a plan adopted in the important wheat-growing province of Cordoba is of great interest. In these times of low prices few individual farmers can afford to purchase the expensive pedigreed seed they would like to sow. So the provision of the seed wheat has been undertaken cooperatively. On some of the large estates which

have been "colonized", the proprietor or the administrator has been induced to purchase seed which is entrusted to the most capable of the colonists to sow, with the condition that the product when threshed is to be exchanged, bag for bag, on equal terms, with the other colonists for their ordinary wheat to the extent calculated as necessary to provide seed for his whole acreage for each for the following year.

In districts where this plan is not possible, it is being attempted to organise the farmers into groups to co-operate by making an individual contribution to the cost of the seed, and select one of their number to act as "seedsman" and undertake the growing of the wheat, distributing the product along the same lines.

In each case the arrangements are supervised and the necessary instructions are given to the "seedsman" by a representative of the Provincial Department of Agriculture, who also inspects the growing crop and superintends the exchange of seed for wheat after threshing.

The reward of the "seedsman" lies in the increased volume of grain he derives from the new seed, and the landowner also receives a good return for his investment in the same way, the rent being invariably a share of the crop.

M A I Z E

SUPPLIES:

Exports of maize during the month of March totalled 7,643,000 bushels, as compared with 11,718,000 bushels in February and 23,522,000 bushels in the month of January .

There has thus been a sharp dropping off in the shipments as the available stocks became exhausted, and apparently some of the exporters found supplies substantially below their anticipations and engaged freight which they were unable to use for maize, having to substitute unsold wheat.

As the following statement shows, the old stock is now rather more than exhausted:-

Revised official estimate 1932-33 crop	267,763,000	bushels
" carry-over from 1931-32	197,000	"
Total	<u>267,960,000</u>	"
Seed & Domestic Requirements	56,297,000	"
Balance available for export	211,663,000	"
Exported to March 31st	<u>211,939,000</u>	"
Overshipped	<u>275,000</u>	"

NEW CROP:

Heavy rains during the last two weeks have interrupted the gathering of the new crop of maize, and this is not offset by any but a very small benefit to the late-sown Cuarenteno variety, the crop for the most part being too far advanced or too far lost to respond to the moisture.

No estimate has yet been published by the Ministry of Agriculture of the volume of the new crop, but in reliable quarters it is anticipated that there will be a surplus available for export of at least 197,000,000 bushels.

It is quite evident that the yields are very variable in all the zones, running from a quarter crop to a normal one, and that the quality of the crop is also very uneven.

MARKETS:

A quite spectacular rise in the price of maize took place towards the end of the month, the quotation being carried as high as 6.60 paper pesos per quintal. This obviously was far beyond the real value of the grain. It was the result of a "squeeze" engineered by interested parties as the result of the petering out of available supplies, the arrival of a spell of very wet weather and the fact that the contracts called for the delivery of old maize. When this position had been liquidated, following an appeal to the Board of the Futures Market, there was a considerable drop in prices, the month closing at around 5.00 paper pesos for Spot, the May option selling for 4.65 per quintal, equal to 35 $\frac{1}{4}$ c. Canadian per bushel at current rates of exchange. The official minimum price of the Grain Control Board remains unchanged at 4.40 paper pesos per quintal.

The market has been and still is quite active, with an optimistic tone prevailing. With the reduced crop in sight here it is anticipated that there will be no lack of demand for the surplus available for export, even in face of the good news of the condition of the new South African crop.

L I N S E E D

Exports of linseed during the month of March amounted to 7,455,000 bushels, practically the same as in each of the two preceding months.

The statistical position is now as follows:-

Official estimate 1933-34 crop	52,635,000	bushels
Carry-over from 1932-33	535,000	"
Total supplies	53,170,000	"
Seed & Domestic Requirements	7,480,000	"
Balance available for export	45,690,000	"
Exported to March 31st	21,825,000	"
Balance still available	23,865,000	"

As will be seen above, almost half of the exportable surplus estimated on the basis of the official figures, has moved out during the first three months of the shipping season.

The demand continues good, at a price which remains above the official minimum of 11.50 paper pesos, and it is hoped that there will shortly be an improved demand for industrial purposes from the North which will help prices upward.

On the last trading day, Spot Linseed closed at 11.90 paper pesos per 100 kilos, equal to 90 $\frac{1}{4}$ c. Canadian per bushel at the current exchange rate; with the May Option quoted at 12.15, equal to 92 $\frac{1}{4}$ c. Canadian per bushel.

O A T S

During March 2,117,000 bushels of oats were shipped out of the Republic, as compared with 1,905,000 bushels in the preceding month. This leaves the supply position as follows:-

Official estimate 1933-34 crop	54,726,000	bushels
Carry-over from 1932-33	8,956,000	"
Total supplies	63,682,000	"
Deduct for Seed & Domestic Requirements	29,827,000	"
Balance available for export	33,855,000	"
Exported to March 31st	5,923,000	"
Still available for export	27,932,000	"

With the low prices prevailing, there is little inducement for the farmer to sell his oats, and business is very dull.

Spot oats for export are quoted at 3.50 paper pesos per 100 kilos, equivalent to 16 1/8c. Canadian per bushel at today's rate of exchange. For May delivery the price is 4.00 per qtl., equal to 18 $\frac{1}{2}$ c. Canadian per bushel. For local consumption a little more is having to be paid to induce the growers to sell.

B A R L E Y

March exports totalled 4,769,000 bushels, as against 5,140,000 bushels in February.

The supply position is now:-

Official estimate 1933-34 crop	35,366,000	bushels
Carry-over from 1932-33	4,710,000	"
Total	40,076,000	"
Deduct Seed & Domestic Requirements	6,568,000	"
Balance available for export	33,508,000	"
Exported to March 31st	12,573,000	"
Still available for export	20,935,000	"

There is little change in market conditions, and a regular business is being done at prices a shade higher than a month ago. Spot barley of feeding quality for export is worth 4.30 paper pesos per qtl., equal to 28c. Canadian per bushel, with Brewery grades substantially higher.

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