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The Grain Situation in the Argentine

Ottawa, May 16, 1934. - The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of May 1, 1934 dealing with the grain situation in the Argentine:-

W H E A T

SUPPLIES:

Wheat and wheat flour to a total of 10,773,000 bushels were exported from the Republic during the month of April. Of this 10,447,000 bushels were wheat and 326,000 bushels flour. The figures show a considerable drop from the March total of 18,604,000 bushels.

To date during the current year 57,093,000 bushels have been shipped out, as compared with 63,036,000 bushels in the corresponding period of last year.

The statistical position is now as follows:-

First 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	281,872,000	"
Deduct seed and domestic requirements	95,534,000	"
Balance available for export	186,338,000	"
Exported to April 28, wheat 56,054,000 bushels) flour 1,038,000 bushels)	57,093,000	"
Balance still available for export	129,246,000	"

Approximately half the total crop has now passed out of the hands of the farmer, the great bulk of it into those of the Grain Control Board, whose stocks are causing a glut in the available storage accommodation. Permission has been granted to the Board to make use of the airplane hangars in the port of Buenos Aires for storing grain, and other available buildings are being negotiated for in order to relieve the congestion.

MARKETS:

Markets continue weak, and there is absolutely no improvement to note since the last report.

Brazil continues to buy freely of the best quality wheat but there is practically no demand evident in Europe, and neither Great Britain nor the Continent appears disposed to buy more wheat at present price levels, low as they are. On the other hand, the Grain Control Board is for the moment able and willing to hold its stocks off the market in order to prevent a break in prices.

Some unsold wheat is still being shipped by the exporting houses, but the heavy losses incurred by them in the last few weeks are discouraging this class of business and the volume shipped on consignment is diminishing.

Closing prices for wheat at the end of the month were:-

	Paper pesos	Equivalent in Canadian cents per bushel	Winnipeg close same day
Spot	5.75 per 100 kilos.	46¼¢	
May	5.77 " " "	46⅓¢	65 1/8¢
July	5.77 " " "	46⅓¢	66 1/4¢

NEW CROP:

The rainfall during the past month has been about normal, and the soil is mostly in excellent condition for plowing and cultivating, so that the preparations for the new crop are being made under favourable conditions. On the lighter lands seeding is actually in progress. There is a good growth of grass in the pastures, and the work animals are in good condition for the season's tasks.

MAIZE

SUPPLIES:

Exports during the past month totalled 16,842,000 bushels, as compared with 12,126,000 bushels during the corresponding month of last year.

Early in the month the Department of Agriculture made public its first estimate of the volume of the new crop, showing a production of 216,525,000 bushels.

On the basis of these figures, the statistical position is now as follows:-

First official estimate 1933-34 crop	216,525,000	bushels
Deduct seed and domestic requirements	56,297,000	"
Balance available for export	160,228,000	"
Shipped during April, 16,842,000 bushels) ..... previously, 275,000 bushels)	17,117,000	"
Balance still available	143,111,000	"

In presenting its estimate, the Statistical Branch of the Ministry of Agriculture points out that the crop is the smallest harvested for several years. More than one third of the area planted is described as lost. This, however, is qualified by adding that much of the lost area, which might presumably otherwise have been harvested, was given up to pasture in order to maintain live stock in condition following the failure of the natural grass lands during the drought in January and February.

It should be added that the official report is received with some scepticism by the grain trade, the members considering that the losses have been overestimated, and the exportable balance is placed by reputable firms at over a million tons in excess of the government figures. The revised official report will be awaited with considerable interest.

MARKETS:

Prices for maize have suffered an appreciable drop from the satisfactory levels reached during the month of March, due largely to the change in the supply situation, and also in part to the overeagerness to ship shown by exporters with an excess of freight on their hands and no market for wheat overseas. Possibly shipments might have been heavier still but the movement down to the ports was curbed by the railway stations being congested with stocks of wheat. Farmers were eager to dispose of their corn whilst prices were high and the weather dry and cool. Hence the active movement of the grain.

At present price levels there is a satisfactory demand for maize, and the producers are willing if not eager to sell a part of their crops. The Grain Control Board has decided to guarantee the same minimum price of 4.40 paper pesos per 100 kilos for the new crop as for the old, and with this guarantee to rely upon there is less liable to be an undue pressure of sales weighing on the local market.

With the short crop in this country and the steady demand from the consuming markets, which seem to absorb without difficulty all the grain offered, there is a feeling here that the present weakness will ere long disappear.

At the close of business on the last trading day of the month, Spot Yellow maize for export was quoted at 4.50 paper pesos per 100 kilos, equal to 33¾¢ Canadian per bushel at current rates of exchange, and the July option was worth 4.73, equal to 35½¢ Canadian per bushel.

Spot Red maize was selling at $4.65 per quintal; White at $5.10 and Cuarentene at $5.25. All prices are on wagons in the port of Buenos Aires.

LINSEED

April exports of linseed amounted to 5,289,000 bushels, a substantial reduction from the figure of 7,455,000 for the previous month.

The supply 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 and domestic requirements	7,480,000	"
Balance available for export	45,690,000	"
Exported to April 28th.	27,114,000	"
Balance still available	18,576,000	"

The market has been very active, with a good demand from Europe and American firms also buying substantial quantities for future delivery. Prices have risen during the month and are quite firm at the close.

Whilst there has been a shrinkage in the volume of the shipments, this is probably due rather to a growing appreciation of the fact that stocks are getting smaller (little more than a third of the exportable balance remaining on hand) than to any diminution in the demand.

The rise in prices has led to some speculation in the local market, which may result in a sharp reaction in prices in the event of the demand falling off. Meanwhile, the producers are well pleased with the situation, and it is quite possible that the satisfactory returns they are receiving will result in increased sowings of linseed in the new crop season.

Closing prices were for Spot 13.15 paper pesos per 100 kilos, and 13.63 for the July option, equivalent to 98½¢ and 102¼¢ Canadian per bushel at the current rates of exchange.

OATS

Exports of oats during the month reached only 1,583,000 bushels as compared with 2,117,000 bushels in the preceding month. The supply position is now:-

Official estimate 1933-34 crop	54,726,000	bushels
Carry over from 1932-33	8,956,000	"
Total supplies	63,682,000	"
Seed and domestic requirements	29,827,000	"
Balance available for export	33,855,000	"
Exported to end of April	7,506,000	"
Balance still available	26,349,000	"

Export business in oats is practically stagnant. Prices offered are so low that business is impossible, being far short of the cost of production.

In the domestic market the tone is rather better, with a certain amount of business which suffices to hold prices from dropping still lower.

Spot oats are worth 3.15 paper pesos per quintal, as compared with 3.50 a month ago, and the May option 3.40, against 4.00 last month. These current prices are equivalent to 14¼¢ and 15½¢ Canadian per bushel at current exchange rates.

BARLEY

Barley exports totalled 2,289,000 bushels during April, as against 4,769,000 bushels in March, leaving the statistical position as follows:-

Official estimate 1933-34 crop	35,366,000	bushels
Carry over from 1932-33	4,710,000	"
Total supplies	40,076,000	"
Seed and domestic requirements	6,568,000	"
Balance for export	33,508,000	"
Exported to April 30th.	14,861,000	"
Still available	18,647,000	"

The market is very quiet, with little business passing. Prices at the close of the month were 4.15 paper pesos for Spot Feed barley, and 4.45 for the brewing grades, equal to 26¾¢ and 28¾¢ Canadian per bushel at the day's rate of exchange.