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The Grain Situation in the Argentine

Ottawa, June 16, 1934. - The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of June 2, 1934, dealing with the grain situation in the Argentine:-

WHEAT

SUPPLIES:

Exports of wheat and wheat flour during May totalled 12,967,000 bushels composed of 12,729,000 bushels of wheat and 238,000 bushels of flour. In the month of April the combined total was 10,773,000 bushels.

For the first five months of the current year the wheat and wheat flour exports amount to 70,060,000 bushels, as compared with 42,425,000 bushels in the corresponding period of 1933.

The statistical position is now as follows:-

First official estimate 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 May 31st, Wheat 68,783,000 bushels) flour 1,276,000 bushels)	70,059,000 "
Balance still available for export	116,278,000 "

MARKETS:

Since my last report was prepared there has been a complete change in market conditions, and the weakness and inertia formerly existing have given place to activity and strength, as the result of weather conditions in various parts of the northern hemisphere. With the shrinking of the new crops of wheat in the United States and Central Europe and the threat of damage to the Canadian crop, the doubts which existed only a short time ago as to the possibility of disposing of the comparatively large Argentine balance this year, have disappeared, and it is now hoped that not only will markets be found but that profitable prices will be realised for the three million tons yet to be shipped.

A brisk demand has recently developed from Europe, and sales have been heavy. Russia bought a few cargoes of Argentine wheat for delivery to Vladivostok, and Brazil maintained her purchases of superior wheat, paying a premium to get the pick of the crop. On the whole the market here has had the most active month of the current crop year.

With wheat prices equalling or exceeding the minimum set by the Grain Control Board, there is greater freedom in trading operations, and with the apparent possibility of the heavy world surpluses disappearing by natural processes and opening the way to more normal trading conditions than have existed for a long time, there is an atmosphere of optimism in Argentine grain circles.

At the close of business on the last trading day of the month spot wheat was quoted at the official minimum price of $5.75 paper pesos per 100 kilos, equal to 45½ cents Canadian per bushel at the current rates of exchange; the July option at $5.93, equal to 47¢ per bushel, as against the Winnipeg closing quotation of 77 1/8¢ on the same day; the September option at $6.11 per qtl. equal to 48¼¢ per bu., which compares with the October option in Winnipeg at 79 1/8 cents.

GRAIN CONTROL BOARD:

The operations of this official board continue to be conducted with secrecy, but it is understood that advantage has been taken of recent market conditions to make some important sales, reducing their holdings to probably not more than a million tons.

Storage facilities continue to be strained, deliveries of maize being held up on account of the heavy stocks of wheat, especially in the railway stations.

With the improved level of prices in prospect, it seems probable that the board will emerge with no great loss on its operations, and that the provision for financing its activities from the margins on exchange will leave the Government with a handsome balance.

NEW CROP:

The very favourable weather conditions under which the preparations for seeding the new crop of wheat commenced were interrupted by a lack of rain in some important districts, where the ground became so hard that cultivation had to be discontinued. Fortunately some rains have since fallen, and although they have been too light to really relieve the situation there is evident promise of more to follow.

The present condition is that in the northern wheat provinces of Cordoba and Santa Fé about three quarters of the seeding is completed, but in the south of the province of Buenos Aires and in the Pampa very little wheat has yet been sown, and it is still very dry there.

Had normal weather prevailed, it was anticipated that last year's acreage would be fully maintained and possibly even exceeded in view of the prospect of better price levels. Now it will not be surprising if there is a slight reduction. It is all a matter of weather during the month of June. By the end of this month seeding operations for wheat should be nearing their end.

Probably about 40 to 45 per cent of the wheat is now in the ground.

M A I Z E

SUPPLIES:

Exports of maize during the month of May totalled 22,139,000 bushels, as compared with 16,842,000 bushels during April.

The statistical position is now as follows:-

First official estimate 1933-34 crop	216,525,000	bushels
Deduct seed & domestic requirements	56,297,000	"
Balance available for export	160,228,000	"
Exported to May 31st	39,256,000	"
Balance still available	120,972,000	"

Whilst the month's shipments show a substantial increase over those for the previous month, they are probably appreciably smaller than they would have been but for the mild, humid weather which has succeeded the cool dryness prevailing in April and early May. Official weather forecasts are for a continuance of existing conditions, which are very unfavourable for the loading of maize. Should they change, a resumption of active shipping can be looked for, especially in view of the heavy freight commitments of the exporters.

The gathering of the crop is still being actively carried on in the more southerly maize zones when the weather permits. In the north the work is drawing to a close. Doubts are still being expressed as to whether the volume of the crop is likely to turn out as low as the official forecast indicates, and the exportable surplus may well turn out to be greater than the above figures show.

MARKETS:

Prices during the month have been subject to some small fluctuations, but the tendency has been upwards generally, and at no time have quotations got down to the minimum price of the Grain Control Board of $4.40 the quintal.

Since the middle of the month there has been considerable market activity, with a heavy volume of grain changing hands, and if the quotations did not respond as well as might have been expected it was due to the fact that during the sessions of the recent Wheat Conference some fear was felt that negotiations might result in the denaturing of the stocks of wheat existing in some countries in order to compel their use for animal feed, thus introducing a formidable competitor for maize.

At the close of the month, the tone was very firm, with the following prices prevailing:- Spot Yellow, on railway wagon in the port, $4.75 per 100 kilos, equal to 35 cents Canadian per bushel at current exchange rates; Red $4.95; White $5.60, and Cuarenteno $5.40 paper pesos per 100 kilos.

LINSEED

Exports of linseed during May amounted to 2,008,000 bushels, a very considerable drop from the April figure of 5,289,000 bushels, which in turn was much lower than the March total of 7,455,000 bushels.

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	"
Deduct seed & domestic requirements	7,480,000	"
Balance available for export	45,690,000	"
Exported to May 31st	29,122,000	"
Balance still available	16,568,000	"

As will be noted from the above figures, the great rush to ship linseed overseas has about spent itself, and exports are dropping to a level more in keeping with the remaining available surplus.

A fair business is being done with the Continent by Argentine exporters, but little interest is being shown by United States buyers, and the Indian seed is filling U.K. requirements.

For various reasons the tone of the market is very firm, and price levels are the highest registered for three years.

The closing price at the end of the month for Spot Linseed was $14.20 paper pesos per 100 kilos, equal to 104¾¢ Canadian per bushel at the prevailing rate of exchange. The September option was selling at $14.60 per 100 kilos, equal to 107¾¢ per bushel.

OATS

Exports of oats during May totalled 1,565,000 bushels, practically the same figure as that for April. There is still a substantial balance available for export, as the following figures demonstrate:-

Official estimate 1933-34 crop	54,726,000	bushels
Carry over from 1932-33	8,956,000	"
Total supplies	63,682,000	"
Deduct seed & domestic requirements	29,827,000	"
Balance available for export	33,855,000	"
Exported to May 31st	9,071,000	"
Balance still available	24,784,000	"

The market was very quiet in the first half of the month, with a little more animation visible later, and sufficient demand developed to carry prices a shade higher, the month closing at $3.35 paper pesos per 100 kilos for Spot Oats of good feed quality, equal to 15¢ Canadian per bushel at current rates of exchange. Superior oats were worth nominally 10 per cent more.

BARLEY

2,141,000 bushels of barley were shipped out during May, compared with 2,289,000 bushels in the month of April, which leaves the supply position as follows:-

Official estimate 1933-34 crop	35,366,000	bushels
Add carry over from 1932-33	4,710,000	"
Total supplies	40,076,000	"
Deduct seed & domestic requirements	6,568,000	"
Balance available for export	33,508,000	"
Exported to May 31st	17,002,000	"
Still available for export	16,506,000	"

Whilst there has been no real animation in the market in Buenos Aires, dealers in barley have been operating under favourable conditions, with a firm tone prevailing, and a welcome improvement in prices has developed during the month.

At the close of business good feed barley was selling at $4.85 paper pesos per 100 kilos, equal to 30¾¢ Canadian per bushel at the day's rate of exchange, with brewing qualities worth a shade more.