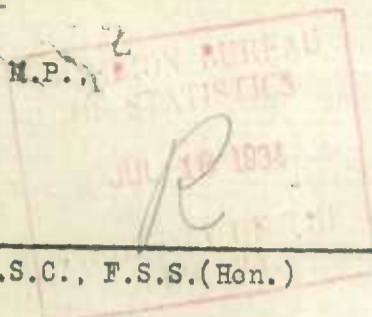


22-D-21A

Published by Authority of Hon. H. H. Stevens, M.P.,
Minister of Trade and Commerce
DEPARTMENT OF TRADE AND COMMERCE
DOMINION BUREAU OF STATISTICS - CANADA
AGRICULTURAL BRANCH



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The Grain Situation in the Argentine

Ottawa, July 17, 1934. - The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of July 2, 1934, dealing with the grain situation in the Argentine:-

W H E A T

SUPPLIES:

June exports of wheat and wheatflour totalled 15,773,000 bushels, made up of wheat 15,392,000 bushels and flour 381,000 bushels. The combined total in May was 12,967,000 bushels and in April 10,773,000 bushels.

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 June 30th, wheat 84,175,000 bushels)		
flour 1,658,000 bushels)	85,833,000	"
Balance still available for export...	100,505,000	"

Of the above balance probably 25 million bushels have already been sold but not yet shipped, leaving approximately 75 million bushels still available for sale. This is probably an outside figure, which may have to be reduced a little as the season advances. Reliable figures are impossible to obtain. Offerings from country points are being made less freely, but this is doubtless due wholly or in part to the prospect of better prices later on because of the inferior crops of wheat in other countries.

MARKETS:

Whilst there is still a moderate degree of activity in the market here, the condition is nothing like it was a month ago. Nevertheless, prices have held up well, and there is practically no change in levels as compared with those at the end of May.

Good sales to the continent are reported, especially of the wheat of the southern portion of the province of Buenos Aires, which is the Argentine wheat most comparable to that of Canada and best adapted for use as a substitute for Manitobas. Shipments from Bahía Blanca have been very heavy this season.

In the domestic market business is very quiet, with a fair demand for the stronger wheats. Early in the month there was a brisk demand from the local millers, who suddenly found themselves with low stocks and apparently all rushed out together to replenish them. But the demand from this source has now subsided to its normal proportions.

Trading for the month closed with spot wheat worth \$5.87 paper pesos per 100 kilos, equal to 45 3/4¢ Canadian per bushel at the day's rate of exchange, and the July option the same. For October delivery the price was \$6.31, the equivalent of 49 1/8¢ Canadian per bushel. In Winnipeg on the same day the closing prices were 76 1/4¢ and 78 3/8¢ for July and October respectively.

GRAIN CONTROL BOARD:

No information is given out by the official board with reference to its operations in wheat. It is however known that it has been able to take advantage of recent market conditions to dispose of considerable quantities of grain at advantageous prices, and its holdings have been greatly reduced. It is believed that most of the wheat which has been delivered to them by the farmers has already been sold by the Board or has been turned over by the Board to the exporters but not necessarily sold yet, with the understanding that the exporters are not to ship the grain without first purchasing it from the Board.

The official minimum price fixed by the Grain Control Board continues to be \$5.75, which of course is below that of the open market at the present time. In view of the higher prices at which the Board is now able to dispose of its wheat for export, there is an optimistic feeling as to the result of its operations when the accounts come to be closed.

NEW CROP:

Following the dry weather in the month of May which interfered with seeding operations in some important zones, June saw a return to more normal conditions, and there have been good rains over most of the cereal districts, with only the Pampa and a portion of the southwest of the province of Buenos Aires failing to get a share of the beneficial precipitation. Sowing of wheat is practically completed in the northern provinces, and in Buenos Aires about half has been finished, with rather less in the Pampa.

The following is a resumé of the official crop report published by the Ministry of Agriculture on the 23rd June:-

Buenos Aires: In the southeast of the province sowing of wheat continues, but it is hindered by the lack of rain, which also is preventing growth of the grain which has germinated. This dry condition of the soil is accentuated towards the Bahía Blanca zone and has interrupted the sowing of the early varieties which are used in about one third of the area. The rain of the tenth of the month modified this condition somewhat, but not in the sandy region of the south. The winter wheats of all the south of Buenos Aires have shown no great development. In the centre of the province there is at this moment too much moisture for wheat sowing. On the other hand in the west there is backwardness because the soil moisture is only superficial, produced by showers and drizzles rather than by rains, so that in this zone sowing continues effectively on the maize stubbles, but some lots have had to be reseeded on farms where excessive drifting prevented germination. In the north of Buenos Aires the lands were very wet in the period of cultivation and are now whilst sowing is proceeding, but the delay is not serious for this zone in view of the varieties which are used in it.

Santa Fé: Wheat sowing is finished in the northern part of the province, where the early fields are already well above ground, having been favoured by the weather and the temperatures. The germination of the recent sowings has been normal, and it is anticipated that the last rains will help to maintain the good condition in which they now are. In the south climatic factors not very favourable in the second half of May caused some delay in the sowing of early varieties, but the last rains facilitated the good preparation of the last fields and the continuation of seeding in normal shape. The rapid drop in temperature in the last few days has restrained the excessive vegetable growth of the wheat. The dampness of the soil, the mists and the mild temperatures had precipitated the germination and growth of the plants. To sum up, the general condition of the wheat crops of the province may be considered good.

Córdoba: The sowing of wheat continues actively throughout the province, being almost finished in the north and centre. The sowings are germinating in normal condition in the southwest and the east, and somewhat slowly in the northeast for lack of moisture. The condition of the fields is good; they appear even and strong, and the weather is favourable in almost all the zones, the farmers hoping that it will turn colder in order to strengthen the plants.

Entre Ríos: The preparation of the land for wheat is considered practically finished. Seeding has been carried on with a scarcity of moisture, germination being somewhat retarded. But the last rains have been very opportune, speeding up the work on the land, and permitting the even germination of the wheat fields previously sown. At the present moment the wheat sowings reach only 60% of the area normally destined for this cereal in the south of the province and 25% in the north, but it is expected to complete them on the strength of the recent rains.

Pampa: Early sown wheat is growing in almost all the territory in good condition, although slowly, which is beneficial. The lack of rain which is making itself felt in the agricultural part of the central counties is causing a critical situation, but up to now no losses have been registered. With regard to later sowings, they are sprouting well in the north of the territory and in the counties of Guatrachó and Bucal, an uneven germination for lack of moisture being observed in the rest of the zone.

Since the publication of the above official report, there have been some fairly general mild frosts, which however, have again given way to warm and damp weather.

Private reports indicate that the Pampa and Far West are still handicapped by lack of moisture, and although there is still time to complete the sowing of wheat there should opportune rains fall, the prospect seems to be that there will be a reduction. Whilst some authorities feel that any reduction in the wheat acreage in the area referred to will be fully compensated by increases elsewhere, others are inclined to anticipate a small decrease in the total Argentine wheat acreage this year as compared with last. It is entirely a matter of weather during the next two weeks, as by the middle of July wheat seeding should be completed.

The acreage last year was 19,654,531. The present prospect seems to be that this year there will be at least 19,000,000.

There has apparently been a considerable response to the propaganda in favour of the use of seed of improved varieties, which has been assisted by the Banco de la Nación through its many country branches making loans to the farmers for the purpose of changing seed. Whilst the object is to encourage the production of wheat of a better quality, more acceptable to the millers overseas, in place of some of the high-yielding low-grade types of wheat now extensively grown, experience teaches that a change of seed usually results in a heavy yield for the first year or two, even though the new seed may not be of a heavy yielding variety. Hence the immediate result of the campaign is quite likely to be an increase in the production per acre, as well as an improvement in the quality of the product.

FLOUR MILLING:

A return recently made public by the Minister of Agriculture shows that in the year 1933, 176 mills which were operating used 69,787,000 bushels of wheat, from which was manufactured 15,073,000 barrels of flour. Of this quantity 1,113,000 barrels were exported and 13,960,000 barrels were required for domestic consumption.

Although only 176 mills were in operation, there are actually 255 mills in the country, 79 remaining idle, largely on account of inability to compete with the larger modern units.

An improvement in the export of flour to Brazil is noted in the return, the 1933 figure of 383,000 barrels being the highest since 1930, when the total was 585,000 barrels. The arrangement for the exchange of wheat for coffee with the United States interfered with the business in flour in the interim. But there is no hope of a return to the figures of former years when practically the whole exportable surplus of the Argentine mills was taken by Brazil, which country has now embarked on a policy of milling at home.

M A I Z E

Exports of maize during the month totalled 19,821,000 bushels as compared with 22,139,000 bushels in May.

The following is now the supply position:-

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 "
Exported April 1st to June 30th	59,077,000 "
Still available for export	<u>101,151,000 "</u>

The above figures are based upon the Government's estimate of the new crop, which is felt in the grain trade to be much too low. Some firms estimate that the volume of the crop will be at least a million tons over the official figures. It is therefore quite likely that it will be necessary to revise my figures upwards.

The local market is very firm. With the small Argentine crop, and reports of prospective short crops in other countries, holders of maize here are not inclined to press sales, and as the exporting houses show a fair disposition to buy any lots which come forward, prices mark a substantial increase over those of a month ago. Spot Yellow on the last day of the month closed at \$5.29 paper pesos per 100 kilos, equal to 38 3/4¢ U.S. per bushel at current rates of exchange. The September option was quoted at \$5.41 equal to 39 5/8¢ U.S. On the same day in Chicago the September option closed at 61¢. Above prices are for export quality on railroad cars in the ports. In the domestic market Superior Yellow was quoted at \$5.30, Red \$5.60, White \$5.60 and Cuarenteno \$6.00.

L I N S E E D

Exports during the month were 3,610,000 bushels, which compares with 2,008,000 bushels in the previous month. This leaves the supply position as follows:-

Official estimate 1933-34 crop	52,635,000 bushels	
Carry over from 1932-33	535,000	"
Total	53,170,000	"
Deduct for Seed & Domestic needs	7,430,000	"
Balance available for export	45,690,000	"
Exported to June 30th.	32,732,000	"
Still available for export	<u>12,958,000</u>	"

The market has shown some fluctuations during the month, and closed on a slightly lower level than at the end of May. But prices are still profitable from the producers' point of view, and there is a feeling that they will be encouraged to increase their acreage in linseed this year, in view of present prices and prospective improved demand for industrial purposes.

The month closed with Spot linseed worth \$14.00 paper pesos per quintal, equal to \$1.02½ U.S. per bushel at current exchange, and September \$14.32 pesos, the equivalent of \$1.05 U.S. per bushel. On the same day Duluth closed at \$1.87 for both positions.

O A T S

1,441,000 bushels of oats were exported in June, as against 1,565,000 bushels in the previous month. The supply position is now:-

Official estimate 1933-34 crop	54,726,000 bushels	
Carry over from 1932-33	4,956,000	"
Total supplies	63,682,000	"
Seed & Domestic Requirements	29,327,000	"
Exportable balance	33,855,000	"
Exported to June 30th.	19,512,000	"
Balance still available	<u>23,343,000</u>	"

The market has been quite active during the month for oats, largely in view of the crop situation in the United States, where apparently there will not be enough to meet the domestic requirements. Prices rose by over one peso per quintal, and although some of the increment was subsequently lost again, at the close of the month there was still an increase of over 25% as compared with the end of May.

The first cargo of oats to be sent to the United States for several years left here recently. Even with an adverse tariff of 16 cents (U.S.) per bushel to face, there is still sufficient margin left to make the business profitable on today's price levels.

Spot oats of good food quality closed at \$4.35 paper pesos per quintal, and September at \$4.80, equivalent to 18¼¢ and 20 1/8¢ U.S. per bushel at the current rate of exchange. On the same day September closed in Chicago at 44 1/8¢.

Reports from the country indicate that the sowing of oats is almost completed, with some increase in the acreage probable.

B A R L E Y

Exports in June were 2,695,000 bushels, as against 2,141,000 bushels in the previous month, leaving the supply position as follows:-

Official estimate 1933-34 crop	35,366,000 bushels	
Add carry over from 1932-33	4,710,000	"
Total	40,076,000	"
Deduct for Seed & Domestic needs	6,568,000	"
Exportable balance	33,508,000	"
Exported to June 30th.	19,697,000	"
Balance still available	<u>13,811,000</u>	"

Business is quiet, but barley has risen in price in sympathy with the other coarse grains, and the month closed at \$5.75 paper pesos per quintal for spot food, with brewing quality worth a little more. This is equivalent to 36¼¢ U.S. per bushel.

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