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The Grain Situation in the Argentine.

Ottawa, August 14, 1934. - The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of August 2, 1934, dealing with the grain situation in the Argentine: -

W H E A T

SUPPLIES:

During the past month wheat and wheatflour to a total of 16,283,000 bushels were exported (wheat 16,094,000 bushels, flour 189,000 bushels). June exports were 15,773,000 bushels (wheat 15,392,000 bushels, flour 381,000 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	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 July 31: wheat 100,269,000 bushels) flour 1,847,000 bushels)...	102,116,000 "
Balance still available for export ..	84,222,000 "

It is estimated that another 18,372,000 bushels of this balance has already been sold to the exporting houses, but not yet shipped; so that there remains probably more or less 66,139,000 bushels for sale.

MARKETS:

There has been considerable activity in the wheat market, especially during the latter half of the month, when price levels rose steadily, following the continued reports of damage and deterioration to the North American and European crops, until as high as $7 was being paid in Buenos Aires for wheat laid down in the port, with additional premiums for high quality grain, and in Bahia Blanca $7.10 was being paid.

Exporting houses have experienced a steady demand for wheat, which still continues, and there is apparently a prospect of its being maintained, judging by the heavy chartering of freight. At the end of the month 55,116,000 bushels were reported as loading or contracted for up to October.

There have been a limited number of transactions in wheat of the new crop, as high as $7. pesos being paid in Rosario for February delivery.

When trading closed for the month, Spot wheat was quoted at $6.96 the quintal, and the September option at $7.00 paper pesos, equivalent to 54¢ and 54¼¢. Canadian per bushel at the current rates of exchange. At the same time September closed in Winnipeg at 87½¢.

NEW CROP:

There have been fairly generous rains during the month just closed, but these have not been very well distributed. They have been heaviest in districts which were already being inconvenienced by excess of moisture, and practically missed the zones suffering from drought. The southwest portion of the province of Buenos Aires and most of the Pampa territory are now in rather bad shape for lack of rain.

I give below extracts from the report published by the Ministry of Agriculture on the 24th ultimo: -

Buenos Aires: Wheat in the province has struggled with two handicaps, excess of rains from the centre north, and drought throughout the Atlantic zone and the southwest bordering on the Pampa. For these reasons the seeding is backward, and some diminution in the area can be foreseen, with a possible switch to brewing barley in the southwest and to linseed in the southeast. South of Bahia Blanca, where there has been practically no rain since May, the heavy frosts and continuous winds have held back the winter wheat, which needs good rains within a short time. North of that city the Kanred and Lin Calel wheats are developing without much foliage but with good roots. In the centre of the province the excessive humidity of the soil has delayed seeding. In the west central seeding is finished and the grain looks well, but near the Capital the rains have caked the low lands. In the north the seeding has been interrupted by rains. The plants above ground are a bad colour for lack of sun. Frosts have checked their tendency to excessive foliage.

Santa Fe: - Wheat seeding may be said to be finished throughout the province. Germination has been normal, favoured by climatic conditions. Generally the condition of the wheat is normal.

Cordoba: - In general the condition of the wheat fields is good, except in the southwest of the province, which has suffered from drought, the effects of which have been partly relieved by the humid atmosphere and persistent fogs. Seeding is finished, the late fields being a little inferior to the earlier ones. In the north some early fields are well advanced, having benefited by the frosts of the last few days, which have retarded the growth a little.

Entre Rios: - Wheat seeding is practically finished and the fields are in good condition with the plants even and strong. The frosts of the last few days have benefited the grain.

Santiago del Estero: - Wheat seeding is finished. Good weather has favoured germination. In general the condition of the wheat is good. The area sown will show a shrinkage from last year.

Pampa: - In parts of the north the early fields of wheat may be considered good; in others there has been sufficient moisture, but the wheat fields have been prematurely pastured, which has damaged them. They may be said to be fair to good. In the rest of the Pampa the condition is fair to bad. The late sowings have been seriously affected by the drought; they have either not sprouted or they have done so unevenly, principally in the centre and south.

Summing up, the report says that the general condition of the wheat crop may be said to be from average to good, except in the extreme southwest of the province of Buenos Aires and almost all the Pampa, where it is deficient.

As yet there is not sufficient information available on which to base even a rough estimate of the acreage sown. But it is generally conceded that there is likely to be a shrinkage as compared with last year because of the adverse weather conditions above referred to.

The presence of locusts is already reported in the north, and fears are expressed that Entre Rios will again suffer some damage from these pests.

MAIZE

Maize exports during July totalled 26,427,000 bushels. This compares with 19,821,000 bushels in the previous month.

The following is now the statistical 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 July 31st	85,504,000 "
Still available for export	74,724,000 "

Of the above balance at least 19,684,000 bushels have already been sold to exporters, leaving a comparatively small quantity available for disposal considering the season of the year. But as previously mentioned in these reports, the government estimate upon which the above figures are based is considered by the majority of the grain trade to be far too low, probably by at least a million tons.

Market operations have been conducted under very favourable conditions, and an atmosphere of firmness prevails, due in part to the strength of the wheat market.

As compared with a month ago, there is an improvement in prices of a peso per quintal.

Spot yellow closed the month at $6.20 paper per 100 kilos, with the September option worth $6.25, equal to 46¢ U. S. per bushel at the current rate of exchange. On the same day in Chicago September closed at 69½¢ per bushel. Locally, Red was worth $6.30, White $6.50 and Cuarenteno $6.25 per quintal.

LINSEED

Exports during the month were 3,334,000 bushels, as compared with 3,610,000 bushels in June, leaving the supply position as follows: -

Official estimate 1933-34 crop	52,635,000 bushels
Carry over from 1932-33	535,000 "
Total supplies	53,170,000 "
Deduct for Seed and Domestic Requirements	7,480,000 "
Balance available for export	45,690,000 "
Exported to July 31st	36,066,000 "
Still available for export	9,624,000 "

There has been considerable activity in the linseed market during the month, but the firmness shown in respect to the grains has been lacking in the case of linseed. Prices have varied daily, and at the close of the month, the level is only slightly higher than at the beginning. Spot is worth $14.13 paper per quintal, and the September option $14.24, which is equal to $104 5/8 U. S. per bushel. This compares with the Duluth closing price of $1.89 for September

Reports on the new crop indicate that in the province of Buenos Aires little seed has yet been sown. In the north and centre it has been too wet, as also in the east. In the south seeding is usually done in the month of August, in order to avoid frost damage. In Santa Fe most of the seed is in the ground, and the condition is said to be good. In Cordoba the work is nearing completion, with some damage reported from the north and west, due to frost and drought, which recent rains are expected to make good. In Entre Rios a little remains to be done; the condition is average. In Santiago del Estero sowing is finished and the plants are said to be in good condition. In the Pampa drought is damaging the crop.

It is generally anticipated that the acreage sown to linseed will show a substantial increase over that of last year. Prices are at a profitable level, and there is a feeling amongst some of the farming community that the coming summer will be a dry one (in view of the drought from which most of the other grain producing countries are at present suffering). Hence there is a tendency to switch from maize, which is a summer crop, to linseed in the hope of securing better results if the feared drought materializes. In the southern portion of the province of Buenos Aires, where in the past little has been grown except wheat and oats, experiments with linseed in recent years have given very encouraging results, and it is practically certain that a considerable area will be sown to it this month. In other districts where drought delayed the sowing of wheat until too late, some linseed may be used to replace it, as this can be sown any time in August.

OATS

Exports of oats were a little higher in July than has been the case for some little time. 2,506,000 bushels were shipped out. 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	63,682,000 "
Seed and Domestic Requirements	29,827,000 "
Exportable balance	33,855,000 "
Exported to July 31st	13,018,000 "
Still available	20,837,000 "

A substantial improvement in prices took place during the month, which encouraged holders to offer more freely. The demand continues active, especially from Europe, with the United States also interested.

Spot oats closed the month at $5.30 paper per 100 kilos, as compared with $4.35 at the end of June. September closed at $5.45 equal to 22¾¢ U. S. per bushel. Chicago on the same day closed at 45 7/8¢ per bushel.

Reports on the new crop are generally good, although in some districts scarcity of natural grass has necessitated pasturing livestock on the young oat fields before they were sufficiently mature to stand it, and some damage has resulted.

BARLEY

July exports were 1,956,000 bushels.

Official estimate 1933-34 crop	35,366,000	bushels
Carry over from 1932-33	4,710,000	"
Total	40,076,000	"
Deduct for Seed and Domestic Needs	6,568,000	"
Exportable balance	33,508,000	"
Exported to July 31st	21,654,000	"
Still available	11,854,000	"

The demand for barley has been sufficiently active to maintain prices on a firm basis, and there is an improvement of almost a peso per quintal as compared with the close of June.

Good feed barley closed at $6.70 paper pesos per quintal, equal to 42¼¢ U. S. per bushel at the current rate of exchange, with brewing grades worth a shade more.
