

22-D-01A

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, September 15, 1934. - The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of September 3, 1934, dealing with the grain situation in the Argentine:-

W H E A T

SUPPLIES:

Exports of wheat and wheat flour during the month of August totalled 17,250,000 bushels, made up of wheat 16,901,000 bushels and flour 349,000 bushels; as compared with a total of 16,283,000 bushels during the previous month.

The statistical department of the Ministry of Agriculture has just made public its second estimate of the volume of the 1933-34 crop, which, as was anticipated, shows a substantial increase over the figures of the first estimate made in December last, in the case of wheat. The new official estimate is 286,123,000 bushels, as against the first estimate of 256,177,000 bushels. On the basis of these new figures, the last crop of wheat was the biggest on record for the Republic with the exception of that of the year 1928-29, when the volume was 349,055,000 bushels.

Using the new official estimate as a base, the following is now the statistical position:-

Second official estimate 1933-34 crop	286,123,000	bushels
Carry over from 1932-33 crop	7,323,000	"
Total supplies	293,446,000	"
Deduct Seed & Domestic Requirements	95,534,000	"
Balance available for export	197,912,000	"
Exported to August 31: wheat (17,170,000 bushels)		"
flour (2,196,000 bushels)	119,366,000	"
Balance still available for export	78,546,000	"

A check-up of the stocks of wheat in the country made by a private organization during the first month showed a balance available for shipment on August 23rd of 73,992,000 bushels. It is extremely difficult to conduct such a check, and the accuracy of the result is always problematical because of unreliable data. But the two balances are sufficiently near together to suggest that neither is very far from the truth.

Receipts from country points continue on a moderately heavy basis, and the movement overseas, although the total is a shade lower than on the corresponding date of a year ago, possibly because of much heavier maize shipments, is still on a fairly generous scale.

NEW CROPS

Adequate precipitation, fairly well distributed, has been one of the features of the month. Another has been the mildness of the temperatures prevailing. These conditions have kept the new wheat growing fast, and in some districts there are complaints of undue development above ground. Cold, frosty weather would now be welcome, in order to promote development of the roots and strengthen the plants.

The Government report on crop conditions, which has latterly been appearing with commendable regularity each month, was duly published on the 24th, and from it the following extracts have been taken:-

Buenos Aires: Since the last report the climatic conditions have been favourable. Breezes have dried out the lands which were too damp, and the rains of the middle of the month helped the southwest zone, not so much by the quantity of the precipitation as by its slow distribution. Although unseasonably late, sowing of spring varieties is at this moment being finished in some parts of the centre where the land was too wet and in the Tres Arroyos district where there was a relative drought. In the north the most forward wheat fields are being harrowed to arrest the excessive leafiness and stop the baking of the soil. Generally the condition of the wheat in this zone is unsurpassable, as the sharp frosts and the lateness of the sowing have

tended to avoid the excessive leafiness which the surplus moisture might have brought about. In the west the condition of the wheat fields is also good, with the exception of the sandy zone contiguous to the Pampa, where it is precarious because of the lack of humidity and the weakness of the plants. The recent rains will bring about a rapid recovery. Finally, the danger which the fields of winter wheat in the southwest were running has disappeared for the present, except south of Bahia Blanca, where the rains have been insufficient.

Santa Fé: The condition of the wheat fields throughout the province is good, the plants showing a good colour and vigorous aspect. The cool temperatures and general weather conditions have been favourable. In some districts of the north locusts have partly eaten off the wheat, but the damage is not serious, as the grain is again sprouting. For this reason the farmers are not carrying on the work intended to arrest the excessive leafiness. Generally it is judged that there is a diminution in the area sown.

Cordoba: With the exception of the southwest zone of the province, where the continued drought maintains the precarious condition of the sowings, the state of the wheat fields is good, the plants having germinated and developed well up to the present. In the area mentioned the wheat is backward, pale and yellow, although it is expected that a good rain will bring a favourable reaction. In the north the first sowings, representing 65% of the total, are beginning to form the stem, this being advanced for the season.

Entre Rios: Some wheat fields are too forward, requiring to be pastured or worked in order to restrain vegetation; but in general the condition is good throughout the province.

La Pampa: The early sowings of wheat up to the middle of July were struggling against the intense drought. Since then they have begun to deteriorate. The later sowings are those which have suffered most. Until the rains came in the middle of August the crop prospects were really alarming, since the drought, the cold weather and the daily strong winds had prevented the germination of the late sown seed and broken down or damaged the young plants. For the sandy soils of the Pampa the quantity of rain which fell (1 to 1½ inches) was of less importance than the slowness of the precipitation and the cloudy weather which followed. At the date of the report little reaction was visible, but there was every reason to anticipate that improvement would soon follow.

Santiago del Estero: The condition of the wheat fields is considered good. Unfortunately locusts have invaded one district, and it is feared that damage will result.

Private reports with regard to crop conditions tend to confirm the above official information.

Yesterday the Ministry of Agriculture announced its first estimate of the area seeded for the new crop. In the case of wheat it is said to be 18,475,600 acres, which is 6 per cent less than the area seeded last year, viz: 19,654,531 acres. This is more or less what was anticipated, the general view of the grain trade having been that there would be a reduction of between 5 and 10 per cent in the area seeded, on account of weather conditions prevailing whilst the work was in progress.

MARKETS:

The past month was about the most active of the current year in the grain market here. The crop news from the United States and Canada, losing nothing in the course of transmission, caused prices to soar, and as is usual in a period of rising prices, the speculators stepped in and carried them to still greater heights. The inevitable reaction followed, in spite of the fact that official reports showed that the private advices of crop damage had unfortunately a substantial foundation, and by the close of the month much of the gain in prices had been lost again.

Apart from speculative business, a good deal of wheat changed hands on the exchange. The European demand was good, and the United Kingdom was purchasing freely in the early part of the month, although later less interest was shown in Plate wheats.

At the close of the month Spot wheat was quoted at \$7.40 paper pesos per 100 kilos (as compared with \$6.96 a month ago), and the October option was changing hands at \$7.53, these prices being equivalent to 65½c. and 67c. Canadian per bushel at the day's rate of exchange. In Winnipeg on the same day October wheat closed at 81 5/8c. per bushel.

GRAIN CONTROL BOARD:

In view of the continued improvement in price levels as compared with the minimum fixed by the Board, practically no buying is now being done, and most of the stocks of grain of the Board have been delivered to shippers, although not all actually sold.

M A I Z E

Exports of maize during August were 22,601,000 bushels, an appreciable drop from the July shipments of 26,427,000 bushels.

No revised estimate of the maize crop is included in the second estimate just published with regard to the other grains. The following table showing the statistical position is therefore based on the original official figures, although these are generally considered to be much too low.

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 August 31st	108,105,000	"
Still available for export	<u>52,123,000</u>	"

The estimate of the private organization referred to above shows a balance of maize available for export on August 23rd of 92,261,000 bushels which is probably not far from the correct figure.

Although prices recently have weakened a little in sympathy with those of other grains, market conditions during the month have been very satisfactory, and the demand has been steady and occasionally quite active for maize. At one time there was the unusual spectacle of maize selling at a slightly higher price per bushel than wheat. This was only a momentary condition, but prices still continue to be on a very satisfactory basis from the view point of the seller.

At the close of the month spot yellow maize was selling at \$7.21 paper pesos per quintal, equal to 60 7/8 cents U.S. at current exchange rates, and November at \$7.57, equal to 64 cents U.S. per bushel. At the same time December maize closed in Chicago at 79 3/4c.

Red maize here was worth \$7.40, White \$7.60 and Cuarenteno \$7.60 per quintal, all prices on railway wagons in the port.

Preparation of the land for the new crop is under way, and it is generally anticipated that the area seeded to maize will show an increase over that of last year, especially in view of the remunerative prices which are now being paid, although there is little expectation of these prices holding any great length of time. The reduced acreage under wheat is another factor which will tend to influence the maize area.

L I N S E E D

Exports during August were 3,379,000 bushels, practically the same as in the previous month.

The second official estimate of the volume of the last crop shows a slight increase over the first figures. On the basis of the new figures, the supply position is now as under:-

Second official estimate 1933-34 crop	56,690,000	bushels
Carry over from 1932-33	535,000	"
Total supplies	57,225,000	"
Deduct for Seed & Domestic Requirements	7,480,000	"
Balance available for export	49,745,000	"
Exported to August 31st	39,445,000	"
Still available for export	<u>10,300,000</u>	"

In the early part of the month there was considerable activity in the market for linseed, but latterly this has fallen off as the demand petered out, and the month closed with prices on a lower level than at the opening, - \$13.95 as against \$14.15 for spot seed. The October option closed at \$14.00 per quintal, equal to 118 1/4c. U.S. per bushel at current exchange rates. On the same date October closed at 193 in Duluth.

Reports on the new crop are generally good, and most of the seed is now in the ground, although in parts it has been deliberately held back in order to avoid possible frost damage. Some re-seeding has had to be done in Santa Fé to replace frost-damaged fields, and some damage is also reported from locusts, but it is still early enough for these plants to grow again.

According to the Government's estimate of the acreage, there is an increase of a little over 5 per cent as compared with that of last year, the figures being 7,212,400 acres in 1934, as against 6,850,619 in 1933.

As mentioned last month, this increase in the acreage is due in part to the profitable prices now being received, but also in part to the fears of a drought in the coming summer, which would possibly be less damaging to linseed than to wheat and other grains.

O A T S

The second Government estimate of the volume of the last crop of oats is a little lower than the first, the difference being 713,000 bushels.

August exports were 2,843,000 bushels, making the total for the year to date 15,861,000 bushels. The following is the supply position:-

Second official estimate 1933-34 crop	54,013,000	bushels
Carry over from 1932-33	8,956,000	"
Total supplies	62,969,000	"
Deduct for Seed & Domestic Requirements	29,827,000	"
Exportable balance	33,142,000	"
Exported to August 31st	15,861,000	"
Balance still available	17,281,000	"

The improvement in price levels which commenced in July continued last month, and spot oats closed at \$6.10 paper pesos per quintal as compared with \$5.30 a month ago, this price of \$6.10 being equivalent to 31 3/8c. U.S. per bushel at current exchange rates. October closed at \$6.25 per quintal, equal to 32 1/8c. U.S. per bushel. At the same time September oats closed in Chicago at 51 1/4c.

A quantity of oats was sold for shipment to the United States, and further sales are expected to be made for the same destination in view of the reported shortage of feed grains there. There is also a steady demand for oats from European buyers.

The new crop is making good progress, with an exuberant growth in some districts, which is being submitted to heavy pasturing.

The area planted to oats shows a slight decrease from that of last year, - 3,334,500 acres in 1934; 3,564,951 in 1933.

B A R L E Y

August exports were 1,190,000 bushels.

The second official crop estimate gives the volume of the last crop as very slightly more than the first estimate. The following table shows the supply position:-

Second official estimate 1933-34 crop	36,009,000	bushels
Carry over from 1932-33 crop	4,710,000	"
Total	40,719,000	"
Deduction for Seed & Domestic Needs	6,568,000	"
Exportable balance	34,151,000	"
Exported to August 31st	22,844,000	"
Balance still available for export ..	11,307,000	"

The market has not been very active lately, the demand being somewhat limited, and a tendency to weakness exists. Feed Barley is worth \$7.90 per quintal on wagons in the port, and Brewing Barley \$8.50 paper pesos.

The condition of the new crop is more or less on a par with that of the crop of oats, and the acreage shows a slight increase over that of last year, - 1,840,150 acres against 1,781,784.

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