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The Grain Situation in the Argentine.

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

W H E A T

SUPPLIES:

16,126,000 bushels of wheat and 253,000 bushels of flour were exported during September, a total of 16,379,000 bushels, which compares with the previous month's total of 17,250,000 bushels.

The statistical position is now as follows:-

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 for Seed and Domestic Requirements	95,534,000 "
Balance available for export	197,912,000 "
Exported to Sept. 30th: wheat 133,297,000 bushels)	
flour 2,448,000 bushels)	135,745,000 "
Balance still available for export	62,167,000 "

As will be seen from the above, shipments overseas continue on a high level, and although the freight market has been less active recently there is still a good volume of tonnage booked, something over 66,139,000 bushels, which would indicate a continuance of fairly heavy exportation up to the end of the year. If the present rate is maintained during the remaining three months of the current year, the carryover looks like being not very much more than normal.

Receipts from country points are only moderate. Not a great deal of wheat remains in the hands of farmers, and according to a statement just published by the Grain Control Board the balance of wheat remaining in the hands of the Board has been reduced to 20,576,000 bushels unsold.

MARKETS:

Throughout the month market conditions here have been very unsatisfactory, and there has been a steady decline in price levels, the demand having been inadequate to take care of the liberal offerings. The weakness has not been confined to this market, but it has been more pronounced here than elsewhere, due largely to the fact that speculators both in and out of the grain trade got themselves into a tight corner and were compelled to liquidate their holdings when the falling off in the overseas demand caused prices to decline.

The end of this condition is in sight, and a more optimistic outlook is beginning to prevail, although cables from Europe indicate that the demand is still insufficient to absorb the Argentine and Canadian offerings. The month closed with spot wheat worth 6.30 pesos per quintal, and December 6.73, equal to 55 3/8c and 59 1/8c. Canadian per bushel at current rates of exchange. In Winnipeg, December closed at 82 1/8c. per bushel on the same day.

NEW CROP:

Weather conditions during the month have been very favourable for the new crop of wheat. Frosts visited various localities, especially in Santa Fe and Cordoba, on the 11th and 12th, and some were also reported on the 13th and 14th. It is almost certain that some damage would be done, although its extent is quite problematical, and optimists even say that the frosts only occurred where no damage could result. But any little set-back of that nature has been much more than off-set by the very beneficial rains which have fallen, every part of the cereal zone sharing in the precipitation, and the wheat now is in excellent condition to face the critical period which lies ahead.

The monthly report of the Ministry of Agriculture made its appearance on the 26th, and from it the following extracts are taken:-

Buenos Aires. The general condition of the wheat may be considered good, although a large part of the crop is somewhat behind in development for the period of the year. The plants have rooted well, present a vigorous appearance and have a good colour. No damage is reported. The frosts of the first half of the month were not severe and their effects were ameliorated by the moist condition of the soil and by the abundant and general rains which immediately followed. The fields which were in the least satisfactory condition in some parts of the south and west, and which until the first days of September gave rise to fears of important losses through drought, have re-acted appreciably since the rains and now look well. On the other hand, in the central zone of the province the excessive humidity of the soil has prevented a normal development, and this is the least satisfactory district.

Santa Fe. The condition of the wheat fields in the province is good, with the exception of the damage which may have been caused by the frosts of the 11th and 12th, and which can only be estimated later on, but it may be supposed that the humidity of the soil proved a good defense and ameliorated their effects. In the north the warm temperatures and rains in previous months caused excessive development of foliage, which became very thick. The stalks appear strong, the plants are a good height and present a healthy appearance. No damage from drought is to be seen, although the condition of the fields which were eaten down by locusts is somewhat deficient by reason of the soil having been exposed to the sun too much. In some districts in the south the plants are very thick and have been losing colour. Some rust is also to be seen. There is some frost damage in the fields where the stalk is forming. In the rest of the region the wheat fields have attained a height of ten or twelve inches and look well.

Cordoba. Generally speaking, in the various zones of this province the condition of the wheat is not considered satisfactory. In the north the greater part of the crop is heading out and presents various aspects according to the amount of the local precipitation and the devastations of the locusts, especially in some places where these were accompanied by drought. The damage caused by the frosts of the 11th and 12th cannot yet be estimated, but it is certain that some was produced in view of the condition of the plants, although it would be much alleviated in the zones most favoured by rains. In the centre and east of the province the condition of the wheat is good, the vegetation strong and in many cases excessive, but in general even and healthy. In the south and southwest, where the drought was the most felt, the plants have a thin development above ground, but they have resisted the lack of moisture, and it is expected that the recent rains will be of great benefit. The sanitary condition of the plants is satisfactory, and the late frosts have done little damage, only the most backward fields being affected.

Entre Rios. The early sown wheats are already heading, if indeed only a small proportion. The height of the plants varies according to the time of sowing of each lot; but in general the condition is good to very good in respect of development, colour, abundance of foliage and sanitary condition.

The Pampa. The condition of the wheat is good in general, the stalks having begun to form in the north of the territory. The late sowings, which had germinated and sprouted unevenly, now present a uniform appearance, and stimulated by the moisture provided by the rains which fell during the month, the growth is vigorous and there is no evidence of the presence of vegetable plagues.

Santiago del Estero. From seeding right up to the present moment the climatic conditions have been favourable for the normal development of the wheat crop, and now 40 per cent is more or less advanced for the season and has been partially affected by the late frosts. In general the condition of the wheat fields is good. Flying locusts have caused damage in the Rivadavia district, but no appreciable damage by other plagues is to be seen.

Information received from unofficial sources tends to confirm the foregoing government report. But it should be emphasized that the critical period for the Argentine wheat crop lies ahead and that much may happen to it between now and late November.

ASSISTANCE TO FARMERS:

The Argentine National Bank announces that it is prepared to make advances to farmers in order to enable them to construct granaries on the farms so as to avoid the necessity of dumping their wheat on the market as soon as it is harvested, with the consequent detrimental effect on prices. One of the most noticeable features of the countryside in this Republic is the absence of buildings on the great majority of farms, which is a result of the land tenure system in vogue.

Loans are to be made available to tenant farmers with up to 125 acres of crop, of the equivalent of \$400. dollars (Canadian), for building portable granaries of specified capacity; those with 250 acres under crop, \$700; those with 500 acres, \$1100.; and for land-owners whose land is worked by tenants, loans not exceeding \$10,000 dollars will be available for the construction of granaries for the use of tenants who may not be in a position to contract a loan themselves. All the loans will bear 5 per cent interest, and will be repayable in five annual instalments.

If advantage is taken of this scheme to any extent, it will help to prepare the way for the modernising of the Argentine grain handling methods by the installation of the national system of elevators which is being planned by a commission with the assistance of Canadian experts at the present time, and will facilitate the change from bags to bulk handling.

LEGISLATION:

The regular sessions of Congress came to an end on September 30th without the Bill for a Grain Act becoming law. Extraordinary sessions are to be called, however, and it is likely that this Bill will be on the agenda for its final revision by the Senate. As soon as its terms have been finally settled, copies of the Bill or a memorandum of its provisions will be sent out with these monthly reports.

M A I Z E

Exports of maize during the month of September were 19,471,000 bushels, as against 22,601,000 bushels shipped in August.

Near the end of the month the Ministry of Agriculture made public its second estimate of the volume of the 1933-34 crop of maize, viz: 232,312,000 bushels, an increase of 15,787,000 bushels over the first.

According to the statement issued by the Ministry, the area seeded to maize was 16,089,580 acres, of which there was lost or proved unfit for harvesting 6,372,600 acres, leaving to be harvested an area of only 9,716,980 acres.

As will be seen, the average yield on this reduced acreage works out at nearly 24 bushels per acres.

The present crop is inferior by 35,451,000 bushels to that of last year, and is 71,646,000 bushels below the average for the five year period 1928-29--1932-33, which was 303,958,000 bushels.

The new estimate is regarded as still too low by most of the grain trade, who are inclined to add another 15,747,000 bushels to the government figures. But using for the present the official figures, the following is now the statistical position:-

Revised official estimate 1933-34 crop	232,312,000 bushels.
Official estimate carry over from 1932-33	2,283,000 "
Total supplies	234,595,000 "
Deduct for domestic consumption (50,391,000 bushels)	
seed grain (5,905,000 bushels)	56,296,000 "
Available for export	178,299,000 "
Exported to September 30th	127,576,000 "
Balance still available	50,723,000 "

In common with wheat and other grains, maize has suffered a considerable reduction in price during the month. Most of the time the price per bushel of wheat and maize have been nearly on a parity, but latterly maize has been quite appreciably higher than wheat, and at the close of the month was quoted 36 centavos per quintal higher.

Whilst considerable maize is still changing hands, the demand from Europe has eased off and sales have recently been more difficult to put through, and is reported that a number of cargoes which were shipped unsold had to be disposed of at unsatisfactory prices. Hence the falling off in exports as compared with the two previous months, in spite of the weather having been reasonably propitious for maize loading and the condition of the grain satisfactory.

Little maize remains in the hands of the farmers, and there is no selling pressure from that source. Practically all the stocks are in the possession of the trade, and as soon as the demand from consuming markets revives again with the approach of winter, it is felt that the existing weakness will disappear.

Spot yellow for export closed at \$6.67 paper pesos per 100 kilos and the December option at \$7., alongside in the port of Buenos Aires, equivalent to 56c. and 58 7/8c. U.S. per bushel at the current rates of exchange. On the same day Chicago Dec. closed at 77 7/8c. per bushel.

In the local market, Red. closed at \$7., White at \$7.20 and Cuarenteno at \$7.20 the quintal.

Considerable maize has already been sown for the new crop. In some districts the work was done prematurely in view of the wetness of the soil and the coolness of the temperatures, and the fields will have to be reseeded. But generally speaking the land is in excellent condition for ploughing and cultivating, and encouraged by the high prices received for the last crop, the farmers are actively and enthusiastically prosecuting the work with a view to planting the utmost possible acreage. Reports from every direction indicate a probable increase in the area sown.

L I N S E E D

4,090,000 bushels were shipped out during September, as compared with 3,379,000 bushels in August. The supply position is now as follows:-

Second official estimate 1933-34	56,690,000 bushels.
Carry over from 1932-33	535,000 "
Total supplies	57,225,000 "
Deduct for seed and domestic requirements	7,480,000 "
Exportable balance	49,745,000 "
Exported to September 30th	43,535,000 "
Balance still available	<u>6,210,000 "</u>

The market has been very quiet during the month until the last week, when some little animation was shown and prices improved a little, but not sufficient to offset the decline already recorded as compared with the previous month. Neither Europe nor the United States was in the market for any great quantity of seed. But with the small balance still on hand as shown by the above statement, the lack of present demand is not a cause for worry.

At the close of the month Spot linseed was quoted at \$12.90 paper per quintal, and the November option at \$13.20, equal to 103 3/8c. and 110 7/8c. U.S. per bushel at prevailing exchange rates. At the same time Dec. was quoted in Duluth at 184c. per bushel.

The new crop is progressing favourably. Some frost damage has been sustained, especially to the linseed already in flower, and in the north the locusts have been busy in some districts. But it is not anticipated that these losses will be at all serious. In Entre Rios there are complaints that weeds are getting ahead, but in the other zones the fields are reported generally clean.

O A T S

September exports were 4,676,000 bushels, as against 2,843,000 bushels. in August. This leaves the supply position as under:-

Second official estimate 1933-34 crop	54,013,000 bushels.
Carry over from 1932-33	<u>8,956,000 "</u>
Total	62,969,000 "
Seed and domestic requirements	<u>29,827,000 "</u>
Exportable balance	33,142,000 "
Exported to September 30th	<u>20,537,000 "</u>
Balance still available	<u><u>12,605,000 "</u></u>

Oats have maintained their price level relatively better than most other grains, having only declined from \$6.10 to \$5.85 paper pesos per quintal during the month (say 31 3/8c. to 29 7/8c. U.S. per bushel).

This strength has been due to the sustained demand, particularly from the United States, which bought a number of cargoes.

From practically all districts reports indicate that the new crop is making good progress, having greatly benefitted by the rains during the past month.

B A R L E Y

September exports were only 841,000 bushels as compared with 1,190,000 bushels in the previous month.

There is still a considerable stock available for export, as shown in the following statement:-

Second official estimate 1933-34 crop	36,009,000 bushels.
Carry over from 1932-33	<u>4,710,000 "</u>
Total	40,719,000 "
Seed and domestic requirements	<u>6,568,000 "</u>
Balance for export	34,151,000 "
Exported to September 30th	<u>23,685,000 "</u>
Balance still available	<u><u>10,466,000 "</u></u>

The market is quiet, but a reasonably firm tone prevails. Spot feed barley for export is worth \$7.85 paper pesos per 100 kilos, with brewing grades nominally 10 per cent higher.

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