22-D-01A

C 1

Published by Authority of the HON. W. D. EULER, M.P.,
Minister of Trade and Commerce

DOMINION BUREAU OF STATISTICS - CANADA
AGRICULTURAL BRANCH

Oct

Dominion Statistician: R. H. Coats, LL.D., F.R.S.C., F.S.S.(Hon.)
Chief, Agricultural Branch: T. W. Grindley, Ph.D.

The Grain Situation in the Argentine

Ottawa, November 19, 1935.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of November 1, 1935, dealing with the grain situation in the Argentine:

Crop Conditions

Generous rains during the past month have made a very radical change in the crop prospects, and in these rains every part of the cereal zone has participated, even the south of Buenos Aires, which was beginning to complain of dryness, received a nice soaking a week ago. In view of the 25 per cent reduction in the wheat area seeded, it is, of course, impossible that anything like a normal volume will be threshed, especially as there must be added to that reduction an area of abandonment which is at present impossible to estimate. Reports from the districts which were suffering severely from the long drought indicate that there has been a considerable response to the moisture in the fields which had been feared were lost completely, and which are now covered with a fresh green growth which would have been much more welcome a few weeks ago. Many of the colonists are still undecided whether to plough this grain under and reseed the fields to maize, which can still be sown with reasonable assurance of a crop, or to wait and see what happens to the young wheat. Much of the seed which has now sprouted has been lying dormant in the dry ground for two, three and even four months. For the most part it is poorly rooted, and a few days of the hot winds which might soon be anticipated in a normal season would probably kill it out completely, too late to use the land for anything else this season. With a continuance of the cool weather which has been prevalent so far, the plants may gain sufficient strength to make a crop, although a late one. The tendency appears to be to wait a little longer and see what happens to it. Naturally the districts, especially in the province of Buenos Aires, which had escaped the drought, now have prospects which are very bright indeed for a good crop.

Below I give extracts from the official report of the Ministry of Agriculture on crop conditions in the grain growing regions, which made its appearance on the 23rd ultimo. Further rains have fallen since the report was made public, and southern Buenos Aires shared in these. For the sake of brevity I quote only the references to wheat, it being understood that the condition of the other crops is more or less similar, with due allowance for their individual peculiarities.

Buenos Aires. In the south-east the condition of the wheat fields is considered good, with the exception of the low lands between the hills of Azul and Tandil, where it has not rained. In the centre of the province a little backwardness is noted, but the condition is good. In the hill zone it has rained little. so that the drought and low temperatures have continued holding back the development of the wheat, which on the other hand is well rooted and a healthy colour. In the Bahia Blanca zone the rains have been insufficient and there have been frequent frosts, so that growth continues to be backward, which may have bad results if in November there should be hot winds inducing a premature ripening. In Dorrego incipient rust is to be seen and damage in the roots which may cause "white heads". The wheat fields in the west are also generally backward, but they have been benefited by the recent rains, especially in the north-west; on the other hand, from Pehuajó to Trenque Lauquen and Pellegrini there are stretches damaged by the drought which are being used for pasture. In the north locusts and drought have caused damage, especially in the coastal regions, where a normal yield can hardly be expected.

Santa Fe. Except for the low temperatures. the weather during the month has been favourable. The rains have modified the aspect of the crops, whose vegetation is luxuriant although late because of the long drought in the past and the present cold weather. The condition of the wheat fields throughout the province is backward. In the north and centre the area lost reaches a large percentage, and the fields which have reacted are uneven, thin, and generally short, but much of the grain is in flower or heading in the north and forming stalk in the centre. The lots which have suffered most are the late seedings, in which a great quantity of plants are dried or even completely lost.

Santa Fe.-(continued)

In the southern region the situation is better; the wheat shows a backwardness of one month, but nevertheless 10 per cent is already headed, although the plants are short and thin on the ground; of the other 90 per cent two-thirds are uneven, with tall plants and others just sprouted in the same fields; and one-third shows a uniform growth, these being almost entirely in the southern districts and consisting of late-sown fields which mostly just cover the ground. In many cases the areas damaged by locusts have commenced to grow again, thus increasing the unevenness of the fields. The present prospects are generally for a poor crop in the province.

Córdoba. The rains which fell during the month brought to an end the prolonged drought which reigned in this province with greater intensity than in other zones. In the northern portion of the province the wheat crop is thirty days behind its normal growth. The early sown fields are some headed and others heading, with the plants short but more or less fully developed; they look uneven because of not having germinated all at the same time, the bare spots having been covered up since the rains. As for the late fields, these are just starting to grow, with an even and vigorous germination. In the eastern region the rains have improved the condition of the wheat, but the farmers show a certain pessimism with regard to the results which can be obtained; in some fields the plants less than a foot high have little heads the production of which seems very doubtful, and in others the little plants are beginning to grow, with no strength. In the south and south-west warmer weather is needed more than has been experienced up to the present in order to complete the re-action of the grain; the backwardness is the same as in other zones, and the wheat is commencing to head before having reached a normal height.

Entre Rios. Since the last report the crop prospects have changed greatly and are much more favourable. In the eastern section of the province the wheat is heading although short, and with the recent rains they will be able to count upon a crop, unless the locusts cause much damage, as in some districts around Gualeguaychu, where the fields have been destroyed beyond recovery. In the west the situation is one of expectation, since much of the wheat has recently sprouted and its future depends upon the maintenance of cool weather until it is well rooted.

La Pampa. The last rains have fundamentally changed the agricultural conditions of the Territory. The wheat fields are more than a month behind. The early lots are developing in good condition but are later than they should be. Some fields for lack of germination and the effects of the strong winds have been completely lost.

Santiago del Estero. The wheat in the dry zone may be considered good in the Belgrano district, where there is only 25 per cent damage from frost and drought; much of this wheat is heading and since the rains an almost normal crop is expected. In Rivadavia and Aguirre the condition is bad, more than 60 per cent being lost and from what is left only low yields will be secured. In the irrigated zones the most advanced fields, favoured by the mild temperatures, are heading fast; the general condition is good, although some losses through drought are to be lamented.

- - - - - - - -

As will be seen from the foregoing, the fate of the new crop of wheat is still very uncertain. With a continuance of favourable weather much of the apparently lost wheat areas may produce some grain, and some of the poor fields may thresh out better than has seemed probable up to the present. But the critical period is ahead, with the grain in poor shape to face it. To forecast the result at this stage is impossible. But those who are venturing to prophesy are talking of an exportable surplus of from 36,744,000 bushel to 73,487,000 bushel.

- - - - - -

WHEAT

Exports during October were 7,285,000 bushels of wheat and 243,000 bushels of wheat flour, making a total of 7,528,000 bushels, which is a substantial reduction from the previous month's total of 10,702,000 bushels.

It is becoming evident that more wheat is left in the country than had been figured on in these reports, and it is probable that the reduction of the official estimate of the crop by 9,186,000 bushels which I made some time ago was too much.

W H E A T - (concluded)

Hence I have revised the statistics as follows:

Second official estimate 1934 - 35 crop, ...		238,320,000 bus.
Less a deduction for probable error of		1,837,000 "
Leaving		236,483,000 "
Add carry over from 1933 - 34		15,435,000 "
Total supplies		251,918,000 "
Deduct for seed and domestic consumption		95,534,000 "
Exportable balance		156,384,000 "
Exported to) wheat	133,425,000 bus.	
October 31) flour	1,857,000 bus.	135,282,000 "
Still available for export		21,102,000 "

Whilst there have been fluctuations during the month which have shown a variation of over a peso per quintal between the high and low points of the daily closing prices, it can still be said that the market here has remained comparatively steady, having in mind the influences, domestic and extraneous, to which it has been subjected,- varying weather conditions, the European political situation, and the change of government in Canada with its possible effect on the policy with regard to the disposal of the heavy Canadian surplus. Probably less than half of the available surplus shown above remains in the hands of the farmers, and there is no pressure from them to sell. The demand for export was indifferent, European buyers apparently waiting for lower quotations for Canadian wheat; and the local millers only displayed moderate activity in their purchasing.

Spot wheat closed the month at $8.53 paper pesos per quintal (equal to 77 1/8c. Canadian per bushel at prevailing rates of exchange), as compared with $8.95 at the end of September. The December option closed at $8.27 (74¾¢ per bus.). In Winnipeg on the same day December wheat closed at 86½ c.

In the market for wheat flour the buying interest was very limited, and prices were on the down grade.

M A I Z E

Exports in October showed an increase of over 10 per cent as compared with the previous month, being 27,505,000 bushels as compared with 24,831,000 bushels. But even with this increase in shipments the crop is not moving out as fast as is desirable in view of the heavy stocks, the bright prospects for the new crop, and a probable increase in the acreage even above last year's big area.

The statistical position is now as follows:

First official estimate 1934 - 35 crop, ...	452,734,000 bus.
Carry over from 1933 - 34 crop	445,000 "
Total supplies	453,179,000 "
Deduct for seed and domestic consumption ...	70,863,000 "
Exportable balance	382,316,000 "
Exported to October 31st	188,984,000 "
Still available for export	193,332,000 "

In the above figures I have increased the allowance for seed and domestic consumption by 15,747,000 bushels to cover the estimated extra consumption of maize by feeding it to live stock during the drought. Since the rains the amount being used in this way has dropped off and will continue to do so, but will not be reduced to its normal volume until the new grass attains some "body".

Sowing of the new crop of maize is proceeding actively under excellent conditions. Germination of that already planted has been somewhat slow in some districts owing to frosts and cold weather. It is generally anticipated that there will be an expansion of the acreage sown to maize to make up for the decrease in the areas under wheat and linseed.

MAIZE - (concluded)

Market conditions have been not altogether satisfactory during the past month, the demand from abroad being inadequate to take care of all the grain offering. Consequently prices have tended downwards, and since the middle of the month they have been hovering around the minimum fixed by the Grain Control Board of 4.40 the quintal. Exporters say their customers are unwilling to do better than this. The official board is, therefore, apparently preparing to buy extensively, and is now conducting an active propaganda to instruct the growers as to their rights and the protection afforded them by the operations of the Board.

Spot maize for export closed the month at $4.41 per quintal, as compared with $4.55 a month ago. The December option closed at $4.56 (equal to 38c. U.S. per bushel at prevailing rates of exchange). On the same day December closed in Chicago at 58¾ c.

In the domestic market, for superior grades, yellow was worth $4.30; red $4.40; Cuarenteno $4.50, and White 5.00 per quintal.

LINSEED

October shipments were 5,506,000 bushels, which compares with 5,050,000 bushels in September. The statistical position is now:

Second official estimate, 1934 - 35 crop	77,083,000 bus.
Carry over from 1933-34 crop	2,217,000 "
Total supplies	79,300,000 "
Seed and domestic requirements	7,874,000 "
Exportable balance	71,426,000 "
Exported to October 31st.	63,287,000 "
Still available for export	8,139,000 "

As will be seen, shipping of linseed is still quite active, and if it is maintained at the present rate to the end of the year existing stocks will be disposed of and a start made on the new seed from the early threshings.

It is impossible to say at present what may be expected from the new crop. The percentage of abandonment is likely to be much greater than in the case of wheat, because of the more delicate nature of the plant and one can not even guess at what the net acreage fit for threshing is likely to be.

There was a fair demand for linseed during the month, and the market remained steady although prices fell somewhat in sympathy with other produce. Spot linseed closed at $13.04 pesos per quintal, as compared with $13.63 a month ago. December seed closed the month at $13.21 (equal to $1.10 U.S. per Bush.) Duluth Dec. on the same day closed at $1.73.

OATS

Exportation of oats in October showed a considerable falling off as compared with the previous month, only 594,000 bushels being shipped, as against 1,396,000 bushels. This is an accurate reflection of the supply position. The demand exists, but very little grain is coming forward, and it is difficult to scrape together enough to fill orders. It is evident that the old crop was over-estimated, or that much more than usual was used for horse feed during the period of drought, and it is necessary to deduct 6,484,000 bushels from the supplies existing on paper.

The original estimated exportable surplus was 34,273,000 bushels deducting for over-estimation or excess in domestic consumption 6,484,000 bushels, leaves a revised surplus of 27,789,000 bushels, of which 24,876,000 bushels have been exported up to October 31st, thus leaving still on hand 2,913,000 bushels.

Superior quality oats for the local trade closed the month at $8.00 pesos per quintal, as compared with 7.60 at the end of September. For export, spot oats closed at $6.50, and for December shipment at $6.55.

BARLEY

Shipments were 498,000 bushels against 363,000 bushels in September. Of the revised exportable surplus of 24,940,000 bushels, 17,986,000 bushels have now been exported, leaving still available 6,954,000 bushels.

There was only indifferent activity in the market during the month, and prices dropped, Spot barley for export closing at 4.65 per quintal, and for December shipment at 4.70. For domestic use, superior feed barley is quoted at 4.80 (5.50 last month) and brewery quality 5.00 (5.70).

RYE

October shipments were 408,000 bushels, almost double those of September (212,000 bushels).

The total exports have now been 7,684,000 bushels, leaving still on hand 5,894,000 bushels.

The demand is mediocre, and with ample supplies on hand the price level dropped a little, export rye closing at 4.50 and domestic grades up to 4.80 per quintal, as against 4.70 and 5.10 a month ago.

ARGENTINE WHEAT STANDARDS

In my report for the month of May, dated 3rd June, a brief explanation was given of Argentine standard weights for wheat and their equivalents in pounds per bushel. A correspondent asks how the equivalents there used were arrived at. My calculations were based on 1 hectolitro being equal to 2.751 bushels; or 1 bushel being equal to 36.348 litros; and 1 kilogramo equalling 2.205 lbs. On these bases, 80 kilos per hectolitro works out at 64.12 lbs. per bushel, and 64 lbs. per bushel works out at 79.85 k. per h.

My correspondent asks for an explanation of the fact that a sample of Rosafe wheat in his possession which is marked "64 lbs. per bushel" weighs only 63 lbs. per bushel; a sample of Plate Up-river marked 63 lbs. per bushel weighs only 62 lbs; and a sample of Barilo marked 65 lbs. weighs only $62\frac{1}{4}$ lbs. Unfortunately it is not stated where these samples were obtained. I assume that they are cargo samples taken from shipments received in London, sold on the basis of the standard weights marked thereon, and subject to a discount in price in proportion to the deficiency in weight per bushel on the settlement between exporter and importer. If all cargoes were running below standard during the month in which these shipments were received, they would automatically form a new standard on a lower basis for the f.a.q. for the following month, when exporters would be entitled to a premium for shipping grain superior to that new standard. There are obviously great possibilities in manipulation of this kind, much of which is said to be carried on. Choice parcels of superior grain may be sold by Argentine exporters direct to European millers on sample at a good price. These would not enter into the f.a.q. standards in Europe; their absence would depress these standards of quality, and naturally would depress also the level of quotations here to the detriment of the producers.

I am also asked for a definition of the terms: Rosafe, Barusso, Barilo and Plate Up-river wheat. Rosafe consists exclusively of wheats produced in the provinces of Santa Fe and Cordoba. Until recently it was the best type of Argentine wheat. Rosafe No. 1 or Superior does not go to Europe at all, being absorbed entirely by the local and Brazilian millers. No. 2 is the European export grade, and No. 3 consists of the wheats excluded from 1 and 2. Rosafe is shipped from Rosario and contiguous river ports. Barusso is grown in the south of the province of Buenos Aires and the Pampa. It is the hardest Argentine wheat, the best of it being not much inferior to Manitoba hard wheat, for which it has lately been much used as a substitute. During the last three years or so it has usually commanded a premium over Rosafe. Barusso is shipped from Bahia Blanca and Necochea. Barilo is the softest of the Argentine wheats, consisting largely of heavy yielding varieties of inferior quality, grown mostly in the province of Buenos Aires. It is mostly shipped from the ports of Beunos Aires and La Plata. Plate Up-river is a degenerate hard wheat of fair strength but unattractive appearance, produced principally in Entre Rios. Practically all of it goes to Paraguay to mix with the local very soft wheat. It is shipped up the river Parana from Diamante and neighbouring ports.

ARGENTINE WHEAT STANDARDS - (concluded)

As the above information may be of general interest, I have thought it well to include it in this report.

- - - - - - - -

GRAIN ACT

Preparations are being made to put the new Grain Act into force, and notice has been given that from December 1st, a levy will be made on all exported grain of one centavo per quintal (100 kilos). The millers, rural cooperatives and agricultural associations are also being called together to select names to be submitted to the Government, from which will be chosen the three non-government representatives on the National Grain and Elevator Board, as provided in section 1 of the Act, a copy of which was attached to my last report.