

DOMINION BUREAU OF STATISTICS - CANADA  
AGRICULTURAL BRANCH

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The Grain Situation in the Argentine

Ottawa, December 13, 1935.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of December 2, 1935, dealing with the grain situation in the Argentine:-

Crop Conditions

Generally speaking, the weather during the month of November was beneficial for the growing crops. Moderate rains fell over most of the grain zone, and temperatures were below normal up to almost the close of the month, with an absence of that close heat which in other years has made itself felt at this season and which might have wrought tremendous harm in view of the backward state of the wheat and linseed crops; generally speaking, there was just sufficient warmth to enable the grain to use to the best advantage the rain which fell. Linseed growers in particular have been dreading the appearance of hot winds, which would have been fatal to many of their fields struggling to make a recovery from the effects of the long drought.

In the last three days of the month a brief hot spell set in, with the highest temperatures of the season but only moderate humidity, this reaching a maximum of about 63% in the Capital. This heat wave broke on the last evening, with light rains falling in various districts, and cool weather forecast for the next few days.

Southern Buenos Aires and the South Pampa are the only zones which complain of deterioration rather than improvement in conditions in the grain fields during November. There was a lack of rainfall there which is said to have put the grain in rather a precarious state, and early and generous rains are needed in order to restore it.

Below are given extracts from the official crop report, which made its appearance on the 23rd November, i.e., before the spell of hot weather mentioned above:-

Buenos Aires: Since the last report the crops in the province of Buenos Aires have carried on their growth under generally abnormal conditions, which have made themselves felt especially in the south-west section. Drought, frequent warm winds from the north and sudden changes of temperature were contrary factors, which were only relieved with the rains of the 17th and 18th. In the northern and eastern districts there were opportune rains, so that the wheat fields recovered part of their backwardness, and at this time they are heading under good conditions with plants which are small and not well stooled. There is some rust and mildew. The important areas of the south-east were again feeling drought and strong winds, but the rains of last week have relieved the situation. The wheat there is in flower, well stooled, but with short stalks. In parts of this zone farther south (Tandil etc.) the drought was worse and the plants are not so well developed. In the central zone, where early varieties predominate, heading is complete and satisfactory. From this zone towards the hills the rains were insufficient; the wheat plants maintained themselves by their excellent roots, beginning to head out in irregular form on low plants; but the recent rains have improved the situation. Until the rains of the 17th and 18th, the situation in the Bahia Blanca district was really critical because of the drought and the drying effect of the winds. To the south of the city there were some heavy losses of acreage which will be pastured. In the west the wheats are good, although somewhat thin and short, with thin stools but good colour and heads. In this zone there will be a fair crop, but in the parts adjoining the Pampa the prospects are poor, as the wheat is already in milk or is shooting whilst thin, rickety and of poor colour, so much so that half the area is considered lost and many fields are being ploughed under for maize.

Santa Fe: The wheat fields at this moment present an uneven appearance, with prospects of a crop which can not reach normal. In the centre and north there is a relative backwardness of some 30 days, the earliest sowings having reached maturity, but very unevenly, there being within the same fields portions which are mature and others in the milk stage. Cutting and stacking has begun in the San Cristobal district, but elsewhere the fields are still too backward although in better condition. In the southern zone the greater part of the wheat fields have headed already, and the height of the plants and size of the heads have attained normal proportions, helped by their



good roots and favourable weather; whilst these fields are somewhat thin, it is likely that a better yield per plant will partly compensate for this. The tendency to even up which the wheat is showing leads to the hope that losses through shelling and poor quality will be reduced. In this zone there is 30% of the wheat which has not yet headed, which has an even development and may give a good crop. The sanitary condition is good generally, although there is rust to be noted in some points.

Cordoba: Early sown wheats show a generally good condition, although inferior to normal in their development, somewhat thin but well rooted and stooled, good heads and excellent sanitary state; those of later sowing or which germinated after the rains show a lack of uniformity, some having headed and others being still without stalks. In the north-east of the province there are wheats already ripe, others heading, and the least developed still shooting. In general the height of the plants is below normal, but they have an abundant leafage. In the east the condition may be considered good for the early sown fields, which have headed well, have kept a good colour and are filling well. The later sowings, which began weak, are still far from filling, and a low yield may be looked for both in quality and quantity; nevertheless, the condition may be considered good in general, although backward. In the south-west zone the condition of the wheat fields is somewhat inferior to that of the east, except in one district, where it may be considered normal. In general one may anticipate for this province some almost normal yields.

Entre Rios: The frequent rains which have fallen since the last report have served principally to improve the pastures. The prospects for the fine grains continue seriously affected as a consequence of the lateness of the seeding and germination, especially in the west. In parts of the east there are wheat fields already ripening whose condition ensures a normal crop. In the centre the plants are more backward, thin and with the grain still milky. In the whole of the section bounded by the rivers Parana and Gualeguay, from Victoria to the north, the wheat fields have an insignificant development and have headed without stooling.

Pampa: With the rains between the middle and end of October there were probabilities of a half crop in the Pampa; but latterly the weather has been completely adverse, without rain, with hot and windy days and heavy drops in temperature at night and some ground mists. The wheat fields of the north Pampa would have been in condition to develop satisfactorily if there had been a fresh and damp atmosphere to keep the plants growing and stooling. But at the critical time when the grain was forming they suffered a sudden drying, with the added handicap of an invasion of weeds. Towards the centre of the Territory the situation gets worse, and numerous fields are lost. In the south, it is bad also and the best yields are not expected to exceed 6 to 8 bushels per acre. In general, 40 per cent of the area sown with wheat in the Pampa may be considered already lost.

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The foregoing official report had a somewhat mixed reception, many of the knowing ones criticizing it as too optimistic. The truth is that conditions in the grain growing regions are so varied that it is extremely difficult to arrive at the facts without a close personal inspection. In some districts there is no doubt that the traditional recuperative powers of the wheat plant have full play since the drought broke, whilst almost alongside there are fields which because of faulty germination or other adverse factors, have failed to respond and are hardly worth cutting.

Ordinarily cutting would be well advanced in the northern sections and commencing in the centre at this period; but on account of the backwardness of the crops this year what little harvesting has been done is confined to the north so far, and that is the region where perhaps the greatest unevenness exists. Hence the out-turns of the threshing machines are of no use as a guide to the volume of the whole crop. It will be a little while before there are any figures available as to the yields in the central zones, where there is more regularity in the fields.

Under these conditions it is very difficult to hazard a forecast as to the probable volume of the new crop of wheat. The one thing certain is that it cannot be large. The official forecast of the seeded acreage showed a decrease of 25.1% as compared with last year. This deficit can be safely increased by 5% to allow for abandoned acreage, thus cutting down last year's area of 12,204,110 acres to 13,162,000 acres. Applying the same reduction to the yield, last year's production of 240,671,000 bushels would be brought down to 168,470,000 bushels, probably an extreme figure as the production per acre last year was well above the usual average. With 95,534,000 bushels taken off this for seed and domestic consumption, less than 73,487,000 bushels would be available for export, and of this probably 36,744,000 bushels would be absorbed by Brazil and other ex-European countries, leaving at most 36,744,000 bushels for shipment to Europe. This rough calculation is mere guess-work, of course. I think the figures



are more likely to be too high than too low. But a great deal depends upon the weather in the near future. A few days of hot winds, which are now to be looked upon as seasonable, might make a very big difference in the harvest.

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W H E A T.

Exports of wheat during November were 5,252,000 bushels, to which must be added 159,000 bushels of flour, making a total of 5,411,000 bushels, which compares with a combined total of 7,528,000 bushels in October.

Since the report of a month ago, the Ministry of Agriculture has conducted an investigation into the stocks of wheat in the country, and has also revised its estimate of the 1934-35 crop. The following statistics are based upon the new official figures:-

Revised official estimate 1934-35 crop,	240,671,000 bu.
Carry-over from 1933-34 (revised,	<u>15,403,000 bu.</u>
Total supplies .....	256,074,000 bu.
Domestic consumption,	73,487,000 bu.
Seed for 1935-36 crop,	<u>18,372,000 bu.</u>
Exportable balance .....	164,215,000 bu.
Exported to ) wheat 138,676,000 bu.	
November 30 ) flour <u>2,016,000 bu.</u>	<u>140,692,000 bu.</u>
Balance still available .....	<u>23,523,000 bu.</u>

I should add that these figures are quite at variance with all private estimates, most of which place the remaining stocks at about half those shown above. It is rumoured that a mistake was made in the Department by including 11,023,000 bushels of wheat that is really flour in the stocks of the millers. I therefore give the above statistics with a reservation as to possible inaccuracy.

The market during the month was quiet. Little interest was shown in Argentine wheat by the British millers, whose eyes are turned towards Russia and Canada in the hope of cheap grain. Speculation was almost absent. Operations in wheat of the new crop have hitherto been prohibited by the Minister of Agriculture, in the futures market, on the advice of the Grain Control Board, which, consulted by the Minister early in the past month, expressed the opinion that "There is nothing to justify the fact that there is at the present moment a difference fluctuating between 50 and 60 centavos per quintal in the prices of spot and December wheat and those ruling for the month of February outside the futures market". However, it has now been announced that operations in the new crop will be permitted as from the first of December. This disparity in prices of spot wheat and futures has existed for several weeks. Local millers who found themselves unable to cover their requirements in the cash market bought November options with the intention of taking up the wheat tendered when the options matured; but many of the sellers found themselves without wheat to tender, and heavy premiums resulted. This is one of the reasons why there is a lack of speculators at the present time. Spreads have now narrowed down considerably; Spot wheat closed on the last day of the month at 8.19 paper pesos per quintal; January was changing hands at 8. and February at 7.82. There has been a substantial drop during the month, spot wheat at the end of October closed at 8.53. This is hardly what had been looked for in view of the prospective small volume of the new crop here, the reduced volume of the Australian crop, and the very moderate carry-over into 1935 which is probable here.

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M A I Z E.

Shipments during November were 22,395,000 bushels, which compares with 27,505,000 bushels in October.

The official estimates of the crop and of the domestic consumption have undergone revision since my last report, and the following statement is based on the new figures:-

Revised official estimate 1934-35 crop,	450,766,000 bu.
Carry over from 1933-34 crop .....	<u>445,000 bu.</u>
Total supplies .....	451,211,000 bu.
Domestic cons. (revised)	95,271,000 bu.
Seed for 1935-36 crop,	<u>5,805,000 bu.</u>
Exportable balance .....	350,035,000 bu.
Exported to November 24th .....	<u>211,370,000 bu.</u>
Still available for export .....	<u>138,665,000 bu.</u>



The principal change in the above figures is that the allowance for domestic consumption has been doubled in order to cover the tremendously increased quantity fed to domestic animals during the long drought. This increase is regarded as excessive in some quarters, but it is the result of a careful investigation by the responsible department in the Ministry of Agriculture. The result of course is a substantial reduction in the balance remaining on hand.

Exports fell by over 3,937,000 bushels, leaving the figure far below the monthly quota necessary to ship out in order to dispose of the stocks before the next crop will be coming forward. But the Continental demand is very dull, and there is consequently no life in the market here. Were it not for the Grain Control Board, a heavy drop in prices might be looked for. The nominal price remains at the official minimum of 4.40 pesos per quintal, at which the Board takes over any quantity offered. In practice a great deal of the grain finds its way direct into the hands of the exporters, as many farmers and local dealers are willing to sell at a small discount below the official minimum in order to get a spot cash settlement for immediate delivery, and avoid official red tape. Meanwhile, the Grain Control Board's holdings of probably 9 or 10 million bushels are held off the market.

Seeding of the new crop is proceeding under excellent conditions, with every prospect of a big acreage being planted. The rains of this and next month will of course be an important factor in the fate of the crop.

L I N S E E D.

Shipments during November were 4,770,000 bushels, as against 5,506,000 bushels in October.

As in the case of wheat and maize, the official estimates of the crop have undergone a slight revision, and the corrected figures are the basis of the following statement:-

Revised official estimate 1934-35 crop,	79,721,000 bu.
" " " carry-over,	<u>2,212,000</u> bu.
Total supplies .....	81,933,000 bu.
Domestic cons. (revised)	1,181,000 bu.
Seed for 1935-36 "	<u>5,905,000</u> bu.
Exportable balance .....	<u>74,847,000</u> bu.
Exported to November 28th .....	<u>68,057,000</u> bu.
Still available for export .....	6,790,000 bu.

A steady tone prevailed in the market throughout the month; the demand was only moderate, but there was no selling pressure, the stocks on hand being little more than a normal month's shipments, and supplies from the new crop being still a little way off on account of the lateness of the season. Prices fell a trifle as compared with a month ago, Spot linseed closing at 12.56 pesos per quintal, as against 13.04 on October 31st.

The chief topic of interest is the probable volume of the new crop, about which there is much diversity of opinion, estimates of the exportable surplus running from 39,368,000 bushels to 62,989,000 bushels. As in the case of wheat, it is extremely difficult to form an intelligent opinion on the subject; but reliable observers are inclined to set the total volume of the new crop at about 47,242,000 bushels to 51,179,000 bushels, from which say 7,874,000 bushels will have to be deducted for domestic needs and seed for the next crop.

O A T S.

Exports of oats during November were 577,000 bushels, which compares with 594,000 bushels in the previous month. This leaves still in stock about 2,336,000 bushels.

Little business is being done in oats at the present time. In comparison with other feed grains they are dear. But the prospects for the new crop are not at all good, and farmers are reluctant to dispose of any old crop oats they may have still on hand.

Superior feed oats are quoted at 8.50 in the domestic market, which is considerably more than could be obtained for export, and is 50 centaves more than the price of a month ago.



BARLEY.

Exports of Barley were 733,000 bushels, as against 498,000 bushels in October. Business is stagnant at the present time, European barley being available at prices with which Argentine grain cannot compete. Superior Barley, both feed and brewing grades, are quoted at 4.80 pesos per quintal.

Reports from the country on the new crop are pessimistic. The yield is likely to be much smaller than last year, with a possibly inferior quality; but exact information is not yet available.

On paper there are still available stocks of 6,221,000 bushels of barley in the country.

RYE.

Shipments during November were 190,000 bushels, less than half those in October (408,000 bushels).

There is little business passing in Rye at the present time, the market being weak. Domestic prices for good rye are a little higher than can be obtained for export. - 4.30 against 4.50 per quintal.

Reports on the new crop are not very promising. The acreage is lower than last year by about 25%, to which there will have to be added a possibly generous allowance for abandonment. In the dry regions where the sowing of rye has been extending during the last few years, the new crop is said to be thin and spindly, with poor yields in prospect.

Stocks still on hand are, on paper, 5,704,000 bushels.

GRAIN BAGS.

According to statistics just made public, 200,913,318 jute bags, mostly used for the handling of grain, were manufactured in the 17 factories operating in the Republic in the year 1934, in addition to which there were imported 3,220,352 bags.

This is one of the few cases where an industry operating without protection from tariffs has been able to almost monopolize a business in the Argentine.

GRAIN CONTROL BOARD.

The report of the Grain Control Board on its operations for the year 1933-34 has now been put in circulation in booklet form. The gist of the report was embodied in my own report for the month of February last. The work of the Board is covered in greater detail in the new publication, but there is nothing of sufficiently general interest to warrant further quotation here.

ARGENTINE GRAIN ACT .

Preparations are being actively made to put into effect the new Grain Act of the Republic. Because of the routine to be followed in the selection of the three non-government members of the National Grain & Elevator Board, which is to administer the Act, some little time must necessarily elapse before the Board can be in shape to assume its duties. Meanwhile the season when the crop of wheat in the earlier districts begins to move is drawing near, and the Government has therefore thought it desirable to appoint a commission of technical men to study and make recommendations for the organization of the services to meet the new conditions which are to be established. This commission has reported, advising the adoption of a system of classification of the various grains which it specifies in detail, and the application of this classification to the new crop. Containers for the grain samples to be sent in to the Board by the growers and threshermen for the formation of the standards of the grades are to be immediately distributed, with the necessary instructions.

Under the plan adopted, the cereal region of the Republic will be divided into three zones, based on the principal ports or groups of ports and their



affluent railway systems, as follows:

Rosafé zone: This will comprise the zone of influence of the port of Rosario and the other ports of the western bank of the Parana as far as the northern limit of the province of Buenos Aires;

Buenos Aires zone: This will include the country affluent to the ports of Buenos Aires and La Plata, and the other ports of the Parana south of the limits of the Rosafé zone, and also the province of Entre Rios;

Bahia Blanca zone: This will embrace the country affluent to the ports of Bahia Blanca, Quequén (or Necochea) and Mar del Plata.

For each of the three zones there will be established three types of wheat: hard, semi-hard and soft. The Hard type will have for its base the varieties Lin-Calel and Kanred, and will include also some varieties of similar milling quality grown in the same zone, as named in a list accompanying the report, but will exclude absolutely some other inferior kinds in a separate list. The Semi-hard type will have as a basis in the Rosafé and Buenos Aires zones the variety 38 M.A., and in the Bahia Blanca zone the variety Le Prevision 25; the type will include also some specified varieties of similar milling qualities grown within each zone, and exclude some specified inferior varieties. The Soft type will have San Martin for base, may include some other suitable varieties, and must exclude all unsuitable varieties

For each zone and type of wheat two grades are to be established, under conditions which will be set out by regulation.

The wheat varieties which are to be excluded from the official types are: Favorito, Ideal, Ardito, Bonaerense, Brasileno, Fénix or XIII t., Ganador, Pagador, Montana, Africano, Titen, Rendidor, Ruso, Pampa, Tusela, Francés, Piemontés, Hungaro, Klein 31 and Palantelén. The sale of these wheats will only be permitted on sample, and they may not be quoted on official price boards. This rule is also to apply to macaroni or candéal wheats; mixtures of wheats of different types; tagged and smutty wheats; brushed and polished wheats; wheats whose industrial quality has been affected by presence of stink-wood; and also all others which are excluded from the established types and grades because of not fulfilling the required conditions.

In the purchase and sale of wheat it will be forbidden to use any other designation than those officially established, in which must be indicated successively the zone, type and grade, as for instance, Rosafé Semi-hard No.1, or Bahia Blanca Hard No. 2.

Zones, classes and grades are also established for oats, barley, rye and linseed. Canary-seed and other grains and seeds of minor importance are to be sold only on sample. Maize and sunflower-seed are to be dealt with in a future regulation, the harvest of these being still some little time distant.

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