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The Grain Situation in the Argentine

Ottawa, December 13, 1936.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of January 2, 1936, dealing with the grain situation in the Argentine:-

New Grain Crops

The first estimate of the volume of the new grain crops was made puolic by the Ministry of Agriculture on the 21st December, as well as an estimate of the area to be harvested. The figures are as follows:-

Wheat	144,035,000	bushels on an area of	11,907,005 acres
Linseed	50,391,000	" " " " "	5,167,857 "
Oats	32,421,000	" " " " "	1,386,238 "
Barley	22,046,000	" " " " "	1,286,425 "
Rye	5,512,000	" " " " "	583,957 "

It is pointed out in the official report that the reduction in the crops is so enormous that the sum total of all the grains and seeds mentioned is inferior to the average normal crop of wheat alone during the last ten years. As compared with the production of last year the estimated crops of this year show the following deficits:-

Wheat	96,636,000 bushels
Linseed	29,329,000 "
Oats	30,476,000 "
Barley	18,647,000 "
Rye	10,275,000 "

Comparative statistics of the production estimated for this year and the crop of last year, with the 5 and 10 year averages, follow:-

	Wheat	Linseed	Oats	Barley	Rye	
1935-36	144,035,000	50,391,000	32,421,000	22,046,000	5,512,000	bushels
1934-35	240,671,000	79,721,000	62,897,000	40,694,000	15,787,000	"
5 yr. av.	243,934,000	74,346,000	61,697,000	28,071,000	9,901,000	"
10 yr. av.	243,482,000	73,869,000	62,139,000	22,329,000	8,166,000	"

Comparative acreage figures are as follows:-

	To be cut 1935-36	Seeded '35-36 2nd estimate	Seeded 1934-35	5 year av. 1930-35	
Wheat	11,907,005	14,202,500	18,804,110	19,360,502	acres
Linseed	5,167,857	6,570,200	8,099,130	7,698,387	"
Oats	1,386,238	2,951,650	3,527,160	3,629,275	"
Barley	1,286,425	1,938,950	2,013,050	1,641,666	"
Rye	583,957	1,748,760	2,133,092	1,644,472	"

The figures given in the second column are the second official estimate of the acreage seeded published on December 4th. In the case of each of the grains mentioned the figures are slightly higher than those of the first estimate, published in September and given in the report dated 1st October.

It may be pointed out that the raising of the official minimum prices for wheat and linseed from 5.75 to 10. paper pesos and from 11.50 to 14. paper pesos per quintal respectively, as mentioned elsewhere in this report, may have some slight influence on the acreage harvested by inducing growers to cut poor crops which otherwise would have been abandoned as unprofitable.

In its customary monthly report on conditions in the cereal regions, published on December 22nd, the Ministry of Agriculture points out that the great reduction in the volume of the crop is principally due to the diminution in the acreage seeded, as the abandonment of acreage would not have greatly affected the tonnage of the yield if the acreage had been up to the average of recent years, since the damage which the crops have suffered is by no means general and in some parts of Córdoba, Santa Fe and especially Buenos Aires, quite good yields will be obtained. The district which has suffered most is the province of Entre Ríos, where there will not be sufficient grain to satisfy local needs. The Pampa also is in poor shape, and northern Santa Fe has suffered important losses.

The following are extracts from the official report, confined to the references to wheat:-

Buenos Aires: The bulk of the crop in the province has entered the period of maturity and harvest under favourable climatic conditions, although late, to compensate for earlier set-backs. Although very little threshing has been done, it can safely be said that there will be a fair crop. In the neighbourhood of the Capital cutting and stacking of the early fields has begun, good yields being expected. In the south-east the early fields are maturing, and will be cut after Christmas, with good prospects of yield and quality. In the centre cutting with the binder has begun, and a good crop is anticipated. In the hill region the last rains have improved the crop; the drought and winds in November caused a lot of whiteheads, and there are fields which were turned into pasture; cutting will commence in a few days. In the Bahía Blanca zone the weather varied greatly in the month of November, completing the damage caused by the drought; the crop will be average in Dorrego, getting worse towards the south where there are heavy losses of area and low yields. In the west, cutting commenced about the tenth instant, half the wheat being now harvested; but adjoining the Pampa the fields are backward and cutting will begin at the end of the month. The prospects in this zone are good in parts. In the north harvesting is general; the wheat has good heads, as the weather was favourable when the grain was in the milk stage; towards the coast, where the wheat was damaged by drought, locusts and choking weeds, the yields are mediocre.

Santa Fe: Harvesting of wheat has become general, binders being used so as to permit the weeds to dry. In the centre and north of the province there is little grain left standing; most of it is in stack; combines are also being used now on the early lots left in swathes. Rains have frequently interrupted the work, and here is a high proportion of damp grain. The yields shown by the few lots which have already been threshed are generally low and the quality of the grain fair, somewhat bleached and uneven, with weights from 61 to 63½ lbs. per bushel. In the south during the past month the wheat fields have acquired the uniformity which was lacking; nevertheless there are many uneven fields. Up to now cutting has been done with binders, but the combines are beginning to be used; the first threshings are of good quality. Throughout the province there are parts affected by rust.

Córdoba: In the north-east zone the condition of the wheat has declined because of mists and scalding by the sun in the early days of the month; but in the centre and south-west its condition has been maintained. Cutting, which is in progress, shows variable yields as a result of climatic conditions and botanical plagues. In the north-east is where the crops are most uneven. The early sowings are giving a fair yield, both in quality and quantity, whilst the later ones will give as a maximum about 7½ bushels per acre. In the eastern zone the crop is giving yields which are considered good; there is a big proportion of green kernels, which will be remedied by stacking, which most of the farmers are inclined to do. In the west and south-west headers are being used almost exclusively, on account of the weeds. Yields are almost normal in the General Roca district, but are poor in other parts of the zone. To the areas already abandoned it is now considered probable that more will have to be added, although the farmers, encouraged by the minimum price, are trying to save all possible.

Entre Ríos: Harvesting over 50% of the area seeded goes to confirm the low yields and poor quality which were foreseen in previous reports. At present it seems certain that there will be an average crop in the districts along the Uruguay river and poor in those of the west. In the east of the province the cutting and threshing of wheat are well advanced; it is insisted that the grain should be acquired locally for seed. In the rest of the province ripening is backward and uneven. Heavy attacks of striped rust have appeared around Diamante and Paraná. In view of prices, farmers are carefully harvesting even the poorest fields.

La Pampa: Since the last report there have been general rains in the territory, but they arrived too late to help the grain, and have rather served to encourage the weeds which have invaded many of the fields. From the scarcity and bad distribution of the precipitation, the Pampa has this year suffered a new blow. A few days ago wheat harvesting commenced in the north, with variable and inferior grades and yields. As one advances to the south and west the yields get lower, and there are large areas abandoned, which are being pastured or sown with sunflower.

It may be added that since the preparation of the above official report, further rains have fallen at intervals, interfering with the harvesting operations; but whether any serious damage to the grades will result is doubtful. Certainly any deterioration in the wheat and linseed crops will have been offset by the great benefit to the new maize, which is said to be everywhere in splendid shape, with probably a new record acreage planted, although no figures are yet available. January will be the critical month for maize. With a continuation of present weather conditions, last year's record volume is likely to be largely exceeded, and with the new crop plus current stocks, marketing may be a serious problem.

Grain Control Board

The Grain Control Board surprised the grain trade in mid-December by an announcement of new official minimum prices for wheat and linseed. No hint of this step had been allowed to leak out in advance. The new prices are 10. paper pesos per quintal for wheat, as against the old price of 5.75; and 14. for linseed, in place of 11.50. Maize remains unchanged at 4.40. In the governmental decree establishing the new rates, the reason for the step is said to be the serious reduction in volume of the new crops and the small exportable surpluses, this condition coinciding with the diminution of world surpluses of wheat which have depressed price levels in recent years, which diminution has sensibly improved the statistical situation. The prices presently ruling in the Argentine (8.65 and 12.55 for wheat and linseed respectively) says the decree, are the consequence of precipitate offers of grain and sales for future delivery at the moment of beginning the harvest.

Needless to say, the new prices were hailed with great delight by the producers with wheat or linseed to dispose of, although the unfortunates who have lost their crops saw little reason for jubilation, and the non-producing citizens gloomily anticipated higher prices for bread. The grain trade was less enthusiastic, as many members had entered into contracts on the basis of current prices and very serious losses were in store for them, although it is but fair to recall that it was not until the beginning of December that operations in the new crop of wheat were permitted on the grain markets by the Government. To protect farmers who might possibly have sold grain at a lower price in ignorance of the new minimum established the Control Board subsequently ruled that any sale made by a producer subsequent to December 13th must be considered to be at the official price, which must accordingly be paid by the buyer.

It is fairly safe to predict that, given favourable weather conditions, the acreage of the next Argentine wheat and linseed crops will take a big jump.

WHEAT

Exports during the month of December were wheat 4,687,000 bushels and flour 113,000 bushels, a total of 4,800,000 bushels.

Using official figures as the basis, the following is now the statistical position:-

Revised official estimate 1934-35 crop,	240,671,000	bushels
Carry over from 1933-34 (revised)	15,403,000	"
Total supplies	256,074,000	"
Seed and Domestic consumption (revised)	91,859,000	"
Exportable balance 1935......... ...	164,215,000	"
Exported to) wheat 143,363,000 bushels Dec. 31st) flour, 2,129,000 "	145,492,000	"
Stocks on hand 31st December, 1935,	18,723,000	"
First official estimate 1935-36 crop,..	144,035,000	"
Total supplies..................	162,758,000	"
Seed and Domestic Consumption.........	95,534,000	"
Exportable balance 1936...........	67,224,000	"

Amongst members of the grain trade the official estimate of the new crop is looked upon as unduly low, some reliable judges placing the estimate at 18,372,000 bushels above the Department; on the other hand, the stocks remaining from the old crop are generally considered to be not more than 3,674,000 bushels, as compared with 18,703,000 bushels on the basis of the official figures. The net result therefore, is a difference of only about 3,674.000 bushels between official and private estimates.

Business on the futures market is stagnant. Shippers obviously cannot purchase Argentine wheat for export on the basis of the official minimum price, and compete with rival exporting countries. Even Brazil, a traditional market for Argentine wheat, is now buying from Canada.

The crop is very late, and not much wheat will come forward for a little while yet. When it does move, it will be into the hands of the Grain Control Board, which is unlikely to hasten sales for export unless world price levels move upwards in the meantime.

The official minimum price for wheat is 10. paper pesos per 100 kilos, equal to 90 1/8c. Canadian at current exchange rates, per bushel.

On the last trading day of the year Spot wheat was quoted at 10.33 (93 1/8c. per bu.), and the March option (May not yet being quoted) at 10.42 (94c. per bu.). In Winnipeg on the same day May wheat closed at 88 5/8c.

LINSEED

Exports of linseed during December were 5,541,000 bushels, which compares with 4,770,000 bushels in November.

The statistical position is now as follows, using the official figures as recently revised for the old crop, and adding the first estimate of the new crop:-

Revised official estimate 1934-35 crop,	79,721,000	bushels
Carry over from 1933-34 (revised),	2,212,000	"
Total supplies 1935	81,933,000	"
Seed and domestic consumption (revised)	7,086,000	"
Exportable balance 1935.........	74,847,000	"
Exported to 31 December, 1935..........	73,598,000	"
Stocks on hand........	1,249,000	"
First official estimate 1935-36 crop,	50,391,000	"
Total supplies 1936	51,640,000	"
Deduct for seed and domestic consumption	7,874,000	"
Exportable balance 1936	43,766,000	"

There has been no great criticism of the official figures of the new crop of linseed, although most people in the grain trade are inclined to add about 7,874,000 bushels to them; but a standing crop of linseed is not easy to gauge under the conditions prevailing this year.

Trading is brisk, and has not been interrupted by the raising of the official minimum price to 14. Local crushers have shown more than average interest in the seed, and exporting houses have been steady buyers. This activity has maintained prices on a firm basis.

The official minimum price of 14. paper pesos per quintal is equivalent to 116 7/8c. United States per bushel at current rates of exchange; Spot linseed closed the year at 14.32 (119½c. per bu.) and the March option at 14.62 per quintal (122 1/8c. per bu.). May seed in Duluth on the same day closed at 183c.

MAIZE

Shipments of maize during December were 28,212,000 bushels, a gratifying increase over the 22,395,000 bus. in November, but still well below what is necessary in order to effect a clean up of the old crop before the new grain comes forward.

The statistical position is now as follows:-

Revised official estimate 1934-35 crop,	450,766,000	bushels.
Carry over from 1933-34 crop.	445,000	"
Total supplies..................	451,211,000	"
Seed and Domestic consumption (revised)	101,176,000	"
Exportable balance.....	350,035,000	"
Exported to 31st December.............	239,591,000	"
Still available for export	110,444,000	"

During the past month the market has been generally quiet, with prices at the official minimum of $4.40 per quintal. The wintry weather prevailing in Europe stimulated the demand, but on the other hand available supplies were heavy. A few days after the announcement of the raising of the official minimum prices for wheat and linseed, prices for maize took a spurt upwards, due to a demand for maize in order to load vessels which had been booked fro wheat and linseed, especially wheat, whose price was now above world levels. Spot maize touched 4.80, and the Grain Control Board took advantage of the opportunity to dispose of its holdings to exporters. These sales are still in process of being absorbed by European buyers, and prices here have slipped back to the minimum again. With the excellent prospects for the new crop, referred to elsewhere in this report, it is not anticipated that price levels will improve. The talk is rather the other way, how long it will be before the official minimum is dropped to a lower figure. Much depends upon the weather this current month (January)

With Spot quoted at 4.40 paper pesos, March is being offered at 4.74 per quintal.

OATS

Exports during December dwindled to the insignificant figure of 36,000 bushels.

This reduces the stocks on hand to 2,300,000 bushels and makes the supply position for the new year as follows:-

First official estimate 1935-36 crop,	32,421,000	bushels.
Carry over from 1934-35 crop.........	2,300,000	"
Total supplies.....	34,721,000	"
Seed and Domestic requirements.......	29,827,000	"
Exportable balance.............	4,894,000	"

It is evident that Argentine oats will not be a factor in international trade this year. No business is being done, and quotations are merely nominal.

BARLEY

December exports were only 130,000 bushels, this bringing down stocks to 6,091,000 bushels.

The supply position is:

First official estimate 1935-36 crop,	22,046,000	bushels.
Carry over from 1934-35 crop.........	6,091,000	"
Total supplies..........	28,137,000	"
Seed and Domestic consumption........	6,568,000	"
Exportable balance............	21,569,000	"

Both local buyers and exporting houses showed an active interest in barley during the month, the market remaining firm, with prices a little higher than at the close of the previous month, brewing barley closing at 5.05 and feed at 4.95, as compared with 4.80 for both grades a month ago.

RYE

Shipments of Rye in December were 233,000 bushels reducing stocks to 5,471,000 bushels, and making the supply position:-

First official estimate 1935-36 crop,	5,512,000	bushels.
Carry over from 1934-35 crop.........	5,471,000	"
Total supplies.................	10,983,000	"
Seed and domestic consumption........	1,945,000	"
Exportable balance............	9,038,000	"

As in the case of Barley, there was sufficient activity in the market for rye to maintain an atmosphere of firmness, and prices improved, closing at 5.25 for export, as against 4.50 a month ago.