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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, April 17, 1935.-- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of April 1, 1935, dealing with the grain situation in the Argentine:-

NEW CROP ESTIMATES

On the 27th ultimo the Ministry of Agriculture made public its second estimate of the volume of the new crop of the various grains and seeds, with the exception of maize. The new figures are as follows, together with those of the first forecast, the final figures of last year, and the five-year and ten-year averages, for comparison:-

	1935 Second	1935 First	1934	Av. 5 yrs. to 1933-34	Av. 10 yrs. to 1933-34
	(bushels)				
Wheat	238,320,000	252,062,000	286,123,000	228,316,000	238,529,000
Linseed	77,083,000	72,044,000	62,595,000	68,403,000	70,405,000
Oats	62,897,000	73,271,000	54,013,000	61,973,000	60,881,000
Barley	40,694,000	42,715,000	33,739,000	23,158,000	18,957,000
Rye	15,787,000	17,716,000	7,249,000	7,624,000	6,733,000

As will be seen, the new crop of wheat is now estimated to be below that of last year to the extent of 47,804,000 bushels. On the other hand, linseed shows an increase of 14,487,000 bushels as compared with last year's; and there are increases also in each of the other crops.

The following figures showing the distribution of the production of the various crops amongst the provinces and territories will no doubt be found of interest:

	Wheat	Linseed	Oats	Barley	Rye
			(bushels)		
Buenos Aires ...	114,398,000	25,322,000	51,659,000	30,922,000	4,527,000
Santa Fé	28,649,000	26,203,000	726,000	439,000	1,697,000
Cordoba	59,955,000	8,842,000	4,870,000	1,579,000	1,795,000
Entre Rios	12,982,000	15,165,000	1,465,000	23,000	12,000
San Luis	507,000	3,000	226,000	23,000	596,000
Santiago del E..	1,635,000	1,004,000	37,000	31,000	26,000
La Pampa	19,004,000	367,000	3,265,000	6,520,000	6,819,000
The rest	1,190,000	177,000	648,000	1,157,000	315,000

W H E A T

Exports of wheat and wheat flour during "March" were 15,705,000 bushels, composed of 15,536,000 bushels of wheat and 168,000 bushels of flour. These figures show a substantial drop from those of February (18,014,000 bushels) and January (17,846,000 bushels).

As shown above, the official estimate of the new wheat crop has been reduced by 13,742,000 bushels. It is probably still too high. In my report of a month ago, I discounted the first estimate by 18,372,000 bushels, which was less than some members of the grain trade were disposed to cut off the governmental forecast. But, using the official figures for the present, the following is now the supply position.

Second official estimate 1934-35 crop	238,320,000	bushels
Carry over from 1933-34	15,435,000	"
Total supplies	253,755,000	"
Deduct for seed & domestic use	95,534,000	"
Exportable balance	158,221,000	"
Exported to March 30th) wheat, 50,996,000 bushels) flour 570,000	51,566,000	"
Still available for export	106,655,000	"

Of the available balance shown above more or less 11,023,000 bushels have already been disposed of but not shipped.

Whilst some heavy rains have fallen during the month, the roads have generally been dry and in good shape for hauling; nevertheless deliveries have not been heavy, as farmers are not pressing sales of wheat at the present time, preferring rather to dispose of their barley and linseed at the attractive prices which have been prevailing and hold their wheat for the higher rates which are anticipated later on.

This policy of the country holders of wheat has helped price levels. Towards the middle of the month the demand, which had been slack, showed a substantial revival, but there were no sellers except the millers, who took advantage of the rise in prices to turn some of their holdings into cash. The demand improved, both Europe and ex-European countries making good purchases, and there was a slow but steady rise in prices up to the close of the month. Spot wheat, which a month ago closed at $6.11 paper pesos per quintal, at the end of March was changing hands at $6.90 (equal to 60 5/8c. Canadian per bushel at current exchange rates); the May option was worth $7.00 pesos the qtl. (equal to 61 1/2c, per bushel). These prices compare with Winnipeg May at 85 1/8c. on the same day.

The wheat coming forward continues to show inferiority in quality and in specific weight as compared with that of last year, due to the unfortunate weather conditions prevailing towards the end of the growing season, but occasional parcels of good grain are to be seen, and are easy to place. An extra good parcel of Bahía Blanca wheat sold for $7.90 per quintal, a premium of one peso per quintal over the ordinary export wheat.

M A I Z E

Exports of maize in March were 9,159,000 bushels which compares with 10,092,000 bushels in February and 18,516,000 bushels in January. The supply position is now as follows:-

Revised official estimate 1933-34 crop	246,051,000	bushels
Addition for probable error	7,874,000	"
Carry over from 1932-33	2,283,000	"
Total supplies	256,208,000	"
Seed & domestic requirements (revised)	49,210,000	"
Exportable balance	206,998,000	"
Exported April 1st to March 30th	210,118,000	"
New crop grain shipped	3,120,000	"

Maize of the new crop is coming forward, and as indicated in the table above some has already been shipped out. Just how much is uncertain. There is still some old maize left in the country, but it is of inferior quality and unfit for export. Picking of the new crop is quite active in most districts in the north, but it is not quite as far advanced as would have been the case but for the propaganda sent out by the officials of the Ministry of Agriculture, counselling leaving the grain to dry out well on the plant rather than risk shipping it away imperfectly dried, with the possibility of the serious losses which were incurred last season.

The volume of the new crop is still a matter of considerable speculation. The acreage is large (17,364,100 acres) according to the official estimate). There have been some losses, notably in the territory contiguous to Rosario, which is probably the worst section this year although it is looked upon as one of the finest maize districts in the Republic. But very little of any of the maize acreage has proved a total loss this year, although the yield varies considerably in volume in different sections. The official crop report issued a few days ago contents itself with summarising the situation by saying that the harvest has commenced with good prospects and that it is anticipated that the yields will be superior to those of last year. Private reports are less conservative, and a production of over 472,418,000 bushels is forecast, which would mean 413,366,000 bushels for export. This is a long way ahead of the 314,946,000 bushels exportable surplus which I mentioned in my last report, and probably the real figure will be found somewhere in between.

Whilst in the damaged districts some inferior maize will be harvested, the general level of quality will probably be greatly superior to that of last year, and some really fine samples have been coming in from the northern regions.

The official campaign to encourage the proper conditioning of the maize before shipment is being seconded in a practical way by the National Bank, which is offering to make loans on the security of maize in cribs which are properly constructed for the protection of the grain, up to 100 per cent of the basic price established by the National Grain Control Board, viz: $4.40 pesos per quintal, less the costs of shelling, carting, railway freight, etc. As quotations for forward delivery are not very much higher than this basic price, the offer seems an unusually generous one for a bank to make.

Prices have dropped during the month, and there is a tendency to weakness in the market, due largely to the size of the crop in sight and lack of immediate demand. It is however quite expected that in view of conditions in the United States a market there will develop for much of the Argentine surplus later on.

At the close of business for the month, Spot Yellow maize for export was selling at $4.93 paper per 100 kilos (equal to 40 1/4c. U.S. per bushel), and the May option at $4.64 (say 37 3/4c. per bushel).

On the same day May maize closed in Chicago at 80 1/4 c. per bushel.

In the domestic market here Red maize was worth $5.15, Cuarenteno $5.20, and White $5.25 per 100 kilos.

Whilst recent weather has not been altogether favourable for the conditioning of the maize, it has now turned much colder.

L I N S E E D

Exports of linseed during March were 7,900,000 bushels, almost the same figure as that for February - 7,883,000 bushels.

In its revised estimate of the crop the Government raises the previous figures by 5,039,000 bushels. On the new basis, the statistical position is now as follows:-

Second official estimate 1934-35 Crop	77,083,000	bushels.
Carry over from 1933-34 crop	2,217,000	"
Total supplies	79,300,000	"
Seed & Domestic requirements	7,874,000	"
Exportable balance	71,426,000	"
Exported to March 30th	25,895,000	"
Still available for export	45,531,000	"

More than a third of the exportable balance has already been shipped out. Prevailing prices have proved very attractive to the producers, who have been disposed to sell linseed rather than wheat, so that the movement has been quite active. The demand now is slackening. Local crushers have been more cautious in their purchasing, and buyers both in the United Kingdom and the Continent have shown less interest. Fair sales were made to ex-European countries. Prices fell off a little but as there was no great pressure on the part of sellers the decline was limited. Spot linseed at the close of business was selling at $11.87 paper pesos per 100 kilos (equal to 96 3/4c. U. S. per bushel), and the May option at $12.10 (98 5/8c.). In Duluth on the same day May linseed closed at $1.879

O A T S

March exports totalled 3,944,000 bushels, as compared with 5,300,000 bushels in February and 5,904,000 bushels in January.

The revised official estimate of the crop is 10,375,000 bushels lower than the original forecast. This has created no surprise, as it was realized that bad weather conditions had made considerable inroads on what had been hoped would be a fine crop. There is much less coming forward now than in the early weeks, which may indicate some scarcity.

The market during the month was not very active, local buyers being more in evidence than exporters, and not much was sold for overseas. The United States seem to have lost interest in Argentine oats for the moment. Nevertheless prices closed a shade higher than a month ago, Spot feed oats selling at $5.60 the quintal, and for May deliver $5.70.

BARLEY

Barley exports in March were 2,871,000 bushels, as compared with 5,145,000 bushels in February.

The new crop is now estimated at 2,021,000 bushels less than at first, which leaves the supply position as follows:-

Second official estimate 1934-35 crop	40,694,000	bushels.
Carry over from 1933-34	9,430,000	"
Total supplies	50,124,000	"
Deduct for seed & domestic use	6,568,000	"
Balance for export	43,555,000	"
Exported to March 30th	12,094,000	"
Still available for export	31,462,000	"

Very little business was done in Barley during the month. Neither the brewing nor the feed grades were in demand. Prices for brewing barley remained unchanged, up to $7. per qtl. being paid for good grain. Feed barley fell off a little, good quality closing at $5.50.

WHEAT QUALITIES

The National Wheat Board held an important meeting a few days ago, at which were determined the varieties of wheat most suitable for the six zones into which the cereal region of the Republic has been divided for this purpose. Pending the passage of the Grain Bill now before Congress, there is of course no power to enforce the recommendations of the Board, but the work now being done is looked upon as valuable preparatory work, looking to the future.

In classifying the various wheats the Board has kept in mind first the industrial qualities, and second the vegetative characteristics, as for instance winter and spring wheats. On the basis of quality three groups have been established:- strong wheats, fillers and soft wheats; the first two destined for the European market, and the last purely for the domestic and Brazilian markets.

Most of the leading railway companies, which maintain experimental farms, have lent their assistance to the Commission, as have also private experimentalists, and much valuable educational work should result.

As illustrating the interest taken by the railway companies in the improvement of seed grain, it may be mentioned that one of them, the Central Argentine, has just sent out for the eighth year its large cleaning machines, which are placed at the disposal of the farmers for the cleaning and selection of their seed grain, free of charge, at the local stations.