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The Grain Situation in the Argentine

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

WHEAT

Exports of wheat and wheat flour during the month of April were 15,012,000 bushels (wheat 14,546,000 bushels, flour 466,000 bushels); which compares with a total of 15,705,000 bushels in the previous month. This leaves the supply position now as follows:-

Second official estimate 1934-35 crop		238,320,000	bushels
Carry over from 1933-34		15,435,000	"
Total		253,765,000	"
Deduct for seed and domestic use		95,534,000	"
Exportable balance		158,221,000	"
Exported to April 30th	) wheat .... 65,542,000 bushels		
	) flour .... 1,035,000 "	66,577,000	"
Still available for export		91,644,000	"

Probably at least 11,023,000 bushels of the balance above shown have already been acquired by exporting houses, but not yet shipped, so that the actual balance available for purchase, taking the official estimate of the crop as the basis, is a little below 80,836,000 bushels. In the opinion of competent members of the grain trade, however, the real figure is not above 73,487,000 bushels.

Reports received from England with regard to the quality of the shipments of wheat already received there are very satisfactory. Although the specific weight of the grain is low, the gluten strength is comparatively high according to tests made by the British millers. In this connection it must be borne in mind that a heavy percentage of this year's shipments has been from the south of Buenos Aires and the Pampa. These wheats for the last three or four years have been leading the Republic in regard to strength, and it is not to be expected that the standard will be maintained throughout the year. In the four months just closed, taking the figures up to April 25th, the following are the wheat shipments by ports:-

Bahia Blanca	22,670,000	bushels
Rosario	17,461,000	"
Buenos Aires	8,044,000	"
Santa Fe	3,951,000	"
La Plata	3,694,000	"
Various	7,775,000	"
Total	63,595,000	"

A fair volume of business in wheat was transacted during the month. Prices in the first half moved steadily upward, and although the tendency was in the opposite direction afterwards, the month closed with prices on a slightly higher level than at the commencement. Europe showed considerable interest, and Brazil and the neighbouring republics bought fairly freely. At the end of the month business was a little quieter, only average activity being in evidence on the market. But on the other hand there was no selling pressure on the part of the growers and country dealers, who are evidently satisfied to hold what wheat remains in their possession in the hope of realising higher prices later. The satisfactory prices which have prevailed for linseed and the coarse grains, enabling producers to realise on these sufficient cash to carry on with, is largely responsible for the tendency to hold wheat back. With the smaller crop this year and in view of the doubtful prospects for North American wheat crops, no anxiety whatever is felt here as to the disposal of the balance of Argentine wheat.

At the close of business at the end of the month, Spot export wheat was selling at 7.05 paper pesos per quintal (equal to 62 1/8c. Canadian per bushel at current rates of exchange) as compared with 6.90 a month ago; July was worth 7.25 (63 7/8c. per bushel). In Winnipeg on the same day July wheat closed at 89¾c.

MAIZE.

Cool, dry weather during the past month has been very helpful in putting the new maize crop into good condition for picking and shelling, and it is now coming down to the ports in increasing quantities and in excellent shape for shipping. The quality of the grain is very good and the moisture content quite satisfactory.

An official report on the crop published on the 25th April states that a couple of days of frost damaged the late fields of maize, but as the late-sown fields form only a small proportion of the whole crop this is not regarded as serious, and any loss resulting in this way is probably more than offset by the benefit to the early grain. On the whole the official report goes to confirm private reports as to the very satisfactory yields and quality in the principal maize zones. As yet no official estimate has been published as to the volume of the crop. There is general agreement that the crop is a big one, but private forecasts of the quantity vary considerably. 393,682,000 bushels for export is freely predicted. Taking a conservative view, and adopting this figure as the total crop, the following would be the statistical position:-

Probable 1934-35 crop	393,682,000	bushels
Deduct for Seed and Domestic use...........	49,210,000	"
Exportable balance.......................	344,472,000	"
Shipped during March 3,120,000 bushels....		
" " April 19,752,000 "	22,872,000	"
Balance still available..................	321,600,000	"

With this huge crop in prospect prices have borne up surprisingly well, although the tendency is downward. The demand has been fairly active, and purchases by the United States have helped considerably to support the market. About 19,684,000 bushels are said to have been sold to the States up to the present, and there are hopes that the sales will continue, but it is hardly likely that the optimistic views of some Argentine traders will be realised. In fact recent rains in the maize zone in the States have tended to dampen exaggerated hopes. The demand from Europe is about up to the average. Business is being helped by the satisfactory condition and quality of the shipments of the new Argentine maize. In view of the good condition of the grain, it is likely that future exports will be heavy if the weather remains favourable for loading.

Spot Yellow maize for export closed at 4.54 paper pesos per quintal, equal to 37 1/8c. U.S. per bushel; and the July option 4.68 (38½c. per bu.). These prices compare with the Chicago close for July 85c. Spot Cuarenteno maize was worth 4.95 here.

LINSEED

Exports during the month were 5,581,000 bushels, a substantial reduction from the March total of 7,900,000 bushels. There is still a considerable quantity available for export, as will be seen from the following statement:-

2nd official estimate 1934-35 crop	77,083,000	bushels
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 30th April.....................	31,476,000	"
Balance still available.................	39,950,000	"

There has been average activity in the market during the month, and prices have remained firm, registering a slight advance as compared with last month's close. The demand from the United States was not very strong, but an average business was done with Europe, in spite of liberal offerings from India.

Spot linseed closed the month at 12.02 paper pesos per 100 kilos, equal to 98¼c. U.S. per bushel at prevailing rates of exchange; and the July option 12.27. July closed at $1.77 in Duluth on the same day.

OATS

Exports of Oats during April were only 1,461,000 bushels, which is a very small figure in comparison with 3,944,000 bushels in March and 5,300,000 bushels in February. This decline is not surprising in view of the growing difficulty in assembling parcels of good grain. As the export demand seems to have tapered off at the same time as the supplies declined, price levels were not affected.

The statistical position is now as follows:-

Second official estimate 1934-35 crop	62,897,000	bushels
Carry over from 1933-34	1,204,000	"
Total supplies..............................	64,101,000	"
Deduct for seed and domestic use	29,827,000	"
Exportable balance	34,274,000	"
Shipments to April 30th	16,009,000	"
Still available for export.................	17,665,000	"

Spot oats of good feed quality closed the month at 5.50 paper pesos per 100 kilos. For July delivery there were no quotations.

BARLEY

Barley exports in April were 1,192,000 bushels as compared with 2,871,000 bushels in March and 5,145,000 bushels in February. On paper there are still liberal supplies available:-

Second official estimate 1934-35 crop..........	40,694,000	bushels
Carry over from 1933-34	9,430,000	"
Total supplies..............................	50,124,000	"
Seed and Domestic requirements	6,568,000	"
Balance for export.........................	43,556,000	"
Exported to April 30th	13,286,000	"
Still available for export.................	30,270,000	"

Included in this balance there is probably a good deal of inferior grain, damaged by the weather conditions at harvest time, and much of what might have been fit for brewing purposes is too discoloured for that.

Business during the month was dull, there being little demand for Barley. Nevertheless, prices held up well and closed a shade higher than a month ago; spot feed barley being quoted at 5.55 paper per qtl. (equal to 39c. U.S. per bushel), and grain fit for brewery use nominally 12 per cent higher.

RYE

Rye is a grain not extensively grown in the Argentine, but in the last year or two it has been finding increasing favour in the drier sections, especially in the south-west of the province of Buenos Aires and the southern Pampa. Under the conditions which often prevail there it can be relied upon to produce a crop where nothing else will. This year there has been a record production, amounting to 15,787,000 bushels, of which 6,819,000 bushels were grown in the Pampa and 4,527,000 bushels in Buenos Aires. Of this, it is estimated that 1,945,000 bushels will be needed for seed anddomestic use, leaving 13,842,000 bushels available for exportation. 1,888,000 bushels moved overseas in the month just closed, making a total exported to date of 5,117,000 bushels, and leaving still available 8,725,000 bushels. The principal markets are found in Germany and Central European countries.

A steady business was done during the month, and prices remained firm, closing at the same level as at the beginning, with $4.95 per qtl. being paid for spot Rye, equal to 40½c. U.S. per bushel.