Published by Authority of the Hon. R. B. HANSON, K.C., M.P.,
Minister of Trade and Commerce

C-1

DOMINION BUREAU OF STATISTICS - CANADA
AGRICULTURAL BRANCH

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, June 19, 1935 - The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of June 3, 1935, dealing with the grain situation in the Argentine:-

WHEAT

Exports of wheat during the month of May totalled 17,185,000 bushels, constituting the biggest volume in recent months.

As pointed out in previous reports, there is considerable doubt as to whether the 1934-35 crop of wheat will measure up to the second official estimate. Opinions of members of the grain trade vary as to the degree of inaccuracy. I have thought it well to deduct 9,186,000 bushels from the official figures, in order to bring them nearer to the probable facts, although this is a good deal less than some usually well informed authorities have taken off. On this basis the statistical position is now as follows:-

Second official estimate 1934-35 crop	238,320,000	bushels
Deduct for probable error	9,186,000	"
Total	229,134,000	"
Add carry-over from 1933-34	15,435,000	"
Total supplies	244,569,000	"
Deduct for seed & domestic use	95,534,000	"
Exportable balance	149,035,000	"
Exported to) wheat 82,727,000 bushels		
May 31st) flour 1,035,000 "	83,762,000	"
Still available for export.	65,273,000	"

Something over 7,349,000 bushels of this available balance have already been sold to exporting houses, leaving little over 55,116,000 bushels still to be disposed of. A very large proportion of this remains in the hands of the growers, who have not shown themselves at all disposed to part with their holdings of wheat in recent weeks, preferring to realise on their linseed and coarse grains for current cash needs. Hence arrivals in the ports are being drawn largely from the stocks of country dealers, who are now reported to have only small amounts of wheat on hand.

In common with other markets abroad, the tendency of prices here has been downwards through the past month. There has been moderate activity during the month, and the condition at the close was steady, in spite of the dislocation of business caused by four holidays, besides Sunday, in nine days.

The United Kingdom and the Continent of Europe have been less active buyers than usual, with the result that recent sales here have been very largely to ex-European countries, in addition to Brazil and the neighbouring republics which usually draw their supplies from the Argentine and are no less interested than customarily.

At the close of business on the last day of the month, Spot wheat for export was quoted at $6.64 paper pesos per 100 kilos (equal to 59½ cents Canadian per bushel at current rates of exchange) and the July option at $6.70 (60¢ per bushel). In Winnipeg on the same day July wheat closed at 82 7/8 ¢.

NEW CROP

Lack of rain in recent weeks has been interfering with the cultivation of land for the new crop and holding up seeding operations, and there is probably less seed actually in the ground than is usual at this date. During the last week there have been some rains, but these have been insufficient for current needs even in the most favoured districts, and in parts of the south and most of the west they have been either insignificant or altogether lacking. So far as wheat seeding is concerned the present situation is by no means serious. The worst feature is the growing scarcity of pasture for the work animals. The following notes are extracted from the official crop report issued by the Department of Agriculture on the 22nd ultimo, before the rains above referred to fell:-

Buenos Aires: In the eastern part of the province up to the last two weeks wheat seeding has not been pressed, and little has been sown. Recent rains will facilitate the work. In the south-east working of the land has been practically abandoned by reason of the hardness of the soil. The backwardness may be corrected by the rains of the past week. In the hill zone there have been frequent interruptions and the little rain which has fallen has not modified the situation. This is one of the zones which have their lands best prepared. In the Bahia Blanca district good progress was made in March, but latterly it has not been possible to break up the clods, so that germination has been deficient; seeding is backward and the lots of wheat which have germinated are remaining stationary. It rained a very little a few days ago. In the west recent rains only favoured some districts, so that in part of the district work on the land has been stopped since the beginning of April. In the north there is also delay, but recent rains and the varieties for late sowing suitable for the zone which are being used equalise the situation.

Santa Fe: In the north of the province the drought, accompanied by hot winds, has helped to harden the soil, and cultivation has been carried on with some difficulty; nevertheless it is estimated that some 60% of the land is already completely prepared. In the south also ploughing is being actively carried on, and the second harrowing is being effected now. The condition of the soil in this district has permitted this work to be carried on, and only some sod lands which were not turned over at the proper time are causing some difficulty. Some seeding of wheat and linseed is being done and it will be general towards the end of May in the centre and south of the province, and just as soon as there is sufficient humidity in the soil, in the north too. Recent rains, although light, in general facilitated the work of ploughing the land and sowing wheat and linseed in the east and south of the province.

Cordoba: The persistent drought, which affects all the province, is causing serious difficulties in working the land, and the backwardness of the work will make itself felt in the wheat seeding. In the north of the province the work has gone on slowly; in the rest the hardness of the soil has partly paralised it, and as a consequence the sowing of early varieties is being held up.

Entre Rios: The ploughing of land for the next wheat crop has progressed slowly because of the drought, but without insuperable difficulties. As in this province wheat is sown somewhat late, none will be planted before June if the weather is favourable. A couple of inches of rain is needed.

The Pampa: The preparation of the land continues with much difficulty because of the drought, so much so that in the centre of the Territory some farmers are beginning to sow wheat on the stubble without ploughing. The sowing of rye is paralised, so much so that wheat or barley will be sown on some lands destined for rye. As some of the farmers cannot sow wheat they are becoming alarmed in view of the lateness of the season for sowing the winter wheats which normally occupy the greater part of the zone.

As mentioned above, some rains have fallen since the preparation of the official report from which the foregoing is extracted, but not nearly sufficient, and there is urgent need for more in parts of the north as well as in almost the whole of the south and west of the wheat zone. No alarm is yet felt, but should the needed precipitation be much delayed the result might be that there would be a shrinkage in the acreage of wheat seeded in place of the increase which some prophets were inclined to anticipate.

WHEAT STANDARDS

A correspondent asks for an explanation of a term used in these reports, "specific weights" of wheat. The principal basis upon which wheat is sold in this country is its weight. Each crop year the basis is established by taking a small sample from each parcel of wheat sold by the producers up to a given date, and ascertaining the average weight of the whole in terms of kilograms per hectolitro (100 litres). Usually the average is in the neighbourhood of 80 kilograms per hectolitro, which is very slightly in excess of 64 lbs. per bushel (79.88 kilos is equal to 64 lbs. per bushel, to be exact). The average weight so established forms the standard in transactions between buyer and seller in the Republic, and wheat falling short of the standard is subject to discount in price in proportion to its deficiency. A different standard rules in transactions in exported wheat, which is established monthly on the basis of samples taken from cargoes received in Europe.

MAIZE

Exports of Maize during the month of May were heavy, viz: 30,187,000 bushels. The fine, dry weather which has prevailed throughout the month has been very favourable for the picking and handling of maize, which has been coming down to the ports freely and in excellent condition for shipment. With liberal charterings made ahead by the exporting houses, the movement overseas has been unusually heavy. But offerings by the producers have been far from free, as there is a strong tendency to hold for higher prices. Hence a great deal of the maize which has changed hands has been on the basis of price-to-be-fixed contracts to mature several months hence. This class of business is frowned upon by the Government, which has tried to suppress it, and in fact very little of it was done last season. But the temptation to the farmer is strong under present conditions. The current price is very little above the minimum at which the Grain Control Board has announced that it will be prepared to buy. This guarantees the seller from serious loss, and leaves him a hope of a profit should prices rise later on, provided that he does not sacrifice too much in the way of premiums on the price-to-be-fixed contracts and interest on the advance payment received on delivery, probably 80 per cent. Unfortunately, history teaches that the farmer very seldom comes off best in these transactions.

No official estimate of the crop has yet been published by the Ministry of Agriculture. On the basis of the tentative estimate which I used a month ago, the following is now the statistical position:-

Probable 1934-35 crop	393,682,000	bushels
Deduct for seed & domestic use	49,210,000	"
Exportable balance	344,472,000	"
Shipped to May 31st	53,059,000	"
Still available for export ...	291,413,000	"

It will quite likely be found that the above total is rather on the low side. But on the other hand, should the present dry conditions in the camp continue, with the serious shortage of pasture, it is certain that the domestic consumption of maize will be above the average.

Market conditions have been quite active during the month, and the weakness in prices of other grains has not been shared by maize, which has practically held its own. Some European countries, notably Germany, have bought less freely than usual, but on the other hand the United States have continued to take considerable quantities of Argentine maize, and it is estimated that sales in that quarter now total nearly 29,526,000 bushels with no present indication of a diminution of interest. The comparatively poor crop in South Africa is no doubt helping the market here. Spot yellow maize for export closed the month at \$4.48 paper pesos per quintal (equal to 37 3/8 cents U.S. per bushel at current rates of exchange), and the July option at \$4.58 (38¼ ¢ per bushel). In Chicago on the same day July maize closed at 78¾¢.

LINSEED

May exports were 7,061,000 bushels as compared with 5,581,000 in April. This leaves the statistical position 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 May 31st	38,536,000	"
Still available for export	32,890,000	"

As will be seen, more than half of the exportable surplus of seed has now been shipped, and fair quantities have been sold but not yet sent out, so that the position is very satisfactory. There is more disposition to buy in consuming markets, and it looks as if in spite of the unusually large Argentine crop it will all be disposed of before the next one is available.

Present prospects are that the next crop will be smaller; the area seeded will almost certainly be smaller in view of the unfavourable soil conditions brought about by the semi-drought prevailing in much of the linseed area, and the comparatively high prices which have been ruling for oats and barley, which can be sown later, with less uncertainty as to results, and which are not so hard on the fertility of the land.

There was a fair amount of activity in the market during the month, improved conditions in the building and allied trades evidently being reflected in the demand for linseed. Prices consequently held quite steady, closing only fractionally lower than at the end of April.

Four cargoes were sold to the German Government, the exchange difficulties which have prevented business with Germany in recent weeks having been overcome by some special arrangement at the other end.

The month closed with Spot linseed at $11.98 per quintal, equal to $1.00 per bushel in U.S. Currency at prevailing rates, and the July option at $12.10 (101 1/8¢ per bus.) In Duluth at the same time July linseed closed at 168 ¢.

OATS

Exports during May were 1,467,000 bushels practically the same figure as in April.

There was very little activity in the export market during the month, as higher prices can be secured from buyers for local consumption than from the shippers, and there is some demand for oats for army purposes, which helps to absorb the limited offerings of producers. Spot oats of good feed quality closed the month at $5.60 per quintal, as compared with $5.50 at the end of April.

Of the exportable balance of this crop 34,273,000 bushels there have now been exported 18,076,000 bushels, leaving still available 16,197,000 bushels.

BARLEY

May shipments totalled 668,000 bushels as against 1,192,000 bushels in April.

It is becoming increasingly evident that there is much less barley in the country than statistics would indicate. Either the carry-over or the new crop or both have been over-estimated. Eliminating for the present the heavy carry-over brought into the current year, the following is the supply position:-

Second official estimate 1934-35 crop	40,694,000	bushels
Deduct for seed & domestic use	6,568,000	"
Balance for export	34,126,000	"
Shipped up to May 31st	13,954,000	"
Still available for shipment	20,172,000	"

Trading was quiet, there being little demand for export, and not much grain offering. Good feed barley weighing 62 kilos per hectolitro closed at $5.40; and Brewery grain weighing 65 kilos at $6.10 per quintal, both prices being lower than a month ago.

RYE

May exports were 782,000 bushels less than half the quantity shipped in the previous month. The supply position is now as under:-

Official estimate of crop	15,787,000	bushels
Seed & domestic consumption	1,945,000	"
Balance for export	13,842,000	"
Exported to May 31st	5,900,000	"
Still available	7,942,000	"

Business was dull, and prices weakened, rye for export, weighing 73 kilos per hect. closed at $4.50 per 100 kilos. and Superior grain for domestic use at $5.00 pesos per qtl.

FLOUR MILLING

A report just published by the Ministry of Agriculture shows that in the year 1934 there were 184 flour mills operating in the Republic (excluding those which grind maize only), and that the results showed a small improvement over those of the previous year. The principal figures are as follows:-

		increase over 1933
Flour produced, 1934	15,916,000 barrels	843,000 barrels or 5.6%
Sub-products produced	6,318,000 "	263,000 " " 4.3%
Wheat used	73,257,000 bushels	3,471,000 bushels " 5.0%

The yield of flour obtained was 71% and of sub-products 28.2%, leaving only 0.8 % waste.

Exports of flour which showed a serious drop between 1928 and 1932 consequent on the closing of the Brasilian market, continued last year the upward climb commenced in 1933, 1,242,000 barrels being exported in 1934, an increase of 129,000 barrels, or 10.4 % over the 1933 total of 1,113,000 barrels.

Domestic consumption of wheat flour per capita was 106.9 kilograms in 1934, as compared with 104.7 kilos in 1933.

PURE SEED GRAIN

The Argentine National Bank announces that it is prepared to grant loans to farmers for the purpose of acquiring pedigreed seed wheat, linseed and maize, with maximum limits for individual farmers of $750 pesos for wheat, $1000 for linseed, and $500 for maize. And the Grain Control Board has decided to assist in the campaign for pure seed by establishing depots in the various zones for the rapid distribution of seed.

GRAIN CONTROL BOARD

Considerable pressure is being brought to bear upon the Grain Control Board to induce it to increase the basic price at which it has announced that it will be prepared to purchase maize of the current crop, viz: $4.40 the qtl. After careful consideration it has decided not to modify this minimum price, believing that an increase at the present moment would be purely speculative, with no justification either in the actual situation or in future prospects in consuming markets.
