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The Grain Situation in the Argentine

Ottawa, October 15, 1935.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of October 1, 1935, dealing with the grain situation in the Argentine:-

Crop Conditions

According to the first forecast of the seeded acreage of the new crop, published by the Ministry of Agriculture on September 20th, there is a substantial decrease in the sowings of all grains (except, of course, Maize, the seeding of which has barely commenced yet, and which is not included in the present statistics), reaching 23.1 per cent as compared with the acreage of last year. Wheat shows the biggest percentage of decrease, viz: 25.1 per cent, thus confirming the forecast of a 25 per cent reduction made in last month's report.

The official figures are shown in the following table, together with those of the previous crop year and the five-year average 1930-35:-

	1935-36	1934-35	Decr. fm. 1934-35	5 year av. 1930-35
Wheat,	14,079,000 acres	18,804,110 acres	25.1 %	19,360,502 acres
Linseed,	6,125,600	8,099,130	24.4	7,698,387
Oats,	2,865,200	3,527,160	18.8	3,629,275
Barley,	1,926,600	2,013,050	4.3	1,641,666
Rye,	1,605,500	2,133,092	24.7	1,644,472
Can. Seed,	98,800 acres	123,747 acres	20.2 %	112,733 acres

It is pointed out in the official memorandum that of these seeded areas there are already considerable stretches which are virtually lost, especially in the case of wheat and linseed in the province of Entre Rios, and that many fields are in a critical condition with their ultimate fate depending upon the weather in the next two weeks, copious rains being considered indispensable in almost the whole cereal region. Whilst no detailed information with regard to the several provinces is furnished in the report, mention is made of the fact that there is relatively little decrease in the acreage of wheat and linseed in the province of Buenos Aires, but that on the other hand the shrinkage is heavy in the northern provinces, reaching in some zones more than 40 per cent as compared with last year.

Five days subsequent to the publication of the above memorandum, the customary monthly official report on conditions in the cereal districts made its appearance, viz: on September 25th. From this I extract the following details:-

Buenos Aires. The crop prospects might have been regarded with more optimism if seeding of the western areas had been completed and if this zone had not been subjected to the drought, strong winds and frosts which were repeated during the past week. Wheat in the eastern zone shows a shrinkage in area, seeding having finished at the end of last month. Germination was uneven, and the present condition is considered backward. In the Atlantic zone following some rains there has been a vigorous reaction in the wheats, which are well rooted in soils which conserve humidity. The plants are healthy, although with little leaf development. In the districts around Saladillo the rains this year were distributed with greater uniformity and frequency, and in consequence the wheat is in a normal condition. In the hill zone the last rains were light, but sufficient to keep the soils fresh. Sowing of Spring varieties finished at the end of August. The Winter wheats are in a satisfactory condition, although the development is stationary owing to frosts and cold weather. This same characteristic of plants-low but healthy, well rooted and stooled is seen in the wheat of the Bahia Blanca zone, which only shows decrease in area in the district around Villarino and Patagones (Viedma). In the west wheat seeding has finished, and the fields look well up to Bragado, but get poorer towards the Pampa, where they are rickety and uneven, and two months backward. In the north-west corner of the province there is the greatest diminution of area and stretches not germinated, which are now being ploughed for maize. As in other years, but more so this season, there is little wheat in the north. It is well developed up to Junin, but loses condition and shows backwardness from there northwards.

Santa Fe. The frequent winds, scarcity of rains, irregularity of temperature, and the appearance of flying locusts have been the principal factors depreciating the crop situation in this province during the month. The decrease in the area sown to wheat, its backward growth, as well as the damage suffered from drought, frosts and locusts, foretell a smaller crop. In the north of the province fields are to be found in the shot blade and others which are heading; but in general in the whole of the centre and north the plants are thin and pale, with a large proportion of seed not germinated. The damage for these various reasons may be calculated at present as 50 per cent. In the southern zone the August rains and some mild days favoured the stooling of the wheat and permitted germination of seed, but the low temperatures of the present month delayed growth, and the present condition is very backward, since the grain except in isolated cases barely covers the ground.

Cordoba. Climatic conditions have not improved, the drought continuing as in previous months, the scarce rains of August and September having been insufficient to relieve it. A rain in the coming fortnight would relieve the situation, as much seed might germinate which has not yet done so, and development of the crop would be secured. In the eastern part of the province and in the districts adjoining the Pampa, where the rains although light have permitted a more or less normal development, conditions of the previous month have been maintained. In the north, centre and west is where the greatest decrease in area is to be seen and where germination has been most uneven.

Entre Rios. Since the previous report the crop prospects of the province have continued to get worse, especially in the western half, where it rained only a few millimeters. There is a great shrinkage in the area sown with wheat as compared with last year, and a high percentage of that seeded has not germinated after more than two months in the ground. Without taking into account yet the important areas which may germinate if it rains out of season, the condition of the wheat crop may be considered bad; the sprouting was uneven and the early fields are heading out whilst very low, weak and poorly rooted.

The Pampa. In spite of rains of varying intensity in the middle of August and early days of September in parts of the Pampa, these were light in most of the territory, and this added to the effects of the winds and frosts has caused the maintenance of the adverse conditions already indicated in previous reports. The wheat fields of the south are in good condition; in the centre and north deficient, although somewhat better in the latter. In general the germination has been defective, some of the seed being lost, causing uneven fields, a little thin, which are growing slowly, the later ones having been somewhat damaged by the strong winds and the frosts of these late days. In general, the fields clearly show the effects of the relative drought, and abundant rains within a short time are essential if they are to recover.

Note. Lack of space prevents the inclusion of extracts with regard to the various other crops; but it will be understood that somewhat similar conditions prevail as in the case of wheat, with due allowance for the peculiarities of each grain.

Subsequent to the publication of the above official reports, on the 27th and 28th of the month there were some fairly general rains covering the northern half of the province of Buenos Aires, most of Cordoba and Santa Fe, parts of the Pampa and Entre Rios. The precipitation varied in volume up to a maximum of about 3 inches in parts of Entre Rios. In southern Buenos Aires there was practically no rain, but on the other hand cold and frosty weather. As this report is being written, rain is again falling in generous quantities in Buenos Aires, and reports from outside indicate that practically all the cereal regions except southern Buenos Aires are receiving moisture, varying in intensity. Fortunately, whilst southern Buenos Aires would greatly benefit by a drenching, it has been favoured by rains at times when other zones have remained completely dry, and is consequently less urgently in need of it at the present time.

The most interesting question now is to what extent the drought-ridden districts will re-act to these belated rains, and what proportion, if any, of the fields which had been regarded as lost will after all produce a crop? In any event, in view of the serious decrease in acreage seeded shown by the official estimate (which is accepted by the trade generally as being probably accurate), it is not possible to have anything like a normal crop of wheat; and except in the province of Buenos Aires and a portion of the Pampa, it will require very favourable weather indeed for the rest of the growing season for the various districts to produce more than sufficient to fill domestic requirements.

Mention must be made of the locust menace, which is this year becoming

serious. Large flights have appeared in the northern provinces; Cordoba, Santa Fe and Entre Rios report them very thick, and occasional invasions into Buenos Aires have taken place. Because of the absence of grass in the pastures, the insects are feeding on the grain fields. The present damage by these adult locusts is not a very serious matter, but the new generation of young insects which can be looked for in November may be very destructive indeed to the late grain crops, especially perhaps to the young maize.

W H E A T.

Exports during September were 10,702,000 bushels (wheat 10,581,000 bushels, flour 121,000 bushels). This is little short of last month's total of 11,131,000 bushels.

The supply position is now as follows:-

Second official estimate 1934-35 crop,	238,320,000	bushels,
Less a deduction for probable error of	9,186,000	"
Leafing	229,134,000	"
Add carry over from 1933-34 crop	15,435,000	"
Making a total of	244,569,000	"
Deduct for seed & domestic consump.	95,534,000	"
Leaving available for export,	149,035,000	"
Exported to) wheat 126,140,000 bush.		
Sept. 30th) flour 1,614,000 "	127,754,000	"
Still available for export	21,281,000	"

The volume of wheat coming forward continues to be very small. Stocks in the country are light, and farmers are by no means anxious to sell, even at the improved prices which have recently been obtainable. With the small crop in prospect there is a strong temptation to hold on to any little surplus which still remains in the granaries on the farms.

There was quite an active market throughout the month. With the complete change which has come about in the world's supply position, the action of the Canadian Government in setting a much higher price as a minimum for the new crop wheat, and the unfortunate political conditions now existing in Europe, wheat trading took on new life. Naturally much of the business done was speculative, but by no means all of it. Buyers in Europe who have been so long holding off on account of the doubt as to what would be the policy of the Canadians with regard to the disposal of their old surplus, hastened into the market and their operations helped materially to drive prices up. Daily fluctuations were considerable as war rumours were put into circulation or promises of rains in the dry sections of the Republic appeared and disappeared. The high level reached by prices in the middle of the month did not maintain itself; nevertheless there was a very substantial gain, the month closing with Spot wheat selling at 8.95 paper pesos per quintal (equal to 80 3/4c. Canadian per bu.) as compared with 7.05 a month ago; December options closed at 8.85 paper pesos. Winnipeg December on the same day closed at 9 1/2c.

M A I Z E.

Exports in September again fell off a little, the total reaching 24,831,000 bushels as compared with 26,205,000 bushels in August.

The supply position is now:-

First official estimate 1934-35 crop,	452,734,000	bushels
Carry over from 1933-34 crop	445,000	"
Total supplies	453,179,000	"
Deduct for seed & domestic consump.	55,115,000	"
Balance available for export,	398,064,000	"
Exported to September 30th	161,479,000	"
Still available for export,	236,585,000	"

Market conditions were much less active than in the case of wheat, and whilst there was a small improvement in prices during the month it was not sufficient to attract any volume of offers from country holders. A great deal of maize is having to be used locally, especially by cattle-men, owing to the scarcity of pasture. The new crop prospects are not of the best, although they have been improved somewhat by the recent rains. But the amount of maize which has been sown up to the present is very small indeed in comparison with a normal year. There is still a considerable period during which maize may be sown and further rains may make a deal of difference in the situation, first by facilitating the preparation of the land for the new crop, and second by decreasing the local demand for feeding purposes and encouraging shipment to the ports.

Meanwhile the demand from abroad is only moderate, and buyers who have been securing plentiful supplies of cheap grain are unwilling to follow the market upward.

Prices having risen above the official minimum of 4.40 paper pesos before the middle of the past month, the Grain Control Board is no longer buying.

Spot maize for export closed the month at 4.55 pesos per quintal, and the December option at 4.90. In the domestic market prices are rather higher: Yellow 4.50, Red 4.60, Cuarenteno 4.80 and White 5.20.

L I N S E E D.

Exports during the month were 5,054,000 bushels, as compared with 4,914,000 bushels shipped in the previous month.

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 September 30th	57,781,000	"
Still available for export	13,645,000	"

As in the case of wheat, there was considerable activity in the linseed market during the month, much of it the result of speculation based on crop prospects. A larger acreage had been anticipated than was shown by the Government's forecast, and apparently less damage was expected than now seems probable even with good rains.

There was a welcome improvement in the export business, which even the rise in prices did not cut off.

At the present rate of shipment there will be little of the old crop left on hand when the new seed becomes available for shipment, in view of the lateness of the season.

Spot linseed closed at 13.63 paper pesos per quintal, as compared with 12.02 a month ago; and the December option closed at 14.02.

O A T S.

Shipments of Oats in September were 1,396,000 bushels, a considerable drop from the August figure of 2,224,000 bushels.

Of the exportable surplus of 34,273,000 bushels, 24,282,000 bushels have now been shipped out, leaving still on hand 9,991,000 bushels.

There was a good business done during the month, both the export and domestic demand being fairly active. Prices consequently made a substantial gain. Superior oats for the local trade closed at 7.60 per quintal (6.50 a month ago), and feed oats for export at 7.30 (5.65 a month ago).

B A R L E Y.

Exports were only 368,000 bushels. The total shipments have now been 17,489,000 bushels, out of the exportable balance of 24,940,000 bushels (revised), leaving still available 7,451,000 bushels.

According to the Government's estimate of the acreage for the new crop, **barley** shows a very small decrease as compared with last year, only 4.3%.

Business was very dull, and only a small increase in price levels took place, in sympathy with the other grains rather than on its own merits.

Barley for export closed the month at 5.15 for brewing quality and 5. for feed. For domestic use Brewing closed at 5.70 and Feed at 5.50.

R Y E.

Shipments of Rye were only 212,000 bushels. This brings the total exports up to 7,275,000 bushels, leaving still available 6,302,000 bushels.

Little business is being done, but prices registered a satisfactory rise during the month, export grain closing at 4.70 per qtl. (3.65 a month ago), and for the domestic market 5.10 (3.90).

G r a i n A c t .

The new Grain Act of the Argentine Republic became law on the final day of the Session of Congress just closed.⁺ This legislation as it stands is exactly as it was amended by the Chamber of Deputies in August 1934. Since that date it has been under consideration by the Agricultural Committee of the Senate, by whom it was hoped that certain defects would be remedied, notably by the provision for special binning of grain which is such a popular feature of the Canadian system. The Chairman of the Committee in introducing the measure for final action by the Senate explained that the opinions formed within the Committee itself on the various controversial points were so contradictory that it had been decided to advise that the measure be approved as it stood, leaving for future amendment any deficiencies or errors which may become evident in practical application of the law. This seems unfortunate, as the matter of special binning affects the designing of the elevators which it is proposed to build, and a mistake made now may be costly to remedy. Meanwhile, the lack of special binning privileges is lack of a very valuable weapon for the emancipation of the producers from the grip of the big exporters, who have such a tremendous hold on the Argentine grain trade.

G r a i n E l e v a t o r s .

In the dying hours of the Session the Senate also sanctioned the expenditure of 50,000,000 pesos out of the profits of the official control of foreign exchange, in a system of grain elevators. But unfortunately this was too late for the matter to come formally before the Chamber of Deputies, whose approval is also necessary, and as there will be no extraordinary sessions, owing to the approaching general elections at which half the Deputies must stand for re-election, the matter cannot again come up before the next regular sessions, which should commence in May. Announcement was made in the Senate that the commission which has been studying the problem for the last two years had now completed its work and was ready to call for tenders. The amount voted is of course not sufficient to provide the full system contemplated.

+ Copies of the translation may be obtained on application to the Dominion Bureau of Statistics, Ottawa.

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