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The Grain Situation in the Argentine

Ottawa, February 15, 1936. - The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of February 3, 1936, dealing with the grain situation in the Argentine: -

CROP CONDITIONS

Cutting of the crops of wheat and linseed has practically been brought to a conclusion for this season. There has been a good deal of interruption in some districts on account of the frequent rains. The same applies to threshing operations, now in full swing throughout the cereal zones. Yields are proving very variable, both in regard to quality and quantity, according to the official monthly report of the Ministry of Agriculture, made public on the 23rd ultimo. With respect to the new maize crop, says the same report, the condition may be said to be excellent, since the slight damage which has been suffered here and there does not affect the great bulk of the crop in the real maize zones.

Below are given extracts from the detailed report by provinces: -

BUENOS AIRES. Wheat: Cutting in the northern and western zones is finished, and almost so in the other zones. The continuous rains have hindered the work in many districts and have damaged the quality of the grain. In the north generally threshing is showing good yields, especially in the Chacabuco district, where the quality is good and the weight excellent. In the centre the fields are good also, declining towards the west until they become poor on the Pampa borders; they are extremely irregular in the south-west; and in the east and south-east, where harvesting is still in progress, with yields which are variable also, the quality is considered good, with weights varying from 61 to 65 lbs. per bushel. Linseed: Cutting, stacking and threshing of linseed are proceeding in almost every district. Much has been damaged by the rains, either through encouraging the growth of weeds, or through beating down the linseed into the stubbles after cutting. In the northern zone the damage is estimated as from 10 to 15% from the rains, the percentage of foreign matter being within recognised limits; but in the south and west it is different, the seed being deficient in quality and quantity, with a heavy percentage of stained seed and foreign matter. In the centre of the province the crop is good, and in the south-east the season is finishing with encouraging prospects, since whilst the yields are uneven the product is clean and of good colour and quality. Yields so far go to confirm the estimates of the crop. Maize: The continuous rains have been of positive benefit to this grain, which, favoured also by the temperatures, has attained an excellent condition in almost all the zones except those of Pehuajo, Trenque Lauquen and Pellegrini, where lack of rain is making itself felt. The only damage which the maize has suffered is from locusts, which invaded parts of the west, centre and south-west, in this latter district damage from grasshoppers being added.

SANTE FE. Wheat: Cutting is finished, and threshing is being carried on with the greatest activity compatible with the unsettled weather. Yields are extremely variable. The best yields are being obtained in the south-west, these declining in quantity and quality towards the coast and the north of the province, where the wheats are light because of climatic factors and some rust. Linseed: Yields are more even than those of wheat, but the quality is deficient because of the abundance of foreign matter. Stacking has diminished the proportion of the stained seed. Maize: In the south the rains have not been so general as would have been desirable for the benefit of the maize, but in general the condition may be said to be good, although there are lots in which the lack of humidity has caused a yellow colour. In the north the condition generally is good, although dirty fields predominate, but in spite of this the corn has grown well and has a good appearance and colour, with strong stalks and good heads.

CORDOBA. Wheat: Harvesting of wheat will be virtually over during this week in the northern and eastern zones, continuing in the south and south-west. In the first named zones the yields as well as the quality have been damaged by the continuous rains there being a heavy percentage of shrunken wheat with greatly reduced weight; this condition must diminish the yields estimated for these zones. On the other hand, in

the south-west region the weather has been rather dry and hot, favouring the work of harvesting, and the grain is of good quality. To the south of Rio Cuarto and in the General Roca district the early sown wheats have been harvested with combines, and these are giving good yields with unsurpassable quality, the Lin-Calel variety predominating. Linseed: The crop shows damage caused by the rains, which caught it unstacked, and also the abundance of weeds. Most of it is now cut and stacked, and threshing is proceeding. Maize: An opportune rain would improve the situation of the maize fields, especially in some zones where the heat has damaged the plants in blossom or heading. In the east of the province, which is the real maize zone, there is less of this trouble, the fields are in good condition and an abundant crop is anticipated. No locusts have been noted in this zone, nor other plagues which might cause damage.

ENTRE RIOS. Wheat: Within a few days the wheat harvest will be practically over, with very variable results. Some yields have surpassed expectations, as in the Colon and Uruguay districts, diminishing rapidly in the centre and towards the west, where, with rare exceptions, the crop is extremely poor. The production will not suffice for local needs. In many cases the frequent rains have made the quality worse, and the total crop will be less than was expected. In the east, where the result was better, the colonists are reserving wheat for sale as seed. Linseed: By the end of the present month threshing of linseed should be terminated. The early fields which were able to be cut and stacked before the rains, turned out of good quality, but the rest, because of the soaking of the stubbles or the invasion of weeds or locusts, have a poor prospective yield and worse quality, some fields going uncut. Maize: The year has been propitious for this crop because of the abundant rains. The planting has greatly exceeded that of last year, and land is still being prepared for Cuarenton (40 days) maize. The locust has been a contrary factor which has cleaned off the greater part of the sweet corn in several districts and damaged some fields of the bitter sorts, but whilst locally the damage may appear appreciable in the province as a whole the percentage is not great.

LA PAMPA. Wheat: Harvesting is finished, 15 days later than usual because of frequent rains. In general the yields forecast have been confirmed. Linseed: The few fields of linseed have been harvested, with low yields and poor quality. Maize: The rains which damaged the wheat favoured the maize, which is heading in the north and in blossom in the south. Fields which were thickly planted have begun to suffer from the high temperatures.

SANTIAGO DEL ESTERO. Cutting and stacking of the wheat is over and threshing in progress, which shows good yields in the centre and in the Belgrano district, and average to poor in Rivadavia. Generally the quality of the wheat is good. Yields of linseed are average to good; the quality is inferior to that of last year, the seed being stained, with much foreign matter. The condition of the maize crop is unsurpassable.

In the press and elsewhere considerable speculation exists with regard to the probable volume of the new maize crop, and there have been some rather wild estimates on the subject. No figures have yet been published by the Government, but it is fairly safe to say that there is an increase over last year's record acreage, probably around 7 per cent. As appears from the foregoing official report, there has been very little damage to the new crop, and the season is well advanced, with weather conditions still very favourable. The condition of the crop may be said to be superior to that of last year at this date, but damage from rains and locusts may still take place. The 1935 yield of 24.2 bushels per acre was rather above the average of the previous 12 years. On the basis of an increase of 7 per cent over last year's area, and applying last year's yield per acre, the probable total crop this year would be about 482,000,000 bushels, which the carry-over from the old crop at the present rate at which this is moving out would bring to about 512,000,000 bushels

W H E A T.

January exports were 3,105,000 bushels of wheat and 122,000 bushels of flour, a total of 3,227,000 bushels which compares with 4,800,000 bushels in December.

Official figures of the exports of wheat and flour in the year 1935 have now been made public, which make a slight revision necessary in the statistics I gave last month. The situation is as follows:

W H E A T. - Con.

Export balance for the year 1935	164,215,000 Bushels
1935 exports) wheat	141,825,000 bushels
(official)) flour	<u>3,252,000 "</u>
Stocks on hand 31 December, 1935	19,138,000 "
First official estimate 1935-36 crop	<u>144,035,000 "</u>
Total supplies	163,173,000 "
Seed & domestic requirements	<u>95,534,000 "</u>
Exportable balance	67,639,000 "
January) wheat	3,105,000 bushels
exports) flour	<u>122,000 "</u>
Still available for export	<u>3,227,000 "</u> 64,412,000 "

The wheat market is stagnant, and prices have been gradually weakening throughout the month. The official minimum price is above the parity of world values, and this has effectively killed all export business except with neighbouring South American republics. Brazil has been the only outside buyer, taking 5.5 to 7 million bushels of the choice wheats, especially from Bahia Blanca and Necochea. The local millers were buying fairly freely for a while, but are now less interested. The farmers have been selling somewhat freely as their grain became available for shipment down to the ports, and have had little difficulty in placing parcels of superior quality, but for the lower grades there is no demand and they are being delivered to the official Board.

Qualities are very variable. Some excellent parcels of hard wheat have been coming forward, particularly from the Necochea zone; but the best grain usually comes forward first, and there is likely to be a distinct falling off in the average of the deliveries as the season progresses.

It will be interesting to see what effect the experiences of the past season will have on the official campaign for use of better seed wheat. In some of the northern districts, where the drought was bad, colonists with fields of Ardito, Favorito and other popular strains now outlawed, were able to point with satisfaction to good crops, whilst neighbours with highly recommended improved varieties secured unprofitable yields. The well-filled pocketbook of the former will be, to him, a strong argument against a change of methods in his farming.

At the close of business for the month, Spot wheat was quoted at 10.01 paper pesos per quintal, equal to 91 cents Canadian per bushel at official exchange rates; and the May option at 10.21 (92 $\frac{3}{4}$ c. per bu.). May wheat in Winnipeg on the same day closed at 87 $\frac{1}{4}$ c.

L I N S E E D

January exports were 6,115,000 bushels, rather more than those of December (5,541,000 bushels.)

As in the case of wheat, publication of the official records of exports in the past year, necessitates a slight revision of the supply position given in my last report. The following is the correct situation:

Exportable balance for year 1935	74,847,000 bushels
Exports during 1935 (official)	<u>69,978,000 "</u>
Stocks on hand December 31st	4,869,000 "
First official estimate 1935-36 crop	<u>50,391,000 "</u>
Total supplies	55,260,000 "
Seed and domestic requirements	<u>7,874,000 "</u>
Balance for export	47,386,000 "
Shipped during January	<u>6,115,000 "</u>
Still available for export	41,271,000 "

A moderate amount of business in linseed was done during the past month. Undoubtedly this would have been of greater volume but for the high official minimum price which consuming markets are reluctant to pay. But this Republic being the principal source of world supplies, prices set here, unless outrageously high, must prevail. Some sales have probably been made at lower than prevailing rates, owing to the freight situation. Shippers having space to fill for lack of wheat are obliged to use maize or linseed, even at a slight apparent loss.

The quality of parcels of the new crop coming forward leaves a great deal to be desired. There has been considerable damage from rains during cutting and threshing, and the present unsettled weather may cause more. Continental buyers were the principal customers during the month.

There were some slight fluctuations in prices early in the month, but at the close levels were the same as at the beginning, Spot seed being quoted at 14.31 paper pesos per 100 kilos (equivalent to 121 $\frac{1}{2}$ c U.S. per bushel at official rates of exchange), and May at 14.59 (123 $\frac{3}{4}$ c. per bu.). In Duluth on the same day May seed closed at 183c. per bushel.

M A I Z E.

Shipments during January were 24,852,000 bushels, which compares with 28,212,000 bushels in December.

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	<u>451,211,000</u>	"
Seed & domestic requirements (revised)	<u>101,176,000</u>	"
Exportable balance	<u>350,035,000</u>	"
Exported April 1st to January 31st	<u>264,444,000</u>	"
Still available for export	<u>85,591,000</u>	"

A fair amount of business was transacted during the month, the United Kingdom being the principal buyer, with the Continent showing very little interest. Japan bought several cargoes, a new customer; and some sales were also made to Austria, a very unusual buyer from the Argentine.

The increase in the official minimum prices for wheat and linseed has revived the old movement for a similar increase in the case of maize, but there appears little prospect of this succeeding. On the contrary, in view of the present ample stocks and the prospective large new crop referred to elsewhere, it appears not impossible that there may even be a reduction in the basic price for maize before long.

In the opening days of the month there was a slight upward movement in prices, but they soon slipped back to the minimum of 4.40 paper pesos, which was the closing quotation for Spot, with the April option quoted at 4.63. In the cash market maize is changing hands at as low as 4.32½.

O A T S.

Shipments of oats in January were 300,000 bushels, leaving the supply position as follows:-

First official estimate 1935-36 crop	32,421,000	bushels
Carry over from 1934-35 crop	2,300,000	"
Total stocks	<u>34,721,000</u>	"
Seed & domestic requirements	<u>29,827,000</u>	"
Exportable balance	<u>4,894,000</u>	"
Exported in January	<u>300,000</u>	"
Still available for export	<u>4,594,000</u>	"

The market during the month was very quiet, very little business being transacted. As the result of the poor crop, supplies are very small and price levels correspondingly high, which makes export sales out of the question.

Good oats sold as high as 6.70 paper pesos; export quotations are 6.35 for white and 6.15 for yellow per 100 kilos.

B A R L E Y.

January exports were 186,000 bushels which compares with 130,000 in December. 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	<u>28,137,000</u>	"
Seed & domestic consumption	<u>6,568,000</u>	"
Exportable balance	<u>21,569,000</u>	"
Exported in January	<u>186,000</u>	"
Balance still available	<u>21,383,000</u>	"

Local brewers are the only really interested buyers of barley at the present time; they are busy picking out the parcels of good grain not discoloured by late rains, which spoiled considerable barley for malting purposes. Competition of Russian barley makes export business difficult, and there is no selling pressure from the growers yet.

Prices show an improvement over last month, feed barley selling at 5.10 paper pesos, as against 4.85 in December; and malting barley at 5.20 (5.05).

R Y E.

Exports of rye during January were 227,000 bushels practically the same quantity as in December (233,000 bushels).

The statistical position is:-

First official estimate 1935-36 crop	5,512,000	bushels
Carry over from 1934-35 crop	<u>5,471,000</u>	"
Total supplies	10,983,000	"
Seed & domestic consumption	<u>1,945,000</u>	"
Exportable balance	9,038,000	"
Exports during January	<u>227,000</u>	"
Balance still available	<u>8,811,000</u>	"

There was little demand for this grain, and business was very dull, with prices lower.

At the close of the month 5.05 paper pesos per quintal was the prevailing quotation, as against 5.25 in December.

ARGENTINE GRAIN ACT

According to announcements made by the Ministry of Agriculture, the new Argentine Grain Act is to be applied to the current grain crops. Cynical critics say that the Department has accumulated several thousands of grain samples which they do not know what to do with. Nevertheless, a fresh appeal has just been sent out to growers and threshers to send in to the Department samples from the new crop, with corresponding details, and the threshermen are reminded that there is a legal obligation to fulfil this duty. There are 50,000 owners of threshing machines, including "combines" in the Republic, and each one has been individually communicated with and had a supply of containers for the grain samples sent, which are returnable by mail post free. In addition each farmer is invited to send in samples of his production. According to the Department, each sample received is submitted to a careful classification and analysis, in order to ascertain the specific weight, humidity, colour, foreign matter, damaged grains and baking value; and an aggregate sample for each district is then formed, taking into account the varieties giving best yields, having greatest resistance to plagues, and those most adaptable by nature, in order to ascertain definitely the varieties best adapted to each district and zone. Evidently a serious attempt is being made to bring order out of chaos.

Meanwhile, serious-minded grain men are wondering whether it is not a mistake for the Republic to undertake the almost hopeless task of raising wheat which will compete with the Canadian hard wheats; and whether it would not be more advisable to be satisfied to raise filler wheats and concentrate on growing the best possible grain within that category, which is the one Argentine soil and climatic conditions are best adapted to produce.

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