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The Grain Situation in the Argentine

Ottawa, November 12, 1936.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of November 2, 1936, dealing with the grain situation in the Argentine.

Second Official Estimate of Areas Seeded

The second official estimate of the areas seeded to the principal grain and seed crops, excluding maize, for the 1936-37 season, was made public by the Ministry of Agriculture early in the month. The total area seeded reaches 12,922,000 hectares, or 31,917,340 acres, or over a million acres in excess of the first estimate. The new figures are well above last year's short crop; and approach what may be considered a normal acreage, without quite reaching it.

Details of the various crops are as follows, with those of the first estimate in brackets for comparison:-

Wheat	7,025,000	hectáreas	or	17,351,750	acres	(16,802,800)
Linseed	3,005,000	"	"	7,422,350	"	(7,289,450)
Oats	1,225,000	"	"	3,025,750	"	(2,965,200)
Barley	775,000	"	"	1,914,250	"	(1,976,800)
Rye	850,000	"	"	2,099,500	"	(1,729,700)
Canary Seed	42,000	"	"	103,740	"	(98,840)
Totals	12,922,000	"	"	31,917,340	"	(30,862,790)

The seeded areas of recent crop seasons are given below for comparison, the figures being in acres:-

	Wheat	Linseed	Oats	Barley	Rye
1936-37	17,351,750	7,422,350	3,025,750	1,914,250	2,099,500
1935-36	14,208,600	6,573,020	2,952,920	1,939,780	1,749,510
1934-35	18,812,180	8,102,610	3,528,670	2,013,910	2,134,010
5 year average	17,953,880	7,514,040	3,434,040	1,745,910	1,730,680
10 year average	19,427,190	7,345,880	3,484,580	1,510,850	1,397,990

Third Official Estimate of Maize Yield, 1935-36.

In the middle of the month the Ministry also published its third estimate of the volume of the last maize crop, viz: 392,486,000 bushels, which compares with the first estimate of 379,903,000 bushels made in March, and the second of 381,752,000 bushels in July.

The area seeded is placed at 18,854,000 acres; that harvested, 12,689,000 acres; and the average yield therefore 30.9 bushels per acre.

The average yield in the several provinces varies considerably, running from as low as 10.7 bushels per acre in the Pampa to as high as 35.3 bushels in Buenos Aires.

For purposes of comparison the maize crops of the five previous seasons are given below:

1930-31	419,665,000	bushels
1931-32	299,332,000	"
1932-33	267,763,000	"
1933-34	256,915,000	"
1934-35	451,947,000	"
5 year average	339,124,000	"

CROP CONDITIONS.

The weather during October might almost have been made to order for the Argentine grain crops. Opportune rains fell, in sufficient quantity, throughout the cereal regions, and the temperatures generally were moderate. The condition of the new wheat crop can now be said to be good throughout the country, with linseed and the coarse grains generally in good condition also. More rains will be needed in the arid sections where frequent precipitation is necessary to keep things growing, especially if the dreaded hot winds should appear; but for the immediate future moisture supplies are quite adequate.

The favourable weather conditions have also enabled good progress to be made with the seeding of the new maize crop, which is now well advanced.

The following notes are extracted from the monthly official crop report of the Ministry of Agriculture. It may be added that further rains have fallen in moderate quantity since the report was issued.

Wheat and Linseed. Buenos Aires: The rains which have fallen since the early days of the month have remedied the dryness which had been noticeable since the beginning of September, and the situation at this moment in the province of Buenos Aires is excellent. There was a little backwardness observable in the development of the wheat, especially in the north and the south-west. Now the heading of the grain has been stimulated, and some fields are flowering. Generally the plants have a good stalk and are well rooted, and a good crop is promised. In the wheat zone of the Atlantic coast, unless the unexpected occurs, this year will be one of the best for production. In the light lands of the west recent rains have strengthened the wheat which had been somewhat weakened by strong winds. Linseed shows different stages of development, but in general it is backward. The rains have favoured the fields which had not yet sprouted. The appearance of the rest is excellent, with no excessive growth of weeds, except in some parts of the south-west of little importance. Santa Fe: The rains have fallen very opportunely in this province and covered practically every part of it. In general the condition of the wheat is good. In the north it is well headed, and it is thought there will be some fields ready to cut by the middle of November. In the south it is beginning to stalk, there being little headed yet. Germination of linseed was generally normal, but there are some fields which are thin for lack of rain at the right time. In the northern parts most of the plants have formed pods; farther south they are flowering. The former look excellent, having been benefitted by rains at the right time; but there is some danger from locusts, abundance of eggs having been deposited amongst the linseed. The prospects are also good in the south, with a crop assured provided it rains again in the first half of November. Córdoba: The last rains which fell in the province were extremely beneficial. In general the condition of the wheat throughout the province may be considered good, but it presents different aspects in the various zones. In the centre and east it is good, falling off towards the south; in the west, in spite of the reaction since the rains it is spindly; in the north-east there are some fields which have not re-acted in the form expected. The linseed fields are in an inferior condition to the wheat. In the centre and south-east the linseed is good, being mostly in flower; in the south-west it is much the same as the wheat, but there are some fields which are very dirty; in the north-east zone it is inferior to the wheat and is not well developed; here also most of it is in flower. Entre Rios: The abundant precipitation has favourably transformed the prospects of the province. The rains were very beneficial for the wheat. The best fields are found in the west, where heading is general. In the centre and east it is very backward, although its appearance is satisfactory. Locusts have done some damage, and more is expected because of the backwardness of the vegetation. On the whole, the wheat situation is one of expectation. With the linseed the rains have brought a notable re-action, especially with that in flower. As with wheat, the west-south-west is where the best fields of linseed are found, but in the rest of the province, even though they are more backward, the prospects are good. The fact that locusts have deposited their eggs amongst the plants constitutes a threat, and another unfavourable factor is the abundance of weeds to be seen since the last rains. The Pampa: The weather, which throughout the winter has been adverse for the crops because of the persistent drought and frequent winds, fortunately changed at the end of September, when rains fell, which have continued intermittently during the first half of October, assisting the rapid improvement of the crops, which after all have not suffered any great damage, the temperatures having been below normal. Wheat is in a somewhat more backward stage than normal. Some of the fields had begun to show the effects of the drought, but they have re-acted favourably, and a normal crop may be looked for provided there is an average rainfall and no strong winds. In the south and extreme west there has been some loss of the area sown, through the winds. The sanitary condition of the wheat fields is unsurpassable. The area sown with linseed is of little importance.

The fields are thin with short plants, and it is feared that a rapid growth of weeds will spoil the crop.

Maize. Santa Fe: It is estimated that seeding of maize will be one month behind normal, although recent rains will permit the work being pushed forward and some of the lost time being recovered. Germination of the first sowings has been uniform and strong. Entre Ríos: Seeding of maize is being effected slowly, for fear of locusts. Generally, hatching of the eggs is being awaited before sowing. The Pampa: The land is being prepared for seeding, which has only commenced in the north. The work has been delayed for lack of moisture at the opportune time, but now it is being carried out under unsurpassable conditions with great activity. An increase in the area under maize is anticipated, on account of replanting with it fields of barley destroyed by the winds.

Supplies and Market Conditions.

Wheat.- During the month of October 5,849,000 bushels of wheat and 148,000 bushels of wheat flour, a combined total of 5,996,000 bushels were exported, which compares with a total of 4,535,000 bushels in September. This leaves the statistical position as follows:-

Second official estimate 1935-36 crop	139,626,000 bushels.
Carry over from 1934-35 crop	19,138,000 "
Total supplies	158,764,000 "
Deduct for probable overestimate	5,071,000
Revised net total	153,693,000 "
Deduct for seed and domestic needs	95,534,000 "
Exportable balance	58,159,000 "
Shipped to) Wheat 43,089,000 bushels	
October 31) Flour 1,443,000 "	44,532,000 "
Still available for export	13,627,000

As shown above, there has been a considerable increase in the movement of wheat. The exports last month were substantially higher than in September, and were more than double those of August. The increased activity is due in part to the release of country holdings which were being retained until the fate of the new crop was reasonably assured, and which current high prices tempted the owners to sell; and in part also to the disposal of its holdings by the Grain Control Board. Some heavy sales to Antwerp were made early in the month, the Board furnishing the grain to the exporting houses; and more supplies were handed out for shipment to Brazil. It is understood that practically all the Board has left on its hands is a little reserve for the Argentine millers. More recently sales have been made for shipment to Italy, which with those made to Belgium will absorb the inferior wheat on hand, leaving for the local millers and Brazil what remains of the Superior grade. Shipments of wheat and flour to Brazil during the current year are already approaching the 30 million bushel mark.

As the above statistical table indicates, the balance of wheat still available has been reduced to very modest proportions, and it looks as if the quantity to be carried over at the end of the year will be negligible, in which case it may happen that the local market will absorb all the earlier offerings of the new crop as soon as it becomes available, leaving little for shipment to Europe before late January.

The second official forecast of the area seeded for the new crop, given at the beginning of this report, indicated rather lower figures than had been generally anticipated. This assisted to firm up prices for a while, but later in the month the official and private reports on the condition of the new crop, following the very favourable weather conditions, had a depressing tendency, which still continues as this report is being written. Rumours of rust have been put into circulation, but without much effect. There is some rust to be found, as there always is in this country (principally leaf rust), and in some limited districts the rains may have been somewhat excessive recently; but a rust epidemic requires both excessive humidity and high temperatures, and the latter factor has certainly been lacking up to the present, the weather having been abnormally cool for the season.

At the close of trading for the month, Spot wheat (No. 2 Soft, 64 lb. per bushel) was selling at 10.63 pesos per quintal, equal to 83½c. Canadian per bushel at current official exchange rates and the December option at 10.45 (82c. per bushel); whilst in Winnipeg December wheat was selling at 105¾c.

Trading in wheat of the new crop has not yet been officially permitted, but a good deal has been changing hands at 10.50 to 10.60 pesos per quintal.

Some weeks ago warnings were uttered by the President of the Republic and the Minister of Agriculture that it was not the intention of the Government to continue indefinitely the policy of guaranteeing a minimum price to the producer for his grain. There has been no further official pronouncement, but it is quite understood that there is unlikely to be any fixed minimum for wheat of the new crop, and that present exchange restrictions may be substantially modified, possibly making some provisions which will do something to offset the disadvantages of the withdrawal of the guaranteed minimum. Some official announcement of policy is expected to be made as soon as the negotiations in connection with the new Anglo-Argentine trade agreement have been completed, which must be in the near future.

Maize.- Maize exports in October again were on a high plane, 38,436,000 bushels being shipped, although they did not attain the total reported during the preceding month, 40,765,000 bushels.

As mentioned elsewhere in this report, the Ministry of Agriculture has raised its estimate of the volume of the crop to 392,486,000 bushels. With this figure as a basis, the following is now the statistical position:-

Third official estimate 1935-36 crop	392,486,000 bushels.
Carry over from 1934-35 crop	43,352,000 "
Total supplies	<u>435,838,000</u> "
Seed and Domestic consumption	101,176,000 "
Exportable balance	<u>334,662,000</u> "
Shipments April 1st to October 31st.	181,444,000
Still available for export	<u>153,218,000</u> "

There was considerable activity in the market for maize during October. The demand from the United States and Canada fell off noticeably, and European consuming markets showed less anxiety to buy; but still a fair business was being done until the middle of the month, when prices began to weaken, and the weakness was quickly emphasized by speculators liquidating their holdings. A good deal of the grain is afloat unsold, and with the downward tendency of prices there is less disposition on the part of buyers to acquire this. So that for the moment the prospects for the near future are uncertain. But with the rapid reduction which has taken place in the stocks on hand in this country, and the fact that the new crop is going in somewhat late, there is no apparent occasion for pessimism. The active chartering of tonnage for maize has driven rates up, increasing the handicap imposed by the fall in price for the grain.

At the close of the month Spot Yellow maize for export was quoted at 5.68 pesos per 100 kilos, as compared with 6.06 a month ago. 5.68 at current official exchange rates is equivalent to 41½c. U.S. per bushel. The December option was at the same time worth 5.87 (43c.); whilst in Chicago December corn was quoted at 94¼c. per bushel.

Linseed.- October exports were 5,746,000 bushels as against 5,269,000 bushels in September.

The Ministry of Agriculture recently made an addition to its estimate of the stocks available, equivalent to an increase of 3,937,000 bushels in the crop, without any explanation being published. The figures below are therefore adjusted accordingly.

Second official estimate 1935-36 crop	52,360,000 bushels.
Carry over from 1934-35	4,869,000 "
Unexplained official addition	<u>3,937,000</u> "
Total supplies	61,166,000 "
Deduct for seed and domestic needs	<u>7,874,000</u> "
Balance for export	53,292,000 "
Shipped up to October 31st	<u>49,870,000</u> "
Still available for export	<u>3,422,000</u> "

There is a quiet atmosphere in the linseed market, with little business passing. Prices weakened, dropping until the official minimum of 14. pesos per quintal was reached about the middle of the month, and remaining there. The increased acreage

placed under linseed for the new crop, with the fairly good prospects for the crop at the present time, are no doubt largely responsible for the weaker prices; but this is a very critical time, and a little adverse weather may completely change the picture. The demand is mediocre, and there is a disposition to clear out holdings before the new linseed comes on the market.

Spot linseed and the December option both closed the month at the minimum price of 14. per 100 kilos, equivalent to 102½c. U.S. per bushel at current official rates of exchange. Duluth on the same day closed with the December option at 203c.

Oats. - Shipments of oats during October totalled 1,362,000 bushels, a substantial increase over those of September 442,000 bushels. The good prospects for the new crop are evidently bringing supplies of old crop grain forward for disposal which had been held in reserve on the farms, and it is necessary to make a readjustment of statistics, which I have done by adding 1,621,000 bushels to the original exportable balance, bringing it to 7,811,000 bushels. Of this 6,819,000 bushels have now been shipped, leaving still available 992,000 bushels. There was only a limited activity in the market, and prices weakened somewhat, white oats for export closing at 5.70 pesos per quintal, as against 5.90 a month ago; and yellow oats at 5.50 (5.60).

Barley.- Barley exports in October also rose to a higher figure, 1,028,000 bushels being shipped, as against 412,000 in the previous month. This brings the total shipments so far up to 8,991,000 bushels, and leaves still on hand 7,067,000 bushels out of the revised exportable balance of 16,058,000 bushels. There was a good demand for high quality barley, and grain for malting closed the month at 7.45 pesos per quintal, as against 6.60 a month ago; and good feed barley 7.35 (6.50).

Rye.- In common with the other coarse grains, rye exports experienced a stimulus during October, 815,000 bushels moving overseas as against 211,000 bushels in September. There was a very fair demand, principally for the local market, and prices showed a 10% rise, rye of export quality closing at 7.30 pesos per 100 kilos, which compares with 6.65 at the close of the previous month. Exports to the end of October totalled 4,107,000 bushels, leaving still available 4,420,000 bushels, in the doubtful event of the estimate of an original exportable balance of 8,526,000 bushels being correct.

New Official Shipping and Other Regulations.

The National Grain and Elevator Board is preparing to carry out the duties and responsibilities placed upon it by the Grain and Elevator Acts. Regulations for the control of exports of grain have just been announced, which will come into effect on December 1st.

On and after that date every exporter of grain will be required to advise the Board at its nearest office, of his intention to load grain, giving the name and location of the steamer, the day and hour at which loading is to begin, so that the loading operations may be duly inspected and samples of the grain be taken officially. Before loading can commence an inspector must certify that the holds are clean and fit for the grain.

Any exporter who wishes to load grain of a quality inferior to those recognized by the responsible trade committees or with dockage greater than that recognized, must give due notice of his intention, and the inspectors will be required to take proper precautions to prevent the mixing of such grain with other grain on board.

Within 24 hours of the despatch of any cargo the shipper must file a declaration giving full particulars of it and naming its destination; if it is sailing "for orders" he must within 10 days of the discharge at the final port of destination abroad, report to the Board the quantity and grade of grain discharged at each port.

An inspection fee of five centavos per ton is required to be paid by the exporters to cover the cost of this inspection service, and substantial fines will be imposed for infractions of the new regulations.

Another new regulation provides for the establishment of a register of stocks of grain in the country, and requires every grain merchant to report during the first five days of each month the quantity of grain of which he is the owner, specifying its characteristics, the places where it is to be found, and such other data as the Board may consider useful. The information thus furnished is to be regarded

as secret, and no individual figures will be made public, but only bulk statistics. The object of the register is to enable the Board to keep track of the movement of the crops and be in possession of exact information as to stocks, etc., at all periods of the year. The regulation comes into effect on January 1st next.

The Grain and Elevator Board announces its intention to establish an office in London, the principal function of which will apparently be to keep the Board posted with regard to conditions in European consuming markets.

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