

22-D-01A

Historical File Copy

Published by Authority of the Hon. W.D. Euler, M.P.,
Minister of Trade and Commerce

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, December 16, 1936.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of December 1, 1936, dealing with the grain situation in the Argentine.

THIRD OFFICIAL ESTIMATE OF AREAS SEEDED

The third estimate by the Ministry of Agriculture of the areas seeded to the various principal grain and seed crops, excluding maize, for the season 1936-37, which was issued a few days ago, shows an increase in each item over the figures of the earlier estimates. The total acreage of all six of the items shows an increase of 17 1/2%, or nearly 4,942,000 acres, over last year's acreage, which it will be remembered was seriously cut down by the severe drought. The increased area in wheat is 23.2%; that of linseed 13.2%.

Details of the several crops are as follows, with the figures of the first estimate, for comparison, in brackets:

Wheat	17,495,010 acres	(16,802,800)
Linseed	7,434,700 "	(7,289,450)
Oats	3,156,660 "	(2,965,200)
Barley	1,924,130 "	(1,976,800)
Rye	2,203,240 "	(1,729,700)

It is perhaps unnecessary to repeat the figures of the various acreages during recently preceding years, which were given on the first page of my last monthly report, for comparison.

PRIVATE ESTIMATE OF PROBABLE YIELDS

In the middle of November, I cabled a private estimate of a probable wheat crop of 238,834,000 bushels, given favourable weather conditions until harvest. This was based on the second official estimate of the wheat acreage. Although the forecast of acreage has been slightly increased, I feel that my estimate of the yield should remain unchanged for the present in view of the fact that there have been further frosts in the province of Buenos Aires, which although not severe would almost certainly cause some damage, as much of the grain in the area concerned was in the delicate "milk" stage.

Below I give details of my estimate by provinces:-

Buenos Aires,	8,120,051 acres (Av. 14 bu.)	113,680,714 bushels
Santa Fe	1,507,811 "	22,617,165 "
Córdoba	5,601,120 "	84,016,800 "
Entre Ríos	611,078 "	7,944,014 "
La Pampa	1,281,609 "	9,612,067 "
Santiago del E.	188,708 "	1,499,664 "
San Luís	90,773 "	726,184 "
Other provinces	93,860 "	750,880 "
T o t a l s	<u>17,495,010 "</u>	<u>13 3/4</u> <u>240,847,488 "</u> or <u>6,562,600 m. tons</u>

As will be seen, the above estimate works out at an average yield per acre of 13 3/4 bushels on the seeded acreage, which compares with an average for the last 11 crops of 12 bushels per acre on the area seeded.

Deducting from the total crop of 241,134,000 bushels the average annual requirement for domestic consumption and seed, 95,534,000 bushels, and adding the small probable carryover, there will remain available for export a little over 146,975,000 bushels. That is the situation as I see it at this moment.

In the case of linseed, the crop is less uniform than is that of wheat, but the prospects are that on the rather more than 7,413,000 acres there will be a production of 78,736,000 bushels, which would indicate an exportable balance of 70,863,000 bushels, after deducting the average requirement for seed and domestic consumption. To achieve this a rather better than average yield is required, which is what the crop appears to promise at the present time.

CROP CONDITIONS

The weather conditions prevailing in November were distinctly favourable for the crops as a whole. Occasional rains fell in every zone, and if the precipitation was rather more than was needed for the wheat and linseed in some places, it was of great benefit to the maize. There was an absence of the damp heat which often is experienced during November, and the temperatures generally were rather below normal. Consequently the small outbreaks of rust reported here and there were able to make no progress, and there has been practically no damage from that cause, the light attacks of leaf rust having no serious consequences. Twice during the month some alarm was caused by reports of frost. On the first occasion, on the 8th, frosts covered an extensive area in the south of the province of Buenos Aires, reaching well up towards the centre in places, but they were mostly light, and as the wheat generally was then in the shot blade no serious consequences were anticipated. Nevertheless such attacks almost always leave some bad effects in the lower places, although the extent can only be realised when threshing time comes. On the 26th there were further frosts over a smaller area of the same part of Buenos Aires. The temperature barely touched freezing point, but as much of the wheat was by that time in the milk stage some damage would certainly result, possibly more in the grade than in the volume. I believe that sufficient allowance has been made in my estimate of the crop to cover the probable frost damage to date.

In the north cutting is now well advanced. In places it is reported to be a race between the machines and the locusts, but the crop there is reasonably safe. In another week cutting will begin in the central zone. Some locust damage may yet result there. It is in the south and west where the situation is least secure. There is yet time for further frost visitations; and hot winds in December are an ever present source of danger, and may inflict very serious damage indeed in a very short time.

Reports of threshing results in the north are very satisfactory, both the quality and yield per acre being well up to or better than the average. The work is not so well advanced as it should be, having been interrupted by the occasional rains.

A peculiarity of the wheat crop this year, especially in the province of Santa Fe is the high percentage of pale coloured kernels called here "panza blanca", and I think known as "yellow berry" in the north. The percentage is far above that permitted by the standards of the Grain & Elevator Board, and the Board is now faced by the problem of what to do about it. Pressure is being brought to bear by the grain trade to have the standards modified to meet the situation, and the important point thus raised is being now considered by the Board.

In continuation I give the gist of the Government's monthly report on crop conditions, which appeared on the 19th. There has been little change in weather conditions since the publication of the report, with the exception of the second visitation of frost noted above.

Extracts from the monthly official report on crop conditions:

Wheat and Linseed. Buenos Aires: Wheat has finished heading in the north; this is in process in the centre and west, and beginning in the east and south. The general condition is good, with this exception that in certain localities it is only average because of lack of rain in the early stage of development and a strong attack of yellow rust which more recently has damaged it; in other districts insect pests have done some harm. Locusts have caused a 7% loss in some localities and 10% in others, and the land has been reseeded to linseed or maize. At the end of the current month cutting will begin in parts of the north of the province, spreading to the centre and west in the second half of December, and commencing in the south at the end of the year. Although linseed is a little backward in its development, condition is good throughout the province, in spite of weeds, growth of which has been encouraged by the last rains. In the real linseed region the early fields have already formed pods, and the late ones are in full blossom. Some stretches eaten off by locusts have resprouted satisfactorily, although naturally they are more backward. Santa Fe: The condition of the wheat fields is good, recent rains not having damaged them, although they were not needed. In the north most of the grain is ready for cutting, ripening continuing in the rest of the province gradually from north to south. Harvesting has been made difficult by the

rains in the north, where by the end of the month it is hoped to commence threshing. By the end of November cutting will begin in the centre, and in the south during the first half of December. The condition of linseed is good, the needed rains having appeared. In the north and centre the formation of pods has finished, and almost throughout the south the plants are in blossom and a few days of dry weather are needed to facilitate fertilization. Cordoba: The wheat fields generally present a uniform appearance, with a good colour and well developed. Except a part of the north-east, extending towards the west and down towards the centre, where in consequence of the drought many fields did not germinate or did so unevenly in the remainder, most of the area seeded shows good condition. Due to the temperature having remained below normal in the province, ripening is proceeding slowly, thus giving the plants additional time for complete development. Cutting has begun in the north-east, and the yields so far obtained are satisfactory, as is also the quality. Linseed, which in general received the benefit of rain at the opportune moment, is in good condition. Nevertheless, it is likely that the yields will suffer some reduction in places from fungus growths, the presence of which has been noticed in parts of the centre and east. Entre Ríos: In general the condition of the wheat is good in Entre Ríos. Harvesting of some early fields has begun, and the most backward fields are beginning to head. Threshing results are not yet known, cutting having so far been done with binders; but it is expected that the yields will be good in the south-west of the province, decreasing towards the north and east, where the sowing was unseasonably late. By the end of this month (November) harvesting should be general. As is normal, the fields of linseed are later than the wheat, but in the south-west some are already almost ripe and will be cut next week. Towards the north and east ripening is more backward, there being many fields which have not yet flowered. As in former years, there are stained linseed plants and others with fungus growths, and damage from the former will be noticeable in some districts. The backward seeding and deficient cultivation of the land probably predisposed the plants to these attacks. The threat of locust damage continues to cause worry, especially in the east, over a fair percentage of the total area seeded. La Pampa: The condition of the wheat crop varies in the different latitudes of the territory. In the north almost half the area seeded has headed; its condition is satisfactory, and the yield should be good, especially in view of the present rains. The remainder which has not yet headed was suffering from drought, but following the rains mentioned there will probably be a moderate yield. In the central zone the absolute lack of moisture and the high temperatures have endangered the crop; at this moment it is hoped that it will recover, but nevertheless it will not become normal. Lastly, in the southern districts there having been more rain, the present prospects may be considered good. Linseed, which is only sown in the northern part of the territory, is generally in good condition, the plants having mostly formed pods; and harvesting will probably commence in the early days of December.

Maize. Buenos Aires: Cultivation and planting are still in progress, although almost finished in the north of the province. The sprouted fields are in good condition, favoured by recent rains, although growth may be slow because of the somewhat low temperatures. Locusts have damaged some stretches, but the plants have mostly resprouted well, thanks to the last rains. Santa Fe: In general the condition of the maize fields is good, the rains having helped them. Although in the north there are fields which are well advanced, in general there is a certain backwardness in comparison with other years, and the plants are not more than 15 inches high. Córdoba: The condition of the maize fields is unsurpassable. There is an evident diminution in the area in comparison with that of last year, which was exceptionally large to make up for the smaller wheat and linseed area; so that the maize area has returned to normal. Sowing of sorghums is being continued. It is anticipated that the area will be smaller than last year. Entre Ríos: The condition of the fields of sweet corn which were not eaten off by the locusts is good, although a heavy growth of weeds is to be seen. The germination of the bitter varieties was strong, and their present condition is satisfactory. La Pampa: The maize fields were suffering from drought and excessive heat for some days, but it is hoped that the rains which have fallen this week will have a beneficial effect on them. Santiago del Estero: The rains of this month have permitted maize seeding to become general. This has been delayed by the persistent drought, especially in the arid sections. In the irrigated districts the early fields show an excellent development. The crop is expected to be very inferior to that of normal years as fields sown later than October will give low yields, because of hot sunshine and insufficient rains.

SUPPLIES AND MARKET CONDITIONS

Wheat. During November exports of wheat and flour together totalled 4,293,000 bushels (wheat 4,152,000 bushels, flour 140,000 bushels). This compares with a total of 5,996,000 bushels in October. The statistical position is now 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 total	153,693,000	"
Deduct for seed and domestic needs	95,534,000	"
Exportable balance	58,159,000	"
Shipped to) wheat ...	47,241,000	bushels
November 28) flour ...	1,583,000	"
Still available for export	9,335,000	"

There is little to be said with regard to market activities during the month just closed. Very little of the old crop remains unsold, and trading is not yet permitted in grain of the new crop, so that on the "board" in the grain pit day after day there was nothing but a blank space. But if transactions in new wheat were officially discountenanced on the exchanges, there was nothing to prevent trading being carried on outside, and it is estimated that 27,558,000 bushels were sold, of which more or less half were destined for Italy. Buyers in that country appear to be still actively interested in Plate wheats, and it is anticipated that a good business will be done in the coming year. Other European countries also seem likely to be good customers for the new Argentine crop in view of changed conditions over there. The prospective large crop appears to be having an influence in the country districts, and farmers and country dealers are reported to be selling unusually freely rather than take a chance on the course of prices when the new grain begins to pour into the railway stations. Trading has of course been much handicapped by the official restrictions on the exchanges, which have prevented the customary hedging operations.

As this is being written an announcement has just been made that the Government has decreed the withdrawal of minimum prices for wheat and linseed; so that with the market now free it is to be presumed that trading in the new crop will be authorised immediately. In publishing its decision the Ministry states that for the present the Grain Control Board will be maintained with an ample reserve of funds, so that in case of emergency it will be ready to take any action which may be deemed necessary.

At the close of business for the month, which was on the 28th, the 30th being a fiesta, Spot wheat was quoted at 10.85 pesos per 100 kilos (equal to 96½ c. Canadian per bushel at the official rate of exchange for the day); and the December option 10.60 (94 3/8c.). In Winnipeg December wheat closed on the same day at 108 1/8c.

Unofficially, February wheat was changing hands here at 10.40 pesos per quintal.

Maize. Exports of maize during November totalled 34,208,000 bushels, which compares with 38,436,000 bushels in the previous month, and brings the shipments since April 1st close to 216,525,000 bushels. Statistically the following is now the position:

Third official estimate 1935-36 crop	392,486,000	bushels.
Carry over from 1934-35 crop	43,352,000	"
Total supplies	435,838,000	"
Seed and Domestic consumption	101,176,000	"
Exportable balance	334,662,000	"
Shipments April 1st to November 28th	215,652,000	"
Still available for export	119,010,000	"

Of the above available balance it is estimated that nearly 39,368,000 bushels have already been sold to the exporters. There is no maize in the hands of the Official Board.

The movement from country points continues to be very free, and the limited storage capacity of the ports is being taxed to take care of the grain coming forward.

The demand from the United States for Argentine maize continues to be quite active, and heavy shipments are constantly going forward for U. S. and Canadian ports, which helps to offset the somewhat slacker demand from other consuming markets.

Prices fell off a little during the month, Spot Yellow maize closing at 5.58 (10 cents below last month), and the December option at 5.62 (equal to $46\frac{3}{4}$ c. U.S. per bushel). On the same day December corn closed in Chicago at $104\frac{3}{4}$ c.

It is stated that exporting houses are already buying maize of the new crop for delivery in April and May in the port of Rosario at 5.35/5.40 per quintal.

Linseed. Linseed shipments during November amounted to 4,761,000 bushels as against 5,746,000 bushels in October.

It is increasingly evident that the old crop of linseed was underestimated, as the seed is still coming forward freely. I have therefore revised the figures by adding another 3,937,000 bushels to the exportable balance, leaving the position as shown below:-

Second official estimate 1935-36 crop	52,360,000 bushels
Probable underestimate	7,874,000 "
Carry over from 1934-35 crop	4,869,000 "
Total supplies	65,103,000 "
Deduction for seed and domestic needs	7,874,000 "
Balance for export	57,229,000 "
Shipped up to November 28th	54,630,000 "
Still available for export	2,599,000 "

The Grain Control Board is supposed to have in its possession stocks about equal to the available balance as shown above. How much seed, if any, still remains at country points is problematical. There has been a disposition to clear it out in order to make way for the new seed which will very shortly be coming forward for shipment.

There was no great activity in the market during November. The United States was the principal buyer, with the Continent and United Kingdom showing little interest.

Quotations for Spot and all positions remained at the minimum price of 14. per quintal at the close of the month. As mentioned elsewhere, announcement has since been made of the removal of this official minimum, and a moderate decline in price is now looked for. There is a heavy short position amongst speculators who have been gambling for a heavy fall, but their very number is likely to have the effect of preventing such a decline should they all rush to cover when prices weaken.

Unofficially, seed of the new crop has been changing hands for February delivery at 13.45 pesos per quintal.

Oats. 2,587,000 bushels of oats were shipped overseas in November, which compares with the October shipments of 1,362,000 bushels, and leaves very little of the old crop in stock. Little business was passing during the month, and prices dropped from 5.70 to 5.25 per quintal for White export oats. New oats, which will soon be on the market, are a good crop generally, although undoubtedly some damage will have been suffered in the south of the province of Buenos Aires through the November frosts.

Barley. exports were 1,061,000 bushels, and Rye 1,119,000 bushels. Whilst the market was not very active, both these grains improved a little in price. As in the case of oats, the new crops of barley and rye have probably suffered some frost damage, which will cut down the yield a little, and the quality of the former may also be affected.



1010722869