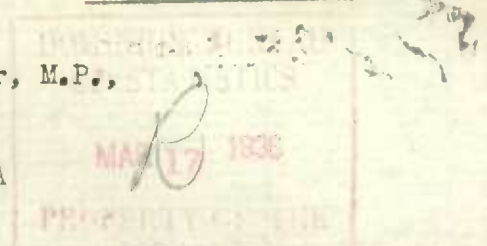


22-D-01A

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

DOMINION BUREAU OF STATISTICS - CANADA
AGRICULTURAL BRANCH



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The Grain Situation in the Argentine

Ottawa, March 16, 1936. - The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of March 2, 1936, dealing with the grain situation in the Argentine:-

CROP CONDITIONS

Precipitation during February was ample in most of the grain growing districts of the Republic, and preparation of the land for the next crop is being conducted under excellent conditions. The rains of the past few weeks have provided good supplies of sub-soil moisture, and with the encouragement of the high minimum prices for wheat and linseed there is an evident enthusiasm for increasing the acreage planted with these crops.

Threshing operations on the old crop have practically concluded, and sowing of the winter varieties of coarse grains will shortly be commenced.

Reports of locusts damaging the maize crop continue to come in, particularly from the west and south-west of the province of Buenos Aires, and from Cordoba and the Pampa. The plague appears to be mostly in the live-stock sections, due to the fact that the cattlemen have less interest in combatting the insects at the proper time than have the grain growers, with the consequence that they spread unchecked into the neighbouring grain fields, where they may make a complete clean-up. Whilst the loss to individual farmers may be very heavy, the percentage of loss applied to the whole maize crop is comparatively small. In the true grain sections of the country the measures taken to control the locust pest were very successful, and the loss in those districts is comparatively light.

The monthly report on crop conditions was issued by the Ministry of Agriculture on February 23rd. From it the following extracts with reference to the principal provinces and territories are made:-

BUENOS AIRES. Wheat and Linseed: Harvesting still continues in some districts of the south of the province, but in general it is over; almost all that remains is linseed so infested with weeds that cutting it is impossible, or if it is cut the yield is poor. In the northern and central zones threshing continues to show good yields in regard to quantity, but these get poorer towards the south, and especially in the west and south-west, where the quality is variable and generally below normal. The wheats of the Azul district, and those of the northern zone and part of the central, are of outstandingly good quality. Linseed suffered generally the effects of the rains, which stained it and encouraged the growth of weeds. Maize: In the north of the province the condition of the maize fields is generally good; the first effects of the lack of rain are to be seen; this has caused a poor development of the cob, especially in the late-sown grain. The same condition is to be noted in the central zone, improving in the vicinity of the Rio Salado. Towards the west and south-west the drought has caused damage and considerable loss of area, and it is in these zones where the greatest damage by locusts has occurred, especially in the west, where the abandonment varies from 20 to 80%, with a general average of 50%. Grasshoppers also caused damage in the districts of Lamadrid and Coronel Suarez. In the remainder of the Province the condition of the maize crop is considered good as the result of opportune rains. Generally the development of the maize crop is about 20 days backward; good yields are expected in the northern zone and in the other districts which have not suffered the damage referred to above.

SANTA FE. Wheat and Linseed: Threshing of wheat is being finished throughout the province, with results which are variable. In the north the yields are lowest. Linseed threshing continues, having been delayed by rains in the north. Generally the estimated yields have been confirmed but in some cases they have been exceeded, principally in the north of the province. The quality of the linseed is deficient because of the excessive rains during harvest and the abundance of foreign matter. Maize: In the south of the province the condition of the maize crop is generally good but backward; nevertheless it can be considered safe, with yields superior to normal; but it will not

on the whole be heavier than that of last year, as there are districts where the lack of opportune rain will reduce the yields. In the centre of the province harvesting has begun. Damage from locusts and grubs in this zone is insignificant. In the north the early sown maize has suffered more from excessive rains and heat than from locusts. On the other hand, locusts have caused considerable damage to the late sown. The area of early sown is greater than that of late sown maize.

CORDOBA. Wheat and Linseed: Threshing is almost finished and the yields forecast have generally been confirmed, average as to quantity, but very variable as to quality because of the rains and heat waves during the period of maturing and cutting, which shrivelled the wheat and stained the linseed in great proportion. This has caused the dealers and millers to make haste in buying the lots of good quality, thus provoking a scarcity of good seed wheat in some zones, especially in the south and south-west, where the farmers, profiting by the prices or compelled by engagements, have sold the whole of their crops. Maize: The scarcity of rains and the great heats during the months of January and February caused the loss of many fields and damaged others, defeating the efforts of farmers who had planted maize on lands which they had not been able to sow with wheat or linseed because of the drought of last winter. This is an almost general condition, the only exception being that in the north-east and east of the province the maize crop is considered good. On the other hand, in the centre, south and south-west there are abandoned areas and damage which will reduce yields and which in some localities have obliged the farmers to turn stock into the fields most affected.

ENTRE RIOS. Wheat and Linseed: Harvesting is almost completely finished, with the results already made known. Maize: The farmers, making use of land which they could not sow to wheat or linseed or on which the crop was lost, planted unusual areas to maize, 60% of the acreage with bitter varieties and the remainder with sweet corn. In most of the fields of sweet corn there are losses because of locusts. The best maize crops are to be found in the north-east of the province.

THE PAMPA. Wheat and Linseed: The yields of wheat were good in the north of the territory, and low in the south, where the December rains encouraged the growth of weeds, which caused the wheat plants to be ricketty. Maize: The drought caused serious damage, the area lost being estimated at 60%, although in this is included a good proportion of maize destined to pasture. Recent rains helped to improve the uncut crops.

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AREA OF MAIZE CROP.

A few days after the February report was written, the Department of Agriculture announced its first estimate of the acreage seeded to maize this season, viz: 18,854,000 acres. This is slightly over my forecast of an increase of 7% over the last crop. It constitutes a record acreage for the Republic, exceeding by 1,485,000 acres that of last year, which was the previous highest (17,369,000 acres). The 5-year average (1930-31 to 1934-35) was 15,250,000 acres and the 10-year average (1925-26 to 1934-35) was 13,399,000 acres.

Although the condition of the new crop has deteriorated further since a month ago, it still seems to promise a yield equal to that of last year, which was 25.9 bushels per acre seeded. Applying that average to this year's estimated area, a total production of 489,228,000 bushels is indicated. With a normal deduction for seed and domestic consumption of 55,115,000 bushels, around 434,000,000 bushels would remain for export, plus whatever is left of the current crop at the end of the season. But with cutting only just commencing in the north, and the bulk of the crop backward in its development, present estimates of the result are naturally very unreliable.

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W H E A T.

Exports during February were 4,916,000 bushels of wheat and 158,000 bushels of wheat flour, making a total of 5,074,000 bushels. This compares with a combined total of 3,226,000 bushels in January.

The statistical position is now as below:-

First official estimate 1935-36 crop,	144,035,000	Bushels
Carry over from 1934-35	19,138,000	"
Total supplies	163,173,000	"
Seed & domestic requirements	95,534,000	"
Exportable balance	67,639,000	"
Shipped to) wheat 8,021,000 bush.		
February 28) flour 279,000 "	8,300,000	"
Still available for export	59,339,000	"

There is no sign of animation in the wheat market at the present time. No export business is being done, except to Brazil and neighbouring countries. Of the shipments indicated in the above table, around 5,512,000 bushels went to Brazil, and the limited quantities destined for Europe were probably deliveries on old contracts. Local millers are on the lookout for parcels of good quality wheat, which are in demand; but inferior parcels are difficult to place and find their way either to the mixers or to the official Board. Farmers are selling less freely. There is an impression that prices may go higher and with the official minimum always available the tendency is to hold if you can.

Spot wheat at the close of the month was quoted at the official minimum of 10.00 paper pesos per quintal, equal to 90 $\frac{3}{4}$ ¢ Canadian at official rates of exchange; and the May option at 10.09 (91 5/8¢ per bushel). May wheat in Winnipeg on the same day closed at 84 1/8¢.

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L I N S E E D.

February shipments were 5,666,000 bushels, which compared with 6,115,000 bushels in January, and leaves the statistical position as follows:-

First official estimate 1935-36 crop,	50,391,000	Bushels
Carry over from 1934-35 crop	4,869,000	"
Total supplies	<u>55,260,000</u>	"
Seed & domestic requirements	7,874,000	"
Exportable balance	<u>47,386,000</u>	"
Exported to February 28th	11,781,000	"
Still available	<u>35,605,000</u>	"

There has been no great activity in the linseed market during the past month, and prices have dropped, hovering for the last week around the official minimum of 14. paper pesos the quintal. But very little, if any, has been delivered to the official Board. Whilst the minimum is high, it is no doubt justified by the conditions prevailing in this country; but there always remains the danger that the use of cheaper substitutes, such as Soya Bean oil, may be resorted to.

At the close of trading Spot linseed was quoted at 14.06 pesos per quintal, equal to 119¢ U.S. per bushel at prevailing official exchange rates, and the May option at 14.36 pesos (121 $\frac{1}{2}$ ¢). On the same day in Duluth, May seed closed at 178¢.

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M A I Z E.

Shipments of maize during February were 21,275,000 bushels, which compares with 24,852,000 bushels in January and 28,212,000 bushels during December. The supply position is now:-

Revised official estimate 1934-35 crop,	451,947,000	Bushels
Carry over from 1933-34 crop	445,000	"
Total supplies	<u>452,392,000</u>	"
Deduct for domestic cons. 95,271,000 bu.		
" " seed	<u>5,905,000</u>	"
Exportable balance	<u>351,216,000</u>	"
Shipments 1st April to February 28th...	285,719,000	"
Still available for export	<u>65,497,000</u>	"

It will be noticed that the official estimate of the last crop has been increased by 1,181,000 bushels. This is the result of an enquiry made into the stocks remaining in the country at the beginning of February, prompted by rumours in circulation in foreign markets that there were from 157,473,000 bushels to 177,157,000 bushels still on hand from the old crop.

The export market during the month was disappointingly quiet. On the other hand, there was considerable activity in the option market due to extensive purchasing of May maize by brokers supposed to be buying for speculators who are presumably gambling on the chance of the Government yielding to the great pressure which is being brought to bear on it to raise the minimum price, which is at present 4.40 paper pesos. So far this pressure has been resisted and there are no reliable indications that a change of policy is contemplated. With the national elections now over (they took place yesterday), no great political benefit would accrue, and with the large new crop now beginning to be picked, as mentioned previously, a very heavy drain on the national exchequer would probably result.

Spot maize at the close of trading for the month was quoted at 4.38 pesos per quintal. Whilst this is a shade below the official minimum, it nevertheless may appeal to sellers who are in a hurry to secure settlement. For the May option 4.70 was the prevailing price. In the domestic market for the White and Cuarenteno varieties a little premium is obtainable.

O A T S.

Shipments of Oats during February took a little jump, totalling 669,000 bushels, as against 300,000 bushels in the previous month. This leaves the supply position as follows:-

First official estimate 1935-36 crop,	32,421,000 Bushels	
Carry over from 1934-35	<u>2,300,000</u>	"
Total	<u>34,721,000</u>	"
Seed & domestic requirements	<u>29,828,000</u>	"
Exportable balance	<u>4,893,000</u>	"
Exported to February 28th	<u>969,000</u>	"
Balance still available	<u>3,924,000</u>	"

With buyers showing a good interest, and only limited supplies available, prices are very firm. For the export trade they improved a little, but are still a shade below what can be obtained for good grain for the domestic market.

White oats for export closed the month at 6.65 pesos the quintal, as against 6.35 a month ago; yellow oats at 6.20 (6.15 last month). Superior oats for domestic consumption are firm at 6.70, and good oats at 6.30.

B A R L E Y.

Shipments of Barley during February were 1,126,000 bushels, more than six times those of the previous month, leaving the supply position:-

First official estimate 1935-36 crop,	22,046,000 Bushels	
Carry over from 1934-35 crop	<u>6,091,000</u>	"
Total	<u>28,137,000</u>	"
Seed & domestic consumption	<u>6,568,000</u>	"
Exportable balance	<u>21,569,000</u>	"
Exported to February 28th	<u>1,312,000</u>	"
Balance still available	<u>20,257,000</u>	"

Business during the month was conducted under favourable conditions, with a fair demand, and consequently prices improved a little over those of the previous month, closing at 5.25 pesos for Matling barley, as against 5.20 at the end of January. Feed barley closed at the same level of 5.10 pesos per quintal.

R Y E.

Exports of Rye in February were 137,000 bushels, which compares with 227,000 bushels in January. The statistical position is now as follows:-

First official estimate 1935-36 crop,	5,512,000 Bushels	
Carry over from 1934-35	<u>5,471,000</u>	"
Total supplies	<u>10,983,000</u>	"
Seed & domestic requirements	<u>1,945,000</u>	"
Exportable balance	<u>9,038,000</u>	"
Shipped up to February 28th	<u>364,000</u>	"
Still available for export ..	<u>8,674,000</u>	"

Business was very quiet during the month, with little interest in buying for export, although prices improved a shade, closing at 5.10 pesos per 100 kilos, as against 5.05 the previous month. For the domestic market Superior grain is quoted at 5.35, and Good quality 4.75.

SEED GRAIN IN DROUGHT AREAS.

Arrangements are being made to provide seed grain to those farmers who unfortunately lost their crops during the drought of last winter. It is estimated that ten million pesos will be needed to finance the loans of seed which are to be made by the Government, and a commission has been appointed to arrange the necessary details.

WHEAT GROWING IN BRAZIL.

Another attempt is to be made to promote the growing of wheat in Brazil, where at present there is a negligible production of low quality. According to reports received here, the government of the State of Rio Grande del Sud is conducting an intensive campaign to encourage wheat growing, and is proposing to distribute gratuitously selected seed of varieties suitable for the climate and soil of that State. Rio Grande del Sud is probably the only State in the Brazilian Union which at present produces any wheat, and its limited crops have to be augmented by 65% of Argentine wheat to fill domestic needs of the State. Brazil generally consumes the starchy products of such roots as mandioca rather than cereal grains, and the use of wheat bread is a luxury for the richer classes. The importance of the Brazilian market to the Argentine is indicated by the fact that last year exports of wheat to Brazil were 30,038,000 bushels, and of wheat flour 1,216,000 bushels. In exchange, Argentina imports from Brazil enormous quantities of oranges, bananas and tropical fruits, and considerable yerba mate, the dried leaves of a holly, *Ilex Paraguayense*, from which an infusion which is the favourite beverage of the Argentines is made.

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