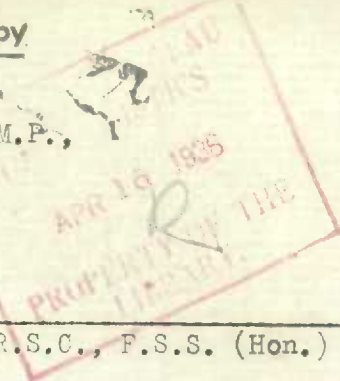


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The Grain Situation in the Argentine

Ottawa, April 15, 1936. - The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of April 1, 1936, dealing with the grain situation in the Argentine:-

CROP CONDITIONS

Whilst generous rains fell during the month, especially in the latter half, they were not well distributed, and in parts of the country the preparation of the land for the new crop of wheat and linseed is proceeding only slowly on account of the dryness of the soil.

Threshing of the old crop has been finished, and there is great activity in carting it down to the railway stations.

With regard to the maize crop, the prospects have undergone considerable modification, and there is now no longer any hope of the great yield which was anticipated only a short time ago. Drought, strong winds, great heat and locust damage have all taken their toll in certain districts, and in only two zones (the north of the province of Buenos Aires and south of the province of Santa Fe) can the crop now be classed as good, according to the monthly crop report of the Department of Agriculture which was published on March 24th. In these two zones, which represent more or less 30 per cent of the maize area, it is expected that **there will** be harvested more than 50 per cent of the total crop this year. The following notes on conditions in the several provinces are extracted from the official report:-

Buenos Aires: The condition of the maize in the northern part of the province, which is the finest maize district, is good, and if it had not been for the delayed development of the grain in the early stages for lack of rain, and the later damage from locusts, there would have been an unsurpassable crop both in quantity and quality. In spite of these contrary factors, the yields are very good. In the other zones of the province the area abandoned and the losses experienced through drought, excessive heat and locusts have appreciably diminished the total volume of the crop, and the results expected are varied; in many cases a good part of the fields are having live stock turned into them on account of the poor yield promised, or instead the farmers are waiting to see if a good increase in the price will enable them to lift the grain with some profit. Gathering has commenced in the north, west and centre of the province.

Santa Fe: With the delay already referred to in other reports, the harvesting of maize is proceeding. The best fields have not yet reached perfect ripeness, although the lack of rains and the intense heat have hastened it. The production is expected to be abundant. In the north the second sowings and the fields of cuarenteno maize, which together make up 35 per cent of the total, are showing an average development.

Cordoba: Lack of opportune rains, together with strong sun and hot winds, have considerably lessened the maize production expected. In the central zone the probable yields are varied, and in the north-east, where harvesting has already begun, they will be more uniform. In all the zones there are losses of area, especially in the west and centre of the province.

Entre Rios: The lack of opportune rains has damaged the prospects for a good crop of maize. The fields of sweet corn may be considered mostly lost by reason of the locusts, except those in the north-east of the province which are in good condition, although needing rain. The bitter corn has suffered less damage.

La Pampa: The early sown maize suffered from lack of moisture, but the fields sown at the end of December and early January show good condition. Many fields which showed doubtful prospects are being pastured.

Santiago del Estero: The gathering of early sown maize has begun, with good yields in the irrigated zone and average in the dry zone. The late sowings have suffered from lack of moisture, and in some districts there are fields totally destroyed by grubs.

VOLUME OF NEW MAIZE CROP.

The first estimate of the yield of maize of the new crop has been made public by the Ministry of Agriculture, which calculates it as 379,903,000 bushels. This is inferior by 72,044,000 bushels, or say 16 per cent to the record crop of last year; but is superior by 40,779,000 bushels, or say 12 per cent to the 5-year average 1930-31/1934-35. The record of the last five maize crops is as follows:-

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	"
Average of the 5 crops,	339,124,000	"

As indicated in the last report, the acreage seeded to maize this season was officially estimated as 18,854,000 acres. Of this it is calculated that an area of 6,487,000 acres has been abandoned for various causes, such as lack of opportune rains and other adverse factors mentioned in the foregoing report on crop conditions, or has been dedicated to pasture for live stock by the big estancieros. The balance of 12,367,000 acres is expected to yield an average of 30.7 bushels per acre, making the total crop of 379,903,000 bushels.

MINIMUM PRICE FOR MAIZE

By a Governmental Decree the basic minimum price for the new crop of maize has been fixed at 5. pesos per 100 kilograms, as compared with the old minimum of 4.40, which has applied to the last two crops.

This minimum price is on the basis of delivery in the port of Buenos Aires. In the case of other ports with different freight rates there is a correspondingly lower price paid. In practice, the farmer delivering at his local railway station received the basis price less railway freights and handling charges to the nearest port.

In order to discourage premature shelling, arrangements are being made to receive delivery of maize on the cob, less the cost of shelling. This plan has the added advantage that unshelled maize stores better than the shelled grain, especially in damp weather.

OFFICIAL PRICES A TEMPORARY MEASURE.

In an official communication announcing the new official minimum price for maize, the Minister of Agriculture calls attention to the fact that the policy of establishing these minimum prices for the protection of the producer is a temporary measure to meet unavoidable conditions, and that it is the firm intention of the Government to abandon it "when the factors which are weighing on world economics permit it without possible damage to the national prosperity", and adds that the farmer must not rely upon it as a permanent factor. The object of the Government is not to provide excessive profits, but to avoid loss to the grower.

WHEAT

Shipments during March totalled 5,462,000 bushels (wheat 5,388,000 bushels, flour 74,000 bushels). This is a little more than the February exports of 5,074,000 bushels. The statistical position is now as follows:-

First official estimate 1935-36 crop,...	144,035,000	bushels
Carry over from 1934-35 crop	19,138,000	"
Total supplies	163,173,000	"
Seed & Domestic requirements	95,534,000	"
Exportable balance	67,639,000	"
Shipped to) wheat 13,409,000 bushels		
March 31st) flour 354,000 "	13,763,000	"
Still available for export	53,876,000	"

There is little to be said with regard to the market, conditions remaining unchanged as compared with a month ago. Deliveries to the ports continue moderate.

The average of the grades is fairly high, and the pick of the wheat goes to the local millers and buyers for Brazil, to which country most of the export wheat is destined. The heaviest shipments so far have been from Bahia Blanca and Quequen, consisting of very good hard wheat, which has practically all gone to Brazil. The official Board continues to absorb large quantities of grain not wanted by the millers and exporters, and whilst no figures have been given out, it is understood that the Board's holdings are considerable, and that none of it has yet been released for re-sale to the exporters.

Prices of course are now on the basis of the official grades established under the new Grain Law, which is now in force. Soft wheat grade 2 is quoted at the official minimum price of 10. pesos per qtl; semi-hard grade 2, 10.10; and hard grade 2, 10.25 pesos per quintal. These prices are for grain from the Bahia Blanca zone, with that from other zones at a discount.

In the futures market Spot wheat (soft No. 2) closed the month at the official minimum of 10. paper pesos per 100 kilos (equal to 90 5/8c. Canadian per bushel at official exchange rates), and the May option at 10.06 (91 1/4c.). In Winnipeg on the same day May wheat closed at 81 1/2 ¢.

MAIZE

Exports of maize during March were 22,145,000 bushels, which is slightly higher than the February figure of 21,275,000 bushels.

Using the official estimate of the new crop, which is referred to elsewhere, the following is now the supply position:-

Exportable balance of 1934-35 crop	351,216,000 bushels	
Shipments during season ending 31/3	307,864,000	"
Balance on hand March 31st	43,352,000	"
1st official estimate 1935-36 crop	379,903,000	"
Total supplies April 1st	423,255,000	"
Deduct for domestic cons. 40,210,000 bushels)		
" " seed 5,905,000 "	55,115,000	"
Balance available for export	368,140,000	"

Members of the grain trade are a little sceptical of the accuracy of the official estimate of the new crop, which some members are inclined to think may be 39,368,000 bushels above the governmental figures. As mentioned elsewhere in this report the official minimum price for maize of the new crop has been raised to 5. pesos per quintal. At the same time, the railways have been induced to come to the assistance of the growers by reducing freight rates on maize shipped to the ports. This is in partial return for a concession made by the Argentine Government in respect of exchange on remittances made by the railways of surplus funds to England. It is not unlikely that higher prices and lower freight rates may induce the farmers to pick maize which might otherwise be abandoned or devoted to pasturage. But whether this will make any considerable difference in the somewhat liberal allowance for abandonment in the official forecast (6,487,000 acres) is doubtful.

The two factors of the lower forecast than had been looked for and the higher minimum price brought about considerable activity on the market, and higher prices resulted. Spot maize of the old crop (not subject to the new official minimum) closed the month at 4.83 pesos per quintal, as compared with 4.38 at the end of February; and new Maize for delivery in May closed at 5.06 (4.70 a month ago).

Some early parcels of the new crop have been coming forward, but the quantity is small. The crop generally is very late, and recent heavy rains will delay the movement. Meanwhile, there is an ample residue of the old crop to take care of any probable requirements for export, and the demand at the moment is none too good.

LINSEED

March exports were rather better than those of the previous month, being 6,372,000 bushels, as compared with 5,666,000 bushels. The situation as regards supplies is now as follows:-

First official estimate 1935-36 crop	50,391,000 bushels
Carry over from 1934-35 crop	<u>4,869,000</u> "
Total supplies	55,260,000 "
Deduct for seed & domestic needs ...	<u>7,874,000</u> "
Exportable balance	47,386,000 "
Exported to March 31st	<u>18,152,000</u> "
Still available for shipment	<u>29,234,000</u> "

A steady business was done in linseed during the month of March, but the demand shaded off towards the close, leaving prices where they were a month ago for spot seed, but lower for the May option, in sympathy with outside markets. Spot linseed closed the month at 14.06 paper pesos per 100 kilos (equal to 118c. U.S. per bushel at official exchange rates) and 14.17 (119c.) for May delivery. In Duluth the month closed with May seed at 169c. per bushel.

O A T S

March shipments of oats were 1,392,000 bushels, - double those of February (669,000 bushels). The supply position is now:-

First official estimate 1935-36 crop	32,421,000 bushels
Carry over from 1934-35 crop	<u>2,300,000</u> "
Total	34,721,000 "
Deduct for seed & domestic consumption	<u>29,827,000</u> "
Balance for export	4,894,000 "
Exported to March 31st	<u>2,361,000</u> "
Still available for export	<u>2,533,000</u> "

The demand is very limited, and the market has been quiet recently, with little business passing. Clean, sound oats for export, delivered alongside ship, closed the month at 6.60 pesos for white and 6.30 for yellow varieties, as compared with 6.65 and 6.20 at the end of February. Superior oats for the domestic market are selling at 6.90 (6.70 a month ago), and good oats at 6.50 (6.30).

B A R L E Y

Exports during March were 1,661,000 bushels, which compares with 1,126,000 bushels in February. The supply position is now as follows:-

First official estimate 1935-36 crop	22,046,000 bushels
Carry over from 1934-35 crop	<u>6,091,000</u> "
Total	28,137,000 "
Seed & domestic consumption	<u>6,568,000</u> "
Exportable balance	21,569,000 "
Exported to 31st March	<u>2,973,000</u> "
Balance still available	<u>18,596,000</u> "

The market was fairly active during the month, but most of the business was domestic. The brewing houses are on the look out for good malting barley, which is none too plentiful. Feed grades were less in demand. Prices improved during the month, and there is an optimistic feeling that conditions will improve in the near future, with possibly a good demand from Europe.

Feed barley closed the month at 5.35 pesos per quintal, for export; and malting grades at 5.50. These prices compare with 5.10 and 5.25 respectively at the close of February.

R Y E

March shipments were 387,000 bushels; last month 137,000 bushels. Stocks are still ample, as shown by the following statement:-

First official estimate 1935-36 crop	5,512,000 bushels
Carry over from 1934-35	<u>5,471,000</u> "
Total supplies	10,983,000 "
Seed & domestic consumption	<u>1,945,000</u> "
Exportable balance	9,038,000 "
Shipments to March 31st	<u>751,000</u> "
Balance still available	<u>8,287,000</u> "

The market was quiet, with little business passing, but prices improved a shade in sympathy with other coarse grains, export rye closing at 5.30 pesos per 100 kilos, as against 5.10 a month ago.



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