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The Grain Situation in the Argentine

Ottawa, May 13, 1936. - The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of May 2, 1936, dealing with the grain situation in the Argentine:

CROP CONDITIONS

There were copious rains during the month of April, and whilst all sections were not equally favoured it can nevertheless be said that every part of the grain producing zones received some benefit. Consequently, the soil everywhere is in good condition for ploughing and seeding the new crop. The pastures too have greatly benefitted, the grass having completely recuperated in the districts where the locusts' ravages had left the land bare; hence work horses are getting into good shape for the season's hard grind.

Below I give extracts from the monthly report of the Ministry of Agriculture, which made its appearance on the 22nd ultimo, showing the progress made in the several provinces with the work on the new crop. I should preface it by saying that fresh rains have fallen since the publication of the report.

In Buenos Aires throughout the province the preparation of the land is being actively carried on, and sowing, principally of oats, barley for pasture, and rye, is being effected under good conditions. In Santa Fe preparation of the land for the wheat and linseed crops is being continued under good conditions, favoured by abundant rains, and almost all the land intended for wheat is now ready. Actual sowing of wheat is expected to commence in the north of the province at the end of April. In Cordoba also the abundant rains of the past month have facilitated the work on the land, and seeding of wheat has commenced in the south of the central zone. This will be intensified during May. In Entre Rios the rains hindered work on the land for a while, but this is now being prosecuted actively, with good prospects. The colonists who lost their last crops and were without seed have been assisted to obtain this by the National Government. In the Pampa ploughing was hindered during March, but the April rains facilitated the work, and sowing of wheat is now going ahead under good conditions

With regard to the MAIZE crop, the rain which favoured the seeding of other grains has had a bad effect on the conditioning and gathering of maize, as will be seen from the the following extracts from the official report: -

In Buenos Aires the gathering of maize in the northern zone of the province, which had begun in the early days of April, had to be suspended because of the grain not being ripe and containing too much moisture. It is feared that the excessive rains will damage the quality, especially in the plants bent over by the wind, whose heads are amongst the weeds or in contact with the ground. The drought caused serious damage in the maize fields of the centre and south-west. In Santa Fe, in the southern zone the abundant rains helped to damage the quality of the maize through soaking the lots bent over by the wind, but this affects only a limited proportion of the crop. Gathering is general throughout the province, some fields being harvested prematurely because competition between the buyers induced the farmers to hasten the picking regardless of quality; this same haste was also seen in the southern zone on account of the lack of pasture previous to the rains. Shelling is being done with some intensity in parts of the centre and south. With regard to the late sowings in the north of the province, these are in better condition since the rains, and their prospects look good, although they still face the risk of damage from early frosts. In Cordoba harvesting of maize goes on slowly in the centre of the province, on account of the continuous rains, but the quality is good. In the west also the crop is being picked, but with poor results as to both quality and yield. In the east the best crops are to be seen in the districts where wheat growing has diminished; here gathering is being pressed in order to prepare the stubbles for wheat and linseed. In Entre Rios the late maize fields have imporved with the last rains. As mentioned in previous reports, the sweet corn was lost except in the north-east zone, where it is giving satisfactory yields of good quality. There are losses of bitter corn in areas destroyed by locusts. In Santiago del Estero the early sown maize is being cribbed in the south-eastern zone, and shelling is showing good results. The late sowings, which suffered for lack of opportune rains, have re-acted, but the production will not exceed local requirements. In the Pampa because of the drought most of the maize fields will give no crop; many of them were used for pasturing cattle. Gathering will commence as soon as the first frosts appear.

WHEAT

Exports during April were 4,028,000 bushels of wheat and 125,000 bushels of wheat flour, a total of 4,153,000 bushels in all; which shows a substantial drop from the March shipments of 5,462,000 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	"
Deduct for seed and domestic needs		95,534,000	"
Exportable balance		67,639,000	"
Shipped to) wheat	17,437,000 bushels		
April 30th) flour	479,000 "	17,916,000	"
Still available for export		49,723,000	"

Market conditions continue unchanged. Operations in wheat during April were very few, and the business was practically confined to neighboring South American countries, particularly Brazil, the traditional market for Argentine wheat of the highest grade. Some sales of Canadian wheat are reported to have been made to Brazil; but this Republic has not much to fear from Canadian competition. Brazilians, like the Argentines, have a preference for very white bread. Manitoba wheat produces a flour with a slightly dark shade which is inacceptable; and as it is illegal to use chemical "improvers" to bleach the flour, the quantity of Canadian wheat which can be marketed in Brazil, even with an advantage in price, is probably very small. The Argentine Superior wheat, especially that from the Bahia Blanca zone, is the one which best fills the needs and the taste of the Brazilian wheat bread eaters. This preference extends also to Argentine flour, and it was largely in response to representations from Brazil that the Argentine Government some months ago decided to prohibit the use of chemical preparations for improving flour by either the millers or the bakers of the Republic.

Sales to the United Kingdom are practically nil. The high minimum price established by the Grain Control Board has shut off that market. Occasional parcels are disposed of to Continental buyers, probably for mixing, but the volume is small. The Argentine is not at present a factor in international wheat trading, and will not be one until the next crop begins to take shape; although even now, with the sowing of it just beginning, its supposedly good prospects are being made an excuse for falling prices in northern markets, according to cables published here.

There is no pressure of deliveries at the present time, and the surplus not wanted by the millers and exporters, mostly inferior grain, is being absorbed by the official Board, which shows no disposition to re-sell for export.

At the close of the month Soft and Semi-hard wheat, 64½ lbs. per bushel, on wagons in the port, was quoted at the official minimum price of 10 paper pesos per quintal; and Hard wheat at 10.20 pesos. In the Futures Market Soft No. 2 wheat, Spot, closed the month at 10. pesos per quintal (equal to 90 1/8 Canadian cents per bushel at current official exchange rates); and for July delivery 10.03 per quintal (90 7/8¢ per bushel). In Winnipeg on the same day July wheat closed at 80 7/8¢

MAIZE

April exports of maize were 16,093,000 bushels; this compares with 22,145,000 bushels in the previous month, and leaves the supply position as shown below: -

First official estimate 1935-36 crop, ...	379,903,000	bushels
Carry over from 1934-35 crop	43,352,000	"
Total supplies	423,255,000	"
Deduct for seed and domestic consumption ...	55,115,000	"
Exportable balance	368,140,000	"
Shipped up to April 30th	16,093,000	"
Still available for export	352,047,000	"

The drop in the shipments of maize noted above is due in large part to the weather conditions of the past month. The frequent, and in some places heavy, rains have delayed the conditioning of the new crop, and have held up delivery at the stations for shipment to the ports. The crop was late anyway, and recent weather has set it back still further, so that only small quantities of the new grain have yet found their way down to the ports. Whilst on paper there would appear to be still a fair volume of the old crop maize in the country, it is mostly of a quality unfit for export. In view of these conditions, with a fair demand shown from time to time by exporting houses, it was only natural that a firm tone should develop on the market and that prices should improve a little. Even old crop maize approached the official minimum price($5.) set for the new grain. Spot maize at the end of the month was quoted at 5.03 paper pesos per quintal, as compared with 4.83 at the end of March; and the July option at 5.10 (5.06 a month ago)

LINSEED

Shipments of linseed in April were 4,260,000 bushels, against 6,372,000 bushels shipped in March. The following table shows the statistical position: -

First official estimate 1935-36 crop, ...	50,391,000	bushels
Carry over from 1934-35 crop	4,869,000	"
Total	55,260,000	"
Seed and domestic consumption	7,874,000	"
Exportable balance	47,386,000	"
Exported to April 30th	22,412,000	"
Still available for export	24,974,000	"

There was no great activity in the market for linseed during April. There was an average demand from the local crushing houses; but high prices, based on the official minimum of 14., made export business difficult. With the minimum price always available to the producer, there is at present no great pressure to sell, and the speculative buying interest which was in evidence a few weeks ago, based on possible demands from European armament factories, has died down. Hence prices receded a little, Spot linseed closing at 14.03 pesos per 100 kilos (equal to 117½¢ U.S. per bushel at official exchange rates) as compared with 14.06 a month ago; and the July option at 14.20 (118 7/8¢ per bushel). In Duluth on the same day July seed closed at 169¢.

OATS

April shipments were only 741,000 bushels, against 1,392,000 in March; but even this small quantity made a substantial hole in the available supplies, which on paper are as shown below: -

First official estimate 1935-36 crop.	32,421,000	bushels
Carry over from 1934-35 crop	2,300,000	"
Total	34,721,000	"
Seed and domestic consumption	29,827,000	"
Balance for export	4,894,000	"
Shipped to April 30th	3,102,000	"
Still available for export	1,792,000	"

The domestic market was very quiet during the month, and there was only a sporadic interest on the part of the exporters. Prices closed a little lower than at the end of March, White oats for export, weighing 49 kilos per hectolitre, being quoted at 6.30 pesos per quintal (6.60 a month ago); and Yellow oats, 47 kilos per hect., at 6.00 (6.30). Superior oats for domestic market also dropped from 6.90 to 6.60.

BARLEY

Barley shipments in April totalled 1,382,000 bushels, as against 1,661,000 bushels in March, making the total shipments to date 4,355,000 bushels out of the exportable balance of 21,569,000 bushels and leaving 17,215,000 bushels still available.

There was sufficient buying interest during the month to maintain prices unchanged, Malting barley weighing 65 kilos per hect. closing at 5.50 pesos per quintal, and Feed grades (62 kilos) at 5.35.

RYE

Rye exports showed a small improvement as compared with March, being 505,000 bushels as against 387,000 bushels. Out of the export balance of 9,038,000 bushels, 1,256,000 bushels have not been exported, leaving still available 7,782,000 bushels.

The market throughout the month was quiet, with little business passing, and prices suffered a slight drop, closing at 5.25 paper pesos per quintal, as compared with 5.30 at the end of March.