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The Grain Situation in the Argentine

Ottawa, June 13, 1936. - The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of June 1, 1936, dealing with the grain situation in the Argentine:

CROP CONDITIONS

Weather appropriate to the autumn season, with ample rains, characterised the month of May. There were light frosts in the south twice during the month. The work of gathering the maize crop has been made difficult by the rains, and the precipitation and atmospheric humidity have interrupted the shelling and also held up the movement to the ports. Although interrupted by the rains from time to time, the work of preparing the land for the new crop of wheat and linseed has generally gone ahead under excellent conditions and is now well advanced. In the early districts good progress has been made with the sowing of wheat. Should favourable conditions continue, it appears quite likely that there will be an increased acreage placed under wheat and linseed, especially the former, this season.

Below are given extracts from the monthly official crop report published on May 21st:-

WHEAT & LINSEED: Buenos Aires. Preparation of the land for wheat and linseed is going on throughout the province with favourable weather except for interruptions by continuous rains in the north, where also the work of harvesting maize has delayed seeding. In the south, south-west and part of the central districts seeding of the winter wheats Kanred and Lin-Calel is well advanced. The wheats sown since the end of April in the south and south-west have germinated evenly and are in good condition. In the extreme south-west where lack of rain had kept growth back, recent rains have produced a reaction and prospects are now good. Santa Fe: Preparation of the land is going on under favourable conditions, with very bright prospects for the new crops. In the north the greater part of the land to be seeded to wheat is ready; in the south it is less advanced, but ample time remains for the work. Some seeding of wheat has already been done in the north, but it will not be general throughout the province until the end of May or some time in June. Good seed is scarce, especially in the north, and some groups of farmers have had to avail themselves of official loans of seed grain. Cordoba: The excellent moisture content of the soil and the good condition of the work animals has permitted the cultivation of the land under unsurpassable conditions. Generally a good part of the area destined for Lin-Calel wheat has been sown, and in the north seeding of linseed is beginning. The earlier lots of wheat sown, some of them in the second half of April, have germinated very well. The plants appear uniformly vigorous; and the drop in temperature will stimulate root development. In spite of the scarcity of seed grain, it is not expected that the area seeded to wheat will be below normal. The fields already sown with linseed in the north have germinated in excellent shape. Entre Rios: Frequent rains have impeded ploughing, and the work is somewhat backward. Although the humidity of the soil is excellent, the abundance of weeds in the stubble slows up cultivation. No linseed has yet been sown, and wheat only here and there in Parana and Diamante. It is anticipated that the area to be seeded to linseed will not be inferior to that of last year, and there will be more wheat planted.

La Pampa: It is estimated that all the land destined for wheat is now ploughed and ready for the seed, the work having been carried out under good conditions, favoured by opportune rains and cloudy weather. Wheat sowing has become general, and is approaching its close in the south of the territory, where the Kanred variety, which requires planting early, is much used. Wheat already sprouted is even, vigorous and of good colour.

THE MAIZE CROP: Buenos Aires. Slowed up by the rains, the gathering of maize in the north of the province is approaching its close, after being several times suspended to wait for the weather to improve. Yields in this zone are very good and in some parts above normal. On the other hand, the quality has suffered from the excessive rains. In the other zones harvesting continues actively, with a maximum of 70% completed in the west, and an estimate that within the month of June all will be finished. Shelling is being conducted on a reduced scale. Forecasts of yield are being confirmed, and the quality is generally good although affected by the excessive atmospheric humidity. Santa Fe: Rainy weather has delayed harvesting of maize, but activity has been resumed in recent days. It is estimated that already there is in crib 50% of the area sown in the south and more than 80% in the north. Although shelling is being done relatively slowly, it can be said that the first yields exceed those anticipated in the forecast of production, but on the other hand the quality has unfortunately suffered from the continuous rains, variable percentages being noted of sprouted and rotten grains. Contrary to the recommendations of the Ministry, the harvesting of fields not yet ripe has been hastened, and in many cases gathering has been resumed immediately after rains, with the plants still damp. Of the second sowings of maize in the north of the province 30% is considered lost from lack of moisture when flowering; the remainder appears satisfactory, with the result depending upon future weather. Cordoba: In the districts bordering on Santa Fe the rains have made harvesting difficult, and there has been a lack of field workers. In this zone the quality of the product obtained is somewhat deficient because of the humidity in which the harvesting was carried on. In the rest of the province the picking is approaching its close, and a good proportion of the crop has been shelled. The quality is relatively better than in the eastern districts, especially in respect of the moisture content. In general the yields obtained are very good, considering the abnormal conditions of the season, with the recent drought. Entre Rios: The sweet corn which escaped the depredations of the locusts and the drought is very little, and in a few days the gathering of it will be terminated, with very poor results. Only in parts of the north-east and in isolated spots are there lots with average yields. The fields of Cuarenton sown after the locusts departed are still green and promise little grain. As for the bitter corn, which represents the greater part of the area sown in the province and which supported various contrary factors such as locusts and drought, it gave hopes of a good yield in the second half of March, but the abundant and continuous rains of the past month have caused losses through much of the grain sprouting whilst still on the plant, with detriment to both quality and yield. In short, the possibility of obtaining a good maize crop in this province must be discarded. As elsewhere in the country, the harvest has been delayed by rains. The Pampa: The maize crop in the south and centre of the territory being lost, there only remains some in the north, which will be needed for local consumption. Santiago del Estero: The picking of the first sown maize is proceeding slowly for lack of workers, 35% of the crop still remaining ungathered. The yield and quality obtained are good, the rains not having been so abundant as in the great maize zone of the country. The late fields have little commercial importance, being mostly used locally; their condition is fair to good.

WHEAT

May exports of wheat and wheat flour totalled 4,167,000 bushels (wheat 4,013,000; flour 154,000 bushels). This is almost exactly the same as the April figure of 4,153,000 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	"
Balance for export		67,639,000	"
Exported to) wheat	21,449,000 bushels		
May 30th) flour	633,000 "	22,082,000	"
Still available for export		45,557,000	"

There is little to be said with regard to market conditions. The futures market is quiet almost to stagnation. The Argentine is almost out of the picture, and operations are very scarce. Deliveries from the country points are only moderate, and farmers are not pressing sellers. Whilst it is not at present a factor in the market, it is to be noted that, as mentioned elsewhere in this report, the new wheat crop is going in under very favourable conditions, with the prospect of an increase in the acreage as compared with a year ago, should these conditions continue. One of the inducements to increase production of wheat naturally is the comparatively high minimum price guaranteed by the Government. It is true that the President of the Republic in his speech at the opening of the new sessions of Congress recently, took advantage of the opportunity to repeat the warning uttered a few weeks ago by the Minister of Agriculture, to the effect that it is the intention of the Government to abandon the policy of fixing prices of produce destined for the world's markets just as soon as this can be done without detriment to the national economy, and that agriculturists must know that the fixing of basic prices is not a policy which can be followed eternally.

Nevertheless, it is easier to start guaranteeing a minimum price than to stop it, and there is no doubt that the hope of a continuance of an assured profitable price for his wheat is acting as an inducement to the producer to sow freely whilst Nature is smiling on his efforts as at present. Of course, it is practically certain that the present guaranteed minimum will be maintained for the current crop.

Interest in grain circles here has been aroused by the announcement that Brazil is contemplating the reduction of the duties on imported wheat and flour, with the object of freeing the Brazilian market from the pernicious influence of a foreign "trust" which is said to dominate it. A commission has been appointed by Decree to investigate the plan; its report is not expected to be completed before early in July. The Brazilian millers say that they will be compelled to close down in face of the ruinous competition of imported flour, should the contemplated measure be put into effect.

In Buenos Aires at the close of the month the quotation for wheat No 2 of all types was the official minimum of 10. per quintal. In the futures market Spot No 2 Soft wheat 64½ lbs per bushel, on wagons in the port, was quoted at 10. (equal to 91 1/8 cents Canadian per bushel at official exchange rates), and the July option a shade higher at 10.05. In Winnipeg on the same day July wheat closed at 76 7/8c. per bushel.

As an indication of the stagnation in the movement of grain from the Republic, it is interesting to note that last week for the first time since early in the days of the great war not a single boat was chartered for the River Plate. With very little wheat to ship, and very little maize out of a good crop ready to load, exporters apparently are not interested at present in booking freight.

MAIZE

May exports of maize were 18,303,000 bushels, which compares with 16,093,000 bushels in the previous month, and leaves the supply position as follows:

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 & domestic consumption	55,115,000	"
Balance for export	368,140,000	"
Exported to May 30th	34,397,000	"
Still available for export	333,743,000	"

As will be seen from the above figures, shipments have picked up a little, but they will have to increase to a considerably greater extent in order to dispose of the surplus of the present crop before the next one becomes available. Weather conditions form the principal factor in holding back exports; the frequent rains have hindered the movement of the new maize down to the ports, and there is considerable difficulty in obtaining grain in sound condition for shipment, either of the new or the old crop. Much of the grain composing recent shipments has been maize of the old crop, of which there is still a quantity on hand, but it is not of a quality fit for export. As mentioned in my report last month, there has been a tendency in some of the northern zones to pick maize prematurely in order to take advantage of a demand for maize with which to load waiting boats. This has led the Ministry of Agriculture to order careful inspection of cargoes being loaded in certain ports, so as to prevent shipping of grain which is in unfit condition. The trouble goes back to the exporting firms, who having cargo space contracted and lacking grain to fill it, have brought pressure to bear on the country grain dealers who have contracted to deliver maize to them to hasten their deliveries, and those local dealers in turn have urged their customers, the farmers, to make delivery to them even if the corn is in poor condition. The result has been the loading of grain with excessive humidity, quite unfit to face a voyage through the tropics to its ultimate European destination, with the possibility of causing a fall in prices through arrival in bad condition.

There is a general impression that the maize of the new crop will be inferior in quality to the old crop, as a result of the adverse weather conditions with which it has had to contend.

With regard to market conditions, there has been a fair amount of animation during the month, and at the close shipping houses were still showing good interest, especially for spot grain, although quotations were below the official minimum price of 5. pesos per quintal.

At the end of the month old crop maize was selling at 4.80; with new crop grain nominally worth 5. (equal to 42 3/8 cents U.S. per bushel at the official rate of exchange) and the July option 5.02 per quintal. In Chicago on the same day July corn was quoted at 59 3/8 cents per bushel.

LINSEED

Shipments during May were 3,423,000 bushels; in April they were 4,260,000 bushels. The supply position is now as shown below:

First official estimate 1935-36 crop, ...	50,391,000	bushels
Carry over from 1934-35 crop	4,869,000	"
Total supplies	55,260,000	"
Seed & domestic consumption	7,874,000	"
Exportable balance	47,386,000	"
Shipped to May 30th	25,835,000	"
Still available for export	21,551,000	"

The market is quiet, with little demand. Local crushing houses are experiencing difficulty in disposing of their product, and consequently most of them are out of the market for seed, which makes it hard to place lots coming forward, even at lower prices. A somewhat similar condition prevails in the export trade. Foreign importers appear to be operating from hand to mouth; consequently shipping houses here are afraid of committing themselves heavily at present prices which are based on the official minimum of 14. per quintal. There is much talk of substitutes being used for linseed oil on account of high prices. Very little seed has yet been sown for the new crop, but it is quite anticipated that in view of the favourable weather and soil conditions, as also the present high prices, there will be an increased acreage planted, although probably not such a large increase as is probable in the case of wheat.

The month closed with Spot linseed selling at 14.08 pesos per 100 kilos (equal to 119 3/8 cents U.S. per bushel at prevailing official exchange rates), and the July option at 14.12 pesos. In Duluth on the same day July seed was quoted at 168 cents.

OATS

Shipments during May were only 546,000 bushels which compares with 741,000 bushels in April, and leaves still available 1,246,000 bushels out of the exportable surplus of 4,893,000 bushels.

Prices weakened during the month, and during the last week there were unusually large entries from the country, exceeding the local demand, which caused a drop in prices again, white oats for export closing at 6.05 pesos per qtl, as compared with 6.30 last month, and yellow oats at 5.75 (6. a month ago). Superior oats for domestic use closed at 6.30 (6.60 last month).

BARLEY

Barley shipments during May were 1,001,000 bushels against 1,382,000 bushels in April, bringing the total exports to date up to 5,356,000 bushels and leaving still available 16,214,000 bushels.

There was a featureless market for Barley, with no variations to report. Superior malting barley closed at 5.60 per qtl., as compared with 5.50 last month; and feed barley at 5.20, a slight drop from the quotation of 5.35 at the end of last month.

RYE

Exports of Rye were again heavier, 836,000 bushels being shipped, as against 505,000 bushels in April, leaving still available 6,946,000 bushels out of the exportable surplus of 9,038,000 bushels.

The market throughout the month was quiet, with no features calling for comment, and prices at the close were the same as at the end of April, viz: 5.25 per quintal.