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The Grain Situation in the Argentine

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

CROP CONDITIONS

The weather during June was characterized by continuous rains, heavy atmospheric humidity and a lack of sunshine. Crop conditions are almost exactly the reverse of those of a year ago, when because of the drought then prevailing seeding operations were held up by the hardness of the ground making ploughing impossible. Now the frequent and generous rains have made the soil too wet for cultivation in many districts, as for instance in Entre Rios, where there is practically no seeding of wheat yet accomplished. On the other hand, in zones where the land is light and sandy, seeding is well advanced, reaching 70 and 80 per cent of the total acreage intended for wheat. In areas where maize is included in the crop rotation the impossibility of completing the picking of the corn in order to clear and plough the land for a wheat crop may result in less wheat being sown than had been intended in those districts, which is unfortunate, as it will mean that there will be a lower proportion of relatively clean land under wheat in a season which gives every promise of producing a heavy growth of weeds in the grain. Generally speaking, the season is later than usual, and in some districts it is fully a month behind normal.

In the extracts which follow is given the gist of the monthly report of the Ministry of Agriculture on crop conditions, issued on May 23rd:

WHEAT & LINSEED. Buenos Aires: In general the preparation of the land for the new crops has been carried out under unsurpassable conditions, except in the northern zone and the south-west. In the north because of the excessive moisture in the soil and the quantity of weeds in the stubbles the work is a month later than normal, and the area prepared reaches hardly 50% of the total to be seeded, and this is largely on wheat and linseed stubble because no progress can be made with picking the maize. In the Bahia Blanca district, on the other hand, for lack of moisture cultivation of the land is being carried on under only average conditions; yet almost all the land is now ready. In the north it is calculated that less than 10% of the area for wheat has yet been seeded. The fields sprouted show a poor colour for lack of sunshine. In the centre and west a quarter of the sown wheat has sprouted, looking well, although a little too advanced. In the remainder of the province the percentage sprouted is greater; it looks excellent. Except in the northern part, where because of the difficulty in preparing the land no prophecies are possible, in the province generally it is anticipated that the area seeded to wheat will be increased. Santa Fe: The land is being prepared under good conditions, although the work is frequently interrupted by rains, which again necessitates numerous harrowings. Wheat is being planted under unsurpassable conditions, and in the north 70% is in the ground, and the plants almost cover the soil. Because of the decrease in the area planted in 1935 and the present favourable conditions, a larger acreage in wheat is expected this year. By reason of the weather conditions in the north an excessive leafage is foreseen this season, with the possibility of much lodged grain. No linseed has yet been sown in the south; in the north about 40% has been planted, and a good part is above ground already, with three to five leaves showing. Cordoba: The moisture stored in the soil and the good condition of the horses have enabled the cultivation of the land to be carried out under unsurpassable conditions. The sowing of semi-late varieties of wheat has been intensified and that of linseed is general throughout the province. No lack of seed is noticeable. The good condition of the wheat above ground has been maintained, and the last sown lots have germinated vigorously. With respect to the varieties sown, it is noteworthy that the quality of these exceeds that of any preceding year. As to linseed, except in the western zone, it is expected that there will be an increase in the area planted in the province. The fields above ground look excellent. Entre Rios: Ploughing is very backward by reason of the continuous rains. Practically all labour is concentrated on wheat seeding, which is being done under unfavourable conditions because of the bad state of the soil, owing to the continuous rains and the growth of weeds. New land destined for linseed is being ploughed without difficulty. In four counties more or less a quarter of the land prepared has been

sown with wheat; in two sowing has just commenced, and in the rest none has been done. When the weather permits, seeding of wheat will become general. No linseed has yet been sown. There will be no lack of seed. For the moment the prospects are not encouraging as regards the extent of the area to be planted to wheat. Hardly 10% has yet been sown. Little land has yet been prepared for linseed. The prospects are good, and if the weather permits the area sown will not be less than that of last year.

La Pampa: If indeed rains in this territory have not been abundant since the last report, the extreme humidity of the atmosphere and the continuous mists have prevented loss of soil moisture by evaporation, and this with the warm temperatures which have prevailed have permitted the seedings to germinate well, assuring a rapid growth. Sowing of wheat has almost finished, and 70% has sprouted already and is in excellent condition, although the need of colder weather is being felt in order to check excessive vegetation. The favourable climatic conditions have caused seeding to be farther advanced than in other years. An increase in the area seeded is looked for, but it is opportune to recall that this has shown an appreciable decrease in recent years.

MAIZE. Buenos Aires: In the northern zone the frequency of the rains has retarded the picking, affecting the quality to the extent that the grain obtained has a moisture content of 17 to 22. Lack of sunshine makes drying difficult, and there are heavy percentages of rotten and sprouted grains, making sales difficult, with discounts varying from 50 to 60 centavos per quintal. Hardly 50% of the crop has yet been picked, and not more than 10% shelled. Even the movement of the shelling machines is difficult because of the condition of the roads. In the west 80% has been picked. In the centre there are partial losses through fields being inundated during the recent rains, but most of the maize in this district is destined for local use. Santa Fe: In spite of the abundant rains it is estimated that there are no areas lost except the late-sown maize in the northern zone of the province, where perhaps half will be harvested. The total loss in this zone will probably be 20% of the crop. In the south it will not be more than 2 or 3 per cent. In both north and south the quality has suffered. In the south it is the more important, and the humidity will average 16 or 17%. All the grain will have to go through driers, as the weather does not permit sun drying. Not more than 10% of the crop has moved out. Sales are only effected with discounts of 50c. to 70c. per quintal because of deficient quality. In the north 60% of the early grain has been shelled and shipped out, the quality being good because of the corn being picked before the rains. In the whole province shelling is practically paralyzed, but most of the corn has been picked. Cordoba: Harvesting throughout the province proceeds slowly because of humidity. The quality of the maize picked during the last month has dropped, and it is surmised that the same has occurred with the greater part of that placed in crib previously, because of the faulty construction of the cribs, the majority of them having no roof to keep out the heavy rains. Shelling continues to be delayed by the wet weather, although the proportion of maize which has been delivered for exportation in this province exceeds that of either Buenos Aires or Santa Fe. Entre Rios: The weather continues to be unfavourable for the harvesting of maize. The persistent rains delay the picking and increase the damage. The area lost through the rains is estimated to be 10%. What was gathered prior to the rains was of good quality, which has since depreciated because of the percentage of humidity and damaged grains. The enforced delay in picking is inconveniencing the farmers, who are waiting to plough the land. Of the total crop of maize in the province 20% has been shelled, and 15% has been shipped out of the province. It is feared that unless a greater tolerance in the grade of humidity and the percentage of green, sprouted and rotten grains is established, little more will be shipped. La Pampa: Harvesting of maize is completely finished, the greater part of the crop being destined for local consumption.

In order that the relative importance of the several provinces and territories in the production of the principal grain crops, may be borne in mind in reading the above reports on crop conditions, I give below the percentages of the area seeded in each in the crop year '34-35:

Buenos Aires,	Wheat	45 %;	Linseed	26 %;	Maize	35 %;
Santa Fe,	"	10 "	"	32 "	"	24 "
Cordoba,	"	29 "	"	18 "	"	26 "
Entre Rios,	"	5 "	"	21 "	"	3 "
La Pampa,	"	9 "	"	1 "	"	4 "
All others,	"	2 "	"	2 "	"	8 "
		100 "		100 "		100 "

Although in view of the climatic conditions described in the above reports, it is not likely that there will be a full realization of the anticipated increase in the acreage seeded to wheat in the Republic this year, there still persists an impression that the increase will be substantial. The last few days of the month of

June brought colder weather, with nightly frosts in many districts, and a much drier atmosphere. Hopes were raised that these conditions might extend into the month of July, when very rapid progress might be made with the completion of the seeding of wheat. But on the last night of the month rain again set in, and as this report is being written it is pouring steadily in Buenos Aires, and reports from outside indicate that the precipitation covers the north and centre of the province of Buenos Aires and the south of Cordoba and Santa Fe. It seems likely therefore that much of the land still under corn which is waiting to be picked in order to be cleared and ploughed, will have to be seeded to linseed instead of to wheat. But after making due allowance for this it may still be found that there has been a substantial increase in the wheat acreage, especially in the three principal wheat growing provinces as shown in the above list, where a good percentage of the seed is already sown and much of it above ground and looking well, needing perhaps less rain and more cold weather in order to strengthen the root growth. The new crop does not promise to be a clean one. There is very little new land seeded to wheat, less comparatively clean maize land than had been planned, and a good deal of old wheat stubble land, presumably more or less foul with weed seeds; whilst the wet and mild weather has been very propitious for the growth of weeds in the grain fields. The lateness of the planting of some of the areas yet to be sown may also militate against the quality and quantity of the grain produced.

REVISED CROP ESTIMATES.

The Ministry of Agriculture has just made public its second official estimates of the crops of the season 1935-36, except that of maize. The figures are as under, with those of the first estimate for comparison:

	<u>Wheat</u>	<u>Linseed</u>	<u>Oats</u>	<u>Barley</u>	<u>Rye</u>
			Bushels		
First estimate,	144,035,000	50,391,000	32,421,000	22,046,000	5,512,000
Second "	<u>139,626,000</u>	<u>52,360,000</u>	<u>33,718,000</u>	<u>21,128,000</u>	<u>5,000,000</u>
Difference, plus or minus	n. 4,409,000	pl. 1,969,000	pl. 1,297,000	n. 918,000	n. 512,000

The above revised figures are used in the statistical statements which follow.

W H E A T

Exports of wheat and flour during June totalled 3,950,000 bushels (Wheat 3,817,000 bushels, flour 133,000 bushels). In May, the total was 4,167,000 bushels.

The statistical position is now as shown below:

Second official estimate 1935-36 crop	139,626,000 bushels
Carry over from 1934-35 crop	<u>19,138,000</u> "
Total supplies	158,764,000 "
Deduct for seed & domestic use	<u>95,534,000</u> "
Balance for export	63,230,000 "
Exported to) wheat 25,266,000 bushels	
June 30th) flour <u>766,000</u> "	<u>26,032,000</u> "
Still available for export	<u>37,198,000</u> "

Of this balance still remaining available for export, probably rather more than half is in the hands of the Grain Control Board, and most of the remainder is still held by farmers. There is little disposition on the part of either to sell. The farmers will probably be content to hold what surplus they have until the fate of the new crop appears to be settled. The international wheat situation appears to be steadily improving, and prospects for the placing of the balance of the Argentine crop look quite favourable. Dealers who specialize in handling wheat for the Brazil market complain that there is a growing scarcity of this high quality grain, for which they are now having to pay rather more than the official minimum price of 10. pesos per quintal; but if the price goes high enough sufficient Superior wheat will probably be uncovered to satisfy the Brazilian demand. There is not much activity here in the buying from other importing countries, and the local millers show only an average interest. Spot Wheat (soft No. 2, 80 kilos) was quoted at 10.05 pesos per 100 kilos (equal to 90 $\frac{1}{2}$ c. Canadian per bushel at official exchange rates), and the October option at 10.15 (92 $\frac{1}{2}$ c); at the close of business on the last day of the month. In Winnipeg at the same time October wheat was quoted at 81c. per bushel.

MAIZE

Shipments of Maize during June were 15,764,000 bushels, a falling off from those of the previous month(18,303,000 bushels)entirely accounted for by the unfavourable weather conditions. The statistical position is now 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	"
Shipments to June 30th	50,161,000	"
Still available for export	317,979,000	"

In view of the continued damage to the new maize crop referred to elsewhere in this report, it is possible that the exportable balance will have to be revised, and some shrewd observers are already reducing their figures. But as a good part of the damaged grain will probably be absorbed by the allowance made above for domestic consumption, without necessarily disturbing the export figures, it is a little early yet to be changing the latter.

The condition of the grain of the new crop in some districts is so inferior, on account of the continuous rains, that the producers and country grain dealers are agitating for an increase in the "tolerance" of spoiled grain, which is at present 2% of rotten and $\frac{1}{2}$ % of green and/or sprouted kernels, that is to say that those percentages are tolerated by the buyer without claiming a discount. It is difficult to open the door too wide in this matter, because of the possible effect in consuming markets overseas of the lowering of the standards of Argentine shipments.

Market conditions during the month presented no special features. There was sufficient demand to balance the comparatively small quantities of maize coming forward in condition fit for shipment overseas, and the official Board has not had to purchase extensively yet. Fears of making losses through cargoes spoiling on account of excessive humidity cause shippers to be a little hesitant in buying. On the other hand, the condition of the country roads, caused by the heavy and continuous rains, has held back grain from the ports and helped to balance supply and demand for the moment. The situation might be a great deal worse.

Maize for export at the close of the month was quoted at a shade above the official minimum price of 5. pesos per quintal, Spot being worth 5.01 pesos (equal to 42 5/8c. U.S. per bushel at current official exchange rates), and for September delivery 5.08 (43 $\frac{1}{2}$ c. U.S.) In Chicago on the same day September maize closed at 65 7/8c. per bushel.

In the domestic market prices ruled higher, except for Yellow maize, quoted at the official minimum. Red was worth 5.20; White 6.30; and Cuarenteno 5.70 per quintal.

LINSEED

June shipments of linseed were 3,124,000 bushels. In May they were 3,423,000 bushels. The supply position now is:

Second official estimate 1935-36 crop	52,360,000	bushels
Carry over from 1934-35 crop	4,869,000	"
Total supplies	57,229,000	"
Seed & domestic consumption	7,874,000	"
Exportable balance	49,355,000	"
Exported to June 30th	28,960,000	"
Balance still available	20,395,000	"

Consuming countries during the past month showed a little more interest in acquiring Argentine linseed, and the course of prices here was slowly but steadily upward. The European Continent bought rather liberally here. The reports of drought in the United States was doubtless a factor in the stiffening of prices, which closed the month here at 14.55 paper pesos per quintal for Spot linseed (equal to 123 3/4c. U.S. per bushel at official rates of dxcchange), and 14.81 (126c) for the September option, which in Duluth on the same day closed at 179c. per bushel.

O A T S

Shipments of Oats during June were 531,000 bushels as against 546,000 bushels in May, which leaves the supply position as follows:

Second official estimate 1935-36 crop	33,718,000 bushels
Carry over from 1934-35 crop	2,300,000 "
Total supplies	36,018,000 "
Seed & domestic requirements	29,827,000 "
Exportable balance	6,191,000 "
Exported to June 30th	4,179,000 "
Still available	2,012,000 "

Transactions in oats during June were of little importance. There has been practically no export demand for some little time. Italy, the principal overseas customer for Argentine oats, is apparently out of the market again, and in any case it is difficult for this country to compete with Canadian oats either in quality or price at the present time. Export prices dropped a little, White closing the month at 5.85 per quintal, as against 6.05 a month ago; and Yellow at 5.55 (5.75). Superior oats for the domestic market maintained their old price of 6.30.

B A R L E Y

June shipments were 868,000 bushels; 1,001,000 bushels in May. Using the revised official crop estimate, the statistical position now is:

Second official estimate 1935-36 crop	21,128,000 bushels
Carry over from 1934-35 crop	6,091,000 "
Total supplies	27,219,000 "
Seed & domestic consumption	6,568,000 "
Balance for export	20,651,000 "
Exported to June 30th	6,223,000 "
Still available	14,428,000 "

The price of Superior malting barley dropped a little on a dull market, closing at 5.50 per quintal, as against 5.60 a month ago. Best feed barley maintained its price of 5.20.

R Y E

Exports during June dropped to 390,000 bushels, from the May figure of 836,000 bushels, leaving the supply position as follows:

Second official estimate 1935-36 crop	5,000,000 bushels
Carry over from 1934-35 crop	5,471,000 "
Total supplies	10,471,000 "
Seed & domestic requirements	1,945,000 "
Exportable balance	8,525,000 "
Shipped to June 30th	2,482,000 "
Still available for export	6,044,000 "

A dull market, with little demand either locally or for export, resulted in a drop in prices to 4.85 for the best grade, as compared with 5.25 at the end of May.

ARGENTINE OFFICIAL GRAIN GRADES

For several months a commission has been at work classifying samples of the several grains grown in the Republic, in order to establish standards for the official grain grades as contemplated by the Argentine Grain Law, now supposed to be officially in force. Many thousands of samples of the last crop have had to be dealt with, but the work has at length been completed, and standard samples been evolved, which are ready for distribution. They cannot, however, yet be sent out or made use of, because of the fact that the establishing of these standards is one of the attributes of the National Grain & Elevator Board, which Board has not yet been named by the Government. The National Executive Power is required by the Act to name the members it proposes for the Board, five in number, and submit them to the Senate for approval. It is understood that the three non-government members have been selected from lists submitted by the millers, the rural cooperatives and the associations of agricultural producers, and that the two official representatives have also been chosen, viz: E. A. Coni, as chairman, and J.A.P. Parera; and that steps have been taken to secure the approval of the Senate. Criticism of the appointment of Senor Coni to the very important post of head of the National Grain & Elevator Board is heard on the ground that he has had no practical experience in the grain trade. He is, or was formerly, a lecturer in economic sciences in the University of Buenos Aires.



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