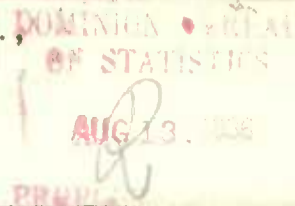


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The Grain Situation in the Argentine

Ottawa, August 12, 1936. - The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of August 3, 1936, dealing with the grain situation in the Argentine:

CROP CONDITIONS

More or less normal winter weather prevailed during the month of July in the cereal regions of the Republic, sunshine, rains and frosts alternating, and the atmospheric humidity being generally heavy. This was not exactly what was needed. A long spell of cold and fine weather would have been preferable, in order to offset the long period of excessive rains preceding it, and permit the land to dry out so that the seeding of wheat may be completed. A substantial acreage intended for wheat still remains unsown. What has been sown is generally reported to be in good shape, the ample moisture and mild temperatures having promoted growth, which in some of the earlier fields shows a tendency to be excessive, however. Rains in the middle of the month greatly benefitted the southern part of the province of Buenos Aires, which had previously suffered for lack of it.

The following extracts are from the monthly report of the Ministry of Agriculture on crop conditions, but it should be noted that as this report was issued on the 18th it probably does not cover more than the first half of the month:

WHEAT & LINSEED: Buenos Aires: Because of frequent rains work generally has been conducted under bad conditions. In the north and west ploughing has been delayed, with a consequent backwardness in the seeding of wheat. Nevertheless in the parts of the south most devoted to wheat sowing has been finished. In the north there is a real backwardness, hardly 20% having been seeded. In general the wheat fields present an insuperable condition. In the Coronel Suarez zone it is noted that there is a commencement of yellowing, which is attributed to rust. The news of the drought being felt in North America has stimulated sowing of wheat in some districts, and in general it is anticipated that there will be an increase in the area, with the exception of the north of the province, where there may be a decrease, as also in portions of the centre, where excessive moisture has waterlogged lands already prepared, which will now be reploughed for linseed. No linseed has yet been sown. Santa Fe: In general there has not been much work on the land since the last report, because of the impossibility of clearing the maize lands, and also the wetness of the soil, the capacity of which for saturation has been surpassed. In the south of the province wheat seeding is very backward. Probably only 40% has yet been planted. But as the greater part of the seed being used is of the 38 M.A. variety there is still a possibility of making up the time lost if it stops raining in the next month. Even so it will not be practicable to attain the increase of area which had been anticipated in the south. In the north there has already been seeded an area equal to that of last year, there remaining 30% still to sow, which is the increase which was calculated upon. Sowing of linseed has not yet begun in the south, on account of the difficulty in preparing the land. In the north, on the other hand, 60% has already been sown, and an increased area in comparison with that of last year is looked for. The growing linseed presents a very fine appearance, there being plants already about 8 inches high. Cordoba: Except in the south-eastern portion of the province, where still 10% remains to be sown, wheat seeding has been completed. It is confirmed that there is an increase in the area compared with last year, when it was cut down by drought. The general condition of the fields is very satisfactory. The mild days and damp soil have stimulated germination, whilst the frosts of the last days of June checked excessive growth. Climatic conditions permitted the spreading of the sowing from April, with slow growing varieties, to June, with precocious kinds. Sanitary condition is average. The early wheats suffered attacks of yellow rust, the extent of which it will only be possible to gauge when the first warm days of spring arrive. Nevertheless, in general the condition of the wheat crop is excellent. Sowing of linseed is proceeding normally. It is calculated that 60% of that sown has already germinated. It is estimated that there will be an increase in the acreage under linseed over that of recent years, because of the favourable conditions under which the land was prepared. Entre Rios: Excessive rains have paralyzed work on the land, which is very backward, so much so that in the central districts up to the present not 10% of the wheat land has been ploughed. In addition a part of that already prepared will have to

be re-ploughed because of the growth of weeds. Seeding of wheat is very backward. In four counties approximately 35% of the land ploughed has been seeded; in two others 15%, and in the rest not 10%. Prospects are not favourable. Condition of the growing wheat is below normal, as it has stooled little and has a tendency to excessive leafage, besides being full of weeds, due to the wet weather. Little land has been prepared for linseed, on account of the continuous rains, which have only permitted easy ploughing of new lands. In the districts along the Parana some linseed has been sown, which has sprouted well, but there is danger of an invasion of weeds. If the rains cease and the weather improves, the linseed prospects will be good. La Pampa: Climatic conditions since the last report may be considered good, owing to the absence of winds and the elevated atmospheric humidity, which helps to reduce the loss of soil moisture. Nevertheless, as rain has been scarce since April, agricultural prospects may change suddenly if the heavy winds which are normal for the next few weeks begin to blow, and opportune rains do not fall. Further, as the rainfall in 1935 hardly passed half the normal quantity and was scarce in the first half of the current year, the subsoil must be dry, and a drought this year would be more serious than ordinarily. Wheat seeding may be considered completed. The fields are in very good condition in most of the zone, with the development normal and in many cases advanced. The western region is an exception; the fields there are backward because of drought.

MAIZE: Buenos Aires: In the northern zone, which is the most important, as its production represents 70% of the provincial total, picking was resumed, there remaining about 30% still on the stalk. Up to now not more than 10% has been shelled on the average, which illustrates the slowness of the work. Hardly 6% of the total has been sold. It is not supposed that there are any areas entirely lost or abandoned, except in isolated cases in the neighbourhood of the coast; but it is foreseen that there will be appreciable losses in the cribs by reason of the grain having been gathered too green or too damp. Hence the quality generally will be deficient, with excessive humidity and a certain percentage of sprouted, rotted and mouldy grain. In the western zone, with a production of 15% of the provincial total, three quarters of the same is damp, with up to 5% of sprouted; the remaining quarter, picked in good weather, is sound and dry. In all the province, except the north, picking is concluded and shelling is going on, this having been perforce suspended by the impossibility of moving the machines from one farm to the next. Santa Fe: In the southern zone the crop prospects depend upon the weather; if this is dry and frosty the quality will be saved; but if the warm and damp days continue the maize will sprout and mould, notably reducing the quality. No areas have been lost through the rains. To the south of the Garcarana some few areas remain to be picked. Shelling is paralyzed by the dampness of the cobs and the impossibility of transporting the machines from one farm to another over the muddy camp roads. Of the three million tons produced in this zone only about 12% has been shelled, and of this three quarters have been shipped out of the district. Hardly one eighth part of the maize shelled can be considered sound and dry. That still to be shelled is all of it damp, and it can be taken that the percentages of sprouted and mouldy will be respectively 20 and 5%. In the northern zone the rains have caused abandonment of some areas of second sowing, which are being pastured in view of the impossibility of harvesting the broken down plants and sprouted cobs; but taken all together these represent only about 2% of the total of the zone. In general the crop of northern Santa Fe is of satisfactory quality, having been sown early and gathered and shelled before the long rains. Of the 15,747,000 bushels produced in this part of the province, 11,810,000 bushels is of good quality and within the recognised limits of humidity. Here more or less 25% remains to be shelled. Cordoba: In the east of the province, notwithstanding that there remains still a small part of the maize area unpicked, because of the continuous rains, the farmers have no idea of abandoning it. Of the crop in this zone, representing about 14% of the total of the country, about two-thirds have now been shelled. It is calculated that about 40% of the total production will be sound and dry, and the remainder damp, with about 10% of the crop sprouted, rotten and mouldy. In the remaining parts of Cordoba (west and north), the quality obtained has been proportionally better, owing to the drier atmosphere. Entre Rios: The poor conditions for gathering maize mentioned in the last report, continue, as it has not been possible to gather or shell any more in these later days. There remains still 70% of bitter maize unpicked, with its fate very uncertain. The greater part of the provincial crop is sweet corn, the quality of which is good. Most of it is destined for local consumption.

Revised Official Estimate of Maizo Crop.

The second official estimate of the 1935-36 maize crop has been compiled, showing very little change from the first figures. The new estimate gives a total of 381,752,000 bushels, as against the former total of 379,903,000 bushels. Last year's production was 451,947,000 bushels and the five-year average 339,124,000 bushels.

The area sown in the 1935-36 season was 18,854,000 acres of which there were harvested 12,652,000 acres, with an average yield of 30.2 bushels per acre, giving a total production of 381,752,000 bushels.

Details by provinces are given below:-

Province or Territory	Acres Seeded	Acres Harvested	Yield per acre	Production in Bushels
Buenos Aires	6,108,000	4,109,000	32.8	134,744,000
Santa Fe	4,332,000	4,046,000	35.0	141,698,000
Cordoba	5,528,000	3,072,000	24.9	76,656,000
Entre Rios	759,000	252,000	13.9	3,497,000
San Luis	124,000	13,000	12.7	170,000
Santiago del E.	213,000	192,000	21.6	4,167,000
La Pampa	808,000	169,000	10.7	1,807,000
The Rest	983,000	797,000	23.8	19,015,000

The difference of 6,202,000 acres between the area sown and that harvested, includes the areas lost through weather conditions and also areas used for pasture on the great live stock estancias.

The total production is inferior by 70,195,000 bushels, or say 15.5%, to that of the previous season, and exceeds by 42,628,000 bushels, or 12.6%, the average of the five years 1930/31 to 1934/35.

The rains have not affected the yields, but have seriously damaged the quality, according to the official report.

Summary re New Wheat Crop.

To sum up the situation with regard to the new wheat crop: The anticipated increase in the acreage is not likely to be attained, but there may nevertheless be some increase over the average of recent years, and will certainly be a larger acreage than last year, when it was cut down by drought conditions. There are probably now nearly 18.5 million acres seeded, against 14.2 acres last year and 19.9 million acres the five-year average. How much more will be planted depends upon the weather in the next two weeks. For the last week the weather has been cold and frosty, but with the relative atmospheric humidity still 75 or over. Still the land has dried out and much progress has been made. There will undoubtedly be a tendency to continue seeding later than usual, because of the temptingly high prices now prevailing for wheat, and also because of the moisture conditions ensuring rapid germination and growth.

The condition of the fields of wheat already above ground is generally very good, but renewed rains and unseasonably mild weather, might cause serious damage.

SUPPLIES & MARKET CONDITIONS.

W H E A T

Exports of wheat and wheat flour during July totalled 5,107,000 bushels (wheat 4,895,000 bushels, flour 212,000 bushels). This compared with a June total of 3,950,000 bushels.

The statistical position is now as follows:-

Second official estimate 1935-36 crop,	139,626,000 bushels
Carry over from 1934-35 crop	19,138,000 "
Total supplies	158,764,000 "
Deduct for probable overestimate	5,071,000 "
Revised net total	153,693,000 "
Seed & domestic requirements	95,533,000 "
Exportable balance	58,160,000 "
Shipped to) wheat 30,262,000 bushels	
July 31st) flour <u>979,000</u> "	<u>31,140,000</u> "
Still available for exports:	<u>27,020,000</u> ""

The above adjustment of 5,071,000 bushels deducted from the total supplies is in order to bring the figures of the statement into line with a recently published estimate of the Ministry of Agriculture of an exportable surplus of 28,476,000 bushels remaining at July 25th.

Of the quantity shown as still available for export, 16,535,000 bushels is held by the Grain Control Board, and most of the balance is probably still in the hands of farmers or landowners.

Extraordinary activity characterized the wheat market in Buenos Aires throughout the month of July, and prices advanced steadily from the official minimum price of 10. pesos per quintal at the opening of the month to over 12. pesos at the close, the basic reason being of course the reports of damage to the crops of the United States and Canada, added to which were reports of the unsatisfactory crop conditions in France, Italy and other European countries. The known shortage of stocks of wheat in the large importing countries was another important bull factor; and a heavy short position in the local option market on the part of some large operators did a great deal to bring about the advance of 20 % in 30 days.

Argentine millers are short of stocks, and will undoubtedly absorb a good deal of the remaining available wheat. Brazil will probably provide a market for most of the official Board's holdings. So that it is evident that very little Argentine wheat will be available for Europe out of the current crop, and the fate of the new crop may be an important factor in the future course of the market.

At the close of the month Spot wheat (soft No. 2, 64 lbs. per bu.) was being quoted at 12.10 per 100 kilos (equal to 110½ cents Canadian per bushel at current rates of exchange), and the October option at 12.05 (110 1/8c. per bu.); whilst at the same time October wheat in Winnipeg was quoted at 101½c. per bushel.

M A I Z E

Exports of Maize during July were 21,696,000 bush. as against 15,764,000 bush. in June. The following is now the statistical position:-

Second official estimate 1935-36 crop,	381,752,000 bush.
Carry over from 1934-35 crop	43,352,000 "
Total supplies	<u>425,104,000 "</u>
Seed & domestic consumption (revised)	<u>101,176,000 "</u>
Balance for export	323,928,000 "
Shipments to July 31st	<u>71,857,000 "</u>
Still available for export	<u>252,071,000 "</u>

Adjustments have been made in the above figures to allow for the slightly increased volume of the new crop as shown in the new official estimate, given on page 3, and also for the probably increased domestic consumption of damaged grain unfit for export.

There was very great activity in the maize market during July. The news of the crop in the United States being affected severely by the drought was largely responsible for this, with the possibility of a market being provided in the States for a substantial portion of the Argentine surplus. In fact large purchases were made for shipment there; and in addition the United Kingdom bought heavily.

As the result of a few days of comparatively dry weather with frosty nights, plus considerable artificial drying, shipments of maize showed a substantial increase over those of the previous month, but they are still far below what would be a normal figure.

As shown in the report on crop conditions on page 370... - the quality and condition of the new crop of maize are very unsatisfactory, and even with the best of weather from now on they cannot greatly improve. Shippers have already had to pay considerable allowances on cargoes to Europe; and heavy losses are reported to have been made on cargoes to the United States as well as to Europe because of a sharp advance in freights which had not been anticipated.

There has been some liberal chartering of freight recently, in anticipation of a hoped-for improvement in weather conditions bringing about more active shipping; but up to the present the improvement has been comparatively slight, and a long spell of dry and frosty weather is needed in order to make possible a brisk exportation to markets which are waiting to absorb the whole of the available surplus.

Very little maize has been acquired by the official Board, and only about one-tenth of the stocks are in the hands of exporters; so that the gratifying improvement in prices is likely to benefit the farmers and country holders, if it lasts. It will also probably bring about a tendency to increase the maize acreage for the next crop, sowings of which will commence shortly.

Spot yellow maize for export at the close of the month was selling at 6.15 pesos per quintal (equal to 52 3/8 cents U.S. per bu.) and the September option at 6.25 (53 1/8c. per bushol); whilst in Chicago September maize was changing hands at 10 1/2 c. per bushol.

L I N S E E D

July shipments were 5,638,000 bush. nearly double those of June 3,124,000 bush.

The statistical position is now as shown below:-

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 and domestic consumption	7,874,000	"
Exportable balance	49,355,000	"
Shipments to July 31st	34,597,000	"
Balance still available	14,758,000	"

In common with wheat prices, those of linseed took a sharp rise during the month, the principal reason for it being the pessimistic reports with regard to the crop in the United States. The upward movement was assisted very materially by the operations of speculators on the option market here and in Rosario. Shippers of linseed had not foreseen the advance in prices, and sold somewhat liberally for future delivery, having then to cover themselves at a substantial loss. Buyers for the United States purchased moderate quantities, but other consuming markets showed less interest. Local crushing houses made fair purchases. The Grain Control Board, which holds probably about a third of the remaining surplus, shows no great inclination to sell at the moment.

At the close of business Spot linseed was selling at 15.98 pesos per quintal (equal to 136 c. U.S. per bushol. at current exchange rates), and the October option at 16.40 pesos (139 1/2c. per bushol.). On the same day October seed closed in Duluth at 207c. per bushol.

The new Argentine crop is not yet a price factor, seeding not yet being sufficiently advanced. It seems almost inevitable that there will be a smaller area sown in the important Entre Rios zone, on account of the waterlogged state of the land; but on the other hand there will probably be a greater acreage than usual in other districts, with prevailing high prices tempting farmers to take a chance with a somewhat risky crop.

O A T S

Shipments of oats during July were 542,000 bushels (531,000 bushels last month). This makes the total exports to date 4,721,000 bushels out of the surplus of 6,190,000 bushels, and leaves only 1,469,000 bushels still available.

Only a very light volume of business was transacted during July; nevertheless prices took a jump upward, White oats for export closing at 6.60 pesos per qtl., as against 5.85 a month ago.

B A R L E Y

July exports totalled 822,000 bushels, a shade lower than those of June, which were 868,000 bushels. 7,045,000 bushels have now been shipped out of the surplus of 20,651,000 bushels, leaving still available 13,605,000 bushels.

Business during the month was only light, but an atmosphere of firmness prevails, and prices closed at 6.25 pesos per qtl. for Brewing grades and 6.10 for Feed barley, as against 5.50 and 5.20 a month ago.

R Y E

During July, 327,000 bushels of Rye were shipped, which compares with 390,000 bushels in the previous month, and brings the total exported to date to 2,809,000 bushels out of the exportable balance of 8,526,000 bushels, leaving still on hand 5,718,000 bushels.

There was a firm tone in the market, with only a moderate volume of business passing. Export rye closed the month at 5.50 pesos per 100 kilos, which compares with 4.85 at the end of June.



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