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The Grain Situation in the Argentine

Ottawa, September 12, 1936. - The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of September 2, 1936, dealing with the grain situation in the Argentine:

FIRST OFFICIAL ESTIMATE OF AREAS SEEDED.

The Department of Rural Economics & Statistics of the Ministry of Agriculture has made public its first estimate of the areas seeded to the principal grain and seed crops (excluding maize) for the new season, 1936-37. The grand total amounts to 30,862,790 acres, which is 3,334,000 acres in excess of the last season's total, or say an increase of 12 per cent. The sowings last year, it will be remembered, were very much cut down by the severe drought. Whilst the new season's figures show an increase over 1935-36, they are nevertheless below what may be considered normal, being almost 2,471,000 acres under the average of the last ten years, viz., 33,259,000 acres.

Details of the individual crops are as follows:

Wheat	16,802,800 acres
Linseed	7,289,450 "
Oats	2,965,200 "
Barley	1,976,800 "
Rye	1,729,700 "
Canary Seed	98,840 "
Total	<u>30,862,790 "</u>

Below are some comparative statistics:

	<u>Wheat</u>	<u>Linseed</u>	<u>Oats</u>	<u>Barley</u>	<u>Rye</u>
	(acres)				
1936-37	16,803,000	7,290,000	2,965,000	1,977,000	1,730,000
1935-36	14,209,000	6,573,000	2,953,000	1,940,000	1,750,000
1934-35	18,812,000	8,103,000	3,529,000	2,014,000	2,134,000
5-year average.	17,954,000	7,514,000	3,434,000	1,746,000	1,731,000
10-year average	19,427,000	7,346,000	3,485,000	1,511,000	1,398,000

It may be added that the official estimate is lower than had been anticipated by many in interested circles. It is true that a long period of excessive rains had held up the work of seeding; but the generally fine, cold weather experienced in August was rather expected to enable the farmers to bring up the wheat acreage to nearer the normal figure. There are not wanting those who look for the official estimates to be revised upwards at a later date.

CROP CONDITIONS.

The weather during August was generally fine, cold and dry, with only occasional rains, permitting seeding of wheat to be concluded and good progress to be made with the linseed and other small grain crops. Growing crops have greatly benefited by the changed climatic conditions; the tendency to excessive leafage has been checked, and better stooling and root development have been encouraged.

Great progress has been made with the conditioning and picking of the balance of the old maize crop, and preparations for seeding the new crop are being very actively prosecuted, with the apparent probability of a record acreage being planted should conditions continue favourable, especially in view of the diminution in area of the other grain crops if the official estimate proves justified.

Extracts from the official report on crop conditions follow. This made its appearance on August 20th, and therefore presumably does not cover much more than the first half of the month.

WHEAT AND LINSEED. Buenos Aires: In the northern zone of the province wheat seeding is backward, the proportions seeded varying from 30% in the districts less devoted to wheat growing, up to 80%. Although sowing may be continued up to the end of August, it looks at present as if there would be a smaller area planted to wheat. The little wheat which has germinated has done so in perfect form. In the remainder of the province wheat seeding has been finished, except in isolated spots in the centre of the west, where it will terminate before the end of the month. Taken as a whole, the condition of the grain is very good; just in the south-west corner a rain would be welcome so as to maintain the present excellent appearance. Everywhere the cold weather has done good, halting the excessive vegetation of the plants and favouring growth of the roots. In parts of the east some of the fields have had to be pastured in order to prevent the too early formation of the stalk. Sowing of linseed is backward, for which reason it may be supposed that there will be a smaller area in the linseed districts of the north. In the rest of the province conditions are normal. The plants above ground look very well. In the driest parts of the south and west germination is just commencing, for which reason the frosts have done no damage, and in the north and east the fields have escaped damage, thanks to the high humidity of the soil. Santa Fe: In the southern districts the farmers have had to show great activity in order to complete wheat seeding; there is an impression that the area planted to this grain is greater than that of last year. All over the province the condition of the fields is very good. In the south most of the fields have germinated and sprouted recently; whilst in the centre and north the development of the plants, which was perhaps too forward, has been checked by the last frosts. Sowing of linseed continues in the southern zone, where a greater area than normal is expected to be planted in view of the high prices. The lots above ground are very even, not having been much damaged by the frosts, although there are many fields with plants of less than two leaves which might have been lost in a season with less humidity than this. In the northern zone also the condition of the linseed is perfect, there being early sown fields with a height of over 12 inches. Cordoba: Sowing of wheat has been finished, with an area somewhat above normal, most of the increase being in the east and centre of the province. The general condition of the grain is very good, the low temperatures having checked the excessive leafage and encouraged root growth and stooling. In parts of the south-west yellow rust has appeared, but so far has not affected the vitality of the plants, which will probably re-act vigorously with the first spring rains. Linseed planting may be considered completed, with a visible increase in area. In general its condition is good, little damage having been done by the frosts, except in the south-west, where the intermediate sowings, being in the period of germination and early vegetable development, suffered some damage. Also in this zone some drought has made itself felt, which impeded work on the late seeding in August and the reseeded of damaged fields, but there will still be time to finish this if there are opportune rains. No damage from parasites has been noticed. Entre Rios: Within a few days the normal period for sowing wheat will terminate, with an evident shrinkage in the area, especially in the north, centre and east, where there is an important reduction. The condition of the fields is inferior to normal, on account of their backwardness. The leafage of the early sowings, which tended to be excessive, has been checked by the cold days of the past month. Sowing of linseed is being continued under good conditions, especially in the south-west. In general the state of the linseed is satisfactory, but a light rain is needed for the late sowings, whose germination is held back by the winds drying out the superficial soil. La Pampa: Wheat seeding continues in the south, and in the north it has been resumed with precocious varieties. The condition of the wheat above ground is good, except in parts of the north-west. The danger foreseen last month of a too exuberant growth of leafage, has been overcome for the moment by the low temperatures and freedom from winds.

MAIZE. Buenos Aires: In the north around Pargamino harvesting of maize is over; yields are high, although for the moment shelling is backward, which prevents a definite conclusion in this respect. Generally the quality is deficient on account of the humidity and the high proportion of rotten, fermented and mouldy grains. In the eastern zone, along the Río de la Plata, abandoned fields are to be seen. Shelling proceeds slowly because of the humidity of the maize, except where it has been stored under a roof - a very small minority. To the west the portion cribbed is greater there being up to 30% unshelled in places, but this diminishes as one approaches the Pampa. In this zone the crop is below normal, both in quantity and quality. In the south the greater part of the marketable maize is shelled, but there is still some in cribs for local consumption, which is the primary purpose of the maize grown in this zone. Santa Fe: Harvesting of maize is practically finished. Shelling has been intensified, the dry weather favouring this work. The quality being obtained is not bad. It is noteworthy that the very deficient lots which were shelled at the beginning owed their bad condition in great part to the farmers being

in a hurry to sell and consequently to shell the grain. But the crop generally is damp, and in parts near the river there is a significant percentage of sprouted and damaged grain. Shipping is relatively slow because of the necessity of drying the greater part of the maize, which prevents an active movement. Córdoba: In this province, with the normalization of the weather, shelling of maize is being pushed to a close. The quality tends to improve, due to the low temperatures, frosts and drier atmosphere. It is estimated that the maize shelled and shipped out from the various zones varies from 40 to 45% of the total production. Entre Ríos: In a few days shelling of maize will be finished. Although the quality is satisfactory for local consumption, it is unfit for exportation.

Artificially Dried Maize.

The National Grain & Elevator Board has decided that maize artificially dried, whether by steam or hot air apparatus, must be delivered with a basis of 14.5 degrees of humidity, and be free from any mixture whatever with naturally dried grain. This compares with the recognized basis of 15.5 for naturally dried maize. The measure has been taken with a view to maintain the prestige of Argentine maize by ensuring its arrival in foreign markets in the best possible condition.

The common method of drying damp maize here is by spreading it in the sun and turning it frequently. It is a slow process, but it has the merit of preserving the appearance of the grain, whereas machine-dried maize is said to be rougher, duller and less attractive in appearance. Mixtures of sun-dried and machine-dried maize are said to have an unpleasant odour and to be liable to ferment during storage or in transit on board ship.

The cost of drying by the two methods is probably about the same, the extra labour by the one process offsetting the expense of machinery and fuel of the other. The installation of driers is increasing rapidly.

SUPPLIES AND MARKET CONDITIONS.

W H E A T

Wheat exports, including flour, in August totalled 2,860,000 bushels (wheat 2,699,000, flour 161,000 bushels). This is a substantial decrease from the July total of 5,107,000 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	19,138,000 "
Total supplies	158,764,000 "
Deduct for probable over-estimate	5,071,000 "
Revised net total	153,693,000 "
Deduct for seed and domestic needs	95,533,000 "
Exportable balance	58,160,000 "
Shipped to) wheat - 32,860,000 bushels	
August 31st.) flour - 1,140,000 "	34,000,000 "
Still available for export	24,160,000 "

Whilst there was a great deal of activity in the wheat market, especially during the first week of the past month, it was largely due to speculators, who, here as elsewhere, always come in on a bull market. The serious damage to the Canadian and United States crops provided the principal factor for the fluctuations of prices, which attained a level of \$12.45 per quintal in the early days of the month, but a gradual decline brought Spot wheat down to \$11.26 at the close. The downward movement was greatly assisted by the announcement that the Canadian Government had declined to raise the minimum price guaranteed to growers, after cabled reports had indicated that there was a very strong pressure being used to put this up to a dollar per bushel.

There is a growing scarcity of good wheat, and the little coming forward is readily absorbed by the millers and exporters for the Brazilian market. Other qualities are not so easy to place but buyers for Belgium are interested. Substantial sales at good prices have been effected by the official Grain Control Board.

When business closed for the month, Spot wheat (Soft No. 2, 64 lbs. per bushel) was selling at 11.26 paper pesos per 100 kilos (equal to 103 1/8 cents Canadian per bushel at current official exchange rates), and the October option at 11.30 pesos (103 1/2c. per bu.). On the same day October wheat closed in Winnipeg at 96 1/8c.

M A I Z E.

Shipments of maize during August totalled 30,388,000 bushels which compares with 21,696,000 bushels in July, and leaves the statistical position as follows:

Second official estimate 1935-36 crop.....	381,752,000 bushels.
Carry over from 1934-35 crop	43,352,000 "
Total supplies	425,104,000 "
Seed and domestic consumption (revised)	101,176,000 "
Exportable balance	323,928,000 "
Shipments to August 31st.	102,244,000 "
Still available for export	221,684,000 "

With the advent of dry, frosty weather there has been a complete change in the picture as regards the movement of maize. As will be seen from the above figures, there has been a very substantial increase in the monthly shipments overseas, and the volume for August would probably have been still greater had boats been available. Chartering for September loading has been very active, so that this lack has now been remedied.

There is a good demand for the grain, and no lack of offers; business therefore has been quite brisk. Substantial sales have been made to the United States, but the exaggerated prophecies with regard to the possibilities of this market which were in circulation recently do not at present look like being realised. Stocks on the European Continent are believed to be low, and good orders were filled for Continental destinations, as also for the United Kingdom.

Considerable speculative activity was evident in the market on the strength of a rumour which was put in circulation, apparently without substantial foundation, to the effect that the Government was about to increase the minimum price for maize. This hope still seems to persist in some quarters, but it did not prevent a drop in prices towards the close of the month, when Spot maize sold at 5.89 pesos per quintal (equal to 50 1/4c. U.S. per bushel) and the December option at 6.33 (54c. per bu.). On the same day in Chicago December maize closed at 92 7/8c.

L I N S E E D.

August exports of linseed totalled 4,257,000 bushels; the July figure was 5,638,000 bushels.

This leaves the supply position as under:

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 up to August 31st	38,855,000 "
Still available for export	10,500,000 "

As in other products, speculation played a large part in the linseed market during August. The demand from consuming countries was only average, and as stocks are getting low here there was no pressure to sell. No difficulty is to be anticipated in disposing of the remainder of the old crop before the next comes on the market. The price is attractive, and sowing is reported to be still proceeding for the new crop in some districts.

At the end of the month Spot linseed closed at 14.81 pesos per quintal (equal to 126 3/8c. U.S. per bushel); and the October option 15.03 pesos per quintal (128 1/4c. per bu.). At the same time October seed sold in Duluth at 208c.

O A T S

Shipments of oats during August were very small, totalling only 295,000 bushels, as against 542,000 in July. Exports to date have been 5,016,000 bushels out of the exportable balance of 6,190,000 bushels, thus leaving still available the very small balance of 1,174,000 bushels. Little business is passing, and prices weakened considerably, white oats for export closing at 5.95 per quintal as against 6.60 a month ago, and yellow oats at 5.75 per quintal.

BARLEY

August shipments of Barley were 506,000 bushels (July 882,000) making 7,551,000 bushels to date out of the exportable balance of 20,651,000 bushels, and leaving still on hand 13,100,000 bushels. Whilst the volume of business was small, prices maintained their level of a month ago, Malting barley closing at 6.25 per quintal, and Feed at 6.15 pesos.

R Y E.

Exports were 272,000 bushels; in July 327,000 bushels were shipped. 3,080,000 bushels have now been exported out of the 8,526,000 bushels available on paper, leaving still on hand 5,446,000 bushels. Prices showed a slight improvement, Spot rye closing at 5.65 pesos per quintal, as against 5.50 a month ago.

ARGENTINE NATIONAL GRAIN & ELEVATOR BOARD.

The National Grain & Elevator Board, which is to control the domestic and export grain trade of the Republic in all its phases, including the elevator system when built, has at length been constituted. It consists of: Emilio A. Coni, Chairman; José A. Pedrolini Parera, Vice-chairman; Vicente A. Brunini, Federico G. Covernton and E. Roberto Werner, members. The two first named represent the Government. Señor Coni is a university professor and the author of a number of booklets and pamphlets on economic and kindred subjects. Señor Parera is a land-owner, prominent in politics in his own province of Entre Ríos. Señor Brunini is a scientist, manager of an experimental farm, specializing in the development of improved seed grain, successfully conducted on behalf of a rural insurance society in the Tres Arroyos district. He represents the rural co-operatives on the Board. Señor Covernton is a landowner, for several years president of the Rosario Rural Society. He represents the rural organizations other than co-operatives. The last named member, Señor Werner, representing the milling industry on the Board, is the able head of a Rosario firm of flour millers. He is the only member of the Board with any practical experience of the grain trade.

The three last named members were selected by the Government from lists of nominees submitted by the organizations they represent, in accordance with the requirements of the Grain Act. The period of service is six years.

ARGENTINE GRAIN STANDARDS.

One of the first acts of the newly constituted National Grain & Elevator Board was to approve the official standards of the wheat, oats, barley, rye and linseed crops of the season 1935-36, as required by the Grain Act. These standards had already been established by a special commission of experts appointed for the purpose. The work was completed some time ago, but under the Grain Act they could only be brought into use after being officially approved by the Grain & Elevator Board, which had not then been brought into existence.

Much detail work has been involved in forming separate standards for each grade of each type of grain for each of the three official zones of production, viz., Rosafé, Buenos Aires and Bahía Blanca, giving due value to the various qualities and characteristics of each.

As examples, I give below the standards established for what may be regarded as the finest type of Argentine export wheat, the Hard wheat of the Bahía Blanca zone; and the Soft wheat of the Buenos Aires zone.

Commercial Quality	B. Blanca Hard		B. Aires Soft	
	Grade 1.	Grade 2.	Grade 1.	Grade 2.
Specific weight (weight in lbs. per bushels See note on page 6.)	64.12	61.52	64.12	60.71
Valueless foreign matter .....	.30%	.70%	.65%	.85%
Wild oats and other grains, including rye ..	.70%	1.35%	.65%	2.15%
Rye .....	.10%	.20%	.10%	.40%
Bleached kernels	8.00%	6.00%	-	-
Broken kernels	1.95%	2.85%	1.75%	1.60%
Kernels, scorched, sprouted, etc. ....	.15%	.30%	.35%	.50%
Green kernels .....	.10%	.20%	.20%	.25%
Ball smut .....	.05%	.05%	.03%	.05%

B. Blanca Hard		B. Aires Soft	
Grade 1.	Grade 2.	Grade 1.	Grade 2.

Milling Quality.

Specific weight of cleaned wheat,	66.85	65.40	66.36	63.96
Percentage of usable cleaned wheat	95.29%	96.17%	96.76%	94.11%
Humidity of uncleaned wheat	12.10%	12.20%	12.56%	12.36%
Total protein (N x 5.7) in cleaned wheat, humidity 15.00%	14.02%	14.52%	12.88%	13.77%
Flour yield of cleaned wheat	69.09%	69.93%	69.84%	70.72%
Wet gluten in flour	47.85%	47.01%	38.70%	43.62%
Whiteness of flour	78.0	82.0	94.0	93.0
Milling value	94.0	95.1	97.9	96.8

Baking Quality

Absorption of water in kneading	67.5%	67.5%	61.5%	62.5%
Ease of handling of dough	100.0	92.5	87.5	97.5
Volume of loaf per 100 grams flour	542 cc.	550 cc.	572 cc.	562 cc.
Specific volume of loaf	3.793	3.859	4.217	4.143
Whiteness of inside of loaf	96.5	97.0	100.5	99.5
Texture of loaf	96.0	97.0	100.5	101.0
Baking value	94.7	96.2	100.7	100.1

Note:- 80 kilograms per hectolitre is equivalent to 64.12 lbs. per bushel)

In addition to the above, the specification of each standard contains the percentage of the different varieties of grain entering into its composition, in the case of wheat; and its elasticity and other properties as ascertained by various technical apparatus are given in considerable detail.

The grain samples from which the standards were evolved represent roughly one-fifth of the 1935-36 Argentine crop.

Small samples of the standards have been sent to the various consuming markets abroad, together with full details of their composition.

