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THE GRAIN SITUATION IN ARGENTINA

Ottawa, November 15, 1937.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of November 2, 1937, dealing with the grain situation in Argentina.

Second Official Estimate of Areas Seeded

The second official estimate of the areas seeded to the principal grain and seed crops (excluding maize) has been given out by the Ministry of Agriculture. The total area under crop is now stated to be 33,997,080 acres, as compared with the first estimate of 31,109,650 acres. Each item shows an increase, some of them very small; but in the case of wheat, the principal crop, there is almost a 10 per cent jump, which makes the acreage of the new crop rather better than 10 per cent above that of last year, and slightly over the ten-year average.

The following is a comparison of the two estimates:

	Second Estimate		First Estimate	
Wheat	7,800,000 hect.	or 19,266,000 acres	17,586,400 acres	
Linseed	2,970,000 "	" 7,335,900 "	6,298,500 "	
Oats	1,310,000 "	" 3,235,700 "	3,112,200 "	
Barley	780,000 "	" 1,926,600 "	1,914,250 "	
Rye	860,000 "	" 2,124,200 "	2,099,500 "	
Totals	13,720,000 "	" 33,888,400 "	31,010,850 "	

And below is a comparison with last year and with period averages:

	Wheat	Linseed	Oats	Barley	Rye
1937-38	19,266,000	7,335,900	3,235,700	1,926,600	2,124,200 acres
1936-37	17,495,000	7,435,000	3,157,000	1,924,000	2,203,000 "
5-year average.	17,987,700	7,270,500	3,370,200	1,842,300	1,895,000 "
10-year average.	19,241,800	7,357,700	3,481,800	1,604,800	1,563,300 "

Revised Official Estimate of Maize Production

The Ministry of Agriculture has made public its third official estimate of the maize crop of the season 1936-37, which shows an area seeded of 15,973,000 acres with a harvested area of 11,929,000 acres, and a total production of 359,618,000 bushels, an average of about 30 bushels per acre harvested.

As compared with the second estimate, made in June last, the volume of the crop shows a diminution of 399,000 bushels, a negligible difference in figures of such magnitude.

The difference of 4,044,000 acres between the areas planted and picked represents crop losses from various factors, but includes also unstated areas, probably considerable in extent, planted by estancieros to provide pasturage for their live stock.

The crop is smaller than the preceding one by 38,000,000 bushels, or say 9.6 per cent; but is larger by 24,903,000 bushels than the five-year average and is 33,746,000 bushels over the ten-year average.

In a subsequent memorandum the Ministry places the domestic consumption of maize during the season, originally estimated as 55,115,000 bushels, at 90,547,000 bushels. This increase was due to the prolonged drought during the winter months, which greatly increased the quantities fed to live stock from the cribs on the farms, and to some extent to the greater quantity used for fattening hogs, induced by the relatively high prices prevailing for pork.

Crop Conditions

Synopsis of the monthly official report on conditions in the principal cereal regions, published on October 20:

Buenos Aires: Favourable weather conditions which began in September continue, the rains of the first half of October being of great benefit especially in the south and west where the general state of the crops has notably improved. In the northern parts of the province a continuance of the rains might be prejudicial to the normal development of the crops through excessive humidity. Wheat: Most of the wheat throughout the province has headed out. Generally the condition is good, especially in the great south-western wheat zone. Here, however, during the last few days there has been noted an appearance of dark stains in the neck of the plants, which may indicate a possible invasion of pietin. In the west, although more rain is needed, the plants have re-acted well. The condition is very satisfactory in the centre and south-east. In the north continued rains might be unfavourable. All reports confirm the forecasts of increased acreage under wheat, the increase being proportionately greater in the corn and linseed zones of the north and centre of the province. Linseed: In the north sowing is finished, and it is being completed on the Atlantic coast and in some parts of the west. The condition may be said to be good. Development of the plants is normal, except in the west, where it is a little late because of drought in the early stages. In the north the rains have caused a pronounced increase in weed growth, which may be detrimental if it continues. Maize: Planting has practically been finished in the north. About 70 per cent has germinated and is progressing under good conditions.

Santa Fé: Weather conditions have been more favourable, with frequent rains falling abundantly in the best districts. In the north, and especially the north-west, there was a scarcity of rainfall and the strong and hot winds have augmented the effects of the drought, making an abundant and immediate rain indispensable in this zone. Throughout the south the condition of the wheat fields is very good, but in the north it looks very poor, with growth uneven and plants already heading without having stooled. First because of the drought, then the green fly and now locusts, many wheat fields in this northern part have been lost, and the land has been ploughed for maize. These losses have restricted the increase in area which had been anticipated. In some varieties of wheat there is much loose smut, to which the farmers attach little importance in spite of the undoubted loss it causes in quality and yield. Linseed: Sowing may be said to be completed, somewhat later than normal because of lack of rains in the south and centre. In the north the work was done at the proper time, but with the land very dry. The area is smaller than in other years. The fields generally have germinated unevenly, because of the drought. The last rains have improved them, and in the south the present condition is good; but in the north, where the drought was more persistent, they are bad. Maize: In the south and centre, planting of maize is being completed under good conditions, less than 10 per cent remaining to be done. In the north it is being carried on with difficulty. Extensive flights of locusts which are now depositing their eggs have discouraged the farmers, who are not pushing the work.

Córdoba: The general rains have noticeably changed the agricultural picture in the province, facilitating new sowings and helping germination of the old ones. Latterly violent winds have caused damage in the sandy soil regions, and have dried out the land, so that new precipitation would be very beneficial. The wheat fields are in various stages, from heading to milk paste. While some fields where germination was very uneven will not be harvested, in general the condition may be considered good, principally in the south-east of the province. In the south-west drought and winds have caused the loss of some fields. In this zone the recent rains have filled a much felt want. Linseed: The linseed fields are in good shape, the early sown ones having flowered and formed pods. The later fields have had their development delayed by winds and changeable temperatures. Cutting of wheat and linseed is expected to commence in the early days of November. Maize: Most of the land destined for maize has been planted, and preparation of the rest is being finished. The area planted is expected to be greater than last year. The condition of the fields is good, although the seeding was delayed a little by drought. The most advanced grain is being cultivated.

Entre Ríos: Opportune rains have helped ploughing and maize planting and benefited the other crops. Wheat: Most of this has headed, and generally it presents an excellent appearance, except in some districts where green fly has caused damage, and in others where the locusts have been busy. Linseed: Sowing of this is virtually finished, having been abnormally prolonged by reseeding with linseed wheat fields stripped by green fly and locusts. The condition is generally good. Most of the fields are in flower, and some have podded. Seeding of Maize is being pressed throughout the province. In the north the early plants are 8 inches high.

The Pampa: During the last month the precipitation in the south was sufficient, but in the north it was scarce and the strong and continuous winds neutralised its effect, causing damage in the Spring sowings. Wheat in the north is forming stalk under bad conditions because of the effects of the drought, but if it rains before long there are still hopes of a half-crop. In the south the present prospects are for an abundant crop.

Since the appearance of the official report summarized above there have been further rains, in which all parts of the cereal regions have participated, and private reports now indicate that in a general way moisture supplies are adequate for some time, and that more sunshine would be welcome.

In the last week of the month a sudden drop in temperature resulted in frosts in various districts, and there are fears of damage to the wheat and linseed crops, the extent of which will not be assessable for some time. During the same week an extensive flight of locusts was reported in the centre of the province of Cordoba, and some destruction is indicated in those wheat fields, which were still green and in the maize fields with possibilities of more damage to the maize later when the eggs now being deposited hatch out. Generally speaking, there has so far been no more damage than usual this year from either frost or locusts in the grain districts.

The general situation may be summed up as being quite good at the end of October, as the districts where the crop condition is poor or only fair are amply offset by those which may be described as good and very good, these latter being generally zones with records of heavier yields than the former. The province of Buenos Aires, where the conditions are best of all, this year represents about 55 per cent of the whole wheat area of the Republic.

In the northern wheat areas, especially in Santa Fe, harvesting is expected to be early this season, and deliveries may commence early in December with favourable weather. Linseed, on the other hand, is not so well advanced as a year ago, and early shipments are not anticipated.

Supplies and Market Conditions

Late in the month the Department of Agriculture, as the result of an investigation as to the stocks of wheat, linseed and maize in the country as at the 30th of September, published revised figures of the volume of the 1936-37 crops of those products, to bring them into conformity with the remaining stocks. The government's revised figures are the basis of the following statements.

Wheat.— Exports of wheat and wheat flour during October totalled 3,002,000 bushels, 2,604,000 bushels being wheat, and 398,000 bushels flour. The combined total in the previous month was 3,986,000 bushels. Below is the present statistical position:

Revised official estimate 1936-37 crop		249,196,000 bushels.
Deduct for domestic needs -	77,162,000 bushels	
and for seed -	22,046,000 "	99,208,000 "
Exportable balance		149,988,000 "
Disappearance prior to January 1, 1937		3,380,000 "
Available balance on January 1		146,608,000 "
Shipments) wheat	140,159,000 bushels	
to October 30) wheat as flour ..	2,893,000 "	143,052,000 "
Still available for export		3,536,000 "

There were great fluctuations in the wheat market during the month, and prices were carried as high as 17.50 pesos per quintal. This extraordinary rise from 14.90 prevailing at the opening of the month, appears to have been due in part to the fact that local millers with options bought to cover their requirements and needing actual wheat, insisted on deliveries, and the grain had to be purchased regardless of price. There was also a good deal of speculation contributing to the disturbed condition of the market. To give some relief in an awkward situation it was decreed by the Board of the Futures Exchange that new wheat may be delivered to cancel contracts for old wheat for November delivery. Considerable public interest was aroused in the question of wheat prices by the action of the bakers in putting up the prices of bread.

Bakers, millers and grain dealers were called in by the Minister of Agriculture in an effort to get at the real causes of the trouble, and as a result in the closing days of the month it was decreed by the Government that from the 29th until further official action all exports of wheat and wheat flour were prohibited. The preamble to the Decree stated that there were ample stocks of wheat in the country to meet all needs for consumption (there were officially stated to be 6,761,000 bushels surplus over all domestic requirements on October 22nd); but that reserves must be on hand until the new crop became available. The action of the Government, of which no hint had been given caused some consternation in grain circles; but on the whole was very well received by the public.

Apart from the conditions mentioned above, there is little to be said with regard to the wheat market here. Before the prohibition of exports, shipments to Europe had practically ceased, and Brazil was almost the only customer for Argentine wheat. Cargoes of United States wheat have already begun to arrive at Brazilian ports, so that no great inconvenience is likely to accrue to clients there; and some sales of Russian wheat are said to have been made also.

Early deliveries of wheat from the northern zones are looked for, but these will not be available for milling purposes until a month or so has elapsed for conditioning the grain.

The result of the measures taken by the Government and the Board of Grain Exchange was a return to something approaching normalcy in the market and prices although still above parity with foreign markets fell below those of a month previous, Spot wheat closing the month at 14.60 pesos per quintal, equal to 131 1/2c. Canadian per bushel at official exchange rates; and the December option at 12.82, or say 115 1/2c. per bushel. In Winnipeg on the same day December wheat closed at 117 5/8c.

Linseed. - October exports were 5,465,000 bushels; those of the previous month 4,877,000 bushels. Based on the revised Government crop estimate, the statistical position is now as below:

Revised official estimate 1936-37 crop.....	76,201,000 bushels.
Less seed requirements 6,693,000 bushels	
Less domestic requirements - <u>1,181,000</u> "	<u>7,874,000</u> "
Balance for export	68,327,000 "
Disappearance prior to January 1, 1937	<u>2,464,000</u> "
Available balance on January 1	65,863,000 "
Shipments to October 30	<u>63,701,000</u> "
Still on hand	<u>2,162,000</u> "

The new official estimate of the crop proved to be more or less in line with grain trade views, and there was no effect whatever on the market. Business was quiet, with no selling pressure and no eagerness on the part of buyers. With the smaller acreage seeded and much of the new crop not in very good condition, an upward price tendency resulted, 16.90 being reached in the middle of the month; but this shaded off to 16.60 at the close, this being equal to 139 1/2c. U.S. per bushel at official rates of exchange. December seed closed at 16.10 (135 1/4c. per bushel.) In Duluth the closing December price was 197c.

Maize. - Shipments of maize during October were 32,257,000 bushels which compares with the September total of 38,257,000 bushels.

The following statement shows the statistical position:

Revised official estimate 1936-37 crop	359,618,000 bushels.
Carry over from 1935-36 (revised)	<u>18,539,000</u> "
Total supplies	378,157,000 "
Domestic requirements (revised) 90,547,000 bushels	
Seed requirements (revised) <u>5,905,000</u> "	<u>96,452,000</u> "
Exportable balance	281,705,000 "
Shipments from April 1, 1937 to October 30, 1937	<u>227,946,000</u> "
Balance still available	<u>53,759,000</u> "

While the official revised estimate of the maize crop showed only a comparatively trifling variation from the previous figures, the drastic reduction of the exportable surplus caused by adding nearly 39,368,000 bushels to the allowance for domestic consumption came as a great surprise and caused a sharp rise in prices. The government's figure is doubtless based on the result of careful investigation, but there are not wanting members of the grain trade who doubt its accuracy.

Offsetting this bullish feature on the market, the reported shipments of maize from the United States to Europe had a weakening tendency. At the close of the month business was quite active, with a firm tone prevailing, Spot maize selling at 7.77 pesos per 100 kilos (equivalent to 65 1/4c. U.S. per bushel); and the December option at 7.84 (65 7/8c. per bushel); while in Chicago December corn closed at 57 5/8c.

Oats.- October shipments reached 1,359,000 bushels, as compared with the small September total of 289,000 bushels.

Of the original exportable balance of 21,527,000 bushels, 20,695,000 bushels have now been shipped out, leaving only 833,000 bushels still on hand.

Demand during the month was fairly active, with a firm tone prevailing. White oats closed at 6.45 per 100 kilos, and Yellow at 6.30, as compared with 6.30 and 6.15 respectively a month ago.

Barley.- Exports during October were 77,000 bushels, as against 103,000 bushels in the preceding month.

From the original exportable balance estimated at 23,286,000 bushels it is necessary to deduct 9,186,000 bushels as non-existent. Of the remaining 14,100,000 bushels, 11,123,000 have been shipped out, leaving still available 2,978,000 bushels.

While for old barley there is little export interest, for the grain of the new crop for delivery in the early months of next year there is an active enquiry from shippers. There is sufficient local demand to take care of the moderate quantities coming forward.

Of the new crop more than half the acreage has been seeded with malting varieties, 1,058,000 acres out of 1,927,000 acres. Whether the grain will be fit for malting is, of course, a matter of weather conditions, but there is an evident desire on the part of farmers to cater to the growing brewing industry in the Republic.

At the close of the month malting barley was worth 7.75 and feed barley 7.50 per 100 kilos, as compared with 7.30 and 7.05 at the end of September.

Rye.- Exports were limited to 400 bushels. There were none during the previous month.

Out of the exportable balance of 5,535,000 bushels, 3,648,000 bushels have now been shipped, leaving still on hand 1,887,000 bushels, on paper, but the existence of this quantity is open to considerable doubt.

Prices made a substantial gain, closing at 9.80 per quintal, as against 8.50 at the end of the previous month.

Barley.- January shipments were 2,430,000 bushels. The following is the supply position:

First official estimate 1937-38 crop	24,802,000 bushels.
Less seed and domestic requirements	6,568,000 "
Exportable balance	18,234,000 "
January shipments	2,430,000 "
Balance still available	15,804,000 "

The activity in other markets was shared by that for Barley. There was an entire absence of selling pressure, and the brisk demand pushed prices upwards. Germany bought 689,000 bushels, and other Continental countries purchased on a smaller scale.

Malting barley at the end of the month was worth 9.25 pesos per quintal, and Feed barley 9.10, which prices compare with 8.70 and 8.55 respectively at the end of December.

Rye. - Only 12,000 bushels of Rye were exported during January. This is very little more than the December figure of 9,000 bushels.

Supplies are very small, the official estimates showing a balance available for export of only 2,583,000 bushels this year. Consequently very little is being offered for sale. Prices rose substantially during the month. From 11.50 at the end of December they climbed to 12.75 by January 31, with very little changing hands.

Official Grading of Argentine Wheat.

An experiment is being made in the port of Rosario in the official grading of Argentine wheat along the lines of the Canadian grading system.

A terminal elevator belonging to the company which owns the port of Rosario has been leased to a company newly organised (The Argentine Elevator, Receiving and Shipping Co. Ltd., to give a free translation of the official title), which company has arranged with the National Grain and Elevator Board to function strictly as a public service, receiving, handling and storing wheat which has been officially graded by the Board, and delivering it against presentation of the corresponding certificates, on demand.

The wheat will be known as "Rosafé". It will be classified into three types: Hard, Semi-hard and Soft, which types will in turn be subdivided into five grades each: Super, and Nos. 1, 2, 3, and 4, in accordance with established specifications.

All grain consigned to the Company will have samples drawn by officials of the Board for the purpose of determining the types and grades to which it corresponds, and storage receipts will be issued by the Company, stating the weight, type and grade of the grain.

The storage receipt will be valid for 120 days, and the holder may on presenting it, duly endorsed, demand delivery of the quantity, type and grade specified. The company will place the grain at his disposal, less the established dockage, on payment for the services rendered and reimbursement of the railroad charges defrayed by the company.

The storage receipt will be negotiable, and the Board will arrange with the National Bank to give credits on the security of such receipts.

The tariff of charges is said to be lower than those prevailing for similar services in Canada or the United States.

The Board will check the movement of the graded grain gratuitously, and will issue certificates of embarkation on board ship or in sealed wagons, in quantities of not less than 7,000 bushels, stating the quality of the grain, and adding the results of tests by the Brabender and Chopin methods, accompanied by complete graphs.

Buyers of the certificates will thus be able to sell the wheat according to sample, but accompanied by an official certificate of the quality.

Those who contemplate consigning wheat to the terminal on this system may ascertain previously the grade and type by sending samples to the offices of the Grain & Elevator Board.

According to newspaper reports, there is a satisfactory number of consignments of grain being received under this experiment from farmers in the zone affluent to the port of Rosario.

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