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THE GRAIN SITUATION IN ARGENTINA

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

Third Official Estimate of Seeded Areas

The third, and presumably final, estimate of the areas seeded to the principal crops, excluding maize, for the current season was issued on the 27th ultimo by the Ministry of Agriculture. The new total figure of 13,481,000 hectares, or 33,311,000 acres, shows a drop of 591,000 acres as compared with the second estimate published a month earlier; but it is still substantially higher than the first estimate. The decrease referred to is mainly in the wheat and linseed acreage, there being no appreciable change in the other crops.

As compared with the areas of last year, the latest wheat figures show an increase of 8 %; in linseed there is a decrease of 5.6 %; oats are higher by 3 %; and the other acreages are practically the same as those of a year ago.

The following tabulation shows the details of the new estimate, with the figures of the second for comparison:

	Third Estimate		Second Estimate	
Wheat .....	7,652,000 hect.	or 18,909,000 acres	19,274,000 acres	
Linseed .....	2,842,000 "	" 7,022,000 "	7,339,000 "	
Oats .....	1,317,000 "	" 3,255,000 "	3,237,000 "	
Barley .....	786,000 "	" 1,942,000 "	1,927,000 "	
Rye .....	884,000 "	" 2,183,000 "	2,125,000 "	
T o t a l s ....	<u>13,481,000</u> "	<u>33,311,000</u> "	<u>33,902,000</u> "	

It is perhaps unnecessary to repeat the comparison with figures of previous seasons and with period averages, which were given in the last two monthly reports.

The distribution of this season's acreages in the various provinces and territories is as follows;

	Wheat	Linseed	Oats	Barley	Rye	
Buenos Aires....	9,466,000	2,026,000	2,476,000	1,438,000	605,000	acres
Sante Fe .....	2,200,000	1,877,000	122,000	43,000	131,000	"
Cordoba .....	4,323,000	1,384,000	115,000	87,000	295,000	"
Entre Rios .....	1,088,000	1,658,000	340,000	4,000	2,000	"
San Luis .....	54,000	1,000	3,000	3,000	39,000	"
Santiago del E.	<u>161,000</u>	54,000	11,000	5,000	3,000	"
La Pampa.....	1,483,000	11,000	141,000	317,000	1,101,000	"
The Rest .....	134,000	11,000	47,000	45,000	7,000	"
T o t a l s ....	<u>18,909,000</u>	<u>7,022,000</u>	<u>3,255,000</u>	<u>1,942,000</u>	<u>2,183,000</u>	"

The above figures represent the official calculation of the total acreages seeded. There have been some areas totally lost through drought, frost and other causes. An official estimate of these abandonments will be issued about the middle of December, at which time also the first forecast of the probably volume of the several crops will be made public.



### Crop Conditions

In the monthly report of the Ministry of Agriculture on conditions in the principal cereal regions, which was published on November 18, the state of the wheat and linseed crops generally was described at that time as fair to good. Harvesting had commenced in the north, and some threshing also had been done, with the work gradually extending southwards. The new maize crop generally was in good shape although somewhat backward. Details of the report may be summarised as follows:

Buenos Aires: Sharp changes in weather conditions during the last days of October, which still obtain, have been unfavourable for the normal development of the crops. In addition, frosts of varying intensity occurred on the 26th and 30th of October and on the 9th, 10th and 11th of November. The rains which followed have mitigated the effects of the frosts and proved of undoubted benefit to the crops. Wheat: On the whole the actual condition is from fair to good, and with a little improvement in weather conditions it may become generally good. The late frosts have disturbed normal development in varying degrees according to the stage in which the plants were. The unfavourable effects were proportionately greater in the north and part of the west, where a high percentage of the wheat was heading or in flower. Losses in area are small, but the yields will be affected and the quality lowered. In the centre the advanced plants were most damaged. Losses in yield will vary, but will not be in the proportion at first estimated. Towards the southeast, along the Atlantic coast, the fields were backward and have not been damaged greatly. Their general state may be said to be good up to now. In the southwest, frosts coming down from the Tornquist hills were most severe, and the damage from there to the Pampa is quite appreciable, but in the remainder of the district it is only relative. Opportune rains created a sufficiently humid atmosphere to offset in part the effects of the frosts. Linseed: The general condition is considered good, with a tendency to improve with favourable weather. Linseed has suffered from the frosts in less degree than wheat because of cold weather having retarded development. In the north the damage is small and the condition is very good. In the south and west, where there is not much linseed grown, the recently sprouted plants were lightly affected; the remainder escaped damage and condition is normal at the moment. Maize: The crop is backward in its development because of unseasonable weather and the effects of the frosts, relieved in part by rains which permitted sprouting afresh. The prospective area, in spite of replantings, is smaller although there may be some local increases in certain zones.

Santa Fe: Since the last report rains in the province have been relatively frequent and abundant. The frosts will reduce the yield in parts of the south. Unseasonably cold weather has retarded the ripening of wheat and linseed, and delayed the development of the maize. Wheat: At the moment the condition is from fair to good. In the south the prospects are very good in spite of attacks of rust and losses from hail. In the centre the condition is from fair to poor on account of the effects of drought. In the north also drought has brought probable yields down from fair to poor. Threshing is proceeding in the north and centre, and the quality obtained is so far very good. Linseed: Condition is generally good throughout the province. In the most important zone it is from good to excellent, which amply compensates for deficiencies in other zones where drought and locusts have caused damage. Cutting has begun in the north; in the south it should commence early in December. Maize: Condition is generally good, in spite of the relative backwardness due to cool weather. In the north the dry weather which prevented cultivation of the soil has caused defects. Here the land is being prepared for the second planting, area of which will exceed that of previous years, even allowing for possible invasions of locusts.

Cordoba: Since last month's report the sudden changes of temperature and hurricane winds have been prejudicial to the crops, but on the other hand the rains which have fallen have been light. There have been local hailstorms, but these have not affected the general condition of the crops. Wheat: In general, the condition is fair. In the central zone it is good. In other districts it is from fair to poor, owing chiefly to the drought and the strong winds. The frosts which occurred in some districts did not greatly affect the wheat, because of the humidity in the soil. Some fields were stripped by locusts in the north, and green fly and rust have also helped to reduce yields. Harvesting is general in the centre and north, and threshing also is being actively carried on, with a very good quality of wheat being obtained. Cutting will start in a few days in the south. Linseed: Condition is from fair to poor, attributable principally to the strong winds catching the crop in a backward state because of the drought. In the north locusts have also damaged the late fields. Maize: The condition may be described as fair to good. The rains of yesterday should improve it.



Entre Rios: Weather conditions have favoured the crops in the last month except on the days when frosts occurred; however, pernicious effects of these were annulled by the moisture stored in the soil. Wheat: In general, the condition is good, in some districts very good, and in others above normal. Linseed: Generally the condition is good. Most of the fields have podded, and some are in flower. Some lots in certain localities were affected by the frosts. Maize: Ploughing and planting are being carried on under very good conditions.

La Pampa: Weather conditions in the last 30 days have been very unfavourable. While it rained in the northern zone, the crops had to stand very strong winds and the frosts of October 30 and November 9 and 10. Hail on the 4th destroyed 12,355 acres of crop. Wheat: This crop generally is in poor shape. In the north this is due principally to the drought, followed by heavy winds and frosts. In the south, where the prospects had appeared excellent, frosts have done considerable damage, some fields being totally lost and others badly affected, and very low yields are anticipated. Linseed: This may be considered a total loss. Drought and winds were the principal cause, with frosts damaging what was left. Maize: Preparation of the land for planting is proceeding normally in the south. In the north it is beginning under poor conditions because of the bad shape of the work animals. Most of the fields sprouted before the frosts will have to be replanted.

Supplementing the above official report, it may be said that important losses have been sustained through frost damage, particularly in the case of wheat. Linseed, although a very tender plant, has suffered less, partly due to the fact that most of the linseed area is north of the frost zone, and partly to the less advanced stage in which the linseed plants were at the time. The extent of the damage to the wheat is a matter of considerable controversy, and the real facts will not be ascertainable until the harvesters get to work in the affected zones. Some very exaggerated figures have been sent out, as is usual in such cases. With nothing definite to base it upon, it looks to the writer as if what might have been a 6½ million tons wheat crop will be cut down to about 5½ millions, which would provide an exportable surplus of say 2¾ millions, of which 1¼ millions would be required by Brazil and other neighbouring South American countries.

A reservation is necessary in regard to the foregoing, viz., that in the important wheat zone of southern Buenos Aires around Tres Arroyos, which so far has escaped serious damage, there is still time for losses, as cutting there will not be general before probably mid-December.

Early threshing out-turns in the north, in Cordoba, Santa Fe and Entre Rios are proving rather better than had been anticipated in point of volume, and the quality generally is said to be very good indeed.

Of the coarse grains, barley and rye, especially the latter, are said to have suffered severely from the frosts, and oats to a much smaller extent.

Up to almost the end of the month temperatures were distinctly below what are usually looked for at this season of the year. The last day brought a change, with a very warm and somewhat damp atmosphere, which is just what the new maize crop requires. Rains varying in volume fell in many districts.

Supplies and Market Conditions

Wheat.- Wheat exports, including flour, totalled 1,531,000 bushels during November (wheat 1,485,000; flour 46,000 bushels). This compares with a combined total of 3,002,000 bushels in the preceding month.

The statistical position is now as tabulated below:

Revised official estimate 1936-37 crop .....	249,196,000	bushels.
Deduct for seed & domestic needs .....	99,208,000	"
Exportable balance .....	149,988,000	"
Disappearance prior to January 1, 1937 .....	3,380,000	"
Available balance January 1 .....	146,607,000	"
Shipments ) wheat.....	141,644,000	bushels
to November 30) wheat as flour ...	2,939,000	"
Balance still available .....	144,583,000	"
	2,024,000	"

As will be seen from the above, there is barely enough wheat now on hand to stretch out to the end of the year.



The embargo on exportation of wheat mentioned in the last report was modified by the Government and shortly afterwards was removed entirely by another Decree on the grounds that the reasons for it had disappeared now that threshing of the new crop in the north had obviated any shortage for domestic consumption.

Prevailing conditions, with the local millers and buyers for Brazil purchasing the good wheat as it comes from the machines, have killed any present possibility of doing export business to Europe, as prices being paid for spot wheat or for delivery up to mid-December are much higher than the European parity. Growers are in no hurry to sell. With up to 11.90 being offered for spot wheat, and much talk of frost damage cutting down the total of the crop, it is only natural that unless a man is really pressed for cash he should decide to defer sales until his crop is cut and threshed. This attitude is maintaining price levels in Argentina beyond what exporters can afford to pay. Consequently, practically no business is passing at the present time, and chartering of boats is at a low level almost without precedent. In place of the two million tons under charter for December, January, and February at this time a year ago, there is less than 12,860,000 bushels now engaged, probably a record low level.

Brazilian millers can afford to pay the ruling prices for Argentine wheat which suits their needs so exactly. The freight rate is low, and the grain they have been purchasing from other sources during the Argentinian shortage is said to have turned out not so well. They are at present almost the only export customers.

At the close of business for the month, Spot wheat was quoted at 11.90 per quintal (equal to 107 7/8 c. Canadian per bushel at current official exchange rates); the December option at 11.28 (102 1/2 c. per bu.); and March, the most distant option quoted, 10.98 (99 1/2 c.). In Winnipeg on the same day December wheat closed at 89 7/8 c. and May 89 5/8 c.

Maize.- November exports of maize were 23,005,000 bushels, which compares with a total of 32,257,000 bushels in October, and leaves a very modest balance still available, as will be seen from the following statistics:

Revised official estimate 1936-37 crop .....	359,618,000 bushels
Carry over from 1935-36 .....	18,539,000 "
Total supplies .....	378,157,000 "
Seed & domestic needs (revised) .....	96,452,000 "
Exportable balance .....	281,705,000 "
Shipments from April 1, 1937 to November 30, 1937 ....	250,951,000 "
Balance still available .....	30,754,000 "

While the above figures have an official basis, there are not wanting members of the grain trade who consider that available supplies are much in excess of those shown and should be increased by about 50 % to present a true picture.

A quiet tone prevailed in the market during the month, with exporters showing a fair interest, but no pressure to sell. Prices kept firm. Some interest was aroused by cables indicating that in South Africa further exports of maize had been banned because of the drought prevailing and the probability that remaining supplies would be needed at home. This helped to offset the competition of North American shipments. Less optimistic prospects for the coming Argentine crop helped in keeping prices firm.

At the close Spot yellow maize was selling at 7.83, and the February option at 7.81 pesos per quintal, equal to 66 1/8 c. and 66c. U.S. respectively at prevailing official exchange rates. In Chicago May maize closed at the end of the month at 55 1/2 c. per bushel.

Linseed.- Shipments during November totalled 5,141,000 bushels; 5,465,000 bushels were exported during the previous month.

The continued high volume of exports appears to indicate that the official estimates of the old crop are too low as the new crop is late. Since official figures of the old crop have already been much exceeded, 3,937,000 bushels have been added in the following statement:



Revised official estimate 1936-37 crop .....	76,201,000 bushels	
Add for probable under-estimate .....	3,937,000	"
Total .....	80,138,000	"
Deduct seed & domestic requirements .....	7,874,000	"
Balance for export .....	72,264,000	"
Disappearance prior to January 1, 1937 .....	2,464,000	"
Balance available on January 1 .....	69,800,000	"
Shipments to November 30, .....	68,842,000	"
Still available .....	958,000	"

There was no great activity in the market during the month, and it was decidedly quiet during the second half. Neither Europe nor the United States seemed interested in acquiring Argentine seed. On the other hand there was no rush to sell on the part of producers, many of whom are still doubtful about the out-turn of the crop, much of which is not yet out of danger of damage. Prices weakened considerably, losing nearly two pesos per qtl. during the month.

Spot seed closed at 14.95 pesos per qtl. (say 126 3/8 c. U.S. per bus.) and the March option at 14.63 (123 5/8 c.). In Duluth May seed closed at 199 c. per bushel.

Oats.- Oats shipments during November were 1,719,000 bushels; October 1,359,000 bushels. Exports have already exceeded the official estimate of the exportable balance of the last crop, which was 21,527,000 bushels. Therefore 1,621,000 bushels are added, making 23,149,000 bushels, of which 22,414,000 bushels have been shipped out, leaving still on hand say 735,000 bushels.

A good business was done with the Continent during the past month, but very little with the United Kingdom, where Empire grain has a preference. Frost damage to the new crop had the effect of restricting offers from farmers, and there is a fairly good demand for feed oats from parts of the Republic where drought has created a shortage of horse feed; so that at the moment local dealers are able to offer more than the exporters. For the domestic market 7.00 pesos per qtl. was being offered at the close of the month; for export, only 6.20.

Barley.- November exports were 146,000 bushels; October 77,000 bushels. Of the revised exportable balance of 14,100,000 bushels, 11,269,000 bushels have now been shipped, leaving on hand 2,832,000 bushels.

Considerable damage was done to the new barley crop by frosts, and a great deal will have been ruined for malting purposes. Hence the amount being offered by farmers is very limited, although enquiries are being actively made by both local brewing houses and exporters.

At the close of the month the prevailing prices were 7.70 for malting barley and 7.45 for feed.

Rye.- There were no exports of rye during November. Statistically there are still 1,887,000 bushels of the old crop on hand; but its actual existence is open to much doubt.

Rye is believed to have suffered proportionately more than any other grain from the October-November frosts; and there will probably be very little of the new crop available for export.

There is a good deal of enquiry, especially from the local millers, but very few offers are received. Nominally 9.20 is the prevailing price per quintal.

Argentine Wheat Varieties

In my Report on the Argentine Grain Trade for December 1936 reference was made to a list of varieties of wheat "outlawed" by the authorities. A correspondent asks for a copy of the list and also for a statement of the varieties recommended for cultivation in the Republic.



As it seems likely that the information may be of interest to other readers it is given below. The geographical zones into which the country is officially divided and also the types for each zone are indicated briefly.

#### Wheat Zones

Rosafé.- This comprises the zones of affluence to the ports of Rosario, Santa Fe, and the other ports on the western side of the River Parana, down to the northern limit of the province of Buenos Aires.

Buenos Aires.- This comprises the zones of affluence to the ports of Buenos Aires and La Plata; the other ports of the River Parana south of the boundary of the Rosafé zone; and the province of Entre Rios.

Bahia Blanca.- This includes the zones of affluence to the ports of Bahia Blanca, Quequen and Mar del Plata, south of the Buenos Aires zone.

#### Wheat Types

For each zone there are three types, as follows:

Hard.- This type has for a base the varieties Lin Calcel M.A., and Kanred. In addition the following may be included: Guatrache MA, Marquis, Kanhard, Sudoeste, Utracan MA, Sinmarq and Piramide; also Sinvalocho MA, Standard, Reliance, Otto Wulff and Klein 75.

Semi-hard.- This has for a base for the Rosafé and Buenos Aires zones the variety 38 M.A., and for the Bahia Blanca zone La Provision 25. In addition the following may be included: Sin Rival, Vencedor, Acero, Klein 33, Blackhull, Klein 32, La Provision 32, Ceres, Eureka, Granadero, Vencelel MA, Boardless Blackhull, Klein 47 and Sinbar.

Soft.- The basic variety is San Martin. Also included are: Triunfo, Sola 50, General Urquiza, Klein 40, La Provision 34, No. 8, Soma, Rafaela 6 MA, and H. 51.

#### Excluded Varieties

The following are declared unsuitable and are excluded from all types. Special insistence is placed upon the varieties marked with an (x), for the reason that they are still considerably used.

x Favorito or Ideal	Montana	Frances
x Ardito	Africano	Piamontes
x Boncerense	Titan	Hungaro
x Brasilero	Rendidor	x Klein 31
x Fenix or XIII t.	Ruso	x Palantelen
x Ganador	Pampa	Apulia
Pagador	Tusela	

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