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Dominion Statistician: R. H. Coats, LL.D., F.R.S.C., F.S.S. (Hon.)
Chief, Agricultural Branch: T. W. Grindley, Ph.D.

THE GRAIN SITUATION IN ARGENTINA

Ottawa, March 10, 1937.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of March 1, 1937, dealing with the grain situation in Argentina.

Maize Crop Acreage

The statistical department of the Ministry of Agriculture has made public its first estimate of the acreage seeded for the new crop of maize, which is 6,600,000 hectares, or 16,302,000 acres. This is a drop of 13.5% from the area seeded for the last crop, and is almost identical with the average of the last five seasons, as will be seen from the following comparative figures:

Maize area planted for 1936-37	16,302,000 acres
" " " " 1935-36	18,846,100 "
Average of last 5 seasons	16,253,464 "
" " " 10 "	14,216,646 "

There has been no great criticism of the official figures, although they are rather lower than had been generally anticipated.

Crop Conditions

Precipitation during February was not equal to the country's requirements. There were rainy days at intervals, with the moisture well distributed as to area, but insufficient in quantity. Whilst this was very favourable for cleaning up the remainder of the threshing in the outlying districts, and for hauling grain down to the railways for shipment to the ports, it brought little benefit to the new maize crop, which has suffered rather seriously in some districts. The greatest deterioration is to be noticed in those fields where planting was hurried on land badly prepared and insufficiently cultivated. Some of these will probably be a total loss.

Conditions are best in the principal maize zones, but even here a good rain is needed to ensure a maximum yield. In other districts where maize is only a secondary crop really generous rains are badly required, and they may even come too late, as the high temperatures which have recently prevailed day after day without relief have been very hard on those fields not in prime condition.

Fortunately, right at the close of the month, rain has fallen over a great part of the cereal zone, varying greatly in intensity. Detailed information is not yet available, but it would appear that most rain fell where it was least needed, and in the drier sections the precipitation was light.

Preparation of the land for the new crops of wheat and linseed has been delayed by the growing dryness of the soil, but as good progress was made during January the loss of time since is probably no great matter, and yesterday's rain will enable work to be resumed.

Wheat continues to move freely. The qualities are running high, quite appreciably above the average; but the heavy rains of December left their mark in the way of bleached wheat and discoloured linseed, as is now evident in the samples coming forward.

The monthly crop report of the Ministry of Agriculture made its appearance on the 17th ultimo. From it, the following extracts are made:

Buenos Aires: Since the last report the agricultural panorama of the province has changed appreciably, since the weather was unfavourable for the growing crops on account of relatively high temperatures and lack of rain. Ploughing has been delayed by these climatic conditions. It is being carried on only with difficulty in the northern zone. Towards the south, and especially the south-west, the work has been suspended for the moment, the farmers limiting themselves to burning off the stubbles, and waiting for rain before proceeding to plough. Although the weather has

been unfavourable for the maize, as indicated in the last report, the crop is assured in the most important producing zones. In the northern zone, which normally produces half the crop of the province, the few fields of late planting and those which had to be replanted because of locust damage have suffered from the drought in these last few days; but the bulk of the area planted shows a very satisfactory condition, having duly headed out, without discarding the possibility that the rains recently fallen may permit the heading to terminate in still better condition. Towards the south and the west the effects of the drought become all the time more noticeable; there are percentages of the area planted which have had to be given up to pasture for live stock, and others where the prospects of production are slight. In the south-west this becomes aggravated to the extent that 80 per cent of the fields may be considered definitely lost. In some places in the west the young flying locusts have damaged certain late fields.

Without interruption, since the dryness of the weather permitted the normal realization of this work, the harvesting of wheat and linseed has been terminated in those parts of the south and west where some fields of linseed still remained to be cut, and threshing has been completed of cereals, whilst that of linseed will finish shortly.

Santa Fe: Since the last report the weather conditions have been rather unfavourable, because the rains have been insufficient to keep the soil damp in this period of intense evaporation. For this reason work on the land has been generally suspended, particularly in the northern districts. The prospects of a good maize crop in the province are confirmed; but from this general statement one might except the northern area, where the condition is bad, there being stretches of first sowings definitely lost through drought and others through locust damage; the remainder, mostly late plantings, growing under somewhat better conditions, but nevertheless mediocre. In the central zone the condition is fair to good, and in the south, which is the really important maize area, it is from good to excellent, there being districts where extraordinary yields are expected.

Threshing of wheat and linseed was finished in some places in the south of the province, the work being done under excellent conditions. The yields latterly registered do not differ from the earlier ones.

Cordoba: Lack of rain has made itself felt throughout the province, but especially in the north and west, making the turning of the soil difficult. Although deteriorated a little because of the drought, the condition of the maize crop continues to be satisfactory in the south-east zone, where the production normally is two-thirds of the whole crop of the province; but it is otherwise in the north, where more than 60 per cent of the area planted is considered lost through the drought.

Threshing of wheat and linseed continues, and will finish shortly. The last stacks threshed have given good yields and quality.

Entre Rios: The rains which fell in the last half of January and early February failed to benefit the crops, on account of the small volume. The dryness of the weather favoured the threshing of the last stacks of wheat and linseed; but on the other hand it made difficult the preparation of the land intended for sowing oats.

The condition of the maize has deteriorated since a month ago. The drought affected particularly the bitter corns and the Cuarenton, and on the coast of the Parana flying locusts caused damage in the sweet corn of late sowing. Cutting of some sweet corn has begun, with average results. The germination of the Cuarenton maize last planted is uneven, caused by the lack of rain. Planting of this type continues. The condition of the rice crop continues good.

Threshing of wheat and linseed is going on, and some few stacks still remain. Recent results have not modified the general impression of the crop, viz. good yields and good quality in the wheat, and mediocre in the linseed.

La Pampa: The lack of rain mentioned in the last report has been intensified, with consequent damage. Work on the stubble lands has become difficult. Planting of rye has not begun, on account of the lack of moisture. Early planted maize, the condition of which was good, has suffered from the hot north winds, which precipitated ripening, for which reason the yield has been perceptibly reduced. As for the intermediate and late plantings which comprise three quarters of the whole area, they are considered lost and have for the most part already been given up to pasturage. Only a copious rain might partially restore some of the fields of last sowing in the northern area.

The dry weather has permitted active prosecution of threshing, which is now coming to an end. The last threshings have not varied the deficient results foreseen in the last report.

Supplies and Market Conditions

Wheat. Exports during February totalled 31,420,000 bushels, of which 31,092,000 bushels were wheat and 328,000 bushels wheat shipped as flour. The January combined total was 26,335,000 bushels.

The statistical position is now as follows:

First official estimate 1936-37 crop	249,857,000 bushels
Carry over from 1935-36	<u>346,000</u> "
Total supplies	250,203,000 "
Deduct for seed & domestic needs	<u>95,533,000</u> "
Balance for export	154,670,000 "
Shipped to) wheat	57,127,000 bushels ...
February 27) wheat as flour ..	<u>628,000</u> "
Still available for export	<u>96,915,000</u> "

As will be seen from the above, the record shipments of wheat noted in January were surpassed by a large margin in February, and it is anticipated that exports will continue to be very heavy during the month now commencing. There is a heavy volume of tonnage under charter, and with the small residue of old maize still on hand it will be necessary to make use of the space for wheat and linseed, as there will certainly be no maize of the new crop available for loading before late March, and more probably it will be April before there is any, with the possibility that should the weather turn damp it will be even much later.

Fortunately, there is no lack of demand for Plate wheat. Buying during the month was rather sporadic in its nature, but all importing countries were participating from time to time, with Italy, Germany and the United Kingdom in the lead, and during the last week there was quite steady purchasing, which carried prices to the high point for the month, Spot wheat closing at 11.39 pesos per quintal (equal to 101 3/8c. Can. per bushel at the official exchange rate), and the May option at 11.41 pesos per quintal (101 1/2c. per bu.), whilst in Winnipeg May wheat closed at 125c. per bushel.

Maize. Shipments continued on a high plane during February, 31,601,000 bushels being cleared, although there was a substantial drop from the January figure of 37,582,000 bushels. The balance on hand has now reached a low figure, as is apparent from the following statement:

Third official estimate 1935-36 crop	392,486,000 bushels
Carry over from 1934-35 crop	<u>43,352,000</u> "
Total supplies	435,838,000 "
Deduct for seed & domestic needs	<u>101,176,000</u> "
Exportable balance	334,662,000 "
Shipments 1-4-36 to 27-2-37	<u>326,141,000</u> "
Balance still available	<u>8,521,000</u> "

It is not unlikely that rather more maize could be scraped up in the country than the figure here shown; but as it is all of very low quality a few tons more or less is a small matter.

The demand during the month was not very active, and there was a tendency which was probably only prevented from developing into a weakness in prices by the somewhat lower estimate of the new crop acreage than had been anticipated, followed by reports of damage through drought in some of the less important producing areas. As both official and private reports indicate an assured good crop in the principal maize zones, an average or better volume is looked for, which may be all the market can readily absorb, unless the United States producers again have a bad year.

Considerable business was done during the month in new crop maize for May delivery at around 10 per cent below old crop grain.

Spot Yellow maize closed the month at 6.50 pesos per quintal, equal to 53 7/8c. U.S. per bushel at official exchange rates; and the May option at 5.90 pesos per quintal (48 7/8c. per bushel). In Chicago May corn was selling at 107 1/2c.

Linseed. February exports of linseed were 8,367,000 bushels, a shade higher than those of January (8,140,000 bushels). The supply position is now:-

First official estimate 1936-37 crop	74,012,000	bushels
Shipped in December	4,089,000	"
Stock on 1st January, 1937	69,923,000	"
Seed & domestic consumption	7,086,000	"
Exportable balance for 1937	62,837,000	"
Shipped to February 27th	16,507,000	"
Balance still available	46,330,000	"

The industrial revival which is becoming more and more evident has greatly stimulated the demand for linseed, and purchasing was fairly steady throughout the month. Supplies are too plentiful for price levels to be greatly influenced, but an upward tendency was noticeable towards the close of the month, when Spot linseed was selling at 14.39 pesos per quintal, equal to 119 3/8c. U.S. per bushel at official exchange rates, and the May option at 14.43 pesos (119 5/8c. per bushel). In Duluth May seed closed at 212c.

Oats. Shipments of oats in February were 3,102,000 bushels, as against 2,375,000 bushels in January; which leaves the supply position as follows:-

First official estimate 1936-37 crop	53,170,000	bushels
Less seed & domestic requirements	29,827,000	"
Exportable balance	23,343,000	"
Shipments to February 27th	5,477,000	"
Balance still available	17,866,000	"

Oats are not being offered very freely by the farmers. The reason for this may be that as the crop in the south of Buenos Aires, the principal producing district, has turned out very poorly in places, there is a tendency to hold back from selling for the present and see what the future holds. Superior oats for the local market are commanding 10 per cent more than the exporters are willing to pay. A slight advance was registered during the month, White export quality 49 kilos, closing at 6.30 pesos per quintal as compared with 6.20 at the end of January; and Yellow 47 kilos at 6.10 (6.00).

Barley: February exports of barley were 3,696,000 bushels, which compares with 2,350,000 bushels in the previous month, and leaves the supply position as under:-

First official estimate 1936-37 crop	31,232,000	bushels
Less seed & domestic requirements	6,568,000	"
Exportable balance	24,664,000	"
Shipped up to February 27th	6,046,000	"
Balance still available	18,618,000	"

There is quite a good demand for barley, and it is coming forward fairly freely, so that there has been good activity in the market recently, especially for malting barley. Germany, France and Belgium are all interested. Prices showed a slight improvement. Malting barley 65 kilos closed the month at 8.35 pesos per quintal, as against 8.30 at the end of January; and Feed barley 62 kilos 8.15 (8.10).

Rye: Shipments of Rye in February were 872,000 bushels, a substantial advance over the January figures of 220,000 bushels, but still short of the volume the trade had been expecting. The advance in price last month to a higher level than wheat, which is still maintained, led to hopes of a greater activity than has so far been realized. The supply position is:-

First official estimate 1936-37 crop	8,858,000	bushels
Seed & domestic requirements	1,945,000	"
Exportable balance	6,913,000	"
Shipped to end of February	1,093,000	"
Still available	5,820,000	"

Rye of export quality, 73 kilos per hect., closed at 11.50, as against 11.45 pesos per quintal.

National Grain and Elevator Board

Announcement is made that this official board has made a contract for the inspection of cargoes of Argentine grain on arrival at foreign ports, with the Societe Generale de Surveillanse, a world-wide organization with headquarters at Geneva, known in the north as Superintendence Incorporated, whose principal business is superintending the discharging of cargoes and insuring the out-turn to the shippers. As their principal clients are obviously the exporters, and they are now to represent the Argentine government in checking the operations of the exporters in all foreign ports, the arrangement has excited some comment for obvious reasons.

Argentine National Grain Elevators

It is announced that the Director of Elevator Construction is asking authority from the Minister of Agriculture to invite tenders for the construction of the third group of three terminals required to complete the official program, the tenders to be filed in four months.

Tenders for the first group were filed in October last, but no contracts have yet been awarded. For the second group tenders are due on March 18th.

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