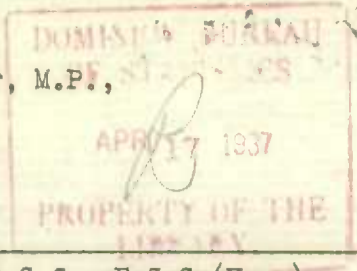


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THE GRAIN SITUATION IN ARGENTINA

Ottawa, April 16, 1937.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of April 1, 1937, dealing with the grain situation in Argentina.

OFFICIAL ESTIMATE OF GRAIN CROPS

The second official estimate of the volume of the principal crops other than maize, just published, shows a reduction in every case as compared with the first estimate, made three months ago.

The difference is attributed by the Ministry of Agriculture to the rains and strong winds of late December, which caused damage to the standing crops and to the grain in stack, besides delaying harvesting and threshing operations. The figures are:

	<u>1st Estimate</u>	<u>2nd Estimate</u>
Wheat	249,857,000 bushels	247,541,500 bushels
Linseed	74,012,000 "	72,890,000 "
Oats	53,170,000 "	51,321,600 "
Barley	31,232,000 "	29,835,000 "
Rye	8,858,000 "	7,486,000 "

The distribution by provinces is as follows:

	<u>Wheat</u>	<u>Linseed</u>	<u>Oats</u>	<u>Barley</u>	<u>Rye</u>
	Bushels				
Buenos Aires	112,450,000	24,251,000	45,389,000	26,410,000	4,016,000
Santa Fe	30,450,000	24,605,000	648,000	184,000	512,000
Córdoba	88,868,000	14,291,000	1,621,000	689,000	905,000
Entre Rios	7,532,000	9,370,000	2,918,000	32,000	12,000
San Luis	599,000	-	39,000	-	118,000
Santiago del E.	301,000	39,000	19,000	9,000	20,000
La Pampa	5,960,000	39,000	519,000	1,837,000	1,850,000
The Rest	1,676,000	236,000	201,000	694,000	47,000

For comparison the crops of recent years and the 5 and 10 year averages are as follows:

	<u>Wheat</u>	<u>Linseed</u>	<u>Oats</u>	<u>Barley</u>	<u>Rye</u>
	Bushels				
1936-37 (2nd)	247,836,000	72,831,000	51,355,000	29,854,000	7,480,000
1935-36	141,463,000	59,446,000	33,718,000	21,128,000	5,000,000
1934-35	240,671,000	79,721,000	58,402,000	35,859,000	15,645,000
5 yr. average	225,769,000	70,567,000	56,062,000	28,530,000	10,047,000
10 yr. average	238,514,000	72,302,000	57,492,000	22,252,000	8,179,000

OFFICIAL ESTIMATE OF MAIZE ACREAGE

The second official estimate of the area planted to maize, published a few days ago, indicates a reduction of 1.6% from the forecast of a month ago, viz., 16,047,000 acres as against 16,309,000, and is 14.9% below the final figures of last year.

General opinion had rather anticipated a change, if any, in the other direction.

In presenting the estimate the Ministry of Agriculture expresses the opinion that there has been a loss of approximately 2,471,000 acres of the area seeded, which lost area is almost entirely in what may be termed the marginal maize zones, where successful harvesting of maize is always more or less a gamble.

Comparative figures of former crops may be found in my report of a month ago.

CROP CONDITIONS

The following information is extracted from the monthly report on crop conditions issued by the Ministry of Agriculture on March 17th:

BUENOS AIRES: Following the heat and lack of rain experienced in March, the weather has now become normal, and rains have permitted resumption of work on the land, and planting of oats and other grains for forage has commenced. In the maize districts vegetative conditions are somewhat below normal. Yields of from 2,500 to 2,800 kilograms per hectárea (say 40-45 bushels per acre) are foreseen, with a very good quality. Picking will begin in April. In the eastern central section a satisfactory yield is expected, probably about 20 quintals per hect. (say 32 bu. per acre). In the south-east the conditions are somewhat inferior. In the extreme west and south-west the consequences of the drought, besides the locusts in the first named, have been really prejudicial, and the crop will be very light.

SANTA FE: Since the last report the weather conditions have been favourable, rain falling throughout the province. The great heat still persists, but the heavy atmospheric humidity and the rains have neutralized its effect on vegetation. In the north preparations for seeding wheat and linseed have commenced with great activity; but in the south only lands for planting with winter forage and alfalfa are being worked. With regard to the maize crop, it is necessary to divide the province into three zones. In the north it is bad, in the centre fair, and in the south good. In the north the early plantings may be considered lost as a result of drought and locusts. What may be picked will give very poor yields. The second plantings, which are more extensive than the first, look well, as they were benefited by the last rains, but their future depends upon weather conditions and an early frost would endanger them. In the central zone it is estimated that there is a loss of from 30 to 40%. The rains did little good here, and the drought affected the yields, which will be inferior to those of last year. It is in the south that the best maize is found, and the crop will be superior or at least equal to that of a year ago, with yields of probably 45 to 48 bushels per acre. This is the most important maize zone of the province. Picking has begun with excessive haste in some isolated districts in the province, and the corn is being gathered green with the object of benefiting by the high prices in fear of a drop. Some merchants are accepting this grain and drying it artificially regardless of possible later damage through the maize not having matured naturally. Harvesting will begin to be general at the end of March and be intensified early in April.

CORDOBA: The dry weather persisted until the early days of March, with visible effects, especially in the south-western zone. Later rains permitted the renewal of work on the land, which had been stopped by the hardness of the soil, and conditions are now normal. The condition of the maize crop is good in Marcos Juárez and Unión, depreciating towards the north and west, where the losses are estimated at 60% of the area planted in the north, as also in General Roca in the south; in Río cuarto and Juárez Celman there is as yet no lost area, but not more than 60% of a normal crop is considered secure, the remaining 40% being late planted and depending upon future weather conditions. Picking was commenced here and there, but has been suspended because of rains.

ENTRE RIOS: Weather conditions have been more favourable than a month ago, the rains having improved the crops and put the land in good condition for cultivation. The maize crop has improved since the rains. The late sowings of sweet corn have been damaged by locusts. Picking of sweet corn is proceeding slowly, with mediocre results, and the crop will be totally absorbed for local consumption. Threshing of wheat and linseed has finished, the out-turns and quality indicated in previous reports being confirmed.

LA PAMPA: Since the last report, up to the 8th of this month the weather has been very unfavourable, the heat having become intensified, as also the hot northern winds, which blew without intermission. Latterly there have been heavy rains in the northern districts, but they were almost insignificant in the centre and south, until the last few days, when they have become general. The rains will enable the farmers to work on the land. The condition of the maize crop is generally bad, due to the drought, the strong winds and the high temperatures. Half the plantings are totally lost; the rest offer prospects of a fair crop, provided that early frosts do not damage them.

In the latter half of the month, not covered by the above quoted official report, the weather has been temperate, with moderate rains at intervals; and in the closing days a definite drop in temperature, with light frosts over a large area in the centre and south, and light rains in the north of the Republic. The frosts will be useful in helping to condition the maize where it has attained maturity.

SUPPLIES & MARKET CONDITIONS

Wheat. Exports of wheat and wheat shipped as flour during March totalled 34,198,000 bushels (wheat 33,990,000, flour 208,000). This compares with February total of 31,420,000 bushels.

As mentioned elsewhere in this report, the Ministry of Agriculture has slightly reduced its first estimate of the volume of the crop of the current year. Judging by other statistics since published, it has also revised its estimate of the crop of last year, and in place of a carryover into this year it shows 3,380,000 bushels out of this 1936-37 crop exported or consumed up to December 31, 1936. Below are the official statistics.

Second official estimate 1936-37 crop	247,836,000 bushels	
Exported and consumed before		
1st January, 1937	3,380,000 bushels	
Domestic consumption, 1937	77,162,000 "	
Seed for 1937-38 crop	22,046,000 "	102,588,000 "
Balance for export at January 1, 1937		145,248,000 "
Shipped between January 1 and March 31, 1937		93,990,000 "
Still available for export		51,258,000 "

Of the balance shown above as still available, by far the greater part has already been contracted for export, and this unusual condition has led to some anxiety being expressed in the public newspapers as to the retention of sufficient stocks to cover the domestic requirements of the country. It has even been suggested that the official Board should take some action in the matter either by compelling the millers to cover their requirements up to the end of the current year, or if they are unable or unwilling to do this, by buying the necessary quantities for account of the government and holding the grain for re-sale to the millers as it is needed. The National Grain & Elevator Board has accordingly published a statement on the situation, which winds up with a hint that it may have to advise action to protect the needs of domestic consumption if shipments continue at the present extraordinary rate. Apparently the Board anticipates exports of around 25,721,000 bushels during April, with a sharp drop afterwards; but failing that drop in shipments local requirements may be imperilled and action may become necessary.

The miller is in rather a difficult position. His market has been completely disorganized this year by the reluctance of his customers, the bakers, to pay the current high prices, which has led them to buy from hand to mouth rather than follow the usual trade custom of contracting for supplies three, six or even twelve months ahead. The bakers have to bear in mind the natural hostility of the householders to any increase in the price of bread, which they have been accustomed to buy for 25 centavos per kilogram for some years. So the miller, with his stores and granaries full and nothing sold ahead, is in the unenviable position of being urged to contract for further supplies of wheat at high prices, which he may later have to grind at a substantial loss.

It is a very long time since there was such activity in the grain markets here as has prevailed during the past month. With the United Kingdom again buying after apparently waiting for the unusually large quantities of Argentine wheat afloat to have the accustomed depressing influence on prices, and with Italy and Germany still steadily purchasing, and most other consuming centres in Europe catching the buying fever, a great deal of export business was done. The rising market inevitably induced the speculator to join in, and from 11.45 pesos per qtl. on March 1st wheat was carried to 15.10 on the 29th, dropping the next day to 15. A wave of liquidating by speculators carried it down to 14.45 on the last day of the month, with a promise of continued weakness. But with the speculators eliminated, there is a background of continued export demand which should again restore strength to the market.

At the close of business for the month Spot wheat was quoted at 14.47 pesos per 100 kilos (equal to 128 7/8c. Canadian per bushel at official exchange rates); and the May option 14.15 (126c. per bu.). Winnipeg on the same day closed with May wheat worth 146 1/8c.

Maize.- Exports of maize were again very heavy during March, 27,602,000 bushels being shipped out, nearly 19,684,000 bushels more than had been supposed to be available for export.

However, new official calculations have led to the publishing of a revised estimate of the last crops, making little net difference in the total supplies; but, what is more important, 39,368,000 bushels have been taken off the estimated domestic consumption, the reason given being that the extraordinary use of maize for stock feeding during drought has come to an end, and normal conditions have been restored. Here are the official statistics:

Fourth official estimate 1935-36 crop.....	397,619,000 bushels.
Carry over from 1934-35 (revised)	36,179,000 "
Total supplies	<u>433,798,000 "</u>
Domestic consumption April 1, 1936 to March 31, 1937 (revised) ...	55,115,000 bushels
Seed for 1936-37 crop	<u>5,905,000 "</u> <u>61,020,000 "</u>
Exportable balance	<u>372,778,000 "</u>
Shipped between April 1, 1936 and March 31, 1937	<u>353,743,000 "</u>
Balance still available March 31, 1937	<u>19,035,000 "</u>

It will thus be seen that there is still a fair balance on hand available for export; but it must be borne in mind that this is probably of poor quality and can only be sold at a substantial discount.

Maize of the new crop is beginning to find its way down to the railway stations in the northern districts. While some of it has been picked before it was ready, much of the grain has been well matured and is dry and in good condition for shipment. The weather presently is favourable, and if no break occurs the maize crop should soon be in full flow from the northern zone and exports in quantity should commence. Frosts would be helpful in hastening the conditioning, but unfortunately the light frosts of a few days ago did not extend to the maize areas in the north.

There was moderate activity in the market during the month, and prices improved about 10% in sympathy with the rise in wheat. Naturally the chief interest was in the coming crop; with the exception of Germany, who is greatly in need of feedstuffs for prompt shipment, none of the importing countries has any desire to purchase maize of the low grade of the remaining Argentine old crop. It is likely that the United States will need more Argentine grain to fill in until her own new crop becomes available; but there is evident hesitation on the part of the U. S. buyers to follow prices up to their new level at the present moment.

The month closed with Spot maize selling at 6.95 pesos per qtl. (equal to 57 $\frac{3}{4}$ c. U.S. per bushel at official exchange rates), and the May option the same. In Chicago on the same day May corn closed at 121 $\frac{1}{2}$ c.

Linseed.- Shipments during March totalled 11,054,000 bushels, which compares with 8,367,000 bushels in February.

A revised official estimate of the crop has been made, the figures of which are as follows:

Second official estimate 1936-37 crop	72,831,000 bushels
Exported and consumed before	
Jan. 1st 1937	2,464,000 bushels
Domestic consumption 1937	1,181,000 "
Seed for 1937-38 crop	<u>6,693,000</u>
Balance for export at January 1, 1937	<u>62,493,000 "</u>
Shipped between January 1 and March 31, 1937	<u>27,341,000 "</u>
Still available for export	<u>35,152,000 "</u>

There is little change in the above from old statistics.

The demand for linseed is quite active, both the European and North American manufacturing centres being steady buyers, and the United Kingdom showing more interest in Argentine seed than has been the case in recent weeks. Prices rose about 2.50 pesos per 100 kilos during the month, this big jump being assisted by speculative activity on the strength of anticipated increased demand as the world industrial revival develops. But in spite of the high prices offering, there is no

great haste to sell on the part of the country holders, and the greater part of the remaining exportable surplus is still in their hands.

At the close of business for the month Spot and May linseed were both quoted at 16.80 pesos per qtl. (equal to 139 $\frac{1}{2}$ c. U.S. per bushel at official rates of exchange); while in Duluth on the same day May seed was worth 223c.

Oats.- March exports of oats were 4,105,000 bushels which is the highest figure for the current year.

The official estimate of the volume of the crop has been reduced by 1,816,000 bushels, leaving the statistical position as below:

Second official estimate 1936-37 crop	51,355,000 bushels
Less seed and domestic requirements	29,827,000 "
Exportable balance	21,528,000 "
Shipments to March 31	9,581,000 "
Balance still available	11,947,000 "

While there was a good deal of enquiry for oats from European importing countries during the month, offerings were by no means plentiful, farmers being chary about parting with their supplies at the present time, and little business resulted. White oats of export quality 49 kilos per hectólitro, were quoted at 7.35 at the close of the month, as compared with 6.30 at the end of February; and yellow cats 7.15, as against 6.10 per qtl.

Barley.- Exports of barley in March were 2,107,000 bushels, a substantial drop from the February total of 3,696,000 bushels.

On the basis of the new official crop estimate, the position is now:-

Second official estimate 1936-37 crop	29,854,000 bushels
Less seed & domestic requirements	6,568,000 "
Exportable balance	23,286,000 "
Shipped up to March 31	8,153,000 "
Balance still available	15,133,000 "

With the higher prices now prevailing, business has dropped off so far as export is concerned. There is not a great deal of malting barley being offered, and the local brewers are willing to pay for good samples more than the export shippers are able to pay. Nor is there much feeding barley being offered for sale.

9.65 is being paid for 65 kilo malting barley, as against 8.35 a month ago; and 9.45 for 62 kilo feed barley, as against 8.15.

Rye.- 980,000 bushels of rye were exported during March, as compared with 872,000 bushels in February.

The revised official crop estimate shows a drop of 1,378,000 bushels in the rye figures, and the supply position on this basis is as below:

Second official estimate 1936-37 crop	7,480,000 bushels
Deduct seed and domestic requirements	1,945,000 "
Exportable balance	5,535,000 "
Shipped to March 31	2,072,000 "
Still available for export	3,463,000 "

While rye advanced in price during the month, it did not manage to keep pace with the senior bread grain. The closing price for export rye 73 kilos base, was 12.80 per quintal, as compared with 11.50 a month ago.

DESTINATIONS OF EXPORTED WHEAT AND FLOUR

The destinations of wheat and flour exported during the period January 1 to March 27, 1937, were as below (unofficial):

	Wheat	Flour
	bushels	
United Kingdom	3,093,000	90,000
Belgium	5,340,000	12,000
France	593,000	4,000
Germany	1,287,000	-
Italy	1,854,000	-
Rest of Europe	3,623,000	5,000
U. S. A.	90,000	-
Brazil	8,454,000	305,000
Various	2,354,000	169,000
For Orders	61,037,000	-
Totals	87,725,000	585,000

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