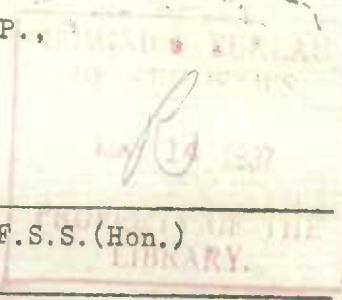


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THE GRAIN SITUATION IN ARGENTINA

Ottawa, May 13, 1937.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of May 3, 1937, dealing with the grain situation in Argentina.

Crop Conditions

Weather normal for the autumn season prevailed during April. In the marginal regions in the north, west and south there has been a dearth of moisture, which put an end to cultivation. But in the last week of the month general rains brought relief to the north and west, without benefiting the south very greatly however. In the great central cereal region, conditions throughout the month have been ideal, and great progress has been made with the preparation of the land for seeding wheat and linseed. There is an evident intention to plant every possible acre with wheat, which future adverse weather conditions alone will have the power to frustrate.

The weather was very favourable for the conditioning and shelling of the maize crop, and this is moving rapidly to market from the north, in quantities unusually heavy for this early date.

The monthly report of the Ministry of Agriculture on crop conditions made its appearance on the 17th ultimo. From it I extract the following notes:

Buenos Aires: Weather conditions have continued to favour the growth of winter plantings, and work on the land has been intensified in order to begin seeding barley and wheat. In almost all the province picking of maize has begun. Except in the western part, and especially in the south-west, where as much as 55 per cent has been given over to pasture and even all of it in places, the maize prospects are as indicated in the March report, and the yields of the first lots shelled confirm the forecasts. In the real maize zone in the north of the province already a fifth part of the crop has been picked and shelling is proceeding actively. The grain is dry.

Santa Fe: Since the last report there has been sufficient rain throughout the province. The weather is unsettled, dry and cool. The preparation of the land for winter crops is practically finished in the north but is still proceeding in the centre and south. Soil conditions are good, sufficient moisture being furnished by rains and heavy dews. In the north the late plantings of maize, the only ones now standing, are in good condition. In the centre the crop has suffered more, and picking is commencing. The crop is in best condition in the centre of the province. Harvesting is being done under good conditions in fine weather. Only those lots picked at the beginning of the month were a little damp, mostly fields picked too early in order to profit by the good prices prevailing.

Córdoba: Weather conditions were favourable almost throughout the province, with the exception of the south-west, where there were no rains and light frosts were experienced. Preparation of the land for wheat and linseed has been effected under normal conditions and with no effort omitted. Wheat is being sown in the east, centre and north. Gathering of maize has started throughout the province. The yields obtained are regarded as normal in the east and centre, and low in the south and north, where drought was more intense.

Entre Ríos: Since the last report weather conditions have been favourable for agriculture, with normal rains, which have ensured the satisfactory preparation of the land for seeding. Nevertheless, it is noticeable that ploughing proceeds slowly, owing to the indifference of the farmers, who are not taking advantage of the present good condition of the soil for their work. This is a mistaken attitude, since the weeds which have lately invaded the fields are making the work difficult, and their wider spreading will be permitted. A lack of seed wheat is being felt, not because of poor yields of the last crop, but because tempted by high prices the farmers, in order to solve their difficult economic situation, sold what they had on hand without reserving sufficient for seed. The cooler weather of the last fortnight held back the bitter maize. Gathering of the sweet corn proceeds normally, with varying yields. A high percentage has already been shelled, the quality being good. Yields of the bitter will be normal, except in the south, where they will be lower.

La Pampa: Since the last report the weather has remained very dry. In the second half of March light rains fell almost throughout the zone. More moisture is now needed to ensure the germination and growth of the wheat crop. Throughout the zone ploughing is continuing; only in the central zone is it rather backward because of the dryness of the soil. A large part of the area destined for rye is already seeded, only about 35 per cent remaining to be sown.

Official Estimate of Maize Crop

The first official estimate of the 1936-37 maize crop has been made public by the Ministry of Agriculture, which places the total production at 371,636,000 bushels.

The official communication estimates the area seeded as 16,047,000 acres, of which there has been or is being harvested 11,935,000 acres with an estimated yield of 31.1 bushels per acre, giving a total production as above named.

The difference of 4,112,000 acres between the seeded and harvested areas consists of abandonments for various reasons, mainly drought, but in less degree because of locust damage. It also includes plantings which were destined for pasture on the great live-stock ranches.

The present crop is smaller by 25,983,000 bushels, or 6.5 per cent than that of last season; and by 80,311,000 bushels, or 17.8 per cent than that of 1934-35, which was the highest recorded in the country. The following statistics will facilitate comparisons.

1st estimate 1936-37 crop	371,636,000 bushels
4th estimate 1935-36 crop	397,619,000 "
Final estimate 1934-35 crop	451,947,000 "
Final estimate 1933-34 crop	256,915,000 "
Final estimate 1932-33 crop	267,763,000 "
Final estimate 1931-32 crop	299,332,000 "
5-year average 1931-32 - 1935-36	334,715,000 "

Moisture Content of Maize Deliveries

The National Grain & Elevator Board has resolved that the basis of moisture content for maize in its natural condition or which has been dried naturally, shall be established as 15.50 degrees. From 15.50 degrees to 15.70 degrees acceptance of deliveries is obligatory, with graduated reductions in price. For maize dried artificially the moisture basis has been reduced to 14 degrees, for maize proceeding from all zones.

Supplies and Market Conditions

Wheat.- Exports of wheat and wheat shipped as flour during April were 21,338,000 bushels (wheat 20,799,000 bushels; flour 539,000 bushels). This is a substantial drop from the March total of 34,198,000 bushels.

The statistical position is now as below:

Second official estimate 1936-37 crop	247,836,000 bushels
Seed and domestic requirements	99,208,000 "
Exportable balance	148,628,000 "
Disappearance prior to January 1, 1937	3,380,000 "
Available balance at January 1, 1937	145,248,000 "
Shipments) wheat 113,953,000 bush.	
Jan. 1st to April 30th) wheat as flour 1,375,000 "	115,328,000 "
Balance still available	29,920,000 "

From these figures it will be clearly seen that surplus supplies have diminished very rapidly, and only a negligible balance now remains after providing for the normal requirements of Brazil and other neighbouring South American countries. These in 1936 took from the Argentine 37,977,000 bushels of wheat and wheat flour. In 1937 to date Brazil alone has had 12,860,000 bushels. So that nearly 25,721,000 bushels would still be needed by Argentina's neighbours on last year's basis.

The most noteworthy feature of the market during the month of April was its extremely unsettled condition. The sharp changes in price levels which took place were on a scale which puzzled even the wisest members of the local grain trade. There was nothing in the Argentine supply situation to justify them, and the climatic vagaries in the cereal regions of the northern hemisphere were hardly sufficient. No doubt speculation was largely responsible. The net result has been to eliminate many of the speculators.

The European demand was restricted. Apparently the needs of France and Italy for the present have been covered; but Germany was again buying towards the end of the month. The United Kingdom was not purchasing in quantities, being evidently reluctant to pay high prices; and in fact British dealers are said to have resold some of their holdings to Continental countries at a substantial profit.

Argentine millers were active purchasers during the month, anxious to cover their requirements of high grade wheat before it is too late; but the bakers are still adhering to their policy of buying only from day to day in such quantities as will satisfy their current needs.

At the close of the month, with the market comparatively quiet and somewhat nervous, exporters were offering 13.60 for Spot wheat, while the May option was purchaseable at 13.78 pesos per quintal.

Official quotations at the close were: Spot 13.73 pesos per quintal, as compared with 14.47 a month ago; 13.73 is equivalent to 123 1/4 cents Canadian per bushel at official exchange rates of the day. The July option was quoted at 13.48, or say 121 cents per bushel. Winnipeg on the same day closed at 129 3/4 cents for July wheat.

Maize.- Exports of maize during April were 25,044,000 bushels, which compares with 27,602,000 bushels during the previous month.

The supply position is now as below:

First official estimate 1936-37 crop	371,636,000	bushels
Carry-over from 1935-36 crop	19,035,000	"
Total supplies	390,671,000	"
Seed and domestic requirements	59,052,000	"
Exportable balance	331,619,000	"
Shipped during April	25,044,000	"
Still available for export	306,575,000	"

The new maize crop, favoured by weather conditions, has begun to move unusually early, and it is now coming down to the ports in great quantities. Quality and condition are said to be quite satisfactory. The ample offerings are meeting with a brisk demand. The United States in particular has been buying freely. Over half a million tons have already been shipped there this year, and purchasing still goes on. European countries also bought actively, but towards the end of the month interest from that quarter faded noticeably.

Prices declined somewhat during the month, in sympathy with wheat. At the close Spot export maize was selling at 6.40 pesos per 100 kilos (6.95 a month ago). 6.40 is equivalent to 53 5/8 cents United States at current official exchange rates. The July option was quoted 6.57, or say 55 cents per bushel. In Chicago on the same day July corn was worth 119 1/8 cents at the close.

Linseed.- Exports during April totalled 8,325,000 bushels as against 11,054,000 bushels in March.

The supply position is now as under:

Second official estimate 1936-37 crop	72,831,000	bushels
Disappearance before January 1, 1937	2,464,000	"
Supplies for 1937	70,367,000	"
Seed and domestic requirements	7,874,000	"
Balance for export	62,493,000	"
Shipments to April 30th	35,666,000	"
Balance still available	26,827,000	"

There is a good steady demand for linseed, both from Europe and from North America. 13,936,000 bushels have already been shipped to the United States, and the buyers there are still steadily placing orders. The business revival in all industrial centres is greatly assisting in the disposal of the Argentine linseed crop, and big though this crop is, no anxiety is apparent as to its all being placed at satisfactory prices. The export market continued firm throughout the month; but the local crushers showed less interest and their purchases were only on a moderate scale.

Spot seed closed the month at 15.75 pesos per 100 kilos, equal to 132 cents United States per bushel; and the July option at 15.90 (133 1/4 cents). These prices compare with 16.80 for Spot at the end of March. Duluth closed with July seed at 206 cents per bushel.

Oats.- Shipments of oats during April were 2,905,000 bushels, which compares with 4,105,000 bushels in the previous month, and leaves the supply position:

Second official estimate 1936-37 crop	51,355,000 bushels.
Less seed and domestic requirements	29,827,000 "
Exportable balance	21,528,000 "
Shipped to end of April	12,486,000 "
Balance still available	9,042,000 "

There was only a limited demand from exporting houses, and the market during April was somewhat heavy, with declining prices. In the domestic market buyers had no difficulty in covering their needs, which sufficed to absorb parcels coming forward.

White oats for export, 39.3 pounds per bushel, closed the month at 6.55 per quintal, as against 7.35 at the end of March; and Yellow (37.7 pounds) at 6.40, as compared with 7.15.

Barley.- Barley shipments in April were 1,308,000 bushels, a serious decline from the March total of 2,107,000 bushels and the February figure of 3,696,000.

The supply position is now as under:

Second official estimate 1936-37 crop	29,854,000 bushels
Less seed and domestic requirements	6,568,000 "
Exportable balance	23,286,000 "
Shipments January 1st to April 30th	9,461,000 "
Still available for export	13,825,000 "

There was very little export demand during the month; but a fair domestic business was transacted with supply and demand about balancing, receipts being fortunately on a moderate scale.

Malting barley (65 kilos) dropped one peso during the month, viz.: from 9.65 to 8.65 pesos per 100 kilos; and feed barley (62 kilos) from 9.45 to 8.50 per 100 kilos.

Rye.- 868,000 bushels were shipped out in April, which compares with 980,000 bushels in March, and reduces available export supplies to 2,595,000 bushels as shown below:

Second official estimate 1936-37 crop	7,480,000 bushels
Deduct seed and domestic requirements	1,945,000 "
Balance for export	5,535,000 "
Shipped to end of April	2,940,000 "
Balance still available	2,595,000 "

Less interest in rye was shown by exporters, and the market turned draggy; but there was a certain amount of activity in the local market, which maintained price levels, and at the close there was no change as compared with a month ago, Spot rye selling at 12.80 per quintal for the export quality, 1.2 bushels per acre.

Seed Grain Control

In pursuance of the powers conferred upon it by the Argentine Grain Act, the National Grain & Elevator Board has given warning that after January 1st, 1938, sales of uninspected seed grain or linseed will be absolutely prohibited. All supplies of seed must then come from the establishments which have been duly registered with the Board, the only exception being that small sales or exchanges between farmers will still be permitted. In order to encourage registration of establishments for growing, introducing or creating new varieties, the period during which this may be done has been extended to May 15th, 1937.

Milling Qualities of Wheat

For the purpose of encouraging the study of problems connected with the industrialization of wheat, the National Grain & Elevator Board has arranged for a series of lectures on various aspects of the milling and baking qualities of the grain and kindred questions, by the German expert, C. W. Brabender, who has arrived recently in Buenos Aires on the invitation of the Board.



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