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THE GRAIN SITUATION IN ARGENTINA

Ottawa, June 12, 1937.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of June 1, 1937, dealing with the grain situation in Argentina.

Crop Conditions

Generally fine winter weather prevailed during the month of May, with frequent light frosts, and varying atmospheric moisture. A good rain fell in the middle of the month, serving to keep the soil in good condition for cultivation, and the sowing of wheat, linseed and oats has been actively prosecuted, practically without interruption in those zones where this is the normal season for that operation. Some of the marginal zones in southern Buenos Aires, north Córdoba and the Pampa are still complaining of lack of moisture, but the great central cereal area is in excellent condition. The present prospects are that there will be some increase in the acreage placed under wheat as compared with last season.

The weather has favoured the conditioning and shelling of the maize crop, and the good condition of the roads has enabled free hauling of the grain to the railways en route to the ports.

In the middle of the month, prior to the rains mentioned above the customary report of the Ministry of Agriculture on crop conditions made its appearance. The gist of it is contained in the following extracts:-

Buenos Aires: With the exception of the districts south of Bahía Blanca, where the rains have been insufficient, weather conditions were favourable for farm work. Cultivation of the land is being done under excellent conditions, as is also the seeding of the grain crops. Wheat is being sown in the centre and south of the province, but has not yet begun in the north. Most of the land is ready for it. The seeded fields have germinated in excellent form. The wheat acreage is expected to be greater than usual. Sowing of linseed will commence when that of wheat concludes. Harvesting of maize continues everywhere, and it is calculated that already half the crop has been picked in the north, where shelling also continues normally. Yields are varying from 35.1 bushels to 43.0 bushels per acre. The quality has suffered a little from the rain which has fallen. In the rest of the province more has been picked, but less has been shelled.

Santa Fe: Since the last report weather conditions have been generally favourable throughout the province. Some seeding of wheat has been done in the north, but only in isolated cases. It will commence in earnest at the end of May or early in June, which is the normal time. In view of the good prices, a small increase in area, say 3 or 4 per cent, is to be anticipated. Sowing of linseed has not begun, it being still a little early. Everywhere the picking of maize has been conducted under favourable conditions. Yields are approximating those forecast, and the quality is good, except in one or two districts where it is only average. The fact that on the plants there have been noticed a more than usual number of weevils has given rise to some uneasiness.

Córdoba: Since the last report there has been unfavourable weather, but recent rains have normalized the situation for the moment, although the precipitation was irregular in quantity. Seeding of wheat has been going on, but not in the north and west, where there has been insufficient rain. The areas seeded have germinated irregularly for lack of moisture, and the effect of hot winds is evident on the plants, but the condition now tends to become normal. Maize shelling proceeds under favourable conditions throughout the zone, because of the dry weather. More than 85 per cent of the crop has been picked, with yields as anticipated and very satisfactory quality in the south-east, but less so in the remainder of the province.

Entre Rios: Rains since the last reports have benefited the crops and facilitated the better cultivation of the land, which is well advanced for the seeding of wheat and linseed. Wheat planting is just beginning under good conditions. Sowing of linseed has not yet begun. High prices are encouraging farmers to plant wheat on a greater scale than last year, and this is helped by prevailing climatic conditions. Plants already above ground are in good shape. A greater area under linseed is also expected this year.

La Pampa: Following the last report, climatic conditions were adverse to plant growth, both in respect to temperatures, winds and moisture; but abundant rains brought a sudden change. Preparation of the land for seeding, which was proceeding slowly under poor conditions, is now being pushed rapidly. Sowing of wheat is well ahead, 50 per cent being completed in the north and 70 per cent in the south. Germination has been even and strong. Sowing of rye has been finished, and the present condition is good. Sowings of malting barley show considerable increase.

Supplies and Market Conditions

Wheat.- Exports of wheat and wheat shipped as flour during May were 6,778,000 bushels (wheat 6,511,000 bushels; flour 267,000 bushels). These figures are insignificant in comparison with the monthly totals in recent times. The Republic has now unloaded the great bulk of her exportable surplus of wheat, and the available balance is little over 22,046,000 bushels, a great part of which will be needed by neighbouring countries, leaving practically nothing for Europe. The statistical position now stands as follows:-

Second official estimate 1936-37 crop		247,836,000	bushels
Less seed and domestic requirements		99,208,000	"
Exportable balance		148,628,000	"
Disappearance prior to January 1, 1937		3,380,000	
Available balance on January 1st.		145,248,000	"
Shipments) wheat	120,464,000 bushels		
Jan. 1st to May 31st) wheat as flour	1,642,000 "	122,106,000	"
Balance still available		23,142,000	"

There was very little activity in the wheat market during the month. It has practically resolved itself into a domestic market, there being little wheat left available for exportation, and much of this small balance having already been contracted for. There is not much left in the hands of the farmers. In fact, some of the growers have beentempted by the prevailing high prices to part with more than they could spare and are now in the position of having to buy back wheat for seed, and a shortage of wheat for seed is reported from some districts. With a continuance of present favourable seeding conditions, more wheat will be required for planting than last year, as an expansion of acreage is likely, the extent of which will be decided by the weather.

Whilst little export business is being transacted, the domestic millers are busy buying to cover their needs. Their stocks are low, and they are taking delivery of wheat contracted for in the option market some time ago.

At the close of business for the month, Spot wheat was selling at 13.60 pesos per quintal (equal to $121\frac{1}{2}$c. Canadian per bushel); and the July option at 13.46, or say $120\frac{1}{4}$c. Canadian per bushel; whilst in Winnipeg at the same time July wheat closed at $121\frac{3}{4}$c. As compared with the closing prices of a month ago, Winnipeg thus lost 8 cents per bushel in the price of July wheat, whilst Buenos Aires only dropped $\frac{3}{4}$c. per bushel for the same position.

Maize.- May shipments of maize were 34,549,000 bushels as compared with 25,044,000 bushels in the previous month. The position in respect to supplies is now as under:

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 and May	59,593,000	"
Balance still available	272,026,000	"

The dry atmospheric conditions which have prevailed have enabled an unusually free movement of the new crop of maize down to the ports, and the volume of exports for the first two months of the maize crop year was over half a million tons greater than for the same period last season. Fortunately there was a good demand for the grain, and prices held up well. Whilst Europe showed no great interest in Argentine maize, the United States, and to a lesser extent Canada, bought very freely, and there is no present indication of North American demand slackening. A good many weeks have still to pass before the northern corn crops become available.

Whilst the movement of the crop has been very free, there has been no selling pressure here. On the contrary, the producers are inclined to hold for higher prices, 7 pesos per 100 kilos being the objective. But exporting houses have heavy commitments, and must have the grain. There has consequently been much selling by the farmers on price-to-be-fixed contracts on particularly advantageous terms offered by the shipping houses, as much as four months being allowed in which to have the price fixed, with no monthly premium charged as of old, and with no interest to be paid on the amount of the advance payment. Whilst this system long frowned on by the authorities, looks attractive to the farmer, who feels that prices must go up and is willing to back up his opinion, it is not to be supposed that the exporters anticipate losing anything on the business, and their generosity may prove more apparent than real.

A factor contributing to the firmness of the market is the persistent rumour that yields in some maize zones are not going to be so satisfactory as had been anticipated. As much as 30 per cent decrease from last year's yield is talked of in some districts. More will be known of this when the second official estimate of the yield is published about the 24th instant.

The month closed with prices on a higher level than at the end of April, Spot yellow maize for export selling at 6.70 pesos per quintal (equal to 55¾c. U.S. per bushel at current official exchange rates) as compared with 6.40 a month ago; and the July option 6.75 (56½c. per bushel) as against 6.57 at the end of April. As Chicago was closed for a national holiday, the comparative U. S. figures cannot be given.

Linseed.- Shipments of linseed during May showed a considerable falling off, totalling only 3,568,000 bushels, as compared with 8,325,000 bushels in the preceding month; but as approximately two-thirds of the exportable balance of the crop has now moved out, a drop in the rate was not altogether unlooked for.

The statistical position is now as indicated below:

Second official estimate 1936-37 crop	72,831,000	bushels.
Disappearance before January 1	2,464,000	"
Supplies for 1937	70,367,000	"
Seed and domestic requirements	7,874,000	"
Balance for export	62,493,000	"
Shipments to May 31	39,234,000	"
Still available for export	23,259,000	"

Following the very active demand which has prevailed for some time, from both Europe and North America, for Argentine linseed, the past month was relatively calm. Nevertheless, a fair amount of business was transacted, sufficient to maintain prices on a satisfactory level, there being no great selling pressure. Offers and enquiries about balanced each other. With every indication of a continuance of the revived industrial activity, there is a quiet confidence in the satisfactory disposal of the balance of the Argentine crop, and reports from country points indicate that with a continuance of propitious weather the acreage under linseed will probably be increased this year.

Price levels throughout the month were very steady, and the month closed on practically the same basis as it opened, Spot linseed being quoted at 15.72 pesos per 100 kilos (say 131c. U.S. per bushel), as compared with 15.75 at the end of April; and 15.75 for the July option, as against 15.90 a month ago. The Duluth market was closed for the national holiday, so that comparative prices in that important market cannot be quoted.

Oats. May shipments of oats were 1,111,000 bushels, an important drop from the total of the previous month, 2,905,000 bushels. The supply position is now:

Second official estimate 1936-37 crop	51,355,000	bushels.
Less seed and domestic requirements	29,827,000	"
Balance for export	21,528,000	"
Shipped to end of May	13,597,000	"
Balance still available	7,931,000	"

There was quite an active market for oats during the month, and prices showed an upward tendency, which shut off some of the export business. For the best grade of oats from 7. to 7.20 can be obtained for the domestic market. For export, White oats 49 kilos are selling at 6.75, as compared with 6.55 a month ago; and Yellow 47 ks. at 6.60, as against 6.40 at the end of last month.

Barley. Exports of barley during May totalled only 293,000 bushels, as against 1,308,000 bushels in the previous month. There is still a good deal more than half the exportable balance of barley left on hand, as shown in the following statement:

Second official estimate 1936-37 crop	29,854,000	bushels.
Less seed and domestic requirements	6,568,000	"
Exportable balance	23,286,000	"
Shipments to end of May	9,754,000	"
Balance still on hand	13,532,000	"

The market was quiet throughout the month, with only an average demand, and no pressure to sell, so that prices closed on exactly the same level as at the end of April, with Malting grain quoted at 8.65 per 100 kilos for 65 kilo barley; and Feed (62 kilos) at 8.50.

Rye. In common with oats and barley, Rye also showed a substantial drop in exports during the month of May, only 354,000 bushels moving out, as compared with 868,000 bushels in the preceding month.

The statistical position is 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	"
Shipments up to end of May	3,294,000	"
Still available for export	2,241,000	"

There was practically no change in market conditions during the month. There was little export demand, and business was pretty well restricted to the local millers, whose interest was sufficient to maintain prices on a firm basis, the month closing with rye selling at 12.80 pesos per quintal, exactly the same as at the end of April.

Argentine Grain Elevator System.

After a long period of apparent inaction, announcement has at last been made that the contracts have been awarded for six port terminal elevators, for which tenders were invited in April of last year and filed in October last. The locations and capacities of the six houses are:

Buenos Aires New Port	5,512,000	bushels.
Ing. White (Bahia Blanca)	2,205,000	"
Quequen	1,837,000	"
Rosario North	1,837,000	"
Rosario South	2,756,000	"
Villa Constitucion	2,021,000	"

The work of construction is to commence within two months of the ratification of the contracts.

Tenders have already been received by the Commission in charge for a second series of five terminals; and a call is now being made for tenders for a third series of three terminals to complete the official programme.

No tenders have yet been invited for the 321 country elevators, with a total capacity of 621,350 tons, or say 22,824,000 bushels, which are to be built for the government system; nor have any plans been published.

When completed, the official system of terminals will have a capacity of 734,100 tons or 27,000,000 bushels, which added to the existing privately owned terminals will provide a total terminal capacity of 1,180,100 tons or say 43,500,000 bushels in the Republic.