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THE GRAIN SITUATION IN ARGENTINA

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

Second Estimate of Maize Crop

The second official estimate of the volume of the 1936-37 maize crop, published a few days ago, sets the total production at 360,017,000 bushels, a reduction of 11,619,000 bushels from the first estimate.

The abandoned acreage is now placed at 3,982,000 acres, as against the first figure of 4,112,000 acres. On the other hand, the average yield on the area harvested is lower. Instead of the first estimate of 31 bushels per acre, it is now estimated as 1873 kilos per hect., or say almost 30 bushels per acre.

It may be pointed out that amongst the so-called "abandonments" there are large areas on the vast live-stock establishments which were planted for pasturage and were probably never intended to be harvested.

The following are comparative figures for recent maize crops:

2nd estimate 1936-37 crop	360,017,000 bus.
1st " " "	371,636,000 "
4th " 1935-36 "	397,619,000 "
Final " 1934-35 "	451,947,000 "
5 year average '31-32/35-36	334,715,000 "

Crop Conditions

The following is the gist of the official monthly crop report of the Ministry of Agriculture, giving conditions as at the middle of June:

Buenos Aires: In the second half of May the rains were almost nil and keen frosts were registered; but during the present month pronounced atmospheric moisture helped the crops, partly remedying the lack of rain. In the south-west of the province more than 70% of the seeded wheat has germinated, and its condition is normal except in the far south where rain is needed. In the south-east planting is more backward, and rain is needed, but not urgently. In the west germination has been even and the wheat fields look well. Seeding has commenced in the north. In all parts it is anticipated that the area planted will exceed that of last year. In the south-west it is likely that besides responding to the stimulus of high prices, the wheat acreage will increase in order to take advantage of the ploughing which was done to combat grasshoppers. Everywhere land is being prepared for linseed, planting of which will begin in July. In the northern zone a reduced area is expected because of the increase planned for wheat.

Santa Fe: There has been insufficient rain since the last report, and the effects are already noticeable, especially in the west. Dry weather and unseasonably hot sunshine aggravated the lack of moisture and made cultivation and sowing difficult. Wheat seeding in the south has proceeded normally and will terminate at the end of June. In the centre and north sowing is proceeding with some difficulty because of lack of moisture. If it rains in this latter half of the month sowing will finish here also, in which case an increased area is looked for. In general the condition of the fields already sprouted is good, although the effect of drought and frosts is noticeable; but the grain would respond to a good soaking. Planting of linseed has begun on a small scale, and will be intensified in the latter half of June. The prospects of an increase in area depend upon future rains. With favourable weather there may easily be an increase over the linseed area of last year.

Cordoba: Weather conditions since the last report have continued unfavourable, the drought increasing, for which reason ploughing for late sowing of wheat and linseed has been discontinued. Wheat fields in the north-east are fairly well advanced, but in the north-west and south-west they are backward on account of the winds

and lack of moisture. In the south-east development is normal. Unless conditions change for the better the wheat area will be smaller than last year. The linseed fields look well in the north-east and south-east. In the west little has been sown. If rains appear before long the linseed area will show an increase.

Entre Rios: In general the weather has been favourable for agriculture, as in spite of three rainless weeks the land still has preserved a good percentage of moisture, making normal working weeks possible, and ploughing has been carried on under excellent conditions. High prices are stimulating the farmers to increase their cropped areas by 10 to 15%. In the north wheat is almost all sown, and in the rest of the province 70%, the work being done under excellent conditions. Seeding of linseed and other cereals has begun under equally good conditions. The area under linseed is expected to be 10% greater than last year.

La Pampa: Since the last report there have been only unimportant light rains. Generally the climatic conditions have been favourable for the crops, which have germinated immediately after planting. In the northern and central zones the wheat area may be considered to be approximately 10% over last year, and in the south about the same as last. In general the germinated crops appear to be in good shape.

Since the appearance of the above official report opportune rains have made their appearance. There were several rainy days in the third week of the month, with precipitation well distributed, but unfortunately only light in volume in the regions most needing moisture, especially the province of Cordoba. This province, the Pampa and portions of southern Buenos Aires still require moisture; but in the remainder of the great cereal zone conditions may be said to be very good. Renewed activity followed the rains, and seeding was pushed ahead with both wheat and linseed.

On the basis of conditions now existing, an increased wheat acreage as compared with last year is confidently anticipated, although it may not be so great as was prophesied by optimistic forecasters a month ago. Probably about $7\frac{1}{2}\%$ over last year's area of 17,503,000 acres will be achieved, giving a seeded area of say 7,614,000 hectares, or 18,800,000 acres, with a possible greater increase in the event of good rains falling in the marginal regions which are now very dry.

The districts where moisture is most needed and where conditions are now rather bad are portions of the province of Cordoba, most of the Pampa, and Buenos Aires from Tres Arroyos to Bahia Blanca, all semi-arid normally, but capable of great production if the necessary precipitation makes its appearance.

It is as yet too early to venture a prophecy as to linseed prospects, very little having been sown. With a continuance of favourable conditions, planting will be heavy during the month of July, and an increase in area is more than a possibility.

Supplies and Market Conditions

Wheat.-June exports of wheat and flour totalled 6,779,000 bushels, of which 6,571,000 bushels were wheat and 208,000 bushels flour in terms of wheat. The June total is strangely similar to that of May, viz: 6,778,000 bushels.

An investigation into the stocks of wheat in the country as at May 31st has been made by the Ministry of Agriculture, and the figures published a few days ago make it evident that there has been an underestimate of the last crop or carryover. To cover the error 3,674,000 bushels have been added to the crop in the following statement of the statistical position.

Second official estimate 1936-37 crop	247,836,000	bus.
Probable under-estimate	3,674,000	"
Total	<u>251,510,000</u>	"
Less seed & domestic requirements	99,208,000	"
Exportable balance	<u>152,302,000</u>	"
Disappearance prior to 1:1:37	3,380,000	"
Available balance on January 1st	<u>148,922,000</u>	"
Shipments 1st) wheat	127,035,000	
Jan. to June 30) " as flour	<u>1,924,000</u>	128,959,000 "
Still available for export	19,963,000	"

The wheat market was very quiet throughout June, and there was little business transacted other than with the domestic millers and buyers for neighbouring South American countries. Argentina is not at present a factor in international trading,

and the fluctuations recorded on the quotation boards in the exchanges are merely reflections of transactions in other markets. Cargoes are still leaving daily, but those consigned to Europe are in fulfilment of old contracts.

At the close of the month's trading (which was on the 28th, the two subsequent days being fiestas) Spot wheat was quoted at 13.75 pesos per quintal, equal to 123½c. Canadian per bushel at current exchange rates; and the October option 13.27 (119c. per bu.). In Winnipeg on the same day October wheat was quoted 131 1/8c.

Maize.- Exports of maize during June were 39,577,000 bushels, which compares with 34,549,000 bushels in the preceding month.

On the basis of the revised official estimate of the crop referred to elsewhere, the following is now the statistical position:

Second official estimate 1936-37 crop	360,017,000 bus.
Carry over from 1935-36	19,035,000 "
Total supplies	<u>379,052,000 "</u>
Seed & domestic requirements	59,052,000 "
Exportable balance	320,000,000 "
Shipments 1st April to 30th June	99,170,000 "
Still available for export	<u>220,830,000 "</u>

Maize was the principal commodity dealt in on the grain exchanges during the past month. Whilst the demand from North American countries fell off a little, the European buyers were more active in their operations; nevertheless, prices fell gradually from the commencement to the middle of the month, losing nearly a peso per quintal, and subsequently only recovered half the loss, closing the month at 6.40 pesos per 100 kilos, equivalent to 53 3/8c. US per bushel, for Spot maize for export; with the September option at 6.52 (54 3/8c. per bu.); whilst in Chicago the September closed at 112 5/8c.

Of the remaining exportable surplus shown above probably three quarters of a million tons have already been sold, and there is no uneasiness felt as to the disposal of the remainder, as there is still some little time to elapse before the northern crops become available.

Linseed.- June exports of linseed were 5,435,000 bushels, which compares with 3,568,000 bushels in May.

As in the case of wheat, the recent official check-up shows greater stocks in the country than are accounted for in the official statistical records. To absorb this excess 1,378,000 bushels have been added to the estimate of the crop as below:

Second official estimate 1936-37 crop	72,831,000 bus.
Addition for probable under-estimate	1,378,000 "
Total	<u>74,209,000 "</u>
Disappearance before 1:1:37	2,464,000 "
Supplies for 1937	71,745,000 "
Seed & domestic requirements	7,874,000 "
Balance for export	<u>63,871,000 "</u>
Shipments to June 30th	44,668,000 "
Still available for export	<u>19,203,000 "</u>

The market was generally quiet through the month, although once or twice there appeared signs of animation, which soon died down. There was no selling pressure, and the moderate export demand easily absorbed the offerings. Prices fluctuated a little in sympathy with wheat, finishing the month only 10 centavos per quintal below the opening, Spot linseed being worth 15.65 pesos per 100 kilos, or say 130½c. US per bushel; and September 15.75 (131 3/8c. per bu.). In Duluth on the same day September seed closed at 193c.

Oats.- 2,632,000 bushels of oats were exported during June, as compared with 1,111,000 bushels in the previous month. This brings the total shipments to 16,229,000 bushels out of the exportable balance of 21,527,000 bushels, leaving only 5,298,000 bushels still available.

The market was quiet, and in spite of dwindling stocks prices yielded a little, white export oats closing at 6.45, as against 6.75 a month ago, with yellow oats 15 centavos lower.

Barley.- Barley shipments during June were 645,000 bushels (May 293,000 bushels). On paper, there are still liberal supplies available for export, say 12,887,000 bushels, shipments for the year thus far totalling 10,399,000 bushels out of the original exportable surplus of 23,286,000 bushels.

There is very little export demand at the present time, European importers finding cheaper supplies available from Asiatic sources. Hence prices here dropped from 8.65 a month ago to 7.90 for malting grades.

Rye.- Shipments of rye only amounted to 214,000 bushels in June, which compares with 354,000 bushels in the previous month, and leaves the surplus still available 2,027,000 bushels out of the exportable balance of 5,535,000 bushels on January 1st, 3,508,000 bushels having now moved out.

There was very little export interest during the month, and prices dropped from 12.80 a month ago to 10.50.

Destinations of Exported Wheat and Flour

The destinations of exported Argentine wheat are naturally of great interest to other exporting countries, and a periodical list of them would be a desirable addition to these reports. The difficulty, however, is that the great bulk of the cargoes, especially those intended for Europe, leave this country consigned "for orders", and it is only after a long period has elapsed that the definite destinations become known. For instance, not until June 18th was the Director General of Argentine Statistics able to furnish a list of exports for the year 1936 complete with definite destinations. The following is a copy of the list:

Argentine wheat and flour exports for the year 1936,

Official statistics

(Flour tonnage is actual; not in terms of wheat)

<u>Destinations by countries</u>	<u>Wheat</u> bushels	<u>Wheat Flour</u> barrels
United Kingdom	5,901,000	162,000
British Central African possessions	1,800	800
" European "	700	900
Austria	22,000	-
Belgium	5,338,000	2,000
Bolivia	961,000	39,600
Brazil	32,117,000	333,000
Columbia	14,000	-
Chile	95,000	5,500
Cuba	5,000	-
Denmark	572,000	60
Ecuador	100	15,000
Finland	162,000	10
France	181,000	8,700
French African possessions	-	1,700
Germany	1,912,500	5,600
Greece	873,000	4,400
Holland	2,508,000	7,300
Dutch African possessions	-	20
Hungary	-	20
Iceland	-	2,300
Ireland	48,000	-
Italy	3,318,000	41,000
Italian African possessions	73,000	-
Japan	-	10
Latvia	-	10
Norway	296,000	120
Palestine	-	10
Panama	-	10
Paraguay	371,000	138,000
Peru	3,952,000	-
Poland	-	600
Portugal	-	600
Roumania	-	20
Spain	3,600	900
Spanish African possessions	208,000	51,000

Argentine wheat and flour exports for the year 1936 Con'd.

<u>Destinations by countries</u>	<u>Wheat</u> bushels	<u>Wheat Flour</u> barrels
Sweden	148,600	1,500
Switzerland	71,000	-
Syria	-	10
United States	18,000	74,000
Uruguay	600	100
Venezuela	100	-
Yugoslavia	-	200
Totals	<u>59,172,000</u>	<u>897,000</u>

Millers' Opinions of Argentine Wheats

Following the example of Canada, the Argentine Grain & Elevator Board has established an office in London for the purpose of encouraging the sale of Argentine wheat in Europe. The London representative has been soliciting the opinions of bakers and others as to the quality of Argentine wheat, and some of the replies have been published in the official bulletin of the Board. Whilst most of these are of a commendatory nature, one or two are not equally satisfactory from the Argentine point of view; the following for example:

From Bloemmolens de Wulf, Bruges, Belgium; 29th April, 1937.

I am pleased to inform you that the Plate wheats of the new crop have given me full satisfaction. Nevertheless, it is evident that for the manufacture of flour of the quality required in Belgium it is necessary to add to them strong wheats like the Manitobas.

From Kvarnatkiebolaget - J.G.S. - Norrkoping, Sweden; 1st May, 1937.

To our regret we are obliged to inform you that we cannot use Argentine wheat, since here in Sweden there are laws which compel us to use not less than 80% of Swedish wheat, and as soon as the new crop is ready this percentage will certainly be increased. In consequence, Manitoba No. 1 is the only supplementary wheat we shall be able to employ.

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