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THE GRAIN SITUATION IN ARGENTINA

Ottawa, August 17, 1937.-The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of August 2, 1937, dealing with the grain situation in Argentina.

Crop Conditions

According to the official monthly crop report of the Ministry of Agriculture, made public on July 21, the work of seeding the new cereal crops has been seriously inconvenienced by lack of rains in the Pampa, and in the provinces of Santa Fe, Cordoba, Santiago del Estero and San Luis. However, this has not made itself felt in Buenos Aires or Entre Rios, where climatic conditions have favoured the work on the land and the germination of seed sown. The following is a resume of the details concerning the various provinces:

Buenos Aires: Weather conditions since the last report have been favourable for the development of the crops except in the north-west districts adjoining the Pampa. Sowing of winter wheat has been finished towards the south-west of the province and has become general in the north and centre. In the south-west more than 85% of the area seeded has germinated and stood out. In the south-east the condition is good, owing to opportune rains, as also in the west and part of the north. The prospects for an increased acreage are good throughout the province, but this is especially true in the north-east and south-west. The lower temperatures have favoured good rooting of the plants. Sowing of linseed has begun here and there in the north and central west, and preparation of the land is being actively pressed everywhere under good conditions. Generally a decrease of acreage is anticipated, owing to the increased area being seeded to wheat.

Santa Fe: Weather conditions have been generally unfavourable for the crops, owing to the almost total absence of rain. Wheat seeding has been finished within the normal period. In general there is an increase in the area planted, probably about 10% over that of last year. The condition of the wheat fields is uneven in the north, but less so in the centre and south, where the grain has germinated well and recent frosts have strengthened the roots. Lack of rain is being felt. Sowing of linseed is proceeding, and 60% of that planted is above ground. Its condition is uneven in the north, and better in the south. What has not yet germinated has little prospects of doing so unless an opportune rain comes to save it from loss. Any increase in area is unlikely.

Cordoba: Drought is increasingly felt. The only precipitation since the last report has been in the nature of drizzles, and preparation of the land for the fine crops has been paralyzed generally. The wheat fields are backward, not only in development, but also in planting, since the drought has not permitted the land to be worked and climatic conditions have not favoured germination. Whilst the condition of the germinated wheat is not yet alarming, since the damp atmosphere has maintained it up to now, if the drought persists it may become serious. It is estimated that 70% of the normal area has been planted. Linseed shows the same characteristics as wheat, but as it can be sown later than wheat the prospects are more favourable.

Entre Rios: Climatic conditions since the last report have visibly improved. With the rains at the end of June and early July the drought has disappeared, except in two districts where the precipitation was insufficient. Profiting by the rains the farmers pressed forward the cultivation of the land destined for wheat and linseed, and it is practically finished. Sowing of wheat is being completed, 90% being already in. The fields where it is above ground show a good development. The wheat area will show an increase. About 25% of the linseed has been planted. The work is proceeding normally, with an increase in area anticipated.

La Pampa: Since the last report climatic conditions have been unfavourable for the crops by reason of lack of rain in most of the districts, and also the heavy frosts; but there has been an absence of the strong winds so common in the Pampa. Most of the farmers had already finished ploughing the land for wheat, so that the weather conditions have not greatly interfered with the crop situation, but unless there is a change preparation of the land for barley, linseed and canary seed will be delayed. Wheat sowing is about finished in the centre and south, and is proceeding in the north,

where unless there are opportune rains the dryness of the soil will prevent a quick and even germination. The seeding was effected within the normal period, and in the north and centre there will be an increase in the area of approximately 10%, but not more owing to the lack of seed wheat. In the southern part there will be no great variation as compared with last year because some of the farmers, tempted by the high prices prevailing for the last crop, barely reserved enough grain for seed.

Santiago del Estero: The central zone of this province continues to suffer intense drought, and in the sections adjoining Santa Fe, although there have been some insignificant showers, there also is a lack of moisture. The hardness of the soil has almost paralyzed ploughing. Wheat seeding is practically finished. Only 40% was sown at the opportune time; 30% was planted a fortnight late, and the balance a month late, on account of insufficient moisture. The area planted shows a considerable reduction from last year's.

In order that the relative importance of the provinces in the growing of wheat may be appreciated in reading the above and other crop reports, the percentage of the total wheat area seeded in each in the 1935-36 season is given as follows:

Buenos Aires	55%
Santa Fe	9
Cordoba	21
Entre Rios	5
La Pampa	9
The Rest	1
	<u>100%</u>

Supplementing the above official report, it may be said that the weather continued dry up to the last day of the month, when rain commenced to fall in parts of Buenos Aires, especially in the neighbourhood of the Capital, with the temperature rising somewhat sharply; but hopes were disappointed, as the precipitation proved to be very light and covered only a restricted area, omitting the districts most in need of it. So the general situation is that conditions have not improved, and drought prevails in Cordoba, the northern half of Santa Fe, the Pampa, and the other provinces and territories outside the main wheat area, where ploughing is being held back and germination of the grain already planted is being delayed. Southern Santa Fe is in better shape, Entre Rios in good shape, and Buenos Aires, with the exception of the portion abutting on the Pampa, is in the best condition of all. (As shown in the list above, Buenos Aires accounts for more than half the total wheat acreage of the Republic). Rain is needed everywhere, but not urgently in the last mentioned districts, which can still hold out quite a while without precipitation, provided there is no undue heat to help to exhaust the moisture in the soil.

Should rain come in the zones seriously affected there will be a good deal of late-sown wheat. On account of the present day value of the grain, farmers have been inclined to delay putting it in the dry ground rather than risk losing what has a high cash value. Some areas which had been seeded early have had to be resown, and to enable this to be done seed has been supplied to the colonists by the authorities.

General opinion still is that there is an increased area under wheat as compared with last year, and the figure (7 $\frac{1}{2}$ %) mentioned a month ago is probably not far from correct, although some experts are inclined to place it higher. But should the drought persist without relief any increase in the acreage will undoubtedly be offset by lighter yields. As for linseed, which is more prejudiced by the prevailing dry conditions, opinion is practically unanimous that the area seeded is substantially below that of last year.

Supplies and Market Conditions

Wheat.-Exports of wheat during July were 2,961,000 bushels, to which must be added another 202,000 bushels exported as flour, making a combined total of 3,164,000 bushels. The comparative figure for June was 6,779,000 bushels. The statistical position is now as shown below.

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 bus.
Exportable balance	<u>152,302,000</u> "
Disappearance prior to 1:1:37	3,380,000 "
Available balance on January 1	<u>148,922,000</u> "
Shipments) wheat 129,996,000	
to July 31) " as flour 2,126,000	<u>132,122,000</u> "
Still available for export	<u>16,800,000</u> "

Assuming that the above official estimate of the crop plus the addition made for a probable underestimate correctly present the basis of this statement, the balance of less than 18,372,000 bushels is not more than sufficient to cover the normal requirements of Brazil and the other neighbouring countries, so that there is now no surplus available for Europe. Not that European buyers are showing any interest in Argentine wheat. The mills are reported to be well stocked and with Canadian and United States wheat shortly to become available for export, consuming markets are at present independent of Argentina. The domestic millers were on the look out for parcels of high grade wheat, but lower grades were not in demand, and the market generally was weak throughout the month, with little business passing, other than a certain amount of speculative buying and selling based on the varying reports with regard to North American crops. The contradictory nature of the reports referred to and the wide fluctuations which followed them were the principal feature of the market. Argentine crop conditions had very little influence.

At the close of the month Spot wheat was quoted at 13.88 pesos per 100 kilos, equal to 125 $\frac{1}{2}$ c. Canadian per bushel at current official exchange rates, and the October option 13.39 (121 1/8c. per bushel). In Winnipeg on the same day October wheat closed at 132.

Maize.-Shipments of maize during the month of July were 30,971,000 bushels, a substantial drop from the total of the previous month, which was 39,577,000 bushels. This leaves the supply position as below.

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> "
Deduct for seed & domestic needs	59,052,000 "
Exportable balance	<u>320,000,000</u> "
Shipments April 1 to July 31	130,142,000 "
Still available for export	<u>189,858,000</u> "

The dry weather has been very favourable for the shelling and conditioning of the maize crop, and the grain continues to flow down to the ports in a steady stream. A shortage of tonnage made itself apparent in the second half of the month, and this was responsible for the drop in the quantity shipped as noted above.

There was an animated market for maize during the month. Offers were abundant, but there was a good interest shown by buyers for export and price levels were well maintained. There was less demand from the United States, whose interest naturally decreases as the time for gathering its own crop draws nearer; but both the U. K. and Continental buyers were active. The North American demand has been a very valuable feature of the Argentine maize market this year. Well over 39,368,000 bushels have been shipped to the United States, and 26,101,000 bushels to Canada, between January 1 and July 31.

At the end of the month Spot maize for export was quoted at 6.51 pesos per quintal, or say 54 $\frac{3}{4}$ c. U.S. per bushel at current official exchange rates, and the September option at 6.55 (55 1/8c. per bu.). On the same day September maize in Chicago closed at 91 7/8 c.

Linseed.-Exports of Linseed during July were 4,855,000 bushels, a little lower than those of July, viz., 5,435,000 bushels. The statistical position is now as follows:

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 prior to 1:1:37	2,464,000 "
Supplies for 1937	<u>71,745,000</u> "
Less seed & domestic requirements	7,874,000 "
Balance for export	<u>63,871,000</u> "
Shipments to July 31	49,524,000 "
Still available for export	<u>14,347,000</u> "

A moderate amount of seed is still coming down to the ports, and recently arrived parcels have been of good quality. Stocks as shown in the above statement will only last three months at the present rate of shipment, and as mentioned elsewhere present indications point to a smaller area being planted to linseed this season. Hence there is no selling pressure. Buyers for export during the past month showed interest in purchasing seed, which made business active; but they were not sufficiently keen on buying to pay higher prices, although these closed a little higher than a month ago.

Spot seed closed at 15.95 pesos per 100 kilos (equal to $134\frac{1}{4}$ c. U.S. per bushel), and the September option at 15.98 ($134\frac{1}{2}$ c. per bushel); whilst in Duluth on the same day September seed closed at 204c.

Oats.-Shipments of oats during July totalled 2,085,000 bushels, which compares with exports of 2,632,000 bushels in the preceding month, and brings the total for the season thus far to 18,314,000 bushels out of the exportable balance of 21,527,000 bushels, leaving still available only the small quantity of 3,214,000 bushels.

Entries during the month are light, and little business was transacted, prices closing at 6.25 pesos per qtl. for white oats for export, and 6.10 for the yellow, as compared with 6.45 and 6.30 respectively at the end of June.

Barley.-Exports of barley were only 332,000 bushels, as against 645,000 bushels in June. Out of the exportable balance of 23,286,000 bushels, 10,731,000 bushels have now been shipped out, thus leaving still available 12,555,000 bushels.

Business was very quiet, being restricted to supplying the domestic demand. As pointed out a month ago, European consuming centres are able to fill their requirements to better advantage from eastern producing countries than from South America at the present time. At the close of the month malting barley was worth 8.65 and feed grades 8.50 per 100 kilos.

Rye.-Rye shipments were 140,000 bushels, as against 214,000 during June. Out of the exportable balance of 5,535,000 bushels, 3,648,000 bushels have now been sent overseas, thus leaving still available 1,888,000 bushels.

Whilst little interest in rye was displayed by shipping houses, the domestic market was fairly active, and prices marked a 10 per cent advance, closing at 11.70 per qtl., as compared with 10.50 at the end of June.

Grain Elevators

Another step has been taken in the leisurely progress towards establishing a national system of grain elevators for the Republic.

In the year 1926 concessions were granted to Messrs. Bunge & Born and to L. Dreyfus & Co., and in the following year to another prominent grain firm, Luis De Ridder Ltd., of sites for the construction of terminal grain elevators in the new port of Buenos Aires. No elevators have been built, but for all these years the valuable sites have been reserved for the above named firms, to the exclusion of others. Now the Government has cancelled the concessions on the ground that they were illegally granted by a former government, and the sites are to be used for the construction of the 150,000 tons elevator which is included in the plans for the proposed national system.

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