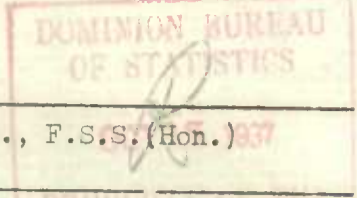


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THE GRAIN SITUATION IN ARGENTINA

Ottawa, October 14, 1937.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of October 1, 1937, dealing with the grain situation in Argentina.

First Official Estimate of Areas Seeded

On September 17 the Ministry of Agriculture made known its first estimate of the areas seeded to the principal grain and seed crops (excluding maize) for the season 1937-38. Details are as below:

Wheat	7,120,000	hectáreas,	or	17,586,400	acres.
Linseed	2,550,000	"	"	6,298,500	"
Oats	1,260,000	"	"	3,112,200	"
Barley	775,000	"	"	1,914,250	"
Rye	850,000	"	"	2,099,500	"
Canary Seed	40,000	"	"	98,800	"
T o t a l s	12,595,000	"	"	31,109,650	"

For comparison the statistics of recent years are reproduced below:

	<u>Wheat</u>	<u>Linseed</u>	<u>Oats</u>	<u>Barley</u>	<u>Rye</u>	
1937-38	17,586,400	6,298,500	3,412,200	1,914,250	2,099,500	acres.
1936-37	17,495,000	7,435,000	3,157,000	1,924,000	2,203,000	"
1935-36	14,203,000	6,570,000	2,952,000	1,939,000	1,749,000	"
5 year average .	17,987,700	7,270,500	3,370,200	1,842,300	1,895,600	"
10 year average .	19,241,800	7,357,700	3,481,800	1,604,800	1,563,300	"

As compared with last year the total seeded area shows a decrease of 1,214,000 acres, or say 3.8 per cent, which is due in almost its entirety to the smaller linseed acreage. The total is also 6.7 per cent less than the 10-year average, which is looked upon as the normal seeded area for the country.

The wheat area exceeds that of a year ago by 91,000 acres. The figures are not given by provinces in the official memorandum, but it is indicated that the principal decrease in wheat occurs in the province of Córdoba (due to the prolonged drought there) and is more than compensated by increases elsewhere.

The linseed acreage shows a drop from 1936-37 of 1,136,000 acres or say 15.3 per cent. Again, the principal deficit is in Cordoba, but all the provinces show lower figures except Entre Ríos, where there was an increase of approximately 15 per cent.

The other items show little variation from the figures of previous years; but it is noted that of the barley acreage, 1,050,000 acres represent malting varieties.

The publication of the official figures occasioned no great surprise, as it was realised that the hoped for increase in wheat acreage had been rendered impossible by the persistent drought in some of the provinces. But it should be pointed out that good general rains fell after the preparation of the official estimate, and wheat seeding was resumed in the backward districts, so that the second calculation may be expected to show a revision upwards.

Crop Conditions

The official monthly report on conditions in the grain districts made its appearance on the 21st. The data on the principal crops and zones may be summarized as follows:-

Buenos Aires: Weather conditions during the second half of August were similar to those indicated in the last report. This situation was totally changed in the early days of the current month, when almost all the provinces received abundant rains which **still continue**. With the exception of the extreme west, where the rains were lighter, the condition of the crops is generally good. Wheat: Seeding of wheat is virtually over. The condition of the fields may be said to be quite good. In the north the state of the weather and the humidity of the soil have permitted excellent development and great strength in the plants, there being many fields which have been lightly pastured so as to check their growth. On the Atlantic coast the rains have maintained the wheat in good condition; and the same is true in the centre of the province where lack of rain had caused fears of depreciation. Towards the south-west the condition is also good, with well rooted and well stooled plants. In the western zones dryness persists; the winter wheat still maintains its good condition, but the spring varieties are only fair, being spindly and uneven in growth. As for the seeded area, the increase previously forecast has been confirmed. Linseed: Seeding has been completed in the north, and is proceeding under normal conditions in the remainder of the province except in the extreme west, where lack of rains is making it difficult. What has germinated is growing well, except in the north-west, where because of unfavourable weather the condition is only fair. The seeded area will be less than last year, especially in the great linseed zone in the north of the province. The increases elsewhere will not suffice to compensate for this. The last rains have notably improved the condition of the linseed crop.

Santa Fé: The rains which have fallen in this province during the period since the last report, although light, were sufficient to permit a change for the better in the crops and also to facilitate the work on the land. They were especially beneficial in the central zone, where drought was causing much damage. Wheat: The state of the wheat fields in the south is highly satisfactory as germination was even and strong, later heavy frosts promoted good root growth, and recent rains have stimulated stooling. In those parts of the north where the drought of recent months was most severe wheat fields are to be found in all conditions, according to whether or not they were favoured by recent rains. Some of the fields which suffered most have been reploughed for maize. Linseed: The rains have permitted the sowing of this seed to be completed within the normal period, although a decrease in area is noted, due to the difficulty in ploughing during the drought. The condition of the fields has improved perceptibly. Fields which have germinated recently look the best, as the earlier ones show irregular development.

Córdoba: Since the last report drizzling rains in the east and centre of the province, although neither uniform nor abundant, have had a beneficial effect. South of Rio Cuarto and north and west of Villa María there was practically no rain, the insignificant precipitation being insufficient to neutralize the evaporation caused by winds. Wheat: Some fields are still being sown where this could not be done earlier because of the lack of soil moisture. Recent rains and excellent wheat prices prevailing have stimulated this out of season planting. The condition of the fields is good in San Justo, Marcos Juárez and Río Cuarto districts; but more to the south the plants are yellowing here and there because of the prolonged drought. In many places the plants are heading although only 16 inches high which will be inconvenient if future rains produce a second growth and lower the quality. Alongside these fields may be seen others which have germinated under satisfactory conditions because of the recent rains. Linseed: During the last month sowing of linseed has been intensified; nevertheless, the work is obviously backward with respect to the normal season. In the south and in some parts of the north it has not yet been possible to complete it. The early sowings have commenced to flower, in spite of the meagre growth.

Entre Ríos: During the last month sufficient rain fell in this province to maintain the normal condition of the crops; nevertheless, more moisture is now needed, especially in some of the districts. Wheat: There is an increase in the area seeded with wheat in relation to that of last year, although not with respect to the normal acreage. Generally the condition is excellent, except in the southwest. Linseed: Sowing continues in a normal way, and the condition of the plants already above ground is good.

The Pampa: Since the last report drizzling rains have fallen in the south of the territory. Although the quantity which fell was small, the crops benefited by reason of the prolonged duration; but in the districts where the seeded area is greatest the precipitation was more abundant and found the crops in the best state. In the north practically no rain fell, but the dry condition mentioned in the last report has not been aggravated as the winds have not been either so strong or so frequent as is usual at this time of the year, and the many cloudy days with low temperatures have reduced evaporation. In some of the western sections the Wheat has begun to show the effects of the drought, although for the moment there are no appreciable areas which can be

considered lost. In the most extensively sown zone the wheat plants are well rooted, and with normal conditions up to harvest a paying crop can be looked for. In this section an increased area has been planted. Linseed: In the northern districts, which are where linseed is normally grown, the conditions have been unfavourable for planting, and for this reason a decreased area can be expected. Only abundant rains can change this by permitting farmers to replace with linseed fields which they were not able to seed to wheat.

A note attached to the official report of which the above is a summary mentions that it only covers condition up to the 17th of the month, and that the rains which fell between that date and the 21st when the report was published would improve the conditions of the crops and facilitate the final plantings.

Very good rains fell on the 19th and 20th. They were general, and extended into the areas which were most in need of the moisture. Moreover they were succeeded by a period of cool and misty days, which made the precipitation doubly beneficial. Every province, including also the Pampa Territory, has now had rain, with the exception of Santiago del Estero, which remains extremely dry. But Santiago does not figure very largely in the production of either grain or linseed.

Following the rains, work on the land was renewed with great activity, and it is believed that there was a good deal of sowing of wheat and linseed, besides the coarse grains. What, if any, returns these late fields will produce depends entirely upon the future weather. Such late sowing is a gamble, but prevailing high prices make the gamble worth while.

It is very probable that, due to the ravages of the prolonged drought, in some parts of the provinces of Córdoba and Santa Fé crops are beyond recovery; but where that extreme had not been reached there are now good prospects of damaged fields producing a profitable crop if the present cool and unsettled weather should continue for a while.

Ploughing of the lands destined for maize is being pressed forward, with every prospect of an extensive acreage being planted. A good deal of the area originally intended for wheat or linseed will now go into maize, including sundry fields where the seed failed to germinate or did so only in patches, a good field of maize being more profitable than a poor field of wheat or linseed.

Supplies and Market Conditions

Wheat. During September exports of wheat and wheat flour totalled 3,986,000 bushels (wheat 3,814,000; flour 172,000). This compares with a combined total of 3,942,000 bushels in August, and leaves the supply position as shown below.

Second official estimate 1936-37 crop	247,836,000	bushels.
Probable under-estimate	3,674,000	"
Total	251,510,000	"
Less seed and domestic requirements	99,208,000	"
Exportable balance	152,302,000	"
Disappearance prior to January 1, 1937	3,380,000	"
Available balance on January 1	148,922,000	"
Shipments) Wheat	137,555,000	bushels
to Sept.30) Wheat as flour ..	2,495,000	"
	140,050,000	"
Still available for export	8,872,000	"

There was a gradual stiffening of wheat prices during the month, due to the steady exhaustion of stocks. It is probable that the allowance shown in the above statement for under-estimate of the crop will have to be increased; but even so there are buyers waiting for all the grain likely to come forward before the new crop becomes available. Brazil, usually so "finnick" as to the quality of the wheat she buys, is now apparently willing to take almost anything offered, and other neighbouring countries are also eager customers. Prices for Argentine wheat are naturally quite out of line with those of competing countries in the European markets.

The official estimate of the acreage seeded for the new crop, which made its appearance on the 17th, had no effect on the market, as the forecast was more or less what had been expected, in view of the prevailing weather conditions. Subsequent rains weakened prices a little, but they soon recovered.

Guessing the yield of the new crop is now a popular amusement. The average amongst members of the trade is about 220,462,000 bushels, as compared with 248,020,000 bushels for the last crop on a slightly lower area. But at this stage it is realised that it is pure guesswork, as the most critical time for the crop has still to be faced. For the moment weather conditions are almost ideal for the growing crops.

Trading in wheat of the new crop was officially opened on the 13th, when quotations commenced at 10.85 pesos per 100 kilos. At the close of the month the price had risen to 11.52. But sales are said to have been made by farmers at as high as 12. in combination with parcels of old wheat at 14.50, so anxious were the buyers to obtain the latter. Millers and exporters are in keen competition for old wheat. Millers have options bought to cover their needs, but cannot get actual wheat. Exporters have over-sold, and are said to be losing money heavily. Hence the fortunate country holders of wheat of any quality are in a happy position, of which they are taking full advantage.

Spot wheat closed the month at 15.05 pesos per 100 kilos, equal to 135 $\frac{1}{4}$ c. per bushel at current official exchange rates; the December option at 12.40 (111 $\frac{1}{2}$ c. per bushel); and February new crop 11.52 (103 $\frac{1}{2}$ c.) On the same day Winnipeg December wheat closed at 126 $\frac{3}{4}$ c.

Maize.- September exports were 38,257,000 bushels; August 27,290,000 bushels. The statistical position is now:

Second official estimate 1936-37 crop	360,017,000 bushels.
Carry-over from 1935-36	19,035,000 "
Total supplies	379,052,000 "
Deduction for seed and domestic needs	59,052,000 "
Exportable balance	320,000,000 "
Shipments April 1 to September 30	195,689,000 "
Still available for export	124,311,000 "

There was a good demand throughout the month, with a firm market, and prices rose slightly but steadily. There was a certain amount of speculative buying based on the opinion that price levels were relatively lower than those of wheat. Spot maize closed the month at 6.85 pesos per quintal (equal to 57 $\frac{3}{8}$ c. per bushel); and December at 6.92 (58c. per bushel); while in Chicago December corn closed at 63 $\frac{1}{8}$ c.

Linseed.- September linseed shipments were 4,877,000 bushels, against August 3,836,000 bushels. This leaves the supply position as shown below.

Second official estimate 1936-37 crop	72,831,000 bushels
Addition for probable under-estimate	1,378,000 "
Total	74,209,000 "
Disappearance prior to January 1, 1937	2,464,000 "
Supplies available for 1937	71,745,000 "
Less seed and domestic requirements	7,874,000 "
Balance for export	63,871,000 "
Shipments to September 30	58,236,000 "
Still available	5,635,000 "

A good business was done during the month, but the demand faded away towards the close. In spite of this, prices were well sustained, this being largely due to the shrinkage in the acreage planted for the new crop and the prospective shorter supplies for the coming year.

Trading in the new season's seed was opened on the Futures Market on the 22nd, the initial quotation being 15.45 pesos per quintal, only 50 centavos below the Spot seed. New linseed closed the month at 15.50 (equal to 129 $\frac{3}{4}$ c. per bushel at official exchange rates); Spot at 16.30 (136 $\frac{1}{2}$ c.), and the November option at 16.19 (135 $\frac{5}{8}$ c. per bushel); while in Duluth December seed closed at 207c.

Oats.- September shipments of oats were very small, only 289,000 bushels moving out, as compared with 733,000 bushels in August. The position is now:

Exportable surplus at January 1	21,527,000 bushels
Shipments to September 30	19,336,000 "
Balance still available	<u>2,191,000 "</u>

There was a fair amount of animation in the market during the month, but the business was mostly local. For the export trade it is difficult for Argentine oats to compete with Canadian, and little remains for disposal, as shown above. Prices showed an improvement, White oats closing at 6.30, as compared with 5.75 a month ago; and Yellow 6.15, as against 5.60.

Barley.- Exports were small (103,000 bushels), only half those of August. There is very little demand for export, and domestic business is only moderate. But in sympathy with other grains, prices rose during the month from 6.65 per quintal for Malting grain to 7.30; and for Feed barley from 6.50 to 7.05. While on paper there still remain 12,240,000 bushels of barley on hand available for export, it is practically certain that only a small portion of this really exists.

Rye.- There were no exports during September, and very little domestic business. Small sales were effected at 8.50, but there were no official quotations at the close of the month. Statistically there remain 1,888,000 bushels on hand available for export.

Official Statistics of Exports of Linseed in 1936

Below are given the official figures, supplied by the Director General of National Statistics, for linseed exports during 1936, with the countries of final destination, including those shipments which left "for orders". Compilation of these statistics has only recently been completed.

United Kingdom	2,305,000 bushels
British Possessions	2,320 "
Africa, South, Union of	6,000 "
Belgium	5,071,000 "
Brazil	725,000 "
Canada	1,898,000 "
Czechoslovakia	510,000 "
Chile	18,000 "
Denmark	637,000 "
Finland	160,000 "
France	9,133,000 "
Germany	3,887,000 "
Holland	15,526,000 "
Irish Free State	27,000 "
Italy	2,289,000 "
Japan	86,000 "
Norway	609,000 "
Paraguay	40 "
Portugal	76,000 "
Spain	310,000 "
Spanish African Possessions	10,600 "
Sweden	837,000 "
United States of America	14,383,000 "
Uruguay	40 "
Yugoslavia	71,000 "
<u>T o t a l</u>	<u>58,577,000 "</u>

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