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THE GRAIN SITUATION IN ARGENTINA

Ottawa, February 12, 1938.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of February 2, 1938, dealing with the grain situation in Argentina.

First Official Estimate of Maize Area

The Ministry of Agriculture a few days ago made public its first estimate of the area planted to maize for the 1937-38 season, viz: 5,950,000 hectáreas, or say 14,703,000 acres.

The area is smaller by 8 per cent than the acreage planted last season, and is 11.3 per cent below the average of the last previous five years, as will be seen from the following statistics:

1937-38 (first estimate)	5,950,000	hectáreas	or	14,703,000	acres
1936-37 (final)	6,464,000	"	"	15,973,000	"
1935-36	7,630,000	"	"	18,854,000	"
1934-35	7,028,870	"	"	17,369,000	"
Five-year average	6,704,174	"	"	16,566,000	"
Ten-year average	5,973,227	"	"	14,760,000	"

In the note presenting the figures the Ministry points out that the planting of the crop was late because of the abnormal conditions prevailing. The loss of extensive areas of wheat and linseed and the high prices ruling for grain at that time induced farmers to replant those areas with maize; otherwise there would certainly have been a greater decrease in the acreage of the latter. Under these circumstances there is a greater proportion than usual of late sown maize.

The note terminates with the statement that a good part of the area seeded to maize has already become a total loss, without, however, offering any estimate of the extent of the abandonments.

The official estimate proved rather a surprise, as it had been generally anticipated that the acreage would at least equal that of last year.

Crop Conditions

Cutting of the other crops having been completed, and threshing being well advanced, attention is now concentrated on the maize crop. Unfortunately the prospects do not appear very optimistic. As mentioned in the above official forecast, there have already been considerable areas given up as totally lost, and much of the remainder may be set down as in poor condition but not yet beyond recovery if timely rains should fall. Up to the present the weather this summer has been unusually cool and unusually dry; not by any means the kind of season conducive to good corn crops, and forecasts do not promise any early change. But with the high proportion of late sown grain in this crop, a fair average yield is still possible over the remaining undamaged area if the needed moisture makes its appearance. Moderate rains which fell in the middle of the month were too late to benefit some of the dried out areas.

Below is given the gist of the monthly official report on crop conditions, which made its appearance on January 20.

According to this report, the weather during the month was characterized by a persistent drought, which prevailed throughout the cereal zone with the exception of the province of Entre Ríos. The outstandingly dry sections were the Pampa, Córdoba, San Luis and Santiago.

While the dry weather favoured the harvesting and threshing of the wheat and other grain crops, it was prejudicial to the maize crop, and in lesser degree to the linseed fields in the south-west of Buenos Aires where the flowering stage was just over.

The condition of the maize crop generally throughout the country is rather below average.

Details of the report are summarized below:

Maize. - Buenos Aires: Except in parts of the south-east, planting has been finished throughout the province, as also the last minute re-seeding of fields of wheat and maize damaged by frosts. During the last 30 days the work has been carried on under poor conditions, for which reason an important part of the area normally planted has been left unseeded. On the other hand, in the north, the outstanding maize zone, the area planted is estimated as equal to that of last year. The condition of the crop is fair in the north, where the plants have short heads and do not stand high. In some places fields have already been given up to pasturage. Rains on the 17th here saved the maize fields for the time being, but fresh moisture is required to finish filling the cobs. Outside the northern zone the condition falls off towards the centre and the Pampa in the west, where generally the crop is considered a failure. In the south-west the prospects are still from fair to good, but the lack of rain is being felt. Santa Fé: In the north, on the Chaco boundary, they are still ploughing for maize, and profiting by the last rains the second planting is going on. In the south the work has been finished. The condition of the crop is very variable and in all the zones good fields may be seen side by side with fields that are only fair. In some districts the condition of the first sowings is definitely poor, and some have been abandoned to live stock. In general an abundant rain is necessary to save the crop, although the yield in any case will be below the normal for the zone. The area planted in the south is somewhat below that of last year; but in the centre and north with the second sowing it will probably equal last year's. The locusts are being well fought, and will not cause much damage. Córdoba: Since the last report the condition of the maize crop has varied materially, and it is now generally poor. Lack of rain, strong sun and hot winds have caused this. In face of imminent destruction by locusts or drought many fields have been turned into pasture, which will help to compensate for the losses. The area planted to maize was greater than last year, in spite of much having been left unseeded in the south-west for lack of moisture. Some fields in the south-east promise only a half crop, and the maize of the province may this year be considered practically a failure. Entre Ríos: Late planting is still being affected in the north with conditions of soil moisture good. In general the condition of the crop is from fair to good. Other provinces and territories: The crop is almost totally lost in the Pampa, San Luis and Santiago del Estero. It is mostly good in the other small districts.

Linseed. - Buenos Aires: Cutting has been finished in the north and west. It is general in the centre and south. Threshing is fully under way in the north and is beginning in the south. Yields in the north are from fair to good. In the south, where lack of rains affected the crop in the late period of development, yields are only fair. In the south-east they are good; but they are poor in the south-west. Generally the quality is good, with a low percentage of foreign matter. Santa Fe: Threshing is finished. Generally the quality is good, and the lots damaged by rain are proportionately few. Córdoba: Threshing has been finished in the greater part of the province, some stacks still remaining, particularly in the south-east. In general the late sowings were a failure, and a good deal was left uncut. Yields generally are low. The best qualities were harvested in the south-east. Grubs and locusts did some damage, but most of it was caused by drought and hurricane winds, whether hot from the north or cold from the south. Entre Ríos: Cutting is virtually finished with the exception of some fields in the south. Threshing is general, with the results which were anticipated. Generally the quality is good in spite of some damage to cut linseed by the last rains. La Pampa: The crop is almost a total loss. The few fields harvested gave a poor yield.

Wheat. - Buenos Aires: Harvesting may be considered practically finished. Threshing is proceeding in the centre of the province. The quality is good to very good in the south-east, fair in the north and centre, and poor in the extreme west. Yields are normal in the south, and good to fair in the rest of the province, with the exception of the west, where they may be described as fair to poor. Santa Fé: Threshing has been concluded in the north and centre, and is drawing to an end in the south. In general the quality is very good. Yields are good in the south, but poor in the centre and north of the province. Córdoba: Threshing has been finished. Ploughing of the stubbles is almost paralysed by the persistent drought. Entre Ríos: Threshing is being finished under normal conditions. With the exception of two districts where they are only fair, yields are good or very good throughout the province, and the quality is

generally very good. Pampa: Cutting has been finished, and threshing is proceeding, with yields poor. The quality is generally good and the weight satisfactory.

The Government of the Province of Buenos Aires on the last day of January issued a report on crop conditions. The following is a transcript of the section dealing with maize:

Planting of maize has been finished. More than 20 per cent of the area will not be harvested, having been killed by drought and hot strong winds. Twenty-five per cent will give only a small yield, and part of that may also be lost. Outside the northern part of the province, where the frost-damaged maize recovered, and having benefited from some good showers, will give a yield between fair and good, the remainder will be only fair. As a result of the frosts the plants have produced only small cobs. The province will have a short crop.

Supplies and Market Conditions

Wheat. - Exports of wheat and flour during January totalled 8,111,000 bushels, (wheat 8,012,000 bushels; flour in terms of wheat 99,000 bushels). This compares with the December total of 3,936,000 bushels. It is, of course, far below the huge shipments of January 1937, when over 25,721,000 bushels went overseas.

The supply position is now as set out below:

First official estimate 1937-38 crop	191,986,000 bushels
Less seed and domestic requirements	99,208,000 "
Balance for export	92,778,000 "
Disappearance prior to January 1, 1938	1,912,000 "
Available balance on January 1	90,866,000 "
January) wheat	8,012,000 bushels
shipments) wheat as flour ..	99,000 "
	8,111,000 "
Still available for export	82,755,000 "

This Republic was of course a relatively small factor in the wheat markets of the world during the past month. Australia occupied the front of the stage, selling freely at prices below those asked for Plate wheats. But there is a complete difference in type between the grain of the two countries, and some good sales of Argentine wheat were made. Germany at one period of the month was buying it almost daily. Portugal purchased 845,000 bushels, and the United Kingdom bought moderate quantities. The early shipments have been of excellent quality and weight, especially those from the Bahia Blanca zone, which are comparable to the Western Canadian hard wheat, and can be used with advantage for mixing purposes in the production of high grade flour.

Buyers for Brazil and the local millers were in the market constantly, and as offers from the country were by no means plentiful prices steadily increased, gaining 85c. per quintal during the month, with good premiums being offered for parcels of superior quality.

Spot wheat closed the month at 12.22 pesos per 100 kilos, equal to 111 1/4c. Canadian per bushel at current official rates of exchange; and the May option at 12.30 (112c. per bushel). In Winnipeg on the same day May wheat closed at 125 1/4c.

Linseed. - There were liberal exports of Linseed during January, 7,812,000 bushels moving out, as compared with 4,474,000 bushels in December. The supply situation is now as shown below:

First official estimate 1937-38 crop	62,399,000 bushels
Less seed and domestic requirements	7,874,000 "
Exportable balance	54,525,000 "
Disappearance prior to January 1, 1938	3,516,000 "
Available balance at January 1	51,009,000 "
January shipments	7,812,000 "
Balance still available	43,197,000 "

The United Kingdom bought moderate quantities of Argentine linseed; but Continental countries were the most liberal purchasers, with Germany in the lead. The difficult business situation in the United States was reflected in the very meagre buying of linseed by North American interests, notwithstanding the poorness of the northern crops.

There was no selling pressure from the country; on the contrary farmers are inclined to hold, or to sell on price-to-be-fixed contracts, with the fixing day set well back. Prices therefore remained very firm, with an upward tendency, until the last day of the month when some liquidating caused a slight set-back.

Spot seed closed the month at 15.90 pesos per quintal (say 134 7/8 U.S. cents per bushel), and May 16.10 (136 5/8c. per bushel); while in Duluth the May option closed at 204c.

Maize.- January shipments were 6,032,000 bushels; little more than half those of the preceding month (12,461,000 bushels).

Available supplies are now on a very reduced scale, as will be seen from the statement below, although some experienced grain men are inclined to raise the figures by 50 or 60 per cent:

Revised official estimate 1936-37 crop	359,618,000	bushels
Carry-over from 1935-36 crop	18,539,000	"
Total supplies	378,157,000	"
Seed and domestic needs (revised)	96,452,000	"
Exportable balance	281,705,000	"
Shipments April 4, 1937 to January 31, 1938	269,444,000	"
Balance on hand	12,261,000	"

There was no great activity in the maize market during January. The old crop is about all out, and trading in it has almost stopped; while the fate of the new crop is still so uncertain that sellers are very hesitant about making offers. Operators are inclined to wait and see what happens. At the best it does not look as if there would be an exportable surplus of much more than half that of last year (281,679,000 bushels). But everything depends upon the weather.

Germany was the principal buyer during the month, taking several cargoes at higher prices than others were willing to pay. The United Kingdom was practically out of the market.

Spot maize closed the month at 9.23 pesos per 100 kilos, equal to 78 1/4c. U.S. per bushel; and the May option at 7.60 (64 1/2c. per bushel). In Chicago on the same day May corn closed at 59c.

Oats. - January exports of oats were the highest for many months, amounting to 6,300,000 bushels. This compares with the December figure of 2,515,000 bushels. The supply position is now as shown below:

First official estimate 1937-38 crop	46,038,000	bushels
Less seed and domestic requirements	29,827,000	"
Exportable balance	16,211,000	"
Disappearance prior to January 1, 1938	1,781,000	"
Balance available on January 1	14,430,000	"
Shipments during January	6,300,000	"
Still available	8,130,000	"

Business was brisk throughout the month, with prices very firm. Foreign buyers were willing to pay more than the local houses, whose purchases dropped off. Germany was a prominent buyer, with other Continental countries not far behind. British houses bought moderate quantities.

White oats closed the month at 6.85 pesos per 100 kilos, as compared with 6.30 a month ago. Oats for April delivery were quoted at 7.25, equal to 35 1/4c. U.S. per bushel. In Chicago May oats closed at 31c.

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