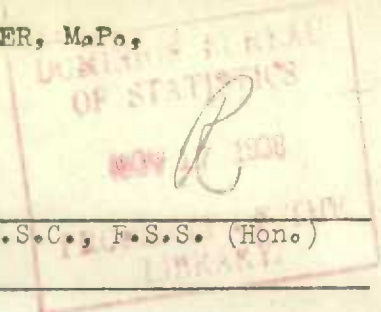


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THE GRAIN SITUATION IN ARGENTINA

Ottawa, November 16, 1938.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of November 2, 1938, dealing with the grain situation in Argentina.

Seeded Areas, Second Official Estimate

The second official estimate of the areas seeded to the principal grain and seed crops, excluding maize, made public a few days ago, shows some small changes. The total area of the six crops dealt with is now given as 34,975,000 acres, 499,000 acres more than the first figures of a month ago, and 1,253,000 acres more than the area planted last year. Details of the new estimate are as shown below:

Wheat	8,350,000	hectáreas	or	20,625,000	acres
Linseed	2,690,000	"	"	6,644,000	"
Oats	1,350,000	"	"	3,335,000	"
Barley	830,000	"	"	2,050,000	"
Rye	890,000	"	"	2,198,000	"
	<u>14,110,000</u>	"	"	<u>34,852,000</u>	"

As compared with last season, the wheat area shows an increase of 7.4%, whilst linseed shows a decrease of 5.3%. The other four crops all show increases of a small character.

Below is a comparative statement showing the planted areas during recent years, the figures being in acres:

	Wheat	Linseed	Oats	Barley	Rye
1938-39 2nd estimate ..	20,625,000	6,644,000	3,335,000	2,050,000	2,198,000
1937-38	19,212,000	7,020,000	3,253,000	1,942,000	2,183,000
1936-37	17,495,000	7,435,000	3,157,000	1,924,000	2,203,000
Five-year average	17,874,000	7,195,000	3,291,000	1,920,000	2,007,000
Ten-year average	19,095,000	7,354,000	3,491,000	1,680,000	1,692,000

The following statement of the distribution will be found interesting as showing the relative importance of the several provinces and territories in the various crops.

	Wheat	Linseed	Oats	Barley	Rye
Buenos Aires	9,218,000	2,030,000	2,518,000	1,514,100	519,000
Santa Fé	2,581,000	1,840,000	111,000	44,500	135,900
Córdoba	5,656,000	1,055,000	151,000	106,000	466,800
Entre Ríos	1,213,000	1,638,000	324,000	6,400	1,700
San Luis	99,000	1,000	10,000	7,300	55,100
Santiago del E.	225,000	59,000	12,000	8,900	3,500
La Pampa	1,487,000	15,000	162,000	295,200	1,013,000
The Rest	146,000	6,000	47,000	67,600	4,000
Total	<u>20,625,000</u>	<u>6,644,000</u>	<u>3,335,000</u>	<u>2,050,000</u>	<u>2,199,000</u>

Late in November the third official estimate of the areas seeded is expected to be issued, followed a month later by the first forecast of the crop yields.

The acreage figures just made public have excited little criticism, being more or less in line with what had been anticipated.

Third Official Estimate of Maize Crop

The third and final estimate of the volume of the crop of maize of 1937-38 was made public by the Ministry of Agriculture in the closing days of October. It is lower than the previous estimates.

The new figure is 4,424,000 metric tons, or say 174,306,000 bushels as compared with the second estimate of 4,545,000 tons or 179,073,000 bushels.

This year's production is the smallest for many years. The following figures for recent seasons will be found interesting for comparison:

1937-38	174,306,000 bushels
1936-37	359,908,000 "
1935-36	396,018,000 "
1934-35	452,312,000 "
Five-year average	346,668,000 "
Ten-year average	329,823,000 "

The area planted in the season 1937-38 was 15,312,000 acres, of which 8,007,000 acres were abandoned, and 7,305,000 acres harvested. On the basis of this acreage the crop of 174,306,000 bushels works out at an average yield of 1,496 kilograms per hectárea, or say 23 3/4 bushels per acre.

Much of the "abandoned" acreage was given over to pasture, with doubtless profitable results in view of the shortage of feed during the period of drought.

Crop Conditions

The various crops continue to make excellent progress, and very little damage has so far been sustained. Good rains fell during three separate periods during the month, and every part of the cereal zone benefited from some of them. The northern portion of the Pampa would welcome further moisture. There were light frosts towards the end of the month in sections of the west, but little if any damage to grain is believed to have resulted.

Some fields of wheat have been cut and threshed in the province of Santiago del Estero, with yield and quality both satisfactory. Cutting will not be general for some time; but the wheat crop is early in the provinces of Santa Fé and Córdoba, and by the end of November, barring set-backs, supplies for the local markets should be procurable. Farther south there will not be much available before the end of the year, although the recent mild weather has enabled some of the backwardness formerly complained of to be overcome.

On the basis of present conditions, and always barring the set-backs which are to be feared in November, experienced grain men are forecasting a wheat crop of 275,578,000 bushels to 293,950,000 bushels.

While linseed is also in good condition, the crop is not so well advanced as is the case with wheat, and the sensitive plants have suffered more from the light frosts and the dry weather in Córdoba.

Oats do not promise so well, for lack of rains at the right time, and the crop may be lighter than usual. Barley is expected to measure up to the average, in spite of some losses which have taken place.

The Official Report

The monthly official report on crop conditions made its appearance today, and from it is extracted the following details:

The Wheat Crop: The favourable change in weather conditions which was experienced in the last days of September was maintained throughout October, benefiting almost the whole province. It rained frequently and abundantly, except in the southwestern zone, where more would be welcome. The condition of the wheat fields is generally good. In the western zone condition is from fair to good, with a tendency to deteriorate if it does not rain. In the far south it is only average. In the remainder of the province the development is very satisfactory, the plants well rooted and stooled and mostly headed well. The frosts at the end of October caused no appreciable damage, and the hail storm in the Lincoln district only partially damaged some 11,000 acres. In the south some damage has been done by white grubs.

In Santa Fé in the north and centre some early fields have already been cut, with good results, and harvesting is expected to be general by the second week of November. The condition of the fields is from good to very good in general, thanks to the October rains, especially in the south. The hurricane of the 25th caused no damage, and the hail only local damage; while in the north the depredations of locusts were of no great importance.

In the north of Córdoba cutting of early fields has commenced, with yields and quality good. It is hoped that cutting will begin in earnest by the middle of November. The condition of the wheat fields is generally good, thanks to the October rains. The appearance of the fields is very good in the north-east, centre and south-east, with the plants well stooled and sound, filling under very good conditions, without any noticeable frost damage. In the north-west and part of the west the effects of the drought were more pronounced and the rains of last month did not restore them, so that the appearance of the plants is defective.

Cutting has already commenced in the early fields in the province of Entre Ríos in the north and along the Paraná River, and it will soon become general if the weather does not break. The general condition is from good to very good. The frosts of last month did only isolated damage, which may affect the yields slightly. Locust damage was not great, because of the advanced stage of the plants.

In the Pampa, in the north and centre the wheat plants are in full flower; in the south they are more backward because of lack of rain and attacks of green fly. With opportune rains there may be good yields in the north and centre; in the south the precipitation would need to be immediate and abundant to secure a medium yield.

The Linseed Crop: In the great linseed zone of the north and central west of Buenos Aires the linseed fields generally look rather good. The stage of growth is extremely variable, there being fields already in flower, and others more than 20 days behind that stage. For this reason there are fields which have been smothered in weeds in some districts, where there is the added damage caused by grubs which have destroyed the roots of the plants, and some of the fields have been ploughed up for maize. In the west lack of opportune rains have caused some deterioration. On the Atlantic Coast planting has been finished, with an even germination due to recent rains.

In Santa Fé the linseed in the south is in full flower and has benefited greatly by the rains. More advanced in some parts of the north and centre, some cutting has already been done. In general the pods have formed and are progressing towards maturity, so that harvesting is expected to be general in the second half of November. In the north the general condition has varied fundamentally. The late-sown linseed, already deficient, has been damaged by locusts; and the early plantings, which were in excellent shape, have deteriorated from attacks of isoca fairly generally, especially in certain sections.

In Córdoba the October rains, which covered almost the whole province, benefited the linseed, greatly helping flowering. The early plantings have podded well, and the intermediate have flowered in good condition, while the late fields, which are uneven, are in average conditions. In the advanced fields cutting has commenced. The isoca is causing serious damage in some districts, which may force cutting to be speeded up.

In Entre Ríos the general condition of the linseed crop is excellent. There are early fields which will be cut in the first half of November. No damage has been suffered.

The Maize Crop: Ploughing has been finished in the north of Buenos Aires, and is being pushed forward in the centre and west under very favourable conditions, owing to recent rains. In the south the land is too dry for normal cultivation. Planting is virtually finished in the north, where it is believed that the area will be greater than last season. In the other zones planting is going forward under excellent conditions. The corn above ground is in very good shape, except in the extreme west of the province, where it is only fair, for lack of rain.

In Santa Fé, preparation of the land for planting has been practically terminated in the south, and it is proceeding in the north. Planting is well advanced, and the corn which has germinated is in very good condition, except in parts of the north, where drought and locusts have caused damage. At the moment it does not appear that the area planted will vary greatly from that of last year.

In Córdoba planting was delayed by lack of rain, but has now been resumed. Seventy per cent of the area destined for corn has been planted, and with the improved weather it is in good condition. A decrease in area is looked for by reason of the greater acreage put under wheat and the delay in seeding the maize.

Other Crops: Generally the recent rains have brought about a favourable reaction in the crops of oats, barley and rye, particularly in those fields from which grazing stock had been withdrawn. In the south and part of the west of Buenos

Aires the prospects of grain production are only fair, because of over-grazing and lack of moisture. In southern Santa Fé normal yields are anticipated, but in the remainder of the province prospects are only fair. In Córdoba also the prospects are no better, and in Entre Ríos only a few fields offer promise of good yields. In the Pampa the rye fields in the north are in good condition; but in the south drought and over-grazing have caused much deterioration; and the same is to be said of the barley crop.

Supplies and Market Conditions

Wheat.- During October 3,467,000 bushels of wheat and 30,000 bushels of flour in terms of wheat, a total of 3,497,000 bushels, were exported from the Republic, an appreciable reduction from the total of 4,890,000 bushels in the preceding month.

The statistical situation is now as shown below:

Third official estimate 1937-38 crop	184,802,000 bushels
Less seed and domestic requirements	99,208,000 "
Exportable surplus	85,594,000 "
Disappearance prior to January 1, 1938	1,912,000 "
Available as at January 1	83,682,000 "
Shipments to October 31:	
Wheat	66,351,000 bushels
Wheat as flour	1,124,000 "
	67,475,000 "
Balance still available	16,207,000 "

A recent official estimate sets the surplus available for export at about 1,470,000 bushels more than is shown above, and opinion in the trade places it still higher.

Brazil and other neighbouring republics will doubtless take amongst them one third or more of these supplies, and it looks as if most of the balance will be carried over into next year. Much of it is of inferior quality, which fails to appeal to exporting houses. The better grain still on hand will probably not more than suffice to satisfy the requirements of Brazil and the local millers.

With the passing of the political crisis in Europe, there has been more disposition to sell wheat, without any great pressure being in evidence, however. But prices have been gradually falling throughout the month, the difference amounting to 9 cents per bushel, and since October 17 the unusual condition of maize quoted on a higher basis than wheat has prevailed in the Buenos Aires market, the difference rising to 3 cents per bushel.

Growers' organizations have commenced to bring pressure on the Government to fix a minimum price for wheat and linseed at an early date, in order that those who must sell early may be protected. In the earlier districts in the far north of the wheat region some fields have already been cut, and by the end of the current month harvesting in the north will be fairly general. Official assurances have been given that early consideration will be given to the matter, and it is understood that consultations with representatives of the interests concerned are about to be arranged. But with the volume of the crop unknown (and it is only now entering upon what is usually regarded as the most critical period) the Government's action is very liable to be delayed a little longer.

At the close of the month the prevailing prices for Wheat in Buenos Aires were:

Spot	5.80 per 100 kilos	= 50 $\frac{1}{2}$ c.	Can. per bushel
December	6.01 " " "	= 52 $\frac{1}{4}$ c.	" " "
February	6.58 " " "	= 57 $\frac{1}{4}$ c.	" " "

In Rosario prices ruled about 8% lower than the above, the demand for Rosafé wheat being much weaker than that for Buenos Aires or Bahía Blanca types, with the additional factor that pressure of deliveries of new wheat will be felt earlier in the northern port.

Closing prices in Winnipeg at the end of the month were 59a. for December and 62 $\frac{1}{2}$ c. for May delivery.

Maize.- October shipments of maize totalled 16,298,000 bushels, a shade lower than the September figure of 17,103,000 bushels.

On the basis of the new official crop estimate, the supply position is now as under:

Third official estimate 1937-38 crop	174,306,000 bushels
Carry-over from 1936-37 crop	10,842,000 "
Total supplies	185,148,000 "
Less seed and domestic requirements	61,070,000 "
Balance for export	124,078,000 "
Shipments April 1, 1938 to October 31, 1938	74,479,000 "
Surplus still available	49,599,000 "

As mentioned above, prices of maize are now appreciably higher than those for wheat. But this unusual condition does not seem to have had much effect on the movement to market, which is still very moderate. One reason for this is the very good local demand for feeding purposes, with the buyers less exacting as to quality than the shipping houses have to be. Another reason is that at the present rate of shipment the available surplus will be exhausted in three months, while the next crop will not be available for six months. Hence the growers are in no great hurry to sell.

On the other hand, the demand was fairly active, especially in Europe, where the shipments of competing food grains have begun to decline. Some good sales were made to the United Kingdom, and the Continent took a number of cargoes. The tone of the market was much more satisfactory than in the case of wheat.

At the close of the month Spot maize was selling at 6.16 pesos per qtl. (= 49 5/8c. U.S. per bushel); the December option at 6.25 (50 1/2c. per bushel) and January 6.34 (51c. per bushel), which prices compare with the Chicago close of 45c. for December corn, and 48 3/8c. for May.

Linseed.- Linseed shipments in October were 4,360,000 bushels, a substantial increase over the September total of 3,215,000 bushels.

The following statement shows the present supply position:

Third official estimate 1937-38 crop	60,652,000 bushels
Deduct for seed and domestic use	7,880,000 "
Exportable surplus	52,772,000 "
Disappearance prior to January 1, 1938	3,519,000 "
Available balance at January 1, 1938	49,253,000 "
Shipments to October 31	42,081,000 "
Balance still on hand	7,172,000 "

A recent official estimate shows about 1,970,000 bushels more linseed in the country than appears in the above statement; but port stocks are very small, and spot seed has recently been so much in demand to fill cargoes that premiums over the near months have been offered.

The demand from Europe has fallen off since political conditions became more settled, and the principal market now is the United States, which has been purchasing fairly freely.

Trading in linseed of the new crop is now officially recognized, but so far it has been less in demand than is usually the case.

At the close of business on the 31st the following prices were current:

Spot	12.70 pesos per qtl.	= 102 1/4c. U.S. per bushel
December	12.40 " " "	= 99 3/4c. " " "
February	12.18 " " "	= 98c. " " "

On the same day December seed closed in Duluth at 168c.

Oats.- 429,000 bushels of oats were exported during October, as against 914,000 bushels in September.

According to reliable authorities there are still over 3,242,000 bushels of oats available for export on hand in the southern ports of the province of Buenos Aires. As the exportable surplus based on official statistics was exhausted months ago, there seems to be no point in reproducing the figures.

The market is very quiet, but prices have maintained their level much better than wheat or linseed, white oats of export quality closing at 5.45 pesos per qtl. as against 5.50 a month ago; and yellow oats 5.35 as against 5.40.

Barley.- Only 33,000 bushels of barley were shipped out during the month. The comparable figure for the preceding month was 47,000 bushels.

Very little business was done until late in the month, the shippers showing very limited interest. But as Russian offers in Continental Europe faded away, German houses showed a disposition to purchase, which stimulated prices although little business resulted. Local brewers are in the market for malting barley of the new crop.

Malting barley closed the month at 5.00 pesos per qtl., with Feed grades quoted at 4.90.

Stocks of old grain still on hand are relatively small.

Rye.- October shipments of rye were 105,000 bushels. Business during the month was very quiet, and prices dropped in sympathy with wheat, Spot rye closing at 4.90 per qtl., as against 5.30 at the end of September.

Levy on Exported Grain by the National Grain and Elevator Board

The principal source of income of the National Grain & Elevator Board is a levy on grain exported, which was fixed at a maximum of one centavo per 100 kilograms in the Grain Act; but as the Board found this insufficient, Congress has amended the Act to permit a levy of two centavos, and notice has now been given by the Board that this increased levy will be collected during the current year.

According to the annual report of the Board, its total income for the year 1937 amounted to 2,302,194.53 pesos, of which the one centavo tax referred to provided 1,607,184.54 pesos; another levy by the Board of 5 centavos per ton for the inspection of the holds of vessels in which grain is to be shipped, yielded 674,459.22 pesos; and receipts from sundry other sources provided the balance of 20,550.77 pesos.

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