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Dominion Statistician: R. H. Coats, LL.D., F.R.S.C., F.S.S. (Hon.)
Statistician, Agricultural Branch: C. F. Wilson, Ph.D.

THE GRAIN SITUATION IN ARGENTINA

Ottawa, December 13, 1938.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of December 2, 1938, dealing with the grain situation in Argentina.

Seeded Areas, Third Official Estimate

The third, and presumably final, estimate of the Ministry of Agriculture of the areas planted with wheat, linseed, oats, barley and rye for the crops now being harvested was made public on November 23. The changes, as compared with the two previous estimates, are not very important.

The total area of the five crops is now given as 35,129,000 acres, compared with the second estimate of a month ago, which was 34,852,000 acres, and last season's total of 33,610,000 acres.

The biggest increase is shown in the case of wheat, which in comparison with last year has increased by 8.6 per cent and is 9.2 per cent more than the ten-year average.

The following statement shows the details of the several crops, and also the percentage of increase or decrease as compared with the figures of last year and those of the ten-year average.

	Acres	Percentage change as compared with -	
		1937-38	ten-year average
Wheat	20,859,000	+ 8.6	+ 9.2
Linseed	6,605,000	- 5.9	- 10.2
Oats	3,359,000	+ 3.3	- 3.8
Barley	2,053,000	+ 5.7	+ 22.1
Rye	2,253,000	+ 3.2	+ 33.1
Totals	35,129,000	+ 4.5	+ 5.5

In the statement which appears below are given the planted areas of recent years:-

	Wheat	Linseed	Oats	Barley	Rye
	(acres)				
1938-39	20,859,000	6,605,000	3,359,000	2,053,000	2,253,000
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

According to the memorandum accompanying the official statement of the areas, of the 2,053,000 acres devoted to barley, no less than 1,342,000 have been planted with barley of the malting varieties.

It is expected by the Ministry that the first official forecast of the season's production will be made public, as the work of estimating the losses sustained and areas abandoned is now in hand. on December 16,

Private estimates of the probable yield of wheat average between 275,578,000 and 293,950,000 bushels; and in the case of linseed from 59,052,000 to 78,736,000 bushels are looked for. Admittedly these are more or less guesses, as much may happen before the harvest is completed.

Minimum Grain Prices

In the middle of the month a Presidential Decree was issued fixing minimum (or basic) prices for wheat at 7 pesos per 100 kilos and linseed 13 pesos. On the basis of today's official buying rates for exporters' bills, the above prices are equal to 60 cents (Canadian) per bushel for wheat and 103 cents United States per bushel for linseed.

The minimum wheat price is for No. 2 Soft wheat, weighing 78 kilograms per hectolitre, or say 62 1/2 lbs. per bushel, on railway waggons or scows in the port of Buenos Aires.

A regulation subsequently issued fixes proportionately lower prices for grain delivered at other ports from which ocean freight rates are higher, as for instance, Rosario 6.87 1/2, SantaFe 6.80, etc.

A Grain Control Board has been named under the presidency of the Deputy Minister of Agriculture and Vice-Presidency of the head of the Banco de la Nacion, with ten other members, mostly members of the grain trade. The Board will buy all wheat which may be offered to it, paying the basic prices which have been fixed, and it will resell at its discretion to exporters at the current market prices. Any losses which may be incurred will be made good by the Government out of the profits which are made by the Central Bank from the control of foreign exchange.

Incidentally it may be mentioned that measures have been taken to increase these profits by doubling the margin between the buying and selling rates of the official bank. The British pound, for instance, which is bought by the bank at 15 pesos per £1. and has in the past been re-sold at 16 pesos, has recently been given a new selling rate of 17 pesos; all other foreign currencies have been similarly dealt with.

According to the terms of the Presidential Decree, the basic prices have been fixed to compensate the farmer for the costs of production of the grain.

The Grain Control Board is undertaking an intensive propaganda with the object of pointing out to the growers the convenience of selling their grain to the Board, and is sending out circulars and leaflets indicating the prices, net, to be paid for grain delivered at every station throughout the country.

Any grower desiring to deliver his grain to the Board has only to apply to the nearest branch of the National Bank, where he will receive 80 per cent of the value of the grain he has to dispose of, free of interest, as rapidly as the necessary documents can be made out, without waiting for delivery of the grain. The National Bank, it may be mentioned, is by far the most important banking institution in the country, and its branches are to be found in every town or village of any size throughout the Republic.

Farmers are being warned to take especial care that in the case of sales made to buyers other than the official Board, no deductions are made from the official minimum prices other than those authorized by the Board, and all business houses, including the grain dealers themselves are required to exhibit the official prices in plain sight.

The official minimum prices apply to only wheat and linseed of the new crop, and there are penalties to prevent mixing of new and old grain, which is absolutely forbidden.

Crop Conditions

The weather during the month was quite favourable for the crops. Plentiful rains fell, and work was held up in the north for short periods, where harvesting is in full swing, and some threshing has already been done. Bleaching of some of the cut grain resulted. But any slight detriment in the north was fully offset in other regions where precipitation was needed, and particularly in the maize zone, where the fields of young grain were greatly benefited.

Some rumours of rust damage were in circulation, but any damage yet done appears to have been negligible, although the hot and humid weather prevailing as the month closed appeared favourable to any outbreak.

Repeated frosts have occurred, especially in southern Buenos Aires, the damage in some places has been quite severe, but not more than local in extent; so that the aggregate loss appears to be far from serious.

Reports from the north, where the cutting of the wheat crop is almost finished, indicate very satisfactory yields, and the samples of threshed grain are of excellent quality.

The Official Report

The monthly report of the Ministry of Agriculture on crop conditions in the cereal regions made its appearance on December 2. The more important features are summarized in the following pages.

The Wheat Crop: Generally the description of the wheat crop as from good to very good is still justified. Harvesting is proceeding actively, and threshing has commenced. Yields obtained to date exceed what was anticipated, and the quality is very good.

In the southern portion of the cereal zone, and particularly in the south-west of Buenos Aires and the southern Pampa, the crop deteriorated during November, the wheat having suffered from drought and hot winds, some insect pests and from frost in isolated places.

In Buenos Aires in the northern sections cutting has commenced and will be general in a few days. In the centre and west it will begin in the first half of December, and elsewhere about the end of the month. The prospects are quite good, except in the extreme west and especially in the south-west of the province, where they are from fair to poor. The abundant rains of the past month improved the condition of the wheat crop, which is very good in the north, centre and mid-west, where production prospects are excellent. In the south-east, conditions are good, the last rains having been of undoubted benefit, permitting the plants to make up for their previous backwardness due to lack of moisture, and neutralizing to a great extent the effects of the frosts of October and November. In the west and south-west, even though the reaction has been appreciable, the condition is from fair to poor, as on top of the damage done by drought there has been that of the winds common to the zone. Hailstorms caused damage in isolated districts, and in the north of the province persistence of the rains may cause bleaching of the wheat and a second growth in the fields already mature.

In Santa Fe cutting of wheat is terminating in the north and centre of the province. Threshing, which is at its height, is giving yields varying from 22 to 28 bushels per acre, and a high specific weight, which in some cases is reaching 68 lb. per bushel.

In the south, cutting will become general in the first half of December. Damage caused by local hail storms, locusts or rust, is of no great importance.

In Cordoba in the north and centre harvesting is general. Good yields are being obtained, superior to those which were anticipated a month ago. The quality is very good in respect of weight, colour and cleanness of the grain. In the other wheat zones cutting is only commencing. The general condition of the uncut fields is very good in the north-east, centre and south-east; fair to good in the south-west; and only fair in the north-west, where lack of opportune rains has been felt.

In Entre Rios along the coast of the Parana cutting is general. It is beginning in the other zones, under favourable conditions. Threshing also has begun, and very satisfactory results are being shown, both in yield and quality.

In the Pampa cutting of the early fields has commenced, and it will soon be general. The general condition is from fair to poor, with the exception of the central zone, where it may be said to be good. The wheat prospects have improved latterly, as the result of the rains of the second half of November, especially in the centre and south of the territory; but, even so, conditions have deteriorated in relation to those mentioned in the report of a month ago.

The Linseed Crop: The general condition of the linseed crop is very fair. Some deterioration has been caused, principally by the persistence of the attacks of isoca, although generally the yields and quality are relatively good.

In Buenos Aires the condition of the linseed fields is from fair to good, in spite of the backwardness due to the not very warm weather of the month of November. In the east and south-east the plants are mostly in flower and look well, having improved since the last rains. In the rest of the province, except the north and central west, the general condition is only fair. Local damage has been caused by isoca, and weeds, favoured by the damp weather, may prove a nuisance when harvesting commences, which will be in the first half of December in the north.

In Santa Fe in the north and centre only the late linseed remains to be cut. Condition is only fair, owing to isoca damage. The yields of the early fields are variable, ranging from 6 1/2 to 16 bushels per acre, that which has been threshed showing an average of about 13 bushels. In the southern zone the prospects are good, in spite of the growth of weeds; without these one might expect a better than normal yield.

In Cordoba the results shown by the early linseed fields are fair in regard to yield and quality. The intermediate plantings, harvesting of which is being pressed forward for fear of the growth of weeds, offer better prospects. Generally the yields are less than normal. Stacking is proceeding throughout the province, and threshing will commence in a few days.

In Entre Rios in Parana and Diamante cutting of linseed has virtually terminated, and it is being pressed forward in the rest of the province. Yields are low in the early and late fields; but in those of normal planting yields varying from 16 bushels to 19 bushels per acre are being obtained.

The Maize Crop: Planting has been favoured by the recent rains, and the condition of the fields is good, in spite of a certain backwardness in the growth.

In Buenos Aires planting has been finished in the north and a great part of the west; the work was effected under favourable conditions, and the state of the fields is good, owing to the November rains. Some backwardness is to be noticed, due to the low temperatures experienced. In the other zones of the province ploughing and planting are proceeding actively; they have been delayed by wet weather in some cases, but this delay is offset by the improvement in conditions. A slight increase in the area planted with maize is anticipated.

Santa Fe: Early plantings have been finished throughout the province under very good conditions. In the north and centre, ploughing continues actively for the second plantings. It is thought that the area will be somewhat smaller than that of last year.

In the north the state of the maize, much of which is in flower, has improved in comparison with last month, being generally good, in spite of some fields having been thinned out by locusts. In the south the condition is very good, owing to the rains. In some farms of the centre and north, where the wheat crops have already been harvested, the stubbles are being ploughed for planting with early varieties of corn.

In Cordoba, although delayed, maize planting has virtually terminated throughout the province. Except in the north and west, where the rains were late and the locusts damaged some fields which had to be replanted, the condition of the fields is good, thanks to the rather rainy weather. The area planted is thought to be somewhat smaller than last year.

Other Crops: The oat crop in the south-east and middle west of Buenos Aires is being cut; the yields are rather low because of the heavy pasturing they underwent, owing to the lack of natural grass. In the north the few fields reserved for grain production offer excellent prospects. In the other zones of the province the condition and prospects are deficient. Feed barley and rye are generally inferior, especially the rye, because of pasturing and some frost damage during October and November. Malting barley is somewhat better, but still not very good.

In Santa Fe the coarse grain crops, which were heavily pastured, offer only fair prospects for the production of grain, except in the south, where better results are anticipated.

In Cordoba the condition of the coarse grain crops has improved, rye being the best.

In the Pampa cutting of oats has commenced in the north and centre; the yields are low. In the south the crop is mostly given up as lost. The rye crop has benefited more by the rains, and satisfactory yields are looked for generally.

Supplies and Market Conditions

Wheat.- Shipments of wheat and flour, respectively, consisted of 4,005,000 bushels and 196,000 bushels (the flour being expressed in terms of wheat), a total of 4,201,000 bushels for the month of November, as compared with 3,497,000 bushels in October.

The statistical position is now as shown in the following table:

Third official estimate 1937-38 crop	184,802,000 bushels
Less seed and domestic requirements	99,208,000 "
Exportable balance	<u>85,594,000 "</u>
Disappearance prior to January 1, 1938	<u>1,912,000 "</u>
Available at January 1	83,682,000 "
Shipments to) Wheat	70,356,000 bushels
November 30) Wheat as flour	<u>1,320,000 "</u>
	<u>71,676,000 "</u>
Balance still available	12,006,000 "

As already mentioned, the Government, in the middle of the month, set a minimum price for wheat of the new crop. This action had a temporary effect on the local market, causing a rise of 50 centavos per quintal in the prices, which gradually declined again until at the end of the month values were practically on the same level as at the close of October.

There was a fair amount of activity in the market during the month, although less than during the same period in other years, with a new crop about to move; the difference is ascribed to a restriction of business due to the fixing of minimum prices and the purchasing of grain by the official Board. Sales were pretty well confined to neighbouring countries, notably Brazil, Chile and Peru.

In the local market there was not much activity on the part of the millers, and their lack of interest made the high grade parcels, usually the most sought for, almost as difficult to dispose of as the inferior qualities. The tone of the market was rather weak.

In the north grain is commencing to move, but only slowly. Reports indicate qualities better than average in both Santa Fe and Cordoba. But semi-official reports say that generally too much haste is being shown in starting the newly threshed grain off to market, and this is having a prejudicial effect on the quality, which will re-act to the detriment of the producers. With an assured minimum price now in effect there is little excuse for this rush to market.

At the close of business for the month, Spot wheat was quoted at 5.90 pesos per quintal, equal to 50 1/2 cents Canadian per bushel. For February, the most distant month quoted, the official minimum of 7 pesos (say 60 cents per bushel), was the prevailing price. In Winnipeg May wheat was being quoted at 61 5/8 cents.

Linseed.- November shipments of linseed totalled 4,533,000 bushels, as compared with 4,356,000 bushels in October. The supply position is now as shown below:

Third official estimate 1937-38 crop	60,603,000 bushels
Deduction for seed and domestic use	7,874,000 "
Surplus for export	<u>52,729,000 "</u>
Disappearance prior to January 1, 1938	<u>3,516,000 "</u>
Balance as at January 1	49,213,000 "
Shipments to November 30	<u>46,580,000 "</u>
Balance still available	2,633,000 "

The new official estimate of the linseed area shows a reduction from the earlier figures, already below the average, and the official condition report is less encouraging than is that of wheat. This has had some effect on the market. Although at the close of the month buyers were showing less interest and an appearance of weakness was in evidence, a fair amount of business had been transacted earlier and prices had been carried well above the official minimum fixed for the new crop (13.) easing off a little, to close at 13.37 pesos per quintal for Spot, equal to 105 7/8 cents United States per bushel, and the same for February, the most distant month quoted. On the same day December seed closed in Duluth at 178 cents.

Maize.- Exports of maize during November amounted to 13,989,000 bushels, as against 16,285,000 bushels in the previous month.

The supply position is now as follows:

Third official estimate 1937-38 crop	174,165,000 bushels
Carry over from 1936-37 crop	10,833,000 "
	<hr/>
Total supplies	184,998,000 "
Seed and domestic requirements	61,021,000 "
	<hr/>
Surplus for export	123,977,000 "
Shipments April 1, 1938 to November 30, 1938	88,407,000 "
	<hr/>
Balance still available	35,570,000 "

The market for maize showed a fair amount of activity throughout the month. There was a moderate but steady demand, with supplies of good grain none too plentiful, and producers inclined to hold back supplies. Hence there was a steady appreciation in prices, and at the close of the month Spot maize was worth 6.76 pesos per quintal, equal to 53 1/2 cents United States per bushel, and the February option closed at 7.01, or say 55 1/2 cents per bushel. At the same time in Chicago, May corn closed at 50 7/8 cents.

Argentine maize is steadily maintaining its position on an appreciably higher level than wheat.

Oats.- During November 721,000 bushels of oats were exported, as compared with 429,000 bushels in the previous month.

Early in the month there was a fair amount of animation in the market, but towards the end the activity was limited. Offers became more abundant as the competition of the new crop drew nearer, and the month closed with a weak tone prevalent. White oats were worth 5.30 pesos per quintal, as against 5.45 at the end of October.

Barley.- November exports were 113,000 bushels, as compared with 33,000 bushels in October.

The market was quite firm, with buyers showing interest for good grain, and prices appreciated, closing at 6.10 for malting grain and 6. for feed, as against 5. and 4.90 a month ago.

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