

22-D-01A

Published by the Authority of the HON. W. D. EULER, M.P.;
Minister of Trade and Commerce

DOMINION BUREAU OF STATISTICS - CANADA
AGRICULTURAL BRANCH



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, January 18, 1939.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of January 4, 1939, dealing with the grain situation in Argentina.

First Official Estimate of Grain Crops

Upon the basis of the final estimate of the areas planted with wheat, linseed, oats, barley and rye as reproduced in the report of a month ago, the Ministry of Agriculture has now formulated its first estimate of the probable yields of these crops, after making due allowance for abandoned areas. The forecast of the several yields is as follows:

Wheat	8,600,000	metric tons,	or	315,991,000	bushels
Linseed	1,620,000	"	"	63,777,000	"
Oats	750,000	"	"	48,631,000	"
Barley	480,000	"	"	22,047,000	"
Rye	295,000	"	"	11,614,000	"
	<u>11,745,000</u>	"	"	<u>462,060,000</u>	"

The figures, of course, do not include the maize crop, which is now in the growing stage.

As compared with the crops of last season, the above forecast indicates an increase of 71 per cent in wheat; 5.2 per cent in linseed; 8.9 per cent in oats and 229.7 per cent in rye, while there is a decrease of 6.5 per cent in barley.

In relation to the five-year average, the following differences are to be noted: Wheat shows an increase of 43.3 per cent; oats 0.4 per cent, and rye 45.5 per cent, while linseed decreased 5.8 per cent and barley 23.1 per cent.

Comparative statistics of crop production in recent seasons are shown below in bushels:

	<u>Wheat</u>	<u>Linseed</u>	<u>Oats</u>	<u>Barley</u>	<u>Rye</u>
1938-39 estimate	315,991,000	63,777,000	48,631,000	22,047,000	11,614,000
1937-38	184,799,000	60,604,000	44,676,000	23,585,000	3,523,000
1936-37	249,193,000	76,202,000	51,355,000	29,855,000	7,480,000
1935-36	141,462,000	59,446,000	33,756,000	20,301,000	6,023,000
Five-year average	220,448,000	67,713,000	48,440,000	28,668,000	7,984,000
Ten-year average	230,673,000	69,637,000	55,939,000	24,221,000	7,977,000

According to the official memorandum, in arriving at the estimate the partial results of threshing in the north and centre of the cereal region have been taken into account. There, the weather conditions were particularly favourable. In the south, where threshing had not yet commenced, the crops were appreciably affected by unfavourable weather conditions in the south-west of Buenos Aires and parts of La Pampa and San Luis, principally lack of rains; but the damage suffered in these zones by the wheat crop was not sufficient to neutralize the high yields registered elsewhere.

The quality of the crop at the time the report was issued (December 16) was said to be very good.

The yield of linseed was reduced by attacks of the isoca grub.

Crop Conditions

The official report of the Ministry of Agriculture on crop conditions during the month of December, which appeared on January 4, says that the dry weather which prevailed throughout the month permitted the continuance of harvesting and threshing under very favourable conditions; but it was highly injurious to the growing crop of maize, the present state of which is considered as only fair, there being zones in which total losses have occurred.

Threshing results are confirming the description of from good to very good applied to the wheat crop in the last official report. But the same cannot be said with regard to the linseed crop, the state of which is slightly better than fair, owing to isoca grub attacks, extreme heat and lack of rains during December.

The dryness of the soil has interfered with ploughing and the planting of maize in the southern districts, and this applies also to the late plantings in the north.

Details with regard to the various crops and districts are contained in the following extracts from the official report:

The Wheat Crop: The high threshing yields recorded in December confirm the former description of good to very good applied to the wheat crop. In the province of Santa Fe the checked yields exceed those forecast in the last report, and what was considered then as good may now be said to be very good. On the other hand, in the southern part of Buenos Aires lack of rains in the final period of growth has brought about some deterioration.

Throughout the north cutting has been terminated, and it is now being intensified in the south, including Southern Buenos Aires and the Pampa. This work, as also that of threshing in the north, has been carried on under ideal conditions, dry weather prevailing.

Generally up to now wheat of superior quality has been obtained. The quality for the most part is very good; but in some places in the south of Santa Fe somewhat shrunken grain is to be found, due to attacks of rust; other lots of later ripening wheat have been damaged by the hot sun.

In Buenos Aires the condition of the wheat fields is fair. The great heat aggravated the effects of the lack of rain in December and caused deterioration in the south of the province; and in parts of the south-west the "prosaldius rufus" weevil contributed to the deterioration.

In Santa Fe, as already indicated, the last yields checked permit the description of the wheat crop of the province as very good.

Cordoba: The crop in this province is superior to good. High yields were registered throughout the east, diminishing towards the west. The quality is very good, except in some recently harvested lots, which were somewhat bleached.

Entre Rios: The crop of wheat this season has been from good to very good, in respect of both yield and quality.

The Pampa: Yields this year are from fair to poor. The latest harvestings in the north are better than the earlier ones; on the other hand they are inferior in the south.

The Linseed Crop: The condition of the linseed fields has deteriorated during the past month, and it may now be described as somewhat better than fair. The persistent attacks of the isoca grub, and the dry and hot weather in December caused a general deterioration in all the provinces and territories except Entre Rios, where earlier harvesting forestalled the damage.

Most of the linseed has been cut in Entre Rios, Santa Fe and Cordoba, as also in northern Buenos Aires, and harvesting is proceeding in southern Buenos Aires. Threshing is proceeding normally in the northern provinces.

Buenos Aires: The condition of the crop in this province, which in the last report was described as fair to good, is now only fair.

In the western zone frost during December had damaging effects. In the northern linseed zone the quality is considered good.

Santa Fe: In two sections the yields are poor; but in the province as a whole the crop is estimated as fair to good, the quality of the seed being good, although there are some dirty fields.

Cordoba: In general, the yield in the province is fair; but the abandonment of some fields is noted, especially in the western zones, through being smothered in weeds, and the probable yields very low. The quality obtained is fair. Many fields are discoloured and others dirty.

Entre Rios: In this province the crop is considered as from fair to good with damage from isoca attacks only in certain districts.

The Maize Crop: During December almost throughout the Republic the maize plantings felt the effects of lack of rains and the great heat which prevailed. For this reason their condition is only fair. Speaking generally, the condition of the recently planted maize is better in every district than that of earlier or normal plantings, which, being in blossom or heading, were the most affected by the weather. Equally unfavourable were the conditions for ploughing or planting.

Buenos Aires: In general the condition is fair. It is good in the east, fair in the north and centre, and poor in the west, where already a good part of the planted area has been given over to pasture. In the centre the plants have suffered from the heat and drought, and even if abundant rains come now the prospects for production must be inferior to normal.

Santa Fe: In this province the condition of the maize may be said to be somewhat better than fair, it being good in the south and fair elsewhere. In the centre and north some of the first plantings have been totally lost.

Cordoba: In general the state of the maize is from fair to poor. Throughout the west the crop is considered a failure, and the prospects are only fair in the districts bordering on Santa Fe. A good proportion of the area planted has already been devoted to pasture.

Other Crops: Oats: Cutting has been finished, and threshing is well advanced. Yields are generally good, although in the most important oats district, the south of Buenos Aires, results are below normal; but in the rest of the country the yields are better. In the Pampa absence of cold weather has permitted a satisfactory crop.

Barley: This year's crop will produce a fair yield generally. The quality is defective on account of the drought which affected most of the area seeded, which is principally in southern Buenos Aires and the south of the Pampa. Of the 22,046,000 bushels of barley anticipated in the crop, 14,560,000 bushels are of the malting varieties. Heavy pasturing of the other fields has cut down the yields.

Rye: The present rye crop, cutting and threshing of which are well advanced, is rated as from fair to good. The hardiness of the plant has enabled it to survive the dry weather prevailing in the zones where it is mostly grown, that is western Buenos Aires, the Pampa, and southern Cordoba.

Supplies and Market Conditions

Wheat.- Exports during December were 3,672,000 bushels of wheat and 38,000 bushels of flour in terms of wheat, a combined total of 3,710,000 bushels, which compares with 4,201,000 bushels in the month of November.

Subject to possible adjustment later, the statistical position at the close of 1938 is as shown in the following statement:

Exportable surplus at January 1, 1938	83,681,000 bushels.
Shipments) wheat	74,027,000 bushels
during 1938) wheat as flour. <u>1,358,000</u> "	75,385,000 "
Carry over into 1939	8,296,000 "
First official estimate 1938-39 crop	315,991,000 "
Total supplies	<u>324,287,000</u> "
Deduct 1939 seed requirements 22,046,000 bushels	
And domestic requirements ... <u>77,160,000</u> "	99,206,000 "
Surplus for export	<u>225,081,000</u> "

The new Argentine wheat crop, if it comes up to the estimate of the Ministry of Agriculture, of 315,991,000 bushels, will be the largest in the history of the Republic with the exception of that of the 1928-29 season, which totalled 349,049,000 bushels. Although the figures when announced were somewhat in excess of general expectations, threshing outturns subsequently received from the north and centre of the country have shown such heavy yields that the official estimate seems likely to be justified, notwithstanding the frost and drought damage sustained in parts of the south and west.

Samples of the new wheat which have been received indicate that the quality is very good. Both weight and colour are very satisfactory, and the Rosafe type of grain promises to grade well above the average.

The problem of the disposal of the new crop is in the hands of the Grain Trade Control Board, which is understood to be showing no haste in pouring the wheat on the market. On the contrary, while welcoming offers from exporting houses, the Board is understood to be anxious to avoid any action which might tend to further depress the already low prices. So far practically the only sales made have been to Brazil.

As the season advances and farmers' deliveries increase, it is possible that financial considerations may necessitate freer selling; but for the moment a conservative policy, with no speculative shipping, is likely to prevail.

At the close of the month and year, Spot wheat of the old crop was selling at 6.00 pesos per 100 kilos, equivalent to 51 1/4 cents Canadian per bushel at current official exchange rates; while for new wheat for February delivery, the official minimum price, of course, prevailed, viz: 7.00 pesos per quintal, or say 59 3/4 cents per bushel. In Winnipeg at the same time May wheat was quoted at 62 5/8 cents.

Maize.- Shipments of maize during December totalled 9,414,000 bushels, a substantial decline from the November figure, 13,989,000 bushels. The supply position is now as shown below:

Third official estimate 1937-38 crop	174,165,000 bushels.
Carry-over from 1936-37 crop	10,833,000 "
Total supplies	184,998,000 "
Seed and domestic requirements	61,021,000 "
Exportable surplus	123,977,000 "
Shipments April 1, 1938 to December 31, 1938	97,821,000 "
Balance still available	26,156,000 "

Interest on the Grain Exchange was almost monopolized throughout the month by the market for maize, the fixing of minimum prices for wheat and linseed having considerably curbed trading in those sections. Business was very active, with a good demand awaiting all offers, and as the weather turned very hot and the plants began to wilt, with no appearance of rain to relieve the situation, prices steadily rose until at the close of the month they had gained over a peso per quintal as compared with the end of November.

Good rains are very urgently needed in order to ensure a crop, which in any case cannot now be a very heavy one.

At the present reduced rate of shipping, stocks will be exhausted long before the new crop is available for export.

Spot maize closed the month at 7.80 pesos per quintal, or say 61 1/2 cents United States per bushel; and the March option 8.19 pesos (64 1/2 cents per bushel), which prices compared with the Chicago close for May delivery of 52 7/8 cents.

Linseed.- Linseed shipments in December were on a high level, 6,668,000 bushels leaving the country, as compared with 4,533,000 bushels in November.

As continued heavy shipping before supplies of the new crop became available have made it evident that there was an underestimate of the 1937-38 crop, an addition of 5,905,000 bushels has been made in the following statement of the supply position:

Balance available for export at January 1, 1938 based on official estimate	49,214,000	bushels.
Add for probable underestimate	5,905,000	"
Revised exportable balance for 1938	55,119,000	"
Shipments during 1938	53,248,000	"
Carry-over into 1939	1,871,000	"
First official estimate 1938-39 crop	63,776,000	"
Total supplies at January 1, 1939	65,647,000	"
Deduct for seed and domestic use	7,873,000	"
Surplus available for export	57,774,000	"

The steady demand for linseed throughout the month maintained prices on a firm basis, and this tendency was assisted by the growing certainty that the new crop was suffering damage from the severe attacks of the isoca grub in some important districts, many fields being prematurely harvested in the hope of saving the seed from becoming a total loss. The disappointment of having a lower than average crop this season is being offset to the farmer by seeing the price maintained at more than the officially guaranteed minimum of 13 pesos per quintal.

Spot seed closed the month at 13.65 pesos per quintal, or say 107 3/8 cents United States per bushel; and for March delivery 13.80 (108 5/8 cents); as compared with the official minimum price of 13 pesos, or 102 3/8 cents per bushel. In Duluth May seed closed the month at 188 cents per bushel.

Oats.- December exports of oats were 669,000 bushels, which bring the total shipments for the year to 25,620,000 bushels.

The first official estimate of the new crop is	48,632,000	bushels.
Seed and domestic consumption will take	22,695,000	"
Leaving available for export	25,937,000	"

The recent dry weather has stimulated the demand for oats locally for feeding purposes, and the competition of local dealers has made it difficult for shipping houses to operate. Nevertheless a certain amount of the grain has been bought for export to the Continent, present price levels permitting successful competition with Canadian oats.

White oats of export quality closed the month at 4.50 pesos per quintal, and yellow at 4.40, laid down in the ports.

Barley.- Shipments of barley in December were 166,000 bushels, making the total exports for the year 10,049,000 bushels.

First official estimate of the new crop of barley	22,046,000	bushels.
Required for seed and domestic consumption	11,023,000	"
Balance available for export	11,023,000	"

As the crop has proved smaller than that of last year and much below the average, and a great deal of the grain is very light as a result of the dry weather, good malting barley threatens to be somewhat scarce, and a rush to buy developed which carried prices rapidly upward. Local brewing firms were in the market for all the heavy grain offered, paying a good premium for picked parcels. Some sales were made for shipment to the Continent, Germany being especially interested; but the local buyers carried prices beyond what the exporters could afford to pay.

The month closed with malting barley quoted at 6.35 pesos per quintal, and feed grades at 6.15.

Rye.- There were no exports of rye during December. The quantity shipped out during the year totalled only 275,000 bushels.

The first official estimate of the new crop is	11,614,000 bushels.
Of this, seed and domestic needs may require	3,740,000 "
Leaving a surplus for export of	<u>7,874,000 "</u>

The new crop is the biggest in several seasons, and is well above the average.

Little buying interest has developed as yet, and quotations are on a somewhat low basis in sympathy with the major bread grain. The ruling price at the close of the month was 5 pesos per quintal.

Exchange Profits

One of the recipients of this series of reports has asked for information as to the working of the Argentine Exchange Control system and the profits derived by the Government from it, and as the subject is one of general interest the following brief explanation is included in this report.

The system is very simple. Under it all bills of exchange received by exporters in payment for grain, meat or other produce shipped abroad must be turned over to the Argentine Central Bank (an official institution) by the bank with which the exporter does business.

These bills are paid for by the Central Bank at a buying rate which is 15 pesos per pound sterling in the case of British currency, and for other currency a rate equivalent to the international parity of the pound sterling and the particular currency involved. Today's buying rate for the United States dollar, for instance, is 322.90 pesos per \$100. The rate for the pound is fixed. The rates for other currencies may vary from day to day as their international parity in relation to the pound may rise or fall. The rates are established daily by the Argentine Central Bank.

The currency acquired by the Central Bank is disposed of to merchants or others having payments to make abroad, principally importers wishing to bring in goods from abroad for which payment has to be made in the currency of the country of origin. These sales of currency are made by the Bank on the basis of 17 pesos per £1, thus leaving a margin of two pesos per pound sterling in the hands of the Central Bank, which goes into the national treasury. Other currencies are in proportion, that of the United States having a selling rate today of 366.29 pesos per \$100., leaving a profit of 43.39 pesos for the Argentine treasury.

The spread between buying and selling rates was recently doubled by the Government. The buying rate remained unchanged at 15 pesos; but the selling rate, which had previously been 16 was raised to 17.

The contributions to the fund from the various industries naturally vary with the surpluses exported and the prevailing prices. Information on the subject is not officially published.

The proceeds of the exchange fund, according to the last published annual report of the National Treasury Department, totalled 325,684,300 pesos in the four years 1933 to 1936.

Of ~~this~~ sum, there were expenditures for the benefit of agricultural industries during the four years, including costs of administration, as follows:

Grain growers, in respect of guaranteed minimum prices ...	7,567,700 pesos.
Dairymen, premiums on cream, advertising, etc.	5,579,400 "
Cotton growers, encouragement of cotton growing	1,550,000 "
Live-stock men, encouragement of exportation	3,000,000 "
A Total of	<u>17,697,100 "</u>

Of this amount 85,055,600 pesos was used in payment of the public debt abroad and 30,133,400 represents other payments made abroad in respect of various departments of the public service; leaving a surplus of 192,798,200 pesos.

The above figures refer to the four years 1933-1936, of which the first was only a portion of the year. There are two subsequent years for which no statistics are available. Probably a total profit of 500 million pesos to the end of 1938 would not be a very wide guess.

When the system was started pledges were given to the farmers, who feel that the profits have largely come out of their pockets, that the proceeds would be spent for their benefit. The above figures speak for themselves.



1010722893

[Faint, illegible text covering the majority of the page, likely bleed-through from the reverse side.]