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THE GRAIN SITUATION IN ARGENTINA

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

Second Official Estimate of Maize Area

The second estimate of the Ministry of Agriculture of the area planted to maize this season was made public a few days ago. It shows a slight increase over the first estimate:- 6,145,100 hectareas or 15,185,000 acres, against 5,950,000 hectareas or 14,703,000 acres, a difference of 482,000 acres.

The new figure shows a smaller area by 4.9 per cent than that of last season, and it is 8.3 per cent below the five-year average. Below are the comparative statistics:

1937-38 (second estimate)	15,185,000 acres.
1936-37 (final)	15,973,000 "
1935-36	18,854,000 "
1934-35	17,369,000 "
Five-year average	16,566,000 "
Ten-year average	14,760,000 "

The distribution of the area by provinces and territories is as follows:

Buenos Aires	4,913,000 acres
Cordoba	4,512,000 "
Santa Fe	3,750,000 "
Entre Rios	579,000 "
La Pampa	451,000 "
Santiago del Estero	89,000 "
San Luis	36,000 "
The rest	855,000 "
	15,185,000 "

Unfortunately, the officials of the Ministry express the opinion that, owing to the prevailing drought, 40 per cent of the area planted can be considered a total loss. The damage has occurred principally in the province of Cordoba, the western portion of Buenos Aires and the Pampa territory, in addition to almost a total loss of the early sown maize in the centre and north of Santa Fe.

Second Official Estimate of Grain Crops

In the closing days of the month the second official estimate of the volume of the principal crops, excluding maize, was also issued, showing

Wheat	184,049,000 bushels
Linseed	59,261,000 "
Oats	44,734,000 "
Barley	23,695,000 "
Rye	3,579,000 "
	315,318,000 "

In the case of each crop the new figures show a reduction of the anticipated yield, varying from 2.8 per cent for oats to 20.9 per cent for Rye.

Comparative statistics are as below:

	Wheat	Linseed	Oats	Barley	Rye
			(bushels)		
1937-38 (second estimate).	184,049,000	59,261,000	44,734,000	23,695,000	3,579,000
1937-38 (first estimate)..	191,986,000	62,399,000	46,038,000	24,802,000	4,527,000
1936-37	249,196,000	76,201,000	51,355,000	29,854,000	7,480,000
1935-36	141,464,000	59,446,000	33,756,000	20,301,000	6,023,000
1934-35	240,672,000	79,721,000	58,402,000	35,859,000	15,645,000
Five-year average	231,670,000	67,994,000	52,603,000	30,381,000	9,799,000

The distribution of the crops by provinces and territories is as shown below:

	Wheat	Linseed	Oats	Barley	Rye
			(bushels)		
Buenos Aires	89,695,000	21,743,000	37,592,000	21,411,000	1,698,000
Santa Fe	30,490,000	14,885,000	395,000	169,000	198,000
Cordoba	43,964,000	6,952,000	1,057,000	551,000	972,000
Entre Rios	13,481,000	15,566,000	4,800,000	36,000	21,000
San Luis	29,000	-	-	-	6,000
Santiago del Estero	254,000	36,000	16,000	-	-
La Pampa	3,770,000	8,000	314,000	785,000	634,000
The rest	2,366,000	71,000	560,000	743,000	50,000
	184,049,000	59,261,000	44,734,000	23,695,000	3,579,000

Crop Conditions

Occasional moderate rains fell during the month, but they were insufficient for the country's needs, in view of the many weeks of drought preceding. Pasture conditions got steadily worse, and farmers were handicapped in their ploughing for the next crops of grain. However in the closing days of the month there was a fairly abundant rain which extended over most of the area which had been suffering most for lack of moisture. It covered in fact practically all the cereal region except southern Buenos Aires and the South Pampa. This came too late to improve the maize crop, but would have the effect of preventing further deterioration. Pastures will have benefited considerably, and the land will be in better condition for cultivation. Seeding of wheat and oats should normally commence before the end of March in the early districts.

There has been a change in the time of issuing the official reports on conditions in the various cereal regions. They will in future make their appearance in the early days of the month instead of in the third week. To hold back this report in order to incorporate that of the Ministry would entail a week's delay in getting this to the more distant recipients, owing to the exigencies of the air mail service; and at this season of the year it does not seem to be of suffient importance to justify this. But the foregoing brief resume of weather and soil conditions will probably suffice.

Supplies and Market Conditions

Wheat.- February exports were 12,813,000 bushels composed of 12,733,000 bushels of wheat and 80,000 bushels of flour in terms of wheat. The figures compare with the January total of 8,111,000 bushels.

On the basis of the revised official estimate of the volume of the crop, the following is now the supply position:

Second official estimate 1937-38 crop	184,049,000	bushels.
Less seed and domestic requirements	99,208,000	"
Exportable balance	84,841,000	"
Disappearance prior to January 1, 1938	1,912,000	"
Balance available on January 1	82,929,000	"
Shipments to) Wheat .... 20,745,000 bushels		
February 26) Wheat as flour .. 180,000 "	20,924,000	"
Still available for export	62,005,000	"

Wheat is moving overseas much more leisurely than is customary in the opening months of the year, due largely to the fact that European countries other than Germany are reluctant to pay the comparatively high prices being asked for Plate wheats, and the United Kingdom is more interested in acquiring the cheaper wheat of Australia at the present time. Argentine farmers apparently are optimistic as to the future course of prices and are not disposed to offer wheat freely. Brazil and neighbouring countries, recognizing the high quality of the Argentine wheat coming forward, are willing to pay the prices asked for it and are buying steadily both the Rosafe and Bahia Blanca grain. Should this demand slacken and prices weaken, it is likely that an improved business with Europe will result and wheat will move out more freely. Meanwhile the stagnant condition of the freight market does not point to any immediate anticipation of this happening.

Prices fell off a little during the month, Spot closing at 11.87 pesos per 100 kilos (say 108 1/4c. per bushel), as compared with 12.22 at the end of January; and the May option 11.94 (108 7/8c. per bushel) as against 12.30. In Winnipeg May wheat closed at 128 5/8c. on the same day.

Linseed.- Linseed shipments were much lower than in January, 4,581,000 bushels moving out, as against 7,812,000 bushels.

The following is the statistical position:

Second official estimate 1937-38 crop	59,261,000	bushels
Deduct for seed and domestic requirements	7,874,000	"
Balance for export	51,387,000	"
Disappearance prior to January 1, 1938	3,516,000	"
Available balance at January 1	47,871,000	"
Shipments to February 26	12,393,000	"
Balance still available	35,478,000	"

A good many of the cargoes comprising the heavy exports of January had been put afloat unsold, owing to the excessive freight commitments of some of the shipping houses and lack of wheat and maize with which to make use of them. The result was that some of these cargoes had to be disposed of at a discount, which had some effect on the stability of the market once or twice; but as there was no selling pressure from the country the weakness proved only temporary, and prices closed the month at practically the same level as at the opening.

The United States made some purchases, but is not inclined to purchase freely until industrial conditions are more settled. The United Kingdom is naturally more interested in Empire linseed than that of the Argentine or Uruguay at the present time, but is expected to come into the market when Indian supplies begin to taper off. Meanwhile, with a third of the exportable surplus already shipped, the Argentine position seems quite satisfactory.

Spot seed closed the month at 15.84 pesos per 100 kilos, equal to 134 1/2c. per bushel, as compared with 15.90 at the end of January; and the May option at 15.87 (134 7/8c.) against 16.10.

In Duluth on the same day May seed closed at 205c.

Maize.- February shipments were only 941,000 bushels, as compared with 6,032,000 bushels in the previous month.

Stocks of old maize still on hand are very small, as will be seen from the following statement:

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 1, 1937 to February 26, 1938	270,385,000	
Balance on hand	11,320,000	

Pasture conditions are having a very serious effect on the market for maize. The rains at the end of the month brought some relief in the drought stricken districts, but much more moisture is needed in order to restore the grass and alfalfa to a normal state. Failing that, the consumption of maize for animal fodder will increase and will probably absorb all the stocks remaining on hand. A considerable portion of the standing crop in the dry districts which is not worth harvesting is already being pastured by cattle.

Business in maize on the grain exchange is stagnant. No more old grain can be sold. Even if stocks were available, prices are so far out of line that sales to Europe would be very difficult.

The new crop is backward, and its future is still uncertain. The 40 per cent considered by the Ministry of Agriculture to be already a total loss, may be increased if opportune rains do not appear. On the basis of today's conditions, it does not seem probable that there will be an average yield of more than 23.9 bushels per acre on the three-fifths of the crop still remaining. This would give a total yield of a little more than 216,525,000 bushels, of which a probable domestic consumption would take 98,421,000 bushels, leaving rather more than 118,105,000 bushels for export. But it all depends upon the weather in the immediate future. Whatever the surplus turn out to be, there is likely to be a market waiting for it at remunerative prices.

At the close of the month Spot yellow maize was quoted at 9.30 pesos per 100 kilos, or say 79c. per bushel; and the May option 7.80 (66 1/4c.); while in Chicago May corn closed at 59 3/4c.

Oats.- Exports of oats during February totalled 4,640,000 bushels, which compares with the high figure of 6,300,000 bushels in January.

The exportable surplus is rapidly disappearing, as will be seen from the following statement, based on official statistics:

Second official estimate 1937-38 crop	44,734,000	bushels.
Seed and domestic requirements	29,827,000	"
Surplus for export	14,907,000	"
Disappearance prior to January 1, 1938	1,781,000	"
Balance available on January 1	13,126,000	"
Shipments to February 26	10,940,000	"
Still available for export	2,186,000	"

The market for oats has been unusually active, and it is not difficult to trace the reason to the scarcity and dearness of maize. The buyers for the domestic market are paying higher prices than shippers are willing to offer; but in spite of that considerable export sales have been made, practically all to the European Continent.

Prices improved during the month, and the market closed firm at 7.35 pesos per 100 kilos for white oats, as compared with 6.85 at the end of January. Yellow oats were changing hands at 6.80.

Barley.- Shipments during February were 3,644,000 bushels, as against 2,430,000 bushels in the previous month. On the basis of the reduced official estimate of production, the position now is:

Second official estimate 1937-38 crop	23,695,000	bushels.
Less seed and domestic requirements	6,568,000	"
Surplus for export	17,127,000	"
Shipments to February 26	6,075,000	"
Balance still available	11,052,000	"

A good export business was done during the month, especially to Germany and the Baltic countries, and price levels rose, with a firm tone prevailing at the close, when malting barley was being sold at 9.55 per 100 kilos, and the feed grade at 9.45, which prices compare with 9.25 and 9.10 at the end of January.

Rye.- There was an insignificant movement of rye during February, only a parcel of 2,000 bushels being reported for export, as compared with 12,000 bushels in January.

The new official estimate of the production, 3,579,000 bushels, makes a substantial cut from the original figure of 4,527,000 bushels. The following is now the standing:

Second official estimate 1937-38 crop	3,579,000	bushels
Seed and domestic requirements	1,945,000	"
Surplus available for export	1,634,000	"
Shipments up to February 26	14,000	"
Balance still available	1,620,000	"

Little business was transacted during the month, there being very limited offerings. Prices eased off a little, but the tone remained firm at the close of the month, with 12.50 pesos per quintal posted as the official price for 73 kilo Rye, as compared with 12.75 at the end of January.

National Grain Elevator System

On February 11 the President of the Republic, by starting the machinery which drove the first pile for the foundations of the terminal elevator in the new port at Buenos Aires, officially inaugurated the work of construction of the first of the port terminals to be built as part of the national system of grain elevators.

Thus this long heralded work is at last under way, and construction of the other 13 terminals, to complete the chain of 14 in the ports, will no doubt also be proceeded with in due course.

No definite steps have yet been taken towards the construction of the system of country elevators to feed these terminals.

Wheat Destinations

The National Grain & Elevator Board in its bi-monthly bulletin has made public a list of the destinations of exports of wheat in the year 1937, separating the shipments from the three official zones of Buenos Aires, Rosafe and Bahia Blanca. This is reproduced below. The period covered is not the calendar year, but dates from December 1, 1936 to November 30, 1937. Destinations are final.

Destinations	Buenos Aires	Rosafe	Bahia Blanca	TOTAL
		Bushels		
United Kingdom and Possessions	4,190,000	22,480,000	2,070,000	28,740,000
Austria	34,000	257,000	-	291,000
Belgium	2,234,000	7,278,000	6,195,000	15,707,000
Bolivia	-	308,000	703,000	1,011,000
Brazil	7,791,000	13,030,000	12,734,000	33,555,000
Chile	37,000	-	-	37,000
Cuba	9,000	-	-	9,000
Denmark	505,000	185,000	75,000	765,000
Finland	673,000	20,000	-	693,000
France	347,000	-	1,131,000	1,478,000
Germany	2,596,000	2,612,000	839,000	6,047,000
Greece	439,000	1,565,000	5,723,000	7,727,000
Holland	3,186,000	7,279,000	5,866,000	16,331,000
Ireland	-	232,000	-	232,000
Italy	13,575,000	12,170,000	4,001,000	29,746,000
Japan	537,000	-	-	537,000
Latvia	-	615,000	-	615,000
Nicaragua	-	7,000	-	7,000
Norway	1,620,000	44,000	334,000	1,998,000
Paraguay	158,000	-	-	158,000
Peru	149,000	-	3,304,000	3,453,000
Portugal	4,000	-	-	4,000
San Salvador	-	19,000	-	19,000
Spain	104,000	292,000	-	396,000
Sweden	224,000	106,000	81,000	411,000
Switzerland	-	37,000	-	37,000
United States	52,000	56,000	-	108,000
Uruguay	632,000	1,000	274,000	907,000
T o t a l s	39,096,000	68,593,000	43,330,000	151,019,000

Compulsory Flour Mixtures in Brazil

Seeking to encourage the expansion of the very small domestic production of wheat, and discourage the importation of wheat and wheat flour the Brazilian Government has made it obligatory on Brazilian millers to use 30 per cent of national products in the making of bread flour mixtures. If home-grown wheat is not available in sufficient quantities, such substitutes as maize, millet, tapioca, or other similar products must be used in conjunction with imported wheat.

Brazil uses annually nearly 36,744,000 bushels of wheat and flour imported from Argentina.