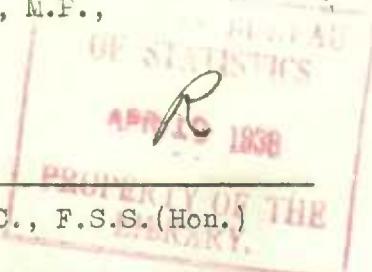


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THE GRAIN SITUATION IN ARGENTINA

Ottawa, April 16, 1938.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of April 4, 1938, dealing with the grain situation in Argentina.

Crop Conditions

The drought which afflicted the country almost in its entirety for many weeks, and which persisted in some districts even after rains had made their welcome appearance in most of the cereal zone, has now been very definitely broken. During March there was generous precipitation everywhere. In some parts it was far too generous, and much low-lying land was inundated and the crops damaged or even destroyed.

The muddy condition of the roads made hauling of grain impossible and the movement had to be suspended for a while.

The greatest complaints came from the province of Santa Fe. Entre Rios also suffered much damage, and Buenos Aires in the northern sections received too much rain, but the complaints are rather of stoppage of field work than of actual damage.

In the last week of March masses of cold air moving up from the polar regions gave rise to extensive frosts of varying intensity. The slight damage caused in some districts was probably much more than offset by the hastened ripening of the maize crop in others.

In view of the rains and the continued unsettled weather with promise of more precipitation, the prospects of an increased acreage under wheat seem optimistic. The farmers are anxious to make up for last season's disappointing results. A tendency is noted to increase the acreage under oats, which at today's prices is one of the most profitable crops.

The monthly crop report of the Ministry of Agriculture made its appearance on the second instant. The following is a brief summary:

The Weather: The rains which have fallen are considered excessive in those parts of the north of Buenos Aires which border on the rivers Parana and La Plata; in the whole of the province of Santa Fe with the exception of two districts, and in the province of Entre Rios, because of the damage done to maize of the first sowings, the ripening of which was well advanced. In the other provinces and territories the precipitation amply satisfies the needs of the moment, no damage being registered.

Work on the Land is being prosecuted with the greatest intensity. Ploughing of sod and stubble is being pressed forward everywhere except in those districts where rains have caused it to be suspended, and in some others where scarcity of pasture during the long drought weakened the work horses.

The Maize Crop: The condition of this crop deteriorated during March, and it is now somewhat below fair, because of the damage suffered by the grain of the first plantings in the most important producing zones. In Buenos Aires the condition is from fair to average. In parts of the north of the province harvesting has commenced in isolated fields, but it will not be general until the second half of April. In vast areas live stock have been turned in to pasture the maize, there being no hope of a harvestable crop. In Santa Fe also the general condition has deteriorated, although it may still be considered good on the whole. The rains benefited the late plantings, and their condition is very good; but the first plantings, which in this province are the most important, have been affected by the excessive moisture, especially in the quality. Harvesting of early plantings, which commenced before the rains and had to be suspended, gave the very poor yield of 12 3/4 bushels per acre, with a high percentage of sprouted and rotted grains. In the province of Cordoba,

although the rains benefited some of the second plantings, which mostly have blossomed in good condition, the crop generally has not improved since the last report, in which the condition was described as bad.

Other Grains.- The oats, barley and rye crops seeded during February and March germinated evenly and strongly, and with normal temperatures during April they should be off to a good start.

Supplies and Market Conditions

Wheat.- March exports totalled 8,055,000 bushels, of which 7,741,000 bushels were wheat and 314,000 bushels flour in terms of wheat. These figures compare with 12,733,000 bushels of wheat and 80,000 bushels of flour as wheat, 12,813,000 bushels in all during February.

The statistical position is now as follows:

Second official estimate 1937-38 crop	184,049,000 bushels
Less seed and domestic requirements	<u>99,208,000 "</u>
Balance for export	84,841,000 "
Disappearance prior to January 1, 1938	<u>1,912,000 "</u>
Balance available on January 1	82,929,000 "
Shipments to) Wheat	28,485,000 bushels
March 31) " as flour	493,000 "
Balance still available	<u>53,951,000 "</u>

Trading during the month was conducted in a somewhat dull atmosphere, due principally to the Argentine prices being out of line with competing countries. But towards the end of the month prospects brightened a little with the news of an improved demand from the United Kingdom and the Netherlands, coupled with less liberal offerings from Australia.

Buying by the local millers was on an average basis. While the superior qualities were mostly in demand, there was no difficulty in placing the rest.

There is no selling pressure in the country, farmers being in no hurry to dispose of their limited holdings.

The recent heavy rains have caused a suspension of the already very moderate movement of grain down to the ports, and farmers in any case are more interested in preparing the land for the new crop than in hauling away the old. Present indications are that a bigger acreage will be attempted, in order to make up for the disappointing results of last year's wheat crop.

At the close of the month, with very few sellers, Spot wheat was quoted at 11.08 pesos per 100 kilos (or say 100 $\frac{1}{2}$ c. Canadian per bushel); and the July option 11.24 pesos per 100 kilos (102c. per bushel); while in Winnipeg on the same day July wheat closed at 109 1/8c.

Maize.- Shipments during March dropped to the very low figure of 487,000 bushels. The corresponding total in February was 941,000 bushels, and that of January 6,032,000 bushels.

The statistical position is now as shown below:

Revised official estimate 1936-37 crop	359,618,000 bushels
Carry-over from 1935-36 crop	<u>18,539,000 "</u>
Total supplies	378,157,000 "
Seed and domestic needs (revised)	<u>96,452,000 "</u>
Exportable balance	281,705,000 "
Shipments April 1, 1937 to March 31, 1938	<u>270,872,000 "</u>
Balance on hand	<u>10,833,000 "</u>

Unlike those of other grains, prices of maize advanced during the past month. They are of course above the parity of other exporting countries, and business was on a strictly local basis, with a pretty steady demand for feeding purposes owing to the sub-normal condition of pastures following the severe drought. Recent generous

rains will build up the pastures again; but they have also set back the new maize crop, which was already later than normal.

Ordinarily maize of the new crop should be already finding its way into the ports from the early northern districts, and on the basis of an expectation of this normal course many contracts were entered into weeks ago by growers and dealers for deliveries during March. These contracts, maturing on the 25th, were impossible of fulfilment, and were mostly extended for one month with a penalty. Now there is no prospect of fulfilment even within the extended time, and the interested parties are bringing pressure to bear on the Grain and Elevator Board to extend the period for fulfilment of all such contracts because of "fuerza mayor", and also to relax the conditions as to quality and condition because of the difficulty in delivering grain of the usual standard. This agitation is so far confined to the northerly districts. Besides the difficulty of conditioning maize in the wet weather, there is now the added problem of moving it over the muddy roads.

Just what effect the recent rains have had on the prospective yield it is very difficult to estimate at the present moment. But the first official forecast of the volume of the crop is expected in the next few days.

With a continued good demand for local consumption, prices were firm at 10 pesos per 100 kilos for spot maize at the close of the month on the option market, with up to 12 being paid for superior qualities on the sample market.

For the July option 7.55 pesos per quintal (equal to 63½c. U.S. per bushel) was the closing price, which compares with 61 7/8c. the Chicago close for July corn.

Linseed.- March exports were 4,739,000 bushels which compares with 4,581,000 bushels in the preceding month, and leaves the supply position as below:

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 up to March 31	17,132,000	"
Still available	30,739,000	"

A steady business was done in Linseed during the month. There was a fairly consistent demand on the one hand, and no pressure to sell on the other. Liberal offerings by India kept the United Kingdom supplied; hence there was little interest in Plate seed on the part of British buyers.

At the close of the month there were very few offers of Spot seed, which closed firm at 15.14 pesos per 100 kilos (or say 127½c. U. S. per bushel); with July quoted 15.40 (129 3/8c. per bushel); while in Duluth July seed closed at 194c.

Oats.- Shipments during March showed a considerable falling off as compared with those of the preceding month, 2,890,000 bushels as against 4,640,000 bushels.

It is evident that the official estimate of production was too low, as the exports have already exceeded what was supposed to be the available surplus on the basis of the official figures. I have therefore made an addition of 5,512,000 bushels to cover the probable under-estimate, as will be seen in the following statement:

Second official estimate 1937-38 crop	44,734,000	bushels
Add for probable under-estimate	5,512,000	"
Total supplies	50,246,000	"
Seed and domestic requirements	29,827,000	"
Surplus for export	20,419,000	"
Disappearance prior to January 1, 1938	1,781,000	"
Balance available on January 1	18,638,000	"
Shipments to March 31	13,831,000	"
Balance still on hand	4,807,000	"

March was a fairly active month in the market for oats. There was a good local demand, largely accounted for by the paucity of pastures, due to the drought, and the high prices and scarcity of maize. Prices held up well until towards the close of

the month, when heavy entries from the south of Buenos Aires, the great oats producing zone, caused a little weakness.

Superior white oats for domestic consumption closed the month at 7.20 per 100 kilos, with the ordinary run at from 6.50 to 6.70. Exporters were offering 6.50 for yellow oats. Last month's closing prices were 7.35 for best white, and 6.40 for export yellow.

Barley.- March exports were 1,936,000 bushels, which compares with 3,644,000 bushels in the previous month. The supply position is now:

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 March 31	8,011,000	"
Balance still available	9,116,000	"

Exporters showed a smaller interest in this grain during the month, and although the maize situation caused the local demand to be sustained, prices fell off a little, closing at 9.40 for superior malting grain, and 9 for the best feed quality, as against 9.55 and 9.45 respectively a month ago.

Rye.- Exports were only 10,000 bushels, bringing the total for the three months to 24,000 bushels, and leaving still on hand 1,610,000 bushels out of the original exportable balance of 1,634,000 bushels.

Price levels dropped in sympathy with wheat, Spot rye closing at 11.70, as compared with 12.50 last month. Exporters were only willing to pay 10.70.

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