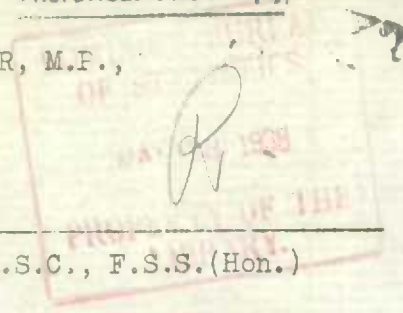


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THE GRAIN SITUATION IN ARGENTINA

Ottawa, May 17, 1938.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of May 4, 1938, dealing with the grain situation in Argentina.

First Official Estimate of Maize Crop

Early in the month the Ministry of Agriculture made public its first estimate of the volume of the new maize crop, which is placed at 177,157,000 bushels. According to the official memorandum, 15,318,000 acres were planted, which is rather more than the second official estimate of 15,185,000 acres. Of the planted area more than half was abandoned, only 7,530,000 acres being harvested, which with an estimated average yield of 23.5 bushels per acre, gives the above total of 177,157,000 bushels.

This exceptionally low yield is ascribed by the Department to the long drought, which lasted almost to the end of February, with the additional damage by locusts in places.

It is to be noted that included in the area set down as lost are the numerous fields which were used as pasturage for live stock during the period of drought.

The estimated crop is inferior by 50.8 per cent to that of last year, and by 49 per cent to the average of the last five years.

For purposes of comparison the crop figures for each of the last five years are reproduced below:

1936-37 .....	359,618,000 bushels.
1935-36 .....	395,698,000 "
1934-35 .....	451,947,000 "
1933-34 .....	256,915,000 "
1932-33 .....	267,763,000 "
Average of above 5 seasons ...	346,388,000 "

Supplies and Market Conditions

Wheat.- April exports totalled 6,809,000 bushels, composed of 6,733,000 bushels of wheat and 76,000 bushels of flour in terms of wheat. The combined total for March was 8,055,000 bushels.

The statistical position is now as shown below:

Second official estimate 1937-38 crop .....	184,049,000 bushels
Less seed and domestic requirements .....	99,208,000 "
Balance for export .....	84,841,000 "
Disappearance prior to January 1, 1938 .....	1,912,000 "
Balance available on January 1 .....	82,929,000 "
Shipments to) Wheat.....	35,219,000 bushels
April 30 ) Wheat as flour .	569,000 "
	35,788,000 "
Balance still available .....	47,141,000 "

There was little change in market conditions during the month of April. Business continues to be comparatively dull in the option market, operations being few in number and small in volume. There was no pressure of liquidations at the end of the month, and the tone remained firm. The millers are constant buyers, as are also the shippers to Brazil and to neighbouring countries, so that the limited offerings are



readily absorbed. Some interest was created during the month by the news that the United Kingdom had bought fairly heavily for account of the Government so as to provide reserve stocks of wheat for use in case of war; but as the purchasing was done chiefly in the United States, Canada and Australia, and very little Argentine wheat was secured, the interest soon died down, leaving behind a slight temporary weakness. Practically no business is being done with Europe.

Prices receded a little during the month, Spot closing 10.80 pesos per quintal, equal to 98 3/8c. Canadian per bushel at prevailing official exchange rates; and 10.97 (99 7/8c. per bushel) for the July option; while in Winnipeg July wheat closed at 110 3/4c.

Linseed.- Shipments during April totalled 3,603,000 bushels, as against 4,739,000 bushels in March. The supply position is left as follows:

Second official estimate 1937-38 crop.....	59,261,000 bushels
Deduct for seed and domestic requirements.....	7,874,000 "
<b>Balance for export.....</b>	<b>51,387,000 "</b>
Disappearance prior to January 1, 1938.....	3,516,000 "
Available balance at January 1.....	47,871,000 "
Shipments to April 30.....	20,736,000 "
Still available for export.....	27,135,000 "

April was a quiet month in the linseed market, and only a limited volume of operations was recorded. There is a steady but limited demand, with no selling pressure from holders. Exporters were reported to be buying back their May and June hedges. Shipments fell off substantially, and not much seed was put afloat unsold. The United Kingdom requirements continue to be supplied principally from India, and most of the demand is at present coming from Europe, with the United States buying a little from time to time.

Prices fell off a little during the month, closing at 14.95 pesos per quintal for Spot seed, equal to 126 1/8c. U. S. per bushel; and 15.10 for July (127 1/4c. per bushel); which prices compare with the Duluth price of 188c. for July linseed.

Maize.- April shipments of maize were a little higher than those of March, although still very low, 1,233,000 bushels being exported, as compared with 487,000 bushels.

On the basis of the official estimate of the new crop, mentioned on the preceding page, the statistical position is now as set out below:

First official estimate 1937 - 38 crop.....	177,157,000 bushels
Carry over from 1936 - 37 crop.....	10,833,000 "
Total supplies.....	187,990,000 "
Deduction for seed and domestic needs.....	61,021,000 "
Exportable balance.....	126,969,000 "
Shipments during April.....	1,233,000 "
Balance still available.....	125,736,000 "

The lateness of the new crop and the prevalent wet weather combined to keep down the export figures to the very low point shown above. The roads are in a muddy condition, quite unfit for heavy hauling, and the little maize which has been picked is far too wet to be fit for shelling. Present prospects for an improvement are not very bright, as the unsettled weather keeps both grain and roads from drying. Weather conditions have completely disorganized the business in maize. The farmers and dealers who sold maize in advance for delivery during April have for the most part



been unable to fulfil their obligations and are having to pay penalties accordingly. By making use of artificial dryers to the limit of their capacity, some few cargoes have been accumulated; and when once the roads dry sufficiently to permit haulage to be resumed, a somewhat freer movement can be expected.

In view of weather and crop conditions, it is only natural that there should be little activity in the market. Producers cannot sell until they can make delivery, anxious as they are to secure the satisfactory prices quoted for Spot grain; and shippers would gladly welcome the maize if they could obtain it, without being too particular as to the quality. But for the moment all are at the mercy of the weather.

Prices suffered a drop during the month. Spot maize from 10 pesos per 100 kilos dropped to 8.50, equal to 71 3/4c. U. S. per bushel; and the July option closed at 7.63 (64 3/8c. per bushel); which prices compare with 79c. for July corn in Chicago.

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Oats.- April shipments were 1,646,000 bushels, as against 2,890,000 in March. On the basis of the revised figures given in the last report, there are still available 3,162,000 bushels for export, out of the original export balance of 18,638,000 bushels, total shipments now standing at 15,476,000 bushels.

The improved pastures following on the generous rains have reduced the domestic demand for oats; and at the same time the exporters have begun to show less interest. Nevertheless, prices have stood up well because of the reduced supplies, and best White oats for the domestic market closed the month at 7.70 the quintal, with inferior grades quoted at 6.40; while 6.30 was being offered for the export trade.

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Barley.- Exports fell to 216,000 bushels in April, from the March figure of 1,936,000 bushels.

Of the exportable balance of 17,127,000 bushels, 8,226,000 bushels have now been shipped, leaving 8,901,000 bushels still available.

The demand from shippers has fallen off completely, and Europe no longer seems interested in this grain. Germany, which has taken fully half of the quantity exported this year, now seems to be out of the market. Sales are practically limited to domestic buyers. On the other hand, there is no pressure to sell by the farmers. Nevertheless, prices suffered a substantial drop. Malting barley fell from 9.40 to a close of 8.15; and Feed from 9. to 7.95.

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Rye.- There was no rye exported during the month, and there was very little business transacted locally. Prices fell from 11.70 to close at 8.30 per quintal.

There are still on hand available for export 1,610,000 bushels, out of the original surplus of 1,634,000 bushels.

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#### Crop Conditions

The official report on conditions in the agricultural districts made its appearance on the 4th instant. Its contents are briefly summarized below.

The Weather.- In general the persistent and abundant rains which fell during the month of April were unfavourable for the maize and rice crops, delaying the maturing, and interrupting or making difficult the work of harvesting. In the coastal regions precipitation interfered with work on the land; but not in the south and west of Buenos Aires and other parts of the country, where cultivation and seeding were carried on with great activity and under very favourable conditions.

Work on the Land.- Cultivation of the soil and sowing of cereals for pasture are being carried on actively throughout the country. Seeding of wheat has



commenced in some districts, and while some days were lost on account of rain, the work is making good progress generally. In the Pampa and San Luis, ploughing has been carried on under difficulties because of the poor condition of the work horses consequent on the pronounced scarcity of pasture; but on the other hand it has been facilitated by the excellent moisture reserves in the soil.

The Maize Crop.- Generally the condition of the maize fields is from poor to fair. The continuous rains have held back the maturing of the grain and delayed harvesting operations. In the north of Buenos Aires shelling has been commenced, and is yielding grain of deficient quality and excessive moisture content. In Santa Fe the condition of the maize still unpicked is from fair to good in the north, the crop having benefited from the rains. In the south, which is the more important zone, picking had become general and shelling had been commenced when the rains interrupted the work and caused damage. The colonists have been hurrying the picking for fear that weather conditions may not become normal, and because the adverse weather has already caused a high percentage of sprouted and rotten grains. In Cordoba the rains have further damaged the already inferior quality of the maize, and if the weather does not improve the late sown fields will have to be pastured.

Other Grains.- The fields already planted with oats, barley and rye have been greatly benefited by the rains, and condition is excellent. In almost all the provinces they are already being used as green forage.

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Private reports tend to confirm generally the official view of crop conditions.

The quality of the new maize crop will almost certainly prove inferior to that of last season. Early deliveries are so defective as a result of the excessive rains that the National Grain and Elevator Board has made it compulsory that deliveries of maize with up to 4 per cent of damaged grains must be accepted in the Buenos Aires zone, and up to 5 per cent in the Rosario zone; and that up to 2 and 3 per cent respectively of damaged grains must be accepted free of deductions in the prices.

During the last week of April further heavy precipitation was fairly general, again delaying the work on the maize crop, and necessitating more time in which to condition the grain for shelling and shipping. The limited capacity for artificial drying which exists in the northern zones has been put to good use, and thanks to it, some of the new maize has already been put into shape for export and has been loaded at Rosario and Santa Fe. But there will have to be a spell of cold and dry weather before this can become general.

The damage done to the maize has been more than offset by the beneficial effect on the soil, especially in the drier sections of the cereal zones, such as the Pampa; and the general impression is that seeding is off to a good start under splendid conditions.

A report issued yesterday by the Department of Agriculture of the province of Buenos Aires says that 35 to 40 per cent of the total area of the province destined for cereal crops has already been prepared, and 10 per cent has been planted, part of which has germinated.

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#### Linseed Movement in 1937

A memorandum on the movement of the Argentine Linseed crop in the crop year of 1937, which coincides with the calendar year, has just been issued by the National Grain and Elevator Board.

Of the total crop of 76,201,000 bushels, exports totalled 72,303,000 bushels, or 94.88 per cent, a quantity higher than normal.

Of the total, 62.82 per cent was shipped in bags. Shipments in bulk were almost exclusively limited to the United States and Canada, where there are great facilities for unloading in that form.



From 30 to 40 of the total shipments were consigned for orders. Half the total exports were shipped during the first four months of the year. The heaviest shipments were in the month of April, and the smallest in May.

The port of Rosario had the heaviest shipments, with Buenos Aires in second place, followed by Santa Fe, Necochea and Bahia Blanca in the order named.

The United States was the principal buyer with 25,563,000 bushels, a record quantity for any country in any year. Holland ranked second with 14,008,000 bushels; France came next with 9,325,000 bushels; followed by Canada with 4,548,000 bushels.

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#### Brazilian Wheat Production

The new Secretary for Agriculture for the State of Rio Grande do Sul in a recent speech gave some attention to the efforts being made to encourage the production of wheat in that State, which ranks first amongst the Brazilian States in wheat growing, having an area of 642,200 acres devoted to it, with a yield of 5 to 5 1/2 million bushels, which is about 95 per cent of the total production in Brazil.

According to the Minister, the chief problem to be solved is the obtaining of varieties of wheat adapted to the soil and climatic conditions of Brazil.

Rio Grande do Sul has established experimental farms and seed nurseries, which have produced some varieties that are giving good results, notable "Riosulino", "Treinte y Cinco", "Farrapo", "Frontera" and "Sorpresa". Distribution of selected seed to farmers is being carried on extensively, and thanks to it the 1937 crop of the State increased by 10 per cent. This year the Department of Agriculture plans to distribute 5,450 bags of seed wheat.

From another Brazilian State, Minas Geraes, in which is located the Federal Capital, Rio de Janeiro, comes a cable announcing that wheat planted in the first half of January is being harvested and is giving an average yield in sections of less irrigation of nearly 30 bushels per acre and in zones of better irrigation 44 bushels per acre. Looking a long way ahead, the despatch adds that it is expected that in future years Brazil will be able to supply 50 per cent of her own requirements.

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