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

DOMINION BUREAU OF STATISTICS - CANADA
AGRICULTURAL BRANCH

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THE GRAIN SITUATION IN ARGENTINA

Ottawa, June 15, 1938.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of June 3, 1938, dealing with the grain situation in Argentina.

THIRD OFFICIAL ESTIMATE OF GRAIN CROPS

The third official estimate of the volume of the principal grain crops, excluding maize, was made public by the Ministry of Agriculture on the 11th ultimo. The grand total of the six crops dealt with shows an increase of 50,000 tons as compared with the second estimate.

The new figures are based upon the threshing results noted on 83,000 farms. The details are as follows:-

Wheat	5,029,500	metric	tons or	184,802,000	bushels.
Linseed	1,539,400	"	"	60,603,000	"
Oats	689,000	"	"	44,676,000	"
Barley	513,500	"	"	23,585,000	"
Rye	89,500	"	"	3,523,000	"
	7,860,900	"	"	317,189,000	"

The total figure shows a decrease of 24 per cent in comparison with that of last year, and 19.4 per cent compared with the average of the last five years.

The individual items show the following percentage decreases from the corresponding yields of 1936-37: Wheat 25.8; linseed 20.5; oats 13; barley 21; rye 52.9.

Comparative statistics are reproduced below, the figures being in bushels:

	Wheat	Linseed	Oats	Barley	Rye
Third Estimate 1937-38 .	184,802,000	60,603,000	44,676,000	23,585,000	3,523,000
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 weather during May was what may be considered normal for the late autumn season. There was ample precipitation to keep the land in good condition for cultivation. Fine dry days alternated with wet or humid ones. If conditions were not all that might have been desired for the old maize crop, they were better than those of the previous month; and they were certainly very favourable for the work of putting in the new fine grain crops, with which great progress has been made. In the earlier districts the wheat has already germinated, and in places it is even above ground, the plants appearing strong and healthy. In the low lying districts conditions are backward, the land being too wet for cultivation. But, speaking generally, the work may be said to be well advanced, with every promise of a large area being seeded.

The monthly official report on crop conditions made its appearance yesterday. A brief resumé of its contents is given below.

The Maize Crop: Harvesting generally is well advanced, which is largely due to the fact that the farmers, being fearful that the humid weather might be prolonged, hastened the picking. The result of the shelling, which is proceeding more slowly, generally confirms the low yields which served as the basis in formulating the estimate of production (177,157,000 bushels). The quality obtained up to now is deficient because of the high degree of humidity, and the percentages of sprouted, rotten and mouldy grains, which generally exceed the commercial allowances. In Santa Fé

the machine dryers are being extensively used, and with their help it has been possible to improve the condition in which a good part of the deliveries have been made. In Northern Buenos Aires about 70 per cent of the crop has been gathered. In San Fé it has been impossible to get into the fields with waggons, and the bags of grain have had to be carried out to the roads. In places half the crop has been picked; in others almost all. In Córdoba the failure of the maize crop is definitely confirmed; only in the northern districts have the late plantings maintained a fair condition.

The Wheat Crop: In the western districts of Buenos Aires ploughing for the wheat crop has been finished, and three quarters of the area intended for wheat has already been seeded. This proportion diminishes towards the east and north, where later varieties will be sown. Besides in the north the gathering of maize, and in the east and centre the water lying on the land in some places, have delayed the ploughing. In Santa Fé ploughing is proceeding slowly, and is somewhat backward in the south; in the centre it is being finished; and in the north also it is backward, there being farmers who have not yet been able to commence on account of their fields being inundated. In the centre, which was most affected by the drought, the national and provincial authorities have facilitated the purchase of seed grain by the farmers. Up to the present only in the centre and north has any seed been planted. The condition of these fields is very good. In Córdoba ploughing in the south is very backward because of the poor shape in which the work animals are, although there is excellent humidity in the soil. Lack of seed grain is being overcome with the help of the National Bank and the provincial authorities. In the centre and north seeding is proceeding in relatively normal form, and 50 per cent of the area intended for wheat has already been planted. The sprouted grain is in the best possible condition. In Entre Ríos a good part of the areaintended for wheat has already been prepared, and planting has been commenced. An increase in area is anticipated. In the Pampa seeding is late, principally owing to the poor state of the horses, which prevented the preparation of the land at the proper time. Great areas have had to be ploughed with tractors, with the consequent increased cost. The condition of the sprouted grain is excellent, the only fear being that some fields may start shooting before the frosts appear. An increased wheat area is expected.

The Linseed Crop: In Buenos Aires no planting has been done, but some fields have been ploughed ready. In the central zone of Santa Fé some seeding has been done, especially the fields of linseed with alfalfa. The condition is very good. In Cordoba only in one district have some fields been planted. Their condition is very good. In Entre Ríos the land is being prepared for linseed, the seeding of which generally will begin in mid-June. In the districts along the River Paraná some fields are already in leaf and their condition is excellent.

Other Grains: In Buenos Aires, the oats, rye and feed barley crops are in excellent shape, and ploughing for malting barley is commencing in the south. Planting of rye in the Pampa is proceeding, but the work is backward for lack of seed. As in the case of wheat, there is a fear that some of the fields may begin to shoot too early for lack of animals with which to graze down the plants.

Supplies and Market Conditions

Wheat.- Exports during May totalled 5,363,000 bushels, of which 5,330,000 bushels were grain and 33,000 bushels flour in terms of wheat. This compares with a combined total of 6,809,000 bushels during April.

The new official estimate of the wheat crop shows a slightly higher yield than the second, there being a difference of 753,000 bushels.. The following statistical statement is based on the new estimate:

Third official estimate 1937-38 crop		184,802,000 bushels.
Less seed and domestic requirements		99,208,000 "
Exportable balance		85,594,000 "
Disappearance prior to January 1, 1938		1,912,000 "
Balance available on January 1		83,682,000 "
Shipments) Wheat	40,549,000 bushels	
to May 31) Wheat as flour ..	602,000 "	41,151,000 "
Balance still available		42,531,000 "

May was a month of considerable activity in the wheat market, and much excitement and uncertainty prevailed throughout. Right from the beginning there was a downward tendency in prices, and the drop became precipitate in the last few days,

reaching 2 1/2 pesos per quintal on the penultimate day, but making a slight recovery on the closing day. World conditions, including the prospect of a very heavy wheat crop in the United States, were the cause of the gradual slump in prices; but locally the downward tendency was assisted by the farmers and others who had refrained from disposing of their wheat while prices were temptingly high earlier in the year, becoming alarmed and deciding to cash in in a hurry.

The producers have been much criticized for not following the advice which was so freely given many weeks ago to sell their grain and be satisfied with the profitable prices then prevailing. But possibly the source of the advice aroused their suspicions and made them chary of following it; and when an official body added its voice to that of the dealers who wanted to get possession of the wheat, and advised the farmers to sell, it was very freely criticized for stepping outside its proper functions, and wheat became even harder to buy. In the end, of course, the advice proved justified. The European drought, with its severe inroads on the supplies raised in consuming countries, has been more than offset by the record production which is promised in the United States, and the probable normal crop in Canada, with Russia again offering wheat for export. So the Argentine farmer, a born gambler, having had his bit of excitement, is now content to pocket his loss, or rather to abandon his prospective profits, for there is probably still a margin over expenses in current wheat prices.

Some sales of Argentine wheat were made to the Continent during the month; but business in actual grain was principally with Brazil and other neighbouring South American countries, which have been steady buyers and apparently have still substantial requirements to cover.

There was a great deal of speculative buying and selling in this market, much of it for account of European operators.

At the close of the month Spot wheat was quoted at 8.60 pesos per 100 kilos, equal to 78 1/8c. Canadian per bushel at official exchange rates; and the July option at 8.75 (79 1/2c. per bushel). In Winnipeg July wheat closed at 92 3/8c. on the same day.

Maize.- May shipments of maize were 4,891,000 bushels, which shows a substantial improvement over those of April, 1,233,000 bushels.

The second official estimate of the crop has not yet made its appearance, and the following statement of the supply position is therefore based on the first.

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	"
Balance for export	126,969,000	"
Shipments April 1 to May 31	6,124,000	"
Balance still available	120,845,000	"

While exports are increasing, as shown above, they are far from having reached a normal level for this period of the year. For this, weather conditions are to blame, the frequent rains and excessive atmospheric humidity making it very difficult to proceed with the shelling and conditioning of the grain for shipment.

The quality too is deteriorating. In the Rosario zone the percentage of spoiled grains admitted in deliveries has been raised to 6 per cent and in Buenos Aires to 4 per cent; and recently representations have been made to the Minister of Agriculture asking that the percentage of humidity permitted be raised to 15 per cent.

A spell of fine dry weather is badly needed, not only to bring the maize into condition for delivery and shipment, but also to stop further deterioration in the grain still on the plant or in the cribs.

Most of the grain which is being shipped has had to be artificially dried; but even so the exporting of it is looked upon as risky, in view of the prevailing dampness and the difficulty of ensuring that dry grain goes into a dry hold to face the journey through the tropics.

The United Kingdom bought only sparingly during the month. Fair sales were made to the Continent, Germany being the principal buyer with 2,756,000 bushels. But generally the demand was far from keen, and prices weakened, influenced largely no doubt by the drop in wheat prices. Spot maize closed the month at 7.28 pesos per 100 kilos, equal to 61c. U.S. per bushel; with July delivery quoted at 6.95 (58 1/4c.) which compares with the Chicago closing price of 68 7/8c. for July corn.

Linseed.- Exports during May were 4,034,000 bushels, which compares with 3,603,000 bushels in April.

On the basis of the new official estimate of the crop, which adds 1,342,000 bushels to the previous figures, the following is now the supply position:

Third official estimate 1937-38 crop	60,603,000	bushels.
Less seed and domestic requirements	7,874,000	"
Balance for export	52,729,000	"
Disappearance prior to January 1, 1938	3,516,000	"
Available balance at January 1	49,213,000	"
Shipments to May 31	24,770,000	"
Balance still on hand	24,443,000	"

The linseed market was far from active during the month, and sales were difficult to make. The United States was practically out of the market, and the United Kingdom requirements were still being filled by India, so that the Continent was almost the only outlet, and it was not greatly interested. A certain amount of seed was put afloat unsold, in order to make use of steamer space for which neither wheat nor maize was available. This did not help to strengthen the market, naturally, and prices suffered a severe drop, closing at 13.20 for Spot seed and 13.22 for July delivery, equal to 110 1/2 and 110 3/4 c. U.S. per bushel respectively at official rates of exchange; while in Duluth on the same day the July close was 169c.

Oats.- May shipments of oats totalled 663,000 bushels, as against 1,646,000 bushels in the preceding month.

The new official estimate of the crop knocks 58,000 bushels off the previous figure, in spite of the fact that on the basis of a normal allowance for seed and domestic consumption, more had already been shipped out than was available on paper. Therefore the 5,512,000 bushels which had already been added to the official figures by this correspondent, has been retained in the following statement of the position:

Third official estimate 1937-38	44,676,000	bushels.
Add for probable under-estimate	5,512,000	"
Total supplies	50,188,000	"
Deduct for seed and domestic needs	29,827,000	"
Exportable balance	20,361,000	"
Disappearance prior to January 1, 1938	1,781,000	"
Available on January 1	18,580,000	"
Shipments to May 31	16,139,000	"
Balance still available	2,441,000	"

There was a very quiet market, with practically no export business done, although enquiries were received from Italy for substantial parcels. But for good oats the domestic market offers better prices than the export houses. Superior white oats sold locally at 6.70 at the close of the month, against 6.20 offered by the exporters.

Barley.- Exports during May were only 322,000 bushels, which compares with 216,000 bushels in April.

There is a small reduction of 110,000 bushels in the new official estimate of the crop. On the basis of the new figures the situation is as follows:

Third official estimate 1937-38 crop	23,585,000	bushels.
Seed and domestic requirements	6,568,000	"
Balance for export	17,017,000	"
Shipments to May 31	8,548,000	"
Balance still available	8,469,000	"

While a fair interest was shown by exporting houses, very little business resulted, as local buyers, especially for malting barley, were offering better prices than the shippers. There was no difficulty in placing parcels of good quality grain, and prices maintained their levels.

Malting barley closed at 8.85 pesos per quintal, and feed quality at 7.75.

Rye.- Only 79 bushels of rye were shipped out during May, making the total for the season 24,000 bushels. On the basis of the new official estimate of the crop, which reduces the volume from 3,579,000 bushels to 3,523,000 bushels, the following is now the supply position:

Third official estimate 1937-38 crop	3,523,000	bushels.
Seed and domestic requirements	1,945,000	"
Exportable balance	1,578,000	"
Shipments to May 31	24,000	"
Balance still available	1,554,000	"

Linseed Shipments in 1937
(Showing final destinations)

United Kingdom and Possessions..	3,477,000	bushels	=	4.81	per cent
Belgium	4,452,000	"		6.16	" "
Brazil	634,000	"		.88	" "
Canada	4,548,000	"		6.29	" "
Chile	5,000	"		.01	" "
Czechoslovakia	36,000	"		.05	" "
Dantzig Free State	8,000	"		.01	" "
Denmark	671,000	"		.93	" "
Finland	290,000	"		.40	" "
France	9,325,000	"		12.90	" "
Germany.....	3,475,000	"		4.81	" "
Holland	14,008,000	"		19.37	" "
Hungary	12,000	"		.02	" "
Ireland	44,000	"		.06	" "
Italy	3,235,000	"		4.47	" "
Japan	16,000	"		.02	" "
Norway	748,000	"		1.03	" "
Paraguay	39	"		-	
Poland	98,000	"		.14	" "
Portugal	53,000	"		.07	" "
Sweden	1,528,000	"		2.11	" "
Switzerland	11,000	"		.01	" "
United States of America	25,563,000	"		35.36	" "
Uruguay	315	"		-	
Yugoslavia	67,000	"		.09	" "
T o t a l s	72,304,354	"		100.00	" "

Brazilian Maize Production

Reports from Brazil indicate that the National Government has decided to embark on a grand campaign to increase the production of maize in the Republic, which is now 236,209,000 bushels per annum, not only in order to satisfy domestic requirements, but also in the hope of competing as an exporter. Local consumption has increased recently as a result of the compulsory adulteration of wheat flour.