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THE GRAIN SITUATION IN ARGENTINA

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

Crop Conditions

Much drier weather prevailed in July than during the two preceding months, although occasional rains and showers provided ample moisture for the new crops already planted and kept the land in excellent shape for cultivation.

The drier atmosphere, aided by brief spells of mild frost, favoured the winding up of the maize harvest, which has now practically concluded, except in some late districts. Shelling, too, is well advanced, although it is not being particularly pressed at the moment. Growers are hoping that a little further delay will improve the condition of the grain and also help to stiffen prices a little. The quality of the grain is proving a great disappointment, being inferior to even the very modest hopes still entertained by the farmers after an unusually difficult and trying season.

Seeding of wheat is well advanced, and in most districts is practically concluded. While there have been some losses of area in low-lying zones, it is generally believed that the acreage will show a net increase over that of last season. The grain is germinating well, and the plants above ground show a strong and even growth.

Work on the land intended for linseed has made good progress also, and in the early fields already planted germination and growth are very satisfactory.

The monthly report of the Ministry of Agriculture on conditions in the cereal zones made its appearance yesterday. From the extracts which are reproduced below a fairly complete picture will be obtained of the situation of the principal crops in the chief districts:

The Wheat Crop: Wheat seeding has been almost completed. There has been some delay in northern Buenos Aires and southern Santa Fe, due to the backward corn harvest. An increase is noted in the area planted with wheat as compared with last year, in the western and southern sections of the cereal zone. The condition of the fields already above ground is on the whole superior to normal; but in some fields in southern Cordoba there has been some local parasitic damage. In southern and western Buenos Aires wheat planting is finished. Both the preparation of the land and the seeding were realized under very favourable conditions. In the north-east the delay in picking the maize crop has held back wheat seeding, and this has been further delayed by rains and wetness of the land, especially along the Parana river. To the east rains were abundant, which made seeding difficult and caused some delay. The general condition of the growing grain is from good to very good. July frosts undoubtedly brought benefits by checking excessive foliage and encouraging better root growth. Some wheat planted on low-lying lands in the centre and east has been drowned out by surface water. In Santa Fe wheat seeding has virtually terminated; only some late ploughed corn lands remain to be planted. The sprouted fields are in very good condition, the development being generally superior to normal. The frosts and low temperatures of recent days have helped to restrain excessive growth, seconding the effects of the harrowing and rolling of the fields by the farmers with the same object. In Cordoba throughout the province wheat planting has been finished under favourable conditions. The state of the fields is very good, the prevailing lower temperatures having normalized vegetable development. In Entre Rios the work of seeding is drawing to a close, favoured by weather conditions, which have permitted the intensification of the efforts in districts where the wetness of the soil had caused delay. The germinated grain is in excellent condition. In The Pampa the poor shape of the work horses noted in former reports has disappeared with the improvement of the pastures, thus permitting the pressing forward of the work of seeding, which may now be said to be completed. The condition of the grain is very good in the north, and good in the centre and south. The early fields show a development superior to normal, the general condition being good.

The Linseed Crop: In Buenos Aires preparation of the lands intended for linseed is proceeding rather slowly, especially in the north, where the delayed maize harvest and the humidity of the soil have prevented haste. To overcome the backwardness,



in some cases seeding is being conducted simultaneously with the ploughing. In the west planting is proceeding under very good conditions, the growing fields looking well. In Santa Fe seeding is general in the south, and proceeding normally in the centre and north. The plants above ground look well, especially in the north, where their proportion is greater. In Cordoba linseed planting is approaching its end in the south; it is delayed in the north-west for lack of moisture, and is proceeding normally elsewhere in the province. The condition of the fields of growing seed may be considered very good. In Entre Rios ploughing of the maize stubble to be planted with linseed is proceeding under favourable conditions. Seeding has become general throughout the province. The condition of the fields is very good, especially along the Parana river, where it may be said to be excellent.

The Maize Crop: In Northern Buenos Aires picking has terminated, but not shelling, which is being delayed on account of the humidity of the grain and because the growers are hoping for better prices. The quality is only fair. In the west, picking has finished, and approximately 25 per cent of the grain remains to be shelled. Elsewhere shelling is being effected as the necessities of local consumption demand. In the south of Santa Fe harvesting is over and shelling is being continued. Yields are better than those at first obtained. The work is being held back by the colonists in the hope of better prices. The quality has improved now that frosts and relatively dry weather have assisted to reduce the humidity of the grain. In the centre and north the second plantings are being shelled, and whilst the yields are better there is no improvement in the defective quality. In Cordoba with the exception of some late plantings the maize crop is considered a total loss.

Other Grains: In Buenos Aires the general condition of the oats, rye and feed barley crops is very good, having much improved in the extreme south of the province, where opportune rains favoured them. In the central zone excessive humidity and trampling by livestock greatly damaged some lots. Sowing of malting barley has become general in the south-east; but in the centre, north and middle west, it is just beginning. In the south-west it tends to become general, conditions for the work being propitious. In the Pampa preparation of the land for malting barley is becoming general, and the work is being carried on under favourable conditions.

Antedating by a few days the above official publication of the National Ministry of Agriculture, a report was issued by the Department of Agriculture, Livestock and Industry of the Province of Buenos Aires, which generally confirms the views on crop conditions of the national authorities so far as they relate to the provincial territories. The provincial report calls attention to the distribution of placards under its auspices in which, in view of the possible abundant crops of wheat in the northern hemisphere, advice is given to the Buenos Aires farmers to replace some of their wheat acreage with linseed and forage crops, and generally to diversify their farming operations, making use of credits which will be granted by the official banks for the acquisition of livestock under favourable conditions.

Supplies and Market Conditions

Wheat. - Exports of wheat during July, including flour in terms of wheat, totalled 6,480,000 bushels (wheat 6,405,000 bushels; flour 75,000 bushels). The comparable total for the preceding month was 6,085,000 bushels.

The following statement sets out the current statistical position:

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 .....	53,012,000 bushels
to July 30) Wheat as flour ...	704,000 "
Balance still available .....	53,716,000 "
	29,966,000 "

July was far from being an active month in the wheat market. Offerings were limited, and the demand was more or less confined to the local millers and the neighbouring South American countries. The demand for flour for export fell off considerably during the current year, especially the demand from Brazil and this is reflected in decreased purchases by Argentine millers. In this connection it is evident that the Brazilian campaign to encourage the national milling industry is having some effect on importations of flour from Argentina, the traditional source of supply, and the compulsory use of adulterated flour for bread making in Brazil is apparently also having some effect.



While in international trade Argentina is at present the biggest factor in supplying ex-European consuming countries with wheat, her part in the European market is a very small one, the great bulk of the business going to Canada and the United States, followed by Australia, with a big lead over Argentina.

A good deal of the Argentine surplus is still held by farmers and country dealers, many of whom held on too long in hope of continued high prices. Many of these optimists had of course sold their grain, or much of it, on the "price-to-be-fixed" contracts which used to be so popular. As the limits of time set for fixing expire or the margins become exhausted, the position is gradually being liquidated.

During the month wheat prices showed a steady decline, this being perhaps more marked in the local market than in those abroad. Spot wheat closed the month at .8.05 pesos per quintal, as compared with .9.04 at the end of June. This 8.05 is the equivalent of 72 1/8c. Canadian per bushel at current official exchange rates. The October option closed at 8.28 (74 1/8c.). In Winnipeg on the same day October wheat closed at 76 3/4c.

Maize. - From the June figure of 9,220,000 bushels, maize shipments during July rose to 10,425,000 bushels, a figure still much below normal for the period of the year, but satisfactory as reflecting an improvement in weather conditions and promising a gradually increasing volume in the monthly exports.

The statistical position is now as shown in the statement which appears below.

Second official estimate 1937-38 crop .....	178,928,000 bushels
Carry-over from 1936-37 crop .....	<u>10,833,000</u> "
Total supplies .....	189,761,000 "
Deduct for seed & domestic requirements .....	<u>61,021,000</u> "
Balance for export .....	128,740,000 "
Shipments April 1 to July 30 .....	<u>25,769,000</u> "
Surplus still available .....	<u>102,971,000</u> "

With the advent of drier weather accompanied by occasional mild frosts, the movement at country points became freer. Some naturally conditioned grain became available, although the great bulk of the deliveries are still artificially dried. Prices eased off a little, this being based more on the inferior quality of the grain coming forward, apart from the question of moisture content, than on any change in international values. The long spells of adverse weather, both during the growing and harvesting seasons, have inevitably left their mark on the crop, and it is difficult to assemble parcels which will meet even the modified delivery conditions now in vogue. Hence when growers have sold their maize and submitted to the penalties imposed for inferiority to the average samples, the small balance remaining looks unattractive, particularly in view of the low yields per acre being secured in many districts. The immediate reaction to this condition was a slowing up of deliveries again, many growers deciding to wait until Nature has done the conditioning, rather than pay for artificial drying, and hoping that the delay might result in a stiffening of prices.

In view of the international situation, there is little hope of any effective result from this attitude so far as the export trade is concerned, there being ample supplies in sight to cover the needs of importing countries, with the North American grain pouring into the markets of the United Kingdom and Continent. But there might be some advantage to be secured in transactions between the growers and the local dealers in inducing acceptance of parcels under less rigid restrictions.

In spite of everything, the movement is gradually becoming freer, and this tendency is confidently expected to increase, provided that normal winter weather conditions establish themselves.

The market during the month operated within limits imposed by the small available supplies, and prices were well maintained, only yielding to the extent of 10 centavos per quintal in the closing days.

Spot Yellow maize closed the month at .7.45 pesos per quintal, as compared with .7.55 at the end of June. The September option closed at 7.32 (7.32), these values being equivalent to 62 c. and 60 7/8c. United States per bushel at prevailing official rates of exchange. In Chicago September corn closed the month at 56 5/8c.



Linseed. - July exports of linseed showed little change from those of the preceding month, totalling 2,898,000 bushels, as compared with 2,811,000 bushels in June.

The supply position is now as shown in the following statement:

Third official estimate 1937-38 crop .....	60,603,000 bushels
Less seed and domestic consumption .....	7,874,000 "
Exportable balance .....	52,729,000 "
Disappearance prior to January 1, 1938 .....	3,516,000 "
Available balance on January 1 .....	49,213,000 "
Shipments to July 30 .....	30,478,000 "
Still on hand .....	18,735,000 "

Only a moderate amount of business was transacted in linseed during July. The demand was rather below the average; nevertheless prices were well maintained. No doubt the explanation is to be found in the diminishing supplies. With many weeks of the season still to go, there are less than half a million tons remaining available for export.

At the close of the month Spot seed was worth 14.42 pesos per quintal, or say 120c. per bushel; and the September delivery 14.33 (119½c.); which prices compare with the Duluth close of 175c. for September seed.

Oats. - Shipments of oats during July totalled 1,450,000 bushels, as against June shipments of 2,249,000 bushels.

The continued heavy shipments have made the official estimate of the volume of the crop look very inadequate, and an adjustment has been necessary in the following statement of the supply position:

Third official estimate 1937-38 crop .....	44,676,000 bushels
Probable underestimate (revised) .....	7,457,000 "
Total supplies .....	52,133,000 "
Deduct for seed and domestic needs .....	29,827,000 "
Surplus for export .....	22,306,000 "
Disappearance prior to January 1, 1938 .....	1,781,000 "
Available on January 1 .....	20,525,000 "
Shipments to July 30 .....	19,839,000 "
Balance still available .....	686,000 "

Most of the exports shown above were in respect of old contracts, and there was little new business passing during the month.

At the close of the month ordinary grade oats were selling at 5.85 pesos per quintal, with superior parcels bringing 6.40.

Barley. - Little barley was shipped out during July, the total only amounting to 259,000 bushels, which compares with 648,000 bushels in the previous month, and brings the total exports for the year to 9,454,000 bushels, out of the original surplus of 17,017,000 bushels, leaving still available 7,563,000 bushels.

Business was slow, and prices suffered a decline, malting barley of ordinary quality closing the month at 6.60, and feed quality 6.50 pesos per quintal.

Rye. - There was no export movement during July, and very little domestic business was transacted. Spot rye closed the month at 6.10 per quintal, as compared with 6.55 at the end of June.



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