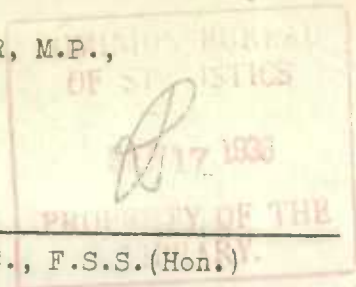


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DOMINION BUREAU OF STATISTICS - CANADA
AGRICULTURAL BRANCH



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THE GRAIN SITUATION IN ARGENTINA

Ottawa, September 16, 1938.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of September 3, 1938, dealing with the grain situation in Argentina.

Crop Conditions

Very little rain fell during the month of August. The weather generally was cold, with low atmospheric humidity. Frosts were frequent, and there were occasional strong winds.

Generally there is little fault to be found with the progress of the crops, as the generous rains of April and May provided ample stores of sub-soil moisture, which have kept the grain growing steadily. But the need of fresh precipitation began to be felt, the late plantings of linseed in particular requiring it to facilitate germination. Fortunately the month closed with light rains falling over most of the cereal zone. In some of the drier sections they were quite substantial in volume. The precipitation lasted 24 hours, and has been succeeded by fine weather.

Strenuous efforts have been made to complete the sowing of the linseed crop, and the work is now approaching its close, with the crop generally in very good shape. Field work at present consists principally of preparing the land for the new maize crop, and some early areas have already been planted.

The official monthly report on conditions in the cereal districts made its appearance yesterday. The introductory passages state that the cold and dry weather of August permitted seeding to be finished, and improved the growing conditions for the wheat crop, stimulating the rooting and stooling of the plants; but generally made difficult the work of ploughing for the maize crop, and in the southerly regions for the linseed also. With the opportune rains and snow at the end of the month the present condition of the growing crops may be considered to be from good to very good.

The report goes on to deal in detail with the several crops in the various provinces. The following contains the gist of the information imparted.

The Wheat Crop: It is believed that the area devoted to wheat will be found to have increased as compared with that of last year. In Buenos Aires wheat seeding has been concluded throughout the province. The almost total absence of rains and the frequent frosts during August normalized the development of the crops generally, although in some parts of the west a small proportion of the late wheats suffered. Abundant rains are now required in order to maintain the general condition of from good to very good reported a month ago. In some parts of the east the area seeded to wheat is believed to be inferior to that of last year, owing to rains during the seeding having made the working of the land difficult, and also because of the drop in wheat prices. In the west, on the contrary, an appreciable increase is to be noted.

In Santa Fé wheat seeding has been finished. That above ground, which includes almost the whole area, is in very good condition, thanks to the cold and dry weather, which has restrained the somewhat exuberant vegetation and permitted good rooting and abundant stooling. In the north some lots have commenced to stalk, and the yellowing of the leaves through rust has disappeared. The rains now falling will undoubtedly strengthen the present condition of these areas. Almost throughout the province, but especially in the south, there is to be noted an appreciable increase in the area devoted to wheat in comparison with last year.

In Córdoba the condition of the wheat fields is very good throughout the province, the August frosts having been of undoubted benefit. Lack of rain has not affected them, but it would be beneficial, in order to maintain the present condition, if the rains now falling should continue. It is anticipated that this year's seeding will equal the normal area sown to wheat in the province. This was not maintained last year because of the drought. Seeding this year is practically finished.

In Entre Rios seeding has virtually terminated, and what is above ground is in very good shape. Along the Paraná there are fields which are in the shot blade, and some which are on the point of blossoming might be damaged if there are more frosts. Present rains are improving the condition.

In the Pampa the condition of the wheat varies according to the zone. In the north it may be said to be very good. In the centre, where most of it was sown late because of the poor condition of the horses, it has suffered from the mechanical action of the strong winds due at this season of the year. In the south the wheat is backward in development for lack of rain. The rain and snow falling now will be of great benefit in the territory. The work of seeding is completed.

The Linseed Crop: In Buenos Aires, in the linseed zone of the north of the province, ploughing for the crop has been finished, and planting will soon be completed. The work has been done under good conditions. In the other zones it has been difficult due to lack of rains and the consequent hardness of the soil, and planting has not yet begun in the extreme south. In the north the condition of the early plantings, now above ground, is good. The later sowings show uneven growth because of the light superficial soil moisture. Towards the west and centre the crops look very good. In the south-west the seed has not germinated, rain being urgently required. There is a tendency to increase the area under linseed, especially in the eastern zone.

In Santa Fé planting has been finished in the north and centre of the province, and in the south it is virtually completed. In the north early fields are in good condition, and there are lots ready to blossom. The intermediate and late plantings, although their condition is not bad, are backward for lack of moisture. In the south germination has been good, but development is backward for lack of water and because of cold weather. In general throughout the province a good rain would be of great benefit. There is an apparent diminution in the area in the south; but in the north there is an increased area in relation to that of last season.

In Córdoba sowing may be considered terminated. The condition of the early planted fields, many of which are near blossoming, is generally good. Those of late sowing have been kept back by recent cold weather and lack of rain. Throughout the province, and especially in the north, the rains now falling will be of great benefit.

In Entre Rios ploughing for linseed has been finished in almost the whole province. Some fields remain which have been too hard to work because of lack of rains. Planting is proceeding normally, and is expected to be finished during the first half of September. The condition of that which has germinated could not be improved, and some very early lots will shortly flower. Danger of frost is feared. In the north rains would be beneficial in order to promote germination of the late fields and assist growth of the earlier lots.

The Maize Crop: In the northern part of Buenos Aires shelling proceeds slowly. It is about finished at the western end; but half remains to be done at the eastern end. In the remainder of the province what remains unshelled in the cribs is of mediocre quality and will be used for local consumption. Ploughing for the next crop proceeds with difficulty because of the hardness of the soil.

In Santa Fé because of the low prices the shelling of maize is being done slowly. Conditions are favourable for the work, the August weather having been dry in all the districts. Nevertheless the quality of the grain has proved defective because of the excessive moisture content and the high percentages of green, sprouted and rotten kernels. Most of the land for the next crop has received its first ploughing, and further work has been delayed in expectation of rains. Planting has not yet commenced, but the rains now falling will enable a start to be made under very good conditions.

In Córdoba ploughing and other preparatory work on the land for the new crop was finished in August with some difficulty on account of the dryness of the soil. Planting has only been started here and there, but is expected to become general if the present rains prove to be sufficiently extensive.

In Entre Rios shelling is proceeding slowly, as the corn is being kept in the cribs in the hope of improving the quality by decreasing humidity. The low prices are another factor in holding up the work. Ploughing was commenced under very good conditions, but has been slowed up, in the hope of rain to facilitate the work.

Other Crops: The oats, barley and rye crops in Buenos Aires, which had been in very good condition, have deteriorated on account of lack of rains, some frost damage and the excessive pasturing to which they have been subjected. In spite of this, if the rainy weather continues the prospects for a crop may still be good. In southern Santa Fé frosts and lack of rain have damaged the crops, but those from which the live stock have been withdrawn have recovered fairly well, and a good yield is hoped for. In the centre and north the excellent condition of the crops will permit a good part being harvested. In Córdoba frosts have held back the development of the forage crops, and this added to the previous pasturing has put them in a defective condition. A continuation of the present rains is urgently needed.

Supplies and Market Conditions

Wheat.- Exports during the month of August amounted to 4,983,000 bushels of wheat and 60,000 bushels of flour in terms of wheat, a combined total of 5,043,000 bushels, which compares with 6,481,000 bushels in July.

The statistical position is now as set out below:

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 to) wheat	57,996,000 bushels
August 31) wheat as flour .	764,000 "
Balance still available	24,922,000 "

As shown by the foregoing statement, there is still a substantial portion, nearly 25,721,000 bushels, of the Argentine exportable surplus remaining to be disposed of, with only three more months before the next crop begins to come on the market. Nevertheless there is no great pressure to sell on the part of the holders, and the steady decline in prices during the month is attributable solely to the depressing influence of the heavy world's stocks on markets generally. A fair amount of wheat is still being held back by the farmers here, and will not be released until the fate of the new crop is reasonably secure. This is at present doing exceedingly well, but what is regarded as the critical period still lies ahead. In any event a substantial carry-over of Argentine wheat into the next season is almost certain.

The month was one of considerable activity on the Buenos Aires Exchange. Much of the trading consisted of speculative business based on the unsettled international political situation and on the fluctuations in northern markets; and a good deal of it was for account of European operators.

What action, if any, will be taken by the Argentine Government to protect its producers is not yet known, and as yet there has been no pressure from the farmers for any action to be taken. But it is generally anticipated that a minimum price sufficient to cover the cost of production will be guaranteed, and that the old Grain Control Board, still in existence although inactive, will be revived and resume its former functions. But no steps are likely to be taken until the probable volume of the new Argentine crop is known.

There was a steady decline in prices during the month, and the general weakness was very pronounced at the close, when there were some heavy liquidations on the part of traders who had been operating on the "bull" side, and some switching to old wheat for February delivery, which was being sold by European operators.

Spot wheat closed the month at 7.05 pesos per quintal, equal to 62 1/4c. Canadian per bushel at official exchange rates; and the November option at 7.11 (62 7/8c. per bushel). In Winnipeg on the same day December wheat closed at 61 5/8c.

Although trading in February wheat is not officially recognized, a good deal of it has taken place. At the beginning of the month it was changing hands at more or less a peso below Spot; but at the close the two were practically identical in the quotations.

Maize.- Exports of maize during August amounted to 15,275,000 bushels which compares with 10,425,000 bushels during July.

The following statement shows the statistical position:-

Second official estimate 1937-38 crop	178,928,000 bushels.
Carry-over from 1936-37 crop	10,833,000 "
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Total supplies	189,761,000 "
Deduct for seed and domestic requirements	61,021,000 "
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Balance for export	128,740,000 "
Shipments April 1 to August 31	41,044,000 "
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Surplus still available	87,696,000 "

As a result of the dry weather prevailing throughout August, the maize crop is now in fairly good condition for shipment. Nevertheless the movement is very slow. On the one hand the price is failing to attract the producers, although in a normal season it would be quite acceptable; and on the other there is a scarcity of buyers, the inferior quality of the crop being largely responsible for this.

Argentine maize deservedly enjoys a good reputation in regard to quality amongst the importing countries; but this is an off season, with a great deal of inferior grain to be disposed of, and while on paper the price looks pretty good the actual net yield to the grower after submitting to the deductions for inferiority to standards and perhaps paying for artificial drying, is far from satisfactory, and in terms of returns per acre he is a heavy loser. Hence much unshelled corn is being held in the field cribs in the hope that conditions will improve.

During the month maize prices shared in the general weakness, and there was a steady decline, Spot closing at 6.50 pesos per 100 kilos, equal to 53 1/2c. United States per bushel; and November at 6.60 (54 1/4 c.). In Chicago on the same day December corn closed at 51 3/8c.

Linseed.- August shipments were 4,000,000 bushels, which compares with 2,898,000 bushels during July, and leaves the supply position as below:

Third official estimate 1937-38 crop	60,603,000 bushels
Less seed and domestic consumption	7,874,000 "
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Exportable balance	52,729,000 "
Disappearance prior to January 1, 1938	3,516,000 "
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Available balance on January 1	49,213,000 "
Shipments up to August 31	34,478,000 "
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Balance still on hand	14,735,000 "

A fair amount of business was transacted in linseed during August, and although there was a decline in prices in sympathy with wheat, the tone of the market was much firmer. The reduction in price served as a stimulant to buying.

At the close of the month Spot seed was worth 13.51 pesos per 100 kilos, equal to 111c. United States per bushel; and for November deliver 13.36 (109 3/4c. per bushel). On the same day October linseed closed in Duluth at 169c.

Oats.- Exports of oats took a jump in August, reaching 2,900,000 bushels, as against 1,450,000 bushels in July.

To keep pace with the continued shipments a further revision of the statistical position has become necessary, and an addition of 25 per cent has been made to the official estimate of the crop in the following statement:

Third official estimate 1937-38 crop	44,676,000 bushels.
Add 25 per cent for probable underestimate	11,153,000 "
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Total supplies	55,829,000 "
Deduct for seed and domestic needs	29,827,000 "
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Surplus for export	26,002,000 "
Disappearance prior to January 1, 1938	1,781,000 "
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Available on January 1.	24,221,000 "
Shipments to August 31	22,738,000 "
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Balance still available	1,483,000 "

The continued heavy shipments of oats were largely in fulfilment of contracts already made, mostly by Germany and Italy, and there was no great amount of new export business during August, the high prices which local dealers were willing to pay making sales to Europe almost impossible.

Prices declined, but not to the same extent as prices of wheat, and at the close of the month Spot oats on the Futures Market were quoted at 5.65 pesos per quintal, as against 5.85 at the end of July. In the local market superior oats were selling at 6.60, as compared with 6.40 a month ago; and as high as 7.40 was being paid for special parcels.

Barley.- August exports of barley were 236,000 bushels, practically the same as the July shipments of 259,000 bushels.

Of the original exportable balance of 17,017,000 bushels, 9,690,000 bushels have now been shipped out, leaving still available a balance of 7,327,000 bushels.

Although prices during the month showed a decline, Malting barley closing from 5.75 to 6. pesos per quintal, as compared with 6.60 at the end of July, yet an atmosphere of firmness prevailed, with exporting houses showing a fair amount of interest. Feed barley closed at 5.60.

Rye.- Shipments of rye during August amounted to 31,000 bushels, bringing the total for the year so far to 139,000 bushels, out of the exportable balance of 1,579,000 bushels on the basis of the official estimate of the crop. There are thus 1,440,000 bushels available surplus on hand.

Interest in rye is very limited, and the market during the month was lifeless, with prices tending downward.

At the close 5.60 was quoted for export quality rye, as against 6.10 a month earlier.



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