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THE GRAIN SITUATION IN ARGENTINA

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

Crop Conditions

September was a dry month. During the first half there was practically no rainfall, and in the second half very little until the last two days of the month, when there was an abundant precipitation which covered the north and east of Buenos Aires, most of Santa Fe, all of Entre Rios and the eastern sections of Cordoba. Little or none fell in the Pampa and Western Cordoba. In parts of Cordoba there are reports of fields of grain yellowing owing to the lack of rain and to strong winds which have been prevalent. There were several frosts during the month, two rather heavy, one in mid-month, the other at the end. Both did some damage to the wheat and linseed crops in isolated places, but the aggregate damage is not a serious matter.

The general condition of the crops is good, with about half the area a little backward in development.

Graphs published by the Ministry of Agriculture, showing the condition of the crops of wheat and linseed as at October 3rd, give the great bulk of both as being good, with the small balance about equally divided between very good and fair.

A resumé of the official monthly crop report, which appeared today, follows:

The condition of the wheat and linseed crops, which was good in general, has been strengthened by the last rains, which covered a great part of the cereal zone, especially in Entre Rios, Santa Fe and the north of Buenos Aires. The appearance of the crops runs from superior to good.

The Wheat Crop: Climatic factors have affected the crop in the south-western portion of the cereal region. Lack of rain, sudden changes of temperature and strong winds have caused deterioration in some fields, and a need of moisture is still felt.

In Buenos Aires in spite of the unfavourable weather conditions, the crops generally have maintained their good shape, and this has certainly been improved in the north, east and mid-west by the rains which fell on the 29th and 30th, permitting the plants to recover from their relative backwardness in development. In parts of the west and south-west light damage has occurred from frosts and wind erosion. Up to now the crops have resisted well these adverse factors, but more or less abundant rains are needed if they are to maintain their present good shape.

In Santa Fe the condition of the wheat fields may be considered very good. The rains of the 29th and 30th dissipated the fears inspired by lack of moisture, especially in the centre and north, where the plants, partly headed and mostly heading, commenced to show deterioration. In the south the stalks are forming generally under propitious conditions because of the rains of the last few days. The prospects are very good, the plants being sound, well rooted and stooled. Flying locusts, which have made their appearance in the north, have not caused much damage. They are being well and efficiently combatted.

In Cordoba the lack of rains referred to a month ago continued throughout September. Frosts caused damage to some advanced fields on the point of heading, in the north and centre of the province. The damage was lessened along the Santa Fe border by the rains of the 29th and 30th. The general condition of the grain may be said to be good, even though there is everywhere a need of abundant precipitation for the continuance of a normal development. In the north and centre heading is general, and in the south stalks are forming almost normally.

In Entre Rios weather conditions have permitted the satisfactory development of the wheat. The present condition is from good to very good and is improved still further by the very opportune recent rains.

In the Pampa in the northern and central zones the wheat has stood up well, showing a good development and stooling, except in some late sown fields. In the south a lack of moisture is being felt, as are also the effects of the winds which usually prevail at this time of the year. If opportune rains appear, whose urgency is evident in the southern zone, the crop may yet offer good prospects, principally in the north of the territory.

The Linseed Crop: Linseed planting has finished, and the early fields are in good condition. The late sowings are somewhat backward in development; but their condition is generally good, although not quite so good as the early fields.

In Buenos Aires in the north and west planting has been finished under good conditions. The early fields are in good shape, but the later ones are only fair, due to lack of rains and light damage through frosts; but the rains of the 29th and 30th will modify this. In the other zones planting is proceeding slowly in the expectation of rains which will permit its being completed normally. The fields already sprouted are developing almost normally, except the last planted, which are spindly and uneven through lack of humidity in the soil. A good rain is needed for their normal evolution.

In Santa Fe planting is finished throughout the province. In the north and centre the early fields have maintained their good condition; but the later ones, whose percentage is not great, are deficient. It is expected that they will improve rapidly with the rains of the last few days, whose need is most pressing in districts which were somewhat affected by frosts.

In the south the general condition is from good to very good. The rains of the 29th and 30th September mean an undoubted benefit for this crop. It will even up and strengthen the plants, and permit their flowering, just commenced, to continue normally.

In Cordoba the early linseed fields have begun to flower unevenly, and the intermediate and late fields are retarded in development by lack of rains. The general condition is from fair to good. An abundant rain is needed everywhere to normalize their growth.

In Entre Rios planting is completed throughout the province, and the fields are growing under excellent conditions, flowering having commenced in the north. All the crop looks excellent.

The Maize Crop: During September the favourable weather permitted heavier shelling of maize from the old crop, which was largely still in the cribs because of the high degree of humidity of the grain and the low prices. Ploughing for the new crop is proceeding under very favourable conditions in the region where this crop is especially cultivated.

In Buenos Aires ploughing for the new maize crop has proceeded rather slowly on account of the hardness of the soil; but the recent rains have speeded up the work. Throughout the northern zone planting will have to be hurried, having been delayed in the expectation of rains to put the soil in proper condition. Elsewhere, except in the east, where existing conditions are favourable, ploughing and planting are rendered difficult by the dryness and hardness of the soil, and rain is needed to permit the work to be pressed.

In Santa Fe shelling is practically finished, the quality of the grain having improved in the dry weather. Ploughing and planting have proceeded with difficulty and have had to be interrupted in some districts on account of the hardness of the soil. In spite of this, it is expected that the work will soon be finished, favoured now by the recent rains. In the south 80 per cent has already been planted, and the grain which has germinated is in good condition.

In Cordoba ploughing has proceeded slowly because of the hardness of the soil and the deficient state of the work horses in some zones. Planting was begun here and there in August, but it had not been possible to press it forward due to the lack of moisture in the soil, which has been prepared. The very small amount which has germinated is in poor condition.

In Entre Rios the work of preparing the land for planting with maize has continued under favourable conditions. In the north and centre planting has commenced, but is not yet general. What little has germinated is in very good condition.

Other Crops: The oats, barley and rye crops in Buenos Aires have suffered from the drought and frosts, and also from excessive pasturing. Their condition is described as only fair from the point of view of grain production. The same is true of Cordoba, where the condition is from fair to poor. In Santa Fe and parts of Entre Rios the state is fair; in the remainder of the last named province it is better.

Supplies and Market Conditions

The principal factor in the Buenos Aires grain market during the past month has been the European political situation. It might also be said to have been the only real influence in the trading. The fluctuations which took place daily were a reflection of those occurring in other markets; but were only a mild reflection, the changes never being so violent as those recorded in the European and North American centres.

The movement of grain followed a normal course in accord with the supplies on hand, and as indicated above, the condition of the growing crops remains generally satisfactory.

Wheat.- Exports of wheat during the month were 4,888,000 bushels, to which must be added 2,000 bushels of flour in terms of wheat, making a total of 4,890,000 bushels. This compares with 5,044,000 bushels in the preceding month.

In the following statement of the statistical position it will be noted that an adjustment has been made in the record of flour shipments, which has been raised substantially.

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	"
Available as at January 1 .....	83,682,000	"
Shipments to September 30:		
Wheat .....	62,884,000	bushels
Wheat as flour (revised) ..	1,094,000	"
Balance still available .....	19,704,000	"

The principal markets continue to be the neighbouring republics, very little Argentine wheat finding buyers in Europe, where Canadian and United States grain is being favoured. Two or three cargoes were bought by Chile for delivery by the middle of October, the purchase being hard wheat from the Bahia Blanca zone, for mixing with the new crop of Chilean soft wheat.

A good deal of wheat is still held in the country and will not be released until the yield of the new crop is fairly assured. Supplies coming forward are very moderate, and there is no pressure to sell. Millers are well bought ahead, and there is a condition of equilibrium in the local market. There is no fear of Argentine wheat being thrown on the market at bargain prices as it is practically assured that the Government will guarantee a minimum price to the producers for the new crop. Congress authorised this a few days ago, leaving to the President the fixing of the exact basis, which it is anticipated will be at least sufficient to cover the cost of production. Anything beyond this is not favoured, as liable to encourage excessive production. As the cost of production varies in the different districts, there is talk of setting separate minimum prices for the various zones of production. Growers' organizations have been exhibiting anxiety lest the guaranteed minimum should find its way into the hands of intermediaries instead of the producers, but a definite assurance has been given them by the Minister of Agriculture that this will be guarded against and the growers' interests protected. Any loss on the wheat will be met out of the official profits on exchange on the exporters' bills, as in former years.

On the last day of the month there was a good deal of excitement in the market on account of the four-power conference in Germany. The solution of the European crisis naturally brought a weakness in prices with traders recently on the "bull" side liquidating their positions. Towards the close there was a recovery of some of the ground lost, and Spot wheat finished the month at 6.78 pesos per quintal (equal to 59 7/8 cents Canadian per bushel), which compares with 7.05 pesos at the end of August. The November option, the most distant quoted, closed at 6.86 (60 1/2 cents per bushel). In Winnipeg December wheat closed at 60 1/4 cents.

Trading in the new crop, although not officially recognized, has been quite active for some weeks, and at the end of September it was changing hands at 63 cents per bushel for February delivery. On October 1 trading in the new crop was officially authorized. It opened at 3.1 cents per bushel above Spot of the old crop, and remained at that level more or less throughout the day. This quotation, it may be pointed out, is for No. 2 Soft wheat (62 1/2 pounds per bushel) on railway wagons in the port. The Hard, Semi-hard and No. 1 Soft wheats are deliverable with appropriate spreads in price.

Maize.- September shipments of maize totalled 17,089,000 bushels, a moderate increase over the August figure of 15,275,000 bushels, and the best showing for many months.

The statistical position is now as shown in the statement which follows:

Second official estimate 1937-38 crop .....	178,928,000 bushels.
Carry-over from 1936-37 crop .....	10,833,000 "
Total supplies .....	189,761,000 "
Deduct for seed and domestic needs .....	61,021,000 "
Balance for export .....	128,740,000 "
Shipments April 1 to September 30 .....	58,133,000 "
Still available .....	70,607,000 "

The dry weather, with occasional frosts, have worked wonders in bringing the maize into condition for transport. There is still a good deal unshelled, growers being disposed to hold back in the hope of higher prices, so that offerings have been anything but liberal. There is a steady demand from Europe, and exporters are willing buyers within certain price limits. The European political situation resulted in a very nervous and irregular atmosphere, with many fluctuations during the month, but at the close prices were practically on the same basis as at the end of August, Spot being quoted at 6.47 pesos per quintal (equal to 52 7/8 cents United States per bushel), as against 6.50 pesos a month earlier; and the December option 6.55, or 53 1/2 cents per bushel. Chicago on the same day closed at 48 3/8 cents for December corn.

Linseed.- Exports during September totalled 3,212,000 bushels. The comparable figure for August was 4,000,000 bushels. The supply position is as follows:

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 January 1 .....	49,213,000 "
Shipments to September 30 .....	37,690,000 "
Balance still on hand .....	11,523,000 "

There was a quiet market, steadier than in the case of wheat and maize. Some disquietude was evident with regard to frost damage to the new crop, as reports came in of low temperatures in some of the linseed zones, and shippers were accordingly more inclined to purchase old seed, but at no time was trading active.

Prices showed a slight decline during the month, Spot closing at 13.31 pesos per quintal, equal to 108 7/8 cents United States per bushel at official rates of exchange, as compared with 13.51 at the end of August; and November 13.29, or 108 5/8 cents per bushel. In Duluth on the same day December linseed closed at 176 cents.

Oats.- Shipments of oats during September were 914,000 bushels, a considerable drop from the August figure of 2,900,000 bushels.

Of the revised exportable balance as at January 1 of 24,221,000 bushels, there have now been shipped 23,653,000 bushels, leaving still on hand the small quantity of 568,000 bushels.

The exports were mostly in fulfilment of old contracts, and there was no new foreign business in evidence on a very quiet market, with prices rather lower than at the end of the previous month.

Spot oats were quoted on the Futures market at 5.50 for white of export quality, and 5.40 for yellow, as against 5.35 and 5.55 at the end of August; while on the sample market choice parcels of superior white oats were offering at 6.40.

Barley.- Barley shipments faded away to a very low point, only 47,000 bushels being exported during September, which compares with 236,000 bushels in August, and brings the total for the year to date to 9,737,000 bushels, leaving still on hand 7,280,000 bushels out of the original exportable balance of 17,017,000 bushels.

Germany has been much the heaviest buyer, taking 4,606,000 bushels in direct shipments, with probably additional cargoes out of those consigned for orders.

In the local market superior malting barley closed the month at 6.40 pesos per quintal, and superior feed grain at 5.25 pesos, with export grades appreciably lower.

Rye.- Only 1,000 bushels of rye were exported during September, which compares with 31,000 bushels in the preceding month.

Of the exportable balance of 1,579,000 bushels, 140,000 bushels have now been shipped, leaving on hand (on paper) 1,439,000 bushels available for export.

Only a limited interest was shown in this grain during the month, and prices were rather weak, closing at 5.30, as compared with 5.60 at the end of August. No export business was done.

#### First Estimate of Acreages

The Agricultural Ministry's first estimate of the acreages planted to the various crops, excluding maize, was made public recently.

The five crops dealt with cover a total area of 34,357,700 acres, which is 747,700 acres more than last year, the increase being attributable chiefly to wheat. The details are as under:

Wheat .....	8,100,000	hectáreas	or	20,007,000	acres
Linseed .....	2,780,000	"	"	6,866,600	"
Oats .....	1,360,000	"	"	3,359,200	"
Barley .....	820,000	"	"	2,025,400	"
Rye .....	850,000	"	"	2,099,500	"
	13,910,000	"	"	34,357,700	"

Below is a comparison of the estimate with the acreages of the last two seasons and the period averages, in acres:

	Wheat	Linseed	Oats	Barley	Rye
1938-39 estimate .	20,007,000	6,867,000	3,359,000	2,025,000	2,100,000
1937-38 .....	19,212,000	7,020,000	3,253,000	1,942,000	2,183,000
1936-37 .....	17,495,000	7,435,000	3,157,000	1,924,000	2,203,000
Five-year average.	17,874,000	7,195,000	3,291,000	1,920,000	2,007,000
Ten-year average .	19,095,000	7,354,000	3,491,000	1,680,000	1,692,000

Members of the grain trade criticize the wheat figures as being probably a little low.

Later in the current month the second official forecast is due to be issued, and that will doubtless have more closely checked figures as a basis.

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