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THE GRAIN SITUATION IN ARGENTINA

Ottawa, February 14, 1939.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of February 3, 1939, dealing with the grain situation in Argentina.

First Official Estimate of Maize Area

The area planted to maize for the crop season 1938-39 is officially estimated to be 13,343,400 acres, according to the Ministry of Agriculture.

In the official communication, which was made public a few days ago, it is pointed out that the planting of the crop was effected under difficulties in various zones, as a consequence of the adverse weather conditions, such as drought and excessive heat; and that for the same reasons a good part of the seeded area was lost after germination. The extent of this damage is at present under investigation.

The planted area shows a decrease of 12.9 per cent in comparison with that of last season; 20.2 per cent in comparison with the five-year average, and is 12.3 per cent below the ten-year average.

Below are the seeded areas of recent years:-

1938-39 (first estimate)	13,343,400 acres.
1937-38 (final estimate)	15,319,000 "
1936-37	15,973,000 "
1935-36	18,854,000 "
Five-year average	16,722,000 "
Ten-year average	15,218,000 "

The official estimate caused some surprise in the grain trade, as it was generally thought that a larger area had been planted.

Crop Conditions

The monthly report of the Ministry of Agriculture on crop conditions during the month of January was published on February 2.

According to this report the out-turns of the threshing machines confirm the wheat yields as from good to very good; but in the case of linseed the yields have been affected by the persistent attacks of grubs, and the volume of the crop is smaller than had been looked for.

In both wheat and linseed the quality obtained is generally good.

Although the rains which fell in January caused interruptions in the work of harvesting and threshing wheat and linseed, they were beneficial to the growing maize, and the late plantings especially showed a notable improvement in the later days.

The Wheat Crop: The yields obtained during January have not modified the opinion expressed in the last report, viz., that they are from good to very good in the country as a whole. The out-turns in the provinces of Entre Rios, Santa Fe and Cordoba and in the north of Buenos Aires are confirmed as being good; but in the west of Buenos Aires and in the Pampa they are less satisfactory. The quality of the grain is very good in Entre Rios, Santa Fe and Cordoba; but not so good in Buenos Aires and the Pampa, where many fields have turned out to be shrivelled and others have a high proportion of smutty grain.

Harvesting is finished in all the wheat zones, and only in the southern districts is threshing still incomplete, owing to the frequent interruptions caused by the January rains.

The Linseed Crop: The isoca grub continued to damage the linseed fields during January, for which reason the volume of the crop can only be considered as fair on the whole. The yields were good in the province of Entre Rios, in the greater part of the centre and south of Santa Fe and the centre of Cordoba; fair in the linseed zone of the north and centre of Buenos Aires, and in the greater part of Cordoba; and inferior to fair in the rest of the zones where this crop is grown. Within these general descriptions it is to be noted that in all parts there are to be found scattered fields which have been more damaged than others by the isoca attacks, owing to the greater or less delay with which the harvesting was effected.

Cutting is still going on in some places in the centre and east of Buenos Aires, but has been finished everywhere else.

Threshing is proceeding more slowly, but may be considered well advanced in the more important zones of production.

The Maize Crop; The frequency and abundance of the rains which fell in January permitted an improvement in the condition which the maize crop presents on the whole, apart from the fields already lost; and especially in the fields of late sowing. For this reason the present general condition of the crop may be considered fair.

In the central zone of Santa Fe and in the central north of Buenos Aires a slight improvement is to be noticed since the rains, owing to the stage of growth of the plants.

Oats.- The cutting and threshing of this crop has virtually terminated, with results which have been generally good, although below normal in the south-western zone of Buenos Aires. The last threshings gave high yields in the district around Coronal Suarez in the province of Buenos Aires.

Barley:- Cutting has been completed and threshing almost finished, giving a yield which is generally fair, but a quality which is deficient, owing to the adverse conditions which the crop suffered this season. The yields of feed barley are even poorer than for the malting varieties, owing to the heavy pasturing imposed on the crop.

Supplies and Market Conditions

Wheat.- Shipments of wheat and wheat flour during January totalled 8,305,000 bushels (wheat 8,248,000 and flour in terms of wheat 57,000 bushels). This compares with a combined total of 3,710,000 bushels in December. The statistical position is now as shown hereunder:-

First official estimate 1938-39 crop		315,991,000 bushels.
Carry-over from 1937-38 crop		8,296,000 "
Total supplies		324,287,000 "
Deduct for seed and domestic requirements		99,206,000 "
Surplus for export		225,081,000 "
Shipments in January: Wheat	8,248,000 bushels	
Wheat as flour	57,000 "	8,305,000 "
Balance still available		216,776,000 "

The stream of wheat of the new crop is beginning to flow freely from the farms to the ports, especially in the northern districts, where the only buyer, the Grain Trade Control Board, is finding it a problem to dispose of the grain to advantage. Much of it is being stored on the farms or in the railway stations, so as to stem the flow into the limited accommodation in the river ports. The farmers are selling freely, finding the official minimum price satisfactory under prevailing market conditions, the heavy yield per acre offsetting what in other years would have been a somewhat inadequate rate per bushel; and it is believed that well over 110,229,000 bushels or more than half the exportable surplus have already found their way into the possession of the Board.

In the southern area, with threshing not yet completed, not a great deal has yet been received in the ports; but the movement is steadily increasing there too.

Naturally no figures are given out by the official Board; but it is known that some fairly satisfactory sales have recently been made to the millers of Great Britain, and it is estimated that about 12,860,000 bushels have been disposed of so far, of which about 3,674,000 bushels are destined for Brazil, and the remainder for Europe. On the Brazilian sales the loss to the Board is said to be about 10 per cent, and on the European sales about 20 per cent.

The Board is evidently following a conservative policy. It is largely composed of experienced grain men who served on the same Board when it functioned in previous seasons, and the technical adviser to the Board is again the Manager of the Buenos Aires Futures Market, with a lifetime of experience to qualify him. So long as the Board is free to decide upon and carry out its own policy, it is altogether likely to be one of prudent selling, within the limits of the capacity of absorption of the importing countries.

The damage to the new maize crop will help to simplify the question of storage, which along with finance, forms the two major problems facing the Grain Board.

There are fair quantities of the old crop wheat still on hand. For this the domestic millers are the only buyers. Quotations at the close of the month were 6.20, 6.10 and 6.05 pesos per 100 kilos for the Hard, Semihard and Soft types respectively.

The only price quoted for wheat of the new crop is 7.00 per quintal, this being equivalent to 59 7/8 cents Canadian per bushel at current official exchange rates. This compares with Winnipeg's closing price of 62 3/4 cents for May wheat.

Maize.- Exports of maize during January were 5,952,000 bushels, which shows a shrinkage from the December figure of 9,414,000 bushels and the November shipments of 13,989,000 bushels. The following is now the supply position:

Third official estimate 1937-38 crop	174,165,000	bushels.
Carry-over from 1936-37 crop	10,833,000	"
Total supplies	184,998,000	"
Seed and domestic requirements	61,021,000	"
Exportable surplus	123,977,000	"
Shipments April 1, 1938 to January 31, 1939	103,773,000	"
Balance still available	20,204,000	"

It is to be noted that of the 19,684,000 bushels shown as still on hand in the above statement, it is likely that a considerable proportion is not adapted to exportation, possibly a third of the total.

Naturally, interest in grain circles during recent weeks has centred largely on the maize crop. The official estimate of the area planted was a source of disappointment, as larger figures had been looked for, and the disappointment was increased by the forecast of substantial abandonments implied in the official report.

The situation has given rise to a good deal of speculation in the local grain market, and this maintained prices during most of the month but caused a drop at the close when heavy liquidating sales took place.

Prices at the end of the month were 7.00 pesos per quintal for Spot, or say 55 1/2 cents per bushel (United States currency); 7.21 for March delivery (57 cents); and 6.14 for May (48 5/8 cents); while in Chicago, May corn closed the month at 50 1/2 cents.

Linseed.- January exports totalled 6,316,000 bushels, which compares with 6,668,000 bushels in December. The statistical position is now as shown below:

First official estimate 1938-39 crop	63,776,000	bushels
Carry-over from 1937-38 crop	1,871,000	"
Total supplies	65,647,000	"
Seed and domestic requirements	7,873,000	"
Surplus for export	57,774,000	"
Shipments during January	6,316,000	"
Balance still available	51,458,000	"

These heavy shipping figures may be a little misleading, as a certain amount of the seed was shipped unsold, in order to make use of boat space contracted for, for which neither wheat nor maize was available. This was one of the reasons why prices receded a little during the month, the other being that local speculators after purchasing freely in recent weeks unloaded some of their holdings towards the end of the month.

In view of the moderate size of the crop of linseed and the fairly steady demand, a stiffening rather than a weakening of prices might logically be anticipated.

The month closed with Spot seed at 13.25 pesos per quintal, or say 104 7/8 cents United States per bushel; and April, the most distant month quoted, 13.63 (107 7/8 cents). In Duluth, May seed closed the month at 184 cents.

Oats.- Shipments of oats during January were 1,595,000 bushels, as against 669,000 bushels in December, which leaves the supply position as under:

First official estimate 1938-39 crop	48,632,000	bushels
Less seed and domestic consumption	22,695,000	"
Available for export	25,937,000	"
January shipments	1,595,000	"
Balance still on hand	24,342,000	"

While Italy, usually regarded as a good customer, has not as yet purchased any of the new crop of oats, other Continental countries have bought some and apparently intend to acquire more.

The principal business during the month was with local merchants, who are evidently laying in stocks, influenced by the dimmer prospects of the new maize crop.

Prices closed a shade lower than a month ago, White oats for export selling at 4.35, as against 4.50 per quintal. Superior oats for the local trade sold at 4.60 pesos.

Barley.- January exports were 637,000 bushels, which compares with 166,000 bushels in December, and leaves the supply position as follows:

First official estimate 1938-39 crop	22,046,000	bushels.
Deduct for seed and domestic needs	11,023,000	"
Exportable surplus	11,023,000	"
Shipped during January	637,000	"
Balance still available	10,386,000	"

As will have been gathered from the crop reports, there is a dearth of good barley this season, especially that adapted for malting, Consequently the local brewing houses are eager purchasers of grain suitable for their business, and good parcels of heavy barley have been fetching as high as 8.50 per quintal.

For ordinary grain, prices are much lower, there being little present demand either at home or abroad. Export qualities are worth, for malting barley 5.55 pesos per 100 kilos; and for feed 5.40.

Rye.- Shipments of rye were 261,000 bushels, which is only a little short of the total exports for the whole of the previous year (275,000 bushels). The supply situation is:

First official estimate 1938-39 crop	11,614,000	bushels.
Deduct for seed and domestic requirements	3,740,000	"
Exportable balance	7,874,000	"
January shipments	261,000	"
Balance still available	7,613,000	"

While there was more activity than for some time, buyers were not at all keen on purchasing, and the tone of the market remained weak. The closing price was 4.85 per 100 kilos, whether for export or the local mills, the size of the rye crop and the abundance of cheap wheat being factors militating against any higher levels.

Railway Freight Rates

Some very interesting figures were made public recently by the Argentine National Grain & Elevator Board. These show that in the year 1937 the contribution of the grain growers of the Republic to the revenues of the various railway companies totalled the sum of 108,000,000 pesos, this being the cost of hauling their grain to the ports or mills.

The quantity of grain transported was 16,524,123 metric tons, and the average cost per quintal of 100 kilograms over the whole quantity was 65 cents (sixty-five centavos).

The average railway freight for wheat was 75 centavos; for maize 55 centavos; and for linseed 80 centavos.

The percentage which these freight charges represent of the current price of the grain carried, was in the case of wheat 5.6 per cent; maize 8.2 per cent, and linseed 5.1 per cent.

The average distances over which the grain was carried by rail were in the case of wheat 179.6 kilometros; maize 174.9 kilometros; and linseed 157.1 kilometros.

These distances are comparatively short because of the numerous shipping ports along the river and sea fronts of the Republic, giving easy access to ocean-going boats from every part of the cereal zones of the country; but the averages are probably a little higher than was the case a few years ago, by reason of the increasing competition of motor trucks for hauling short distances.

Of particular interest to the grain growers of other exporting countries will be the comparison which is made between the Argentine freight charges and those of Canada and Australia.

In Canada the railway charges for wheat from the western prairies to the Lake Head ports of Fort William and Port Arthur were in the years 1934, 1935 and 1936, 1.49, 1.51 and 1.38 pesos per 100 kilos respectively; these in addition to the cost of water transportation to Montreal.

In Australia, where some of the grain producing zones are distant from shipping ports, approximately the same as in the Argentine, the average railway freights do not differ greatly from those in this country. They vary in the different States from a minimum of 60 centavos per 100 kilograms to a maximum of 79 centavos, these being the figures for the season 1932-33.

In the United States the average railway costs are approximately the same as those in Canada.

Another interesting feature of this memorandum of the official Board is the statement showing the progress of bulk handling in the Republic. According to this statement 44.6 per cent of the maize crop is now handled over the railways in bulk, whereas in the case of wheat only 18 per cent of the crop is handled in bulk, the remainder still going in bags. Practically all linseed continues to be handled over the railways in bagged form.