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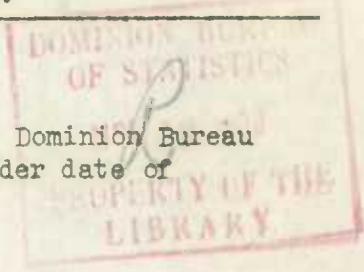
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THE GRAIN SITUATION IN ARGENTINA



Ottawa, November 15, 1939:- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of November 4, 1939, dealing with the grain situation in Argentina.

Seeded Areas, Second Official Estimate

A further reduction, amounting to 421,000 acres, as compared with the first estimate is shown in the second official calculation of the areas seeded to the five principal field crops (excluding maize), published a few days ago by the Ministry of Agriculture, bringing the figures down to 1,836,000 acres below those of last season. The total area planted is now calculated as 33,308,000 acres.

Details of the new estimate are shown in the following statement to which has been added the percentage of increase or decrease as compared with last season:

	Acres	Comparison with 1938-39
		%
Wheat	17,791,000	Decrease 14.74
Linseed	7,660,000	Increase 15.93
Oats	3,459,000	Increase 2.94
Barley	2,224,000	Increase 8.30
Rye	2,174,000	Decrease 3.51
Totals	33,308,000	Decrease 5.2

The third, and presumably final, estimate of the sowings will be issued from the Ministry late in November.

Unofficially it may be mentioned that the loss of area in the case of the crops dealt with above is generally expected to be made up by an increase in that devoted to maize, which crop is now being planted.

Official Estimate of Maize Yield

The final official calculation of the volume of the maize crop of the 1938-39 season, published last week, shows a total of only 191,487,000 bushels, which is 11,259,000 bushels or say 5.5 per cent below the estimate made in June last.

Of the seeded area of 13,096,300 acres, only 8,653,368 acres were harvested, the difference of 4,442,932 acres having been abandoned or devoted to pasturage. The yield on the area harvested works out at 22.13 bushels per acre.

With the exception of that of the preceding year, the 1938-39 crop of maize is the smallest of recent seasons, as will be seen from the following figures:

Season 1933-34	256,915,000 bushels
1934-35	451,947,000 "
1935-36	395,698,000 "
1936-37	359,618,000 "
1937-38	174,165,000 "
Five-year average	327,669,000 "

Crop Conditions

While there were a few fine and sunny days during October, generally speaking it was another rainy month, with unusually heavy precipitation at frequent intervals. Far too much moisture fell for the good of the grain crops.

The actual damage in the way of lodged or drowned grain may not be very serious, but the potential damage may prove quite considerable. Conditions are now such that should subsequent hot weather produce an outbreak of rust, great destruction may result. Future weather conditions will now be of great interest.

The official report on crop conditions during the month of October, issued yesterday by the Ministry of Agriculture, is summarized below:

The frequent and copious rains which fell in October caused deterioration in the grain crop prospects, and the condition of the wheat and linseed crops throughout the country as a whole is now only somewhat better than medium. Recently germinated maize was also affected, and ploughing in preparation for the planting of this grain has in many districts been stopped.

The Wheat Crop: The state of the wheat fields has perceptibly deteriorated since the last report, this being especially evident in the province of Santa Fe, the east of Entre Rios and the central part of Cordoba, there being also some damage from excessive moisture in the centre and east of Buenos Aires. In the south of Cordoba, the Pampa and the south-west of Buenos Aires, zones normally stricken by drought, the rains, on the other hand, have been of great benefit and the condition of the wheat crop has consequently improved. Nevertheless, the improvement here is not sufficient to compensate for the damage caused in the rest of the country. In fact, apart from the lodging of much of the wheat, particularly noticeable in the province of Santa Fe and in the central portion of Buenos Aires, the extreme humidity has caused intensified attacks of rust throughout the cereal zone, especially in the leaves and stalks, the rust not being yet generally noticeable in the heads. If the weather should remain relatively cool, attacks of striped rust (*P. Glumarum*), which would cause a still further reduction in the yields, may be avoided.

In the province of Santa Fe army grubs have also caused appreciable damage, and in the remainder of the Republic overflowing rivers and creeks have flooded areas, which however in relation to the whole crop is of little importance.

In Santiago del Estero harvesting has begun, the yields up to now being very low. This also applies to the north of Santa Fe.

For all the reasons above indicated the condition of the wheat crop, considered as a whole, can be regarded only as somewhat better than medium, improvement being possible if weather conditions become normal before long.

The Linseed Crop: As in the case of wheat, linseed has suffered the bad effects of abundant rains which coincided in the greater part of the country with the blossoming of the plants and will mean that many pods will be empty of seeds through defective pollenization of the flowers. The effects of the rains are particularly noticeable in the centre and east of the province of Cordoba and in the west of Santa Fe, but many fields have also been affected in the east of Buenos Aires on the low lands flooded by the rains. In almost all the cereal region there is noticeable a beginning of chlorosis, attributable to the frequent cloudy days.

In the heavy linseed zone of the north of Buenos Aires, south of Entre Rios and south of Santa Fe, the plague known as "pasmo" has made its appearance, and is causing fears that the yields may be appreciably reduced if weather conditions continue to favour this parasite; and in the centre and north of Santa Fe grubs are at work.

While there is still time for the condition of the crop to improve, at the moment it must be described as rather better than medium.

The Maize Crop: The fields of maize recently germinated have been damaged by water standing in the fields, which has undermined the plants, and in many cases caused the seed to rot. It is anticipated that it will be necessary to replant at least 15% of the area already seeded in the country as a whole. The fields affected are mostly low lying. On the other hand, the crop on high lands is mostly in good shape.

Apart from the damage noted, the general condition of the maize which is above ground may be described as better than good.

The ploughing and planting of maize has been delayed and even paralyzed by the frequent rains, especially in the centre and south of Buenos Aires; but the work is more advanced in Cordoba, Santa Fe and Entre Rios, as also in the provinces and territories of the north and west.

The Other Grains: The oat crop in the south of Buenos Aires is in very good condition, but some losses have been caused by green fly.

The crops of malting barley and rye are generally in better than good condition, especially in the south-west of Buenos Aires and the Pampa.

Supplies and Markets

Wheat: The October movement was somewhat slower than that of September. Shipments amounted to 12,292,000 bushels of wheat and 204,000 bushels of flour in terms of wheat, a total of 12,496,000 bushels as compared with a combined total of 13,955,000 bushels in the previous month.

The statistical position is now as set out below:

Third official estimate 1938-39 crop	336,199,000 bushels
Carry-over from 1937-38 crop	8,296,000 "
Total supplies	<u>344,495,000</u> "
Deduct for seed and domestic consumption	<u>99,203,000</u> "
Surplus available for export	245,289,000 "
Shipments) Wheat	140,144,000 bushels
to Oct.31) Wheat as flour .	<u>1,014,000</u> "
Balance still available	<u>104,131,000</u> "

Early in the month the National Government took the step of prohibiting the millers of the country grinding any wheat into flour other than grain purchased from the Grain Trade Control Board, which must be of the 1938-39 crop. This measure is effective up to the end of November 1940. The wheat will be sold to the millers at the price paid by the Board to the producers, viz., 7 pesos per 100 kilos. The quantity of wheat used by the millers averages about 73,486,000 bushels per annum. The Board is thus assured an outlet for the major portion of the stocks which it is believed to still hold, even though the quality may have suffered or will suffer during storage leaving the more readily marketable new crop available to supply the export demand.

Strong protests against the action of the Government have been made by the millers and the grain trade. The former will be compelled to purchase their wheat at a price which is above the world's level, and will be at the disadvantage of not having the opportunity to select the grain most suited to their particular needs as they do at present by purchasing in the sample market or at country points.

The objection of the grain trade is that the millers, who are now prohibited from operating in the futures market, have been an important market element in the past through their activity in purchasing to assure themselves of stocks. Consequently there will now be little or no competition against the exporting houses, who will be left with a clear field, with possibly disastrous results in the matter of prices unless an official minimum price is re-established for the protection of producers. On this point there has been as yet no official announcement or hint.

During the month selling of wheat of the new crop was officially authorized, and trading for February delivery commenced at a price of 6.60 pesos per quintal, equal to 30 centavos above the current quotations for old wheat. At the close of the month this price had advanced to 6.70, the equivalent of 54 3/8 cents United States per bushel at prevailing official rates of exchange. Spot wheat at the same time closed at 5.95, or say 48 1/4 cents per bushel; and November 6.12, or say 49 5/8 cents per bushel. In Winnipeg on the same day December wheat closed at 70 1/4 cents.

Linseed: Exports during October fell to 2,019,000 bushels from the September total of 3,847,000 bushels. This leaves the supply position as shown in the following statement:

Third official estimate 1938-39 crop	55,509,000	bushels
Carry-over from 1937-38 crop	<u>1,871,000</u>	"
Total supplies	57,380,000	"
Seed and domestic requirements	<u>7,874,000</u>	"
Exportable surplus	49,506,000	"
Shipments to October 31	<u>45,475,000</u>	"
Balance still available	<u>4,031,000</u>	"

There was a fairly active local market during the month, the crushers taking up most of the parcels offered for sale, but only doing so at actual current prices and showing no inclination to pay more.

Purchases on a limited scale of both old and new seed were made by exporting houses, but the demand from this source proved rather disappointing.

Speculators were buying for a rise, influenced by the heavy and continuous rains delaying the crop and making it probable that the movement of new seed will be late.

Prices declined during the month. Spot seed, which at the close of September was worth 18.41 pesos per quintal, at the end of October was quoted at only 16.33 pesos, equal to 123 3/8 cents United States per bushel. New crop seed for February delivery closed the month at 14.48, or say 109 3/8 cents per bushel.

In Duluth on the same day December seed closed at 170 cents.

Maize: October shipments of maize declined to 7,681,000 bushels from the September figure of 10,966,000 bushels, the bad weather for loading being in part responsible for the drop.

On the basis of the new official estimate of the crop, with its reduction of 11,259,000 bushels in the volume, the following is now the statistical position:

Third official estimate of 1938-39 crop	191,487,000	bushels
Carry-over from 1937-38 crop	<u>9,921,000</u>	"
Total supplies	201,408,000	"
Deduct for seed and domestic needs	<u>61,021,000</u>	"
Surplus available for export	140,387,000	"
Shipments from April 1, 1939 to October 31, 1939	<u>94,874,000</u>	"
Balance still available	<u>45,513,000</u>	"

This market was not particularly active during the month, but fair sales were made for export to the United Kingdom and European countries, including unusual quantities for shipment to Switzerland via Genoa. A fair business was done in the domestic market, and prices maintained themselves on a firm basis.

Stocks are comparatively low, as shown above, with practically half the year still to go before the new crop moves out.

Maize prices were higher at the close of October than a month earlier, in contrast to wheat and linseed.

Spot maize at the end of the month was quoted at 7.30 pesos per 100 kilos, equal to 55 1/8 cents United States per bushel; and the January option 7.45, or say 56 1/4 cents per bushel. At the same time in Chicago December corn closed at 50 5/8 cents.

Oats: Shipments of oats during October totalled 862,000 bushels, which compares with 1,402,000 bushels in September, and leaves the supply position as shown below:

Third official estimate 1938-39 crop	47,335,000	bushels
Seed and domestic requirements	22,695,000	"
Surplus for export	24,640,000	"
Shipments to October 31	16,527,000	"
Balance still available	8,113,000	"

There was no great activity in the market for oats during the month. The United Kingdom showed no interest in Argentine oats, ample supplies from Canada being at her disposal. Some sales were made to Continental countries, including a number of parcels to Switzerland, probably the heaviest buyer of the month.

Prices were fairly steady, closing the month however with a decline, White oats of export quality being quoted at 5.30 as against 5.70 at the end of September.

Barley: October exports were 181,000 bushels which compares with 311,000 bushels during the preceding month. The supply position is now as shown in the following statement:

Third official estimate 1938-39 crop	20,209,000	bushels
Carry-over from 1937-38 crop	1,837,000	"
Total supplies	22,046,000	"
Less seed and domestic requirements	11,023,000	"
Exportable surplus	11,023,000	"
Shipments to October 31	9,731,000	"
Balance still available	1,292,000	"

Export business during the month was limited, but small sales were made to Belgium, Holland and Switzerland. The difficulty in securing freights is a formidable obstacle in shipping coarse grains to Europe.

The domestic demand was also limited, and prices suffered a decline in the closing days of the month, Malting barley finishing at 6.40 pesos per quintal, as compared with 7.20 at the end of September, and Feed grain 6.25, as against 7.05.

Rye: Rye shipments dropped to 336,000 bushels in October from the September total of 688,000 bushels.

Of the exportable surplus of 7,086,000 bushels at the commencement of the year, 4,952,000 bushels have now moved out, leaving still available 2,135,000 bushels.

After a period of weakness, with buyers showing little interest, there was a little recovery in price at the close of the month, when Spot rye changed hands at 5.70 per 100 kilos, as compared with 5.80 at the end of September.

Freights: The very abnormal conditions described in this report a month ago have suffered some modification, and although freights are still high and space scarce, the situation is not so difficult as it was.

The tendency is more and more to bring the cargo boats under official control and government supervision, with fixed rates and orderly allocation to the waiting shipping firms. This process has been made complete in the case of the nations at war, and in the case of neutral nations more and more control is being exercised so that the number of "free" tramp vessels is apparently declining, and order is emerging from confusion.



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