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THE GRAIN SITUATION IN ARGENTINA

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

Seeded Areas, Third Official Estimate

The third and final estimate of the areas seeded to the five principal field crops, excluding maize, shows a slight decrease in the total (less than 12,000 acres) as compared with the second estimate, and a small variation in each of the items, as will be seen from the following figures:

	Third Estimate acres	Second Estimate acres
Wheat	17,833,000	17,791,000
Linseed	7,600,000	7,660,000
Oats	3,446,000	3,459,000
Barley	2,121,000	2,224,000
Rye	2,296,000	2,174,000
Totals	33,296,000	33,308,000

The following comparative acreage data will be of interest:

	Wheat acres	Linseed acres	Oats acres	Barley acres	Rye acres
1939-40 estimate	17,833,000	7,600,000	3,446,000	2,121,000	2,296,000
1938-39	20,868,000	6,607,000	3,361,000	2,053,000	2,254,000
Average 1934-39	18,122,000	7,149,000	3,251,000	1,975,000	2,105,000
Average 1929-39	18,911,000	7,324,000	3,461,000	1,752,000	1,791,000

Crop Conditions

November, always regarded as the most critical month for the Argentine crops, this year maintained its reputation most fully. Following the very wet month of October, there were a few days of comparatively warm weather; then unseasonably low temperatures until near the close of the month. Frosts fell over large areas. Three times within two weeks there were frosts in southern Buenos Aires and the Pampa southern areas, and damage to the wheat undoubtedly resulted, but to what extent will not be known until the crop is cut. Farther north the grain was in too advanced a stage to suffer much from the frosts.

In the northern provinces harvesting is well advanced, and results are proving most disappointing. In Cordoba, Santa Fe and Entre Rios the wheat is of poor quality and low specific weight. From last year's average weight of $63\frac{1}{2}$ lb. per bushel, the first threshings show a drop to from 52 lb. to 59 lb., with a comparatively high percentage of defective grains.

In the three provinces named linseed also is showing unfavourable outturns, some of the fields giving only half a normal crop, with low grade seeds which promise a light oil percentage.

Farther south the prospects for both the wheat and flax crops are at present much more optimistic.

The maximum wheat crop now expected is generally placed at 184,000,000 bushels and the linseed crop 59,000,000 bushels.

A summary of the official crop report of the Ministry of Agriculture, which made its appearance this morning, is as follows:

As the crops of wheat, linseed and other cereals advance towards maturity the poor prospects of production are confirmed. Both with wheat and linseed the present condition of the crops considered as a whole must be taken as being inferior to fair, and the possibility that important areas will be left unharvested permits a forecast that the total yield will be lamentably low.

The weather conditions during November were relatively favourable for the maize crop. Ploughing of the land also was possible in places where this work had been delayed, as in the northern cereal zones, where areas in which the wheat crop has been lost are to be replanted with maize.

Details with regard to the several crops are as mentioned below:

Wheat: The yields obtained up to now in the northern part of the cereal region are extremely poor, the grain being of low specific weight. In the province of Buenos Aires and in the Pampa harvesting has not yet begun except for some isolated fields in the north of Buenos Aires.

In general it is noticeable that the wheats of earliest maturity are those which display the most deficient condition, and the zones of most backward vegetative progress promise the best crops.

The present crop conditions may become worse if, as is normal at this period of the year, high temperatures are experienced. On the other hand they may be maintained, or they may even improve, especially in the southern districts.

The primary factor causing the failure of the crop this year is the disproportion between the poorly developed root system and the abundant leafage caused by the frequent rains of October. Only cool weather would permit normal development of the grain.

Linseed: As in the case of wheat, the linseed crop considered as a whole is regarded as a failure. The low yields and poor quality obtained in some fields already threshed have caused the farmers, especially in the Cordoba district, to leave important areas unharvested.

Maize: The condition of the maize fields is generally good, although there are fields damaged by frosts during November, especially in northern Buenos Aires, which have had to be replanted.

Oats: In the southern part of Buenos Aires cutting of oats has commenced, with yields from fair to good. It is calculated that the oat crop will be proportionately the best of the grains.

Barley and Rye: The condition of these grains is for the moment somewhat better than fair, but cutting has not yet commenced in the most productive zones. Important areas of rye which were pastured during the winter will be threshed for the grain. Hence a relatively heavy crop is anticipated, although the heads are not yet well filled, as a result of the October rains.

Supplies and Markets

The comparative failure of the wheat crop in the provinces of Cordoba, Santa Fe and Entre Rios had a distinct influence on the market during the latter half of November. A keen demand developed, partly speculative, and prices became very firm. Linseed was not affected in the same way, nor were the other grains.

Wheat: Shipments during November were the heaviest of any month this year totalling 19,070,000 bushels (18,862,000 bushels of wheat and 208,000 bushels of flour in terms of wheat) as compared with 12,496,000 bushels in October, leaving the statistical position 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		344,495,000 "
Deduct for seed and domestic consumption		99,206,000 "
Surplus available for export		245,289,000 "
Shipments) Wheat	159,005,000 bushels	
to Nov.30) Wheat as flour .	1,223,000 "	160,228,000 "
Balance still available		85,061,000 "

Although the large surpluses on hand in the principal exporting countries continue to be a depressing influence in the various markets, the local crop situation in the Argentine put some life into the business during the second half of November, and there was some moderately active buying. Farmers, however, were far from eager to sell, apparently having faith in war waste reducing burdensome stocks and eventually raising price levels.

As already mentioned, the new wheat in the northern provinces does not promise well. Yields are low and quality poor. It seems likely that there will be frost-damaged grain coming in from the south at harvesting time. With a possible total outturn of 184,000,000 bushels, not all of exportable quality, and probably not enough of a carry-over to quite take care of all domestic requirements, the statistical position at the end of the current year promises to be distinctly better than at the commencement, when there were 248,016,000 bushels of wheat of good quality available for export.

The official Grain Board made some progress in disposing of its holdings during the month. It is understood that 9,186,000 bushels were sold to the United Kingdom at 5.80 pesos per 100 kilos. Later in the month, having put up its price when the adverse crop news was confirmed, another 3,674,000 bushels are said to have been sold to other buyers, mostly Brazil, at 6.30 pesos. Substantial sales were also made to the local millers, buying to cover their flour sales, at the fixed price of 7.00.

Producers apparently are still hoping that a minimum price will again be guaranteed to them by the Government, but as yet no indication has been made by the Administration.

A feature of the export situation continues to be the unusual quantities of wheat and other grains leaving for Italian ports in transit to Switzerland.

On the local market at the close of the month Spot wheat was selling at 6.60 pesos per quintal, equal to 53½¢ United States per bushel at official rates of exchange; and for March delivery 7.46, or say 60½¢ per bushel. In Winnipeg on the same day May wheat closed at 79¾¢. (Locally March is the most distant month quoted).

Linseed: November exports were 2,319,000 bushels, as compared with the October figure of 2,019,000 bushels.

Business during the month was dull. The lack of demand from the European consuming countries is taken as an indication that importers are more interested in using the limited cargo space available for produce of more urgent necessity. But remaining stocks of the old crop are small and the new seed is not yet coming forward for shipment.

The statistical position is now as shown below:

Third official estimate 1938-39 crop	55,509,000 bushels
Carry-over from 1937-38 crop	1,871,000 "
Total supplies	57,380,000 "
Seed and domestic requirements	7,874,000 "
Surplus available for export	49,506,000 "
Shipments to November 30	47,794,000 "
Balance still available	1,712,000 "

Business during the month was largely in the hands of speculators, and rumours with regard to the new crop prospects were made the basis of a good deal of price fluctuations.

There was some buying of new crop seed for January-February shipment, but on only a moderate scale. Producers are not keen sellers.

While there is a greater acreage than last year, the yield per acre promises to be lower, and on the basis of today's crop condition, members of the grain trade are inclined to look for a total of about the same as this current season, say 55,115,000 bushels.

The price of Spot seed at the close of the month was 15.60 pesos per quintal, or say 117 7/8¢ United States per bushel; and for March delivery 15.17, or 114 5/8¢ per bushel. In Duluth on the same day December seed closed at 180¢, prices of later deliveries not being cabled.

Maize: Exports of maize during November totalled 7,176,000 bushels, a decline from those of the previous month, which were 7,681,000 bushels.

The supply position is left as shown hereunder:

Third official estimate 1938-39 crop	191,487,000	bushels
Carry-over from 1937-38 crop	9,921,000	"
Total supplies	201,408,000	"
Deduct for seed and domestic consumption	61,021,000	"
Surplus available for export	140,387,000	"
Shipments April 1 to November 30, 1939	102,051,000	"
Balance still available	38,336,000	"

The available balance thus shown probably includes a quantity of grain unfit for shipment through the tropics to European markets, due to the long rainy periods through which it has passed.

The market during the month was unusually dull. Farmers and country merchants were far from liberal with their offers, and exporters were not greatly interested. The British official buyers consider maize prices too high and are only buying sparingly. Germany, ordinarily a good customer for Argentine maize, is out of the market.

The new crop, with good weather in the critical month of January, may yield heavily with the increased acreage planted, which is being added to by reseeding abandoned wheat areas with maize.

Prices fell about 2 per cent during the month, Spot closing at 7.11 pesos per 100 kilos. equal to 53¾¢ United States per bushel, and the February option at 7.42, or say 56 1/8¢ per bushel.

In Chicago on the same day May corn closed at 54½¢.

Oats: Shipments of oats during November were fairly high, 3,018,000 bushels moving out, as compared with 862,000 in the preceding month.

Reports with regard to the new crop are very encouraging, and with the slightly increased acreage it will not be surprising if the outturn is greater than that of last year, with a surplus for which it may be difficult to find transportation to the consuming centres in Europe, where reports indicate that feed grains are far from plentiful.

Buyers for shipment to Switzerland were again among the principal operators.

Prices shrank a little during the month, and at the close White oats of export quality were worth only 4.95 pesos per quintal, as against 5.30 at the end of October. Some parcels of especially good quality sold locally for 5.30.

The statistical position is as shown below:

Third official estimate 1938-39 crop	47,335,000	bushels
Seed and domestic requirements	22,695,000	"
Surplus available for export	24,640,000	"
Shipments to November 30	19,545,000	"
Balance still available	5,095,000	"

Barley: November exports were 705,000 bushels which compares with 181,000 bushels the preceding month, and leaves the supply position as indicated below:

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 November 30	10,436,000	"
Balance still on hand	587,000	"

A record acreage of barley is believed to have been planted for the new crop, and as this is in good condition a high production is looked for.

With only an indifferent demand and great uncertainty as to shipping facilities, little export business was done.

A good demand from the local breweries is anticipated as soon as the grain is threshed and it becomes possible to pick out the choice parcels.

Malting grain closed the month at 6.15 pesos per quintal, as compared with 6.40 at the end of October, and Feed qualities at 6.00 pesos.

Rye: Exporting revived during the month, and 1,071,000 bushels were shipped out, constituting half the balance available, as against only 336,000 bushels in October.

Total shipments for the season so far now amount to 6,022,000 bushels out of the exportable balance of 7,086,000 bushels. There is therefore still available the modest balance of 1,064,000 bushels.

Prices were a shade higher than a month ago, export rye closing at 5.90 pesos per quintal, as compared with 5.70.
