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Dominion Statistician: R. H. Coats, LL.D., F.R.S.C.
Statistician, Agricultural Branch: C. F. Wilson, Ph.D.

THE GRAIN SITUATION IN ARGENTINA

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

Second Official Estimate of Maize Area

The new calculation of the maize area, published early in the month, reduces the total by 247,100 acres to 13,096,300 acres. Of this new total the Department estimates that 30 per cent, or 3,928,890 acres, will prove a total loss, leaving only 9,167,410 acres to be harvested.

Most of the abandoned area is early planted maize, damaged by drought, which the rains that benefited the later plantings came too late to save.

The revised total area is lower by 14 1/2 per cent, or nearly 2,223,900 acres than that of last year; and is 21.7 per cent, or nearly 3,706,500 acres less than the average of the last five years.

Crop Conditions

During the month of March there were frequent rains, abundant in quantity and general in distribution, which were of great benefit to the late fields of maize and to the pastures.

The precipitation kept the land in good workable condition, and facilitated the preparations for planting the next crop of wheat and coarse grains. The fields already seeded have been germinating well, thanks to the ample moisture and the mild temperatures which have prevailed.

On the other hand, in the fields of early maize the rains have been rather detrimental, delaying the ripening process and increasing the moisture content of the grain, besides encouraging the growth of weeds.

Below is given the gist of the official report of the Ministry of Agriculture on crop conditions during the month of March:

The Maize Crop: Crop prospects generally have not greatly varied since the last report, which described them as fair. The March rains, while they were of undoubted benefit to the late plantings, especially in the province of Entre Rios, Santa Fe and some parts of Cordoba, caused also excessive development of weeds, gave the grain a surplus of humidity, and delayed the normal maturity.

The isoca grub has been spreading in many fields, the damage being particularly noticeable in the province of Corrientes and the territory of the Chaco.

In Buenos Aires the condition of the maize fields in the north of the province is fair, deterioration during the past month having been due to excessive moisture, which caused an intense growth of weeds and delayed the drying of the grain. In the central zone the condition is good, and in the extreme west the second plantings were benefited by the last rains. These are the only fields which will be harvested, the early fields having been a total loss.

In the east and south-east the rains were of great benefit, the general condition being good. In the south-west, the March frosts damaged the late plantings, finishing off the few fields which were still growing after the intense drought which afflicted this zone in the previous month.

In the north, and more so in the west, picking of white and some yellow maize has commenced here and there and the work is expected to become general in the second half of April if the weather permits.

In Santa Fe the condition of the crop is fair, the drought having affected it during the summer months. The cobs are not filled, and the yield will be low. The isoca grub also caused damage, which although important in the north of the province, is up to now negligible in the south. In the north picking of the first plantings is active and it has commenced locally in the south. The yields secured both in the centre and in the south are so far only fair, and the quality is unsatisfactory.

Cordoba: To the loss already mentioned in the previous reports in early planted fields there is now to be added the damage by isoca grubs in the second plantings, especially in the centre, and the plague is spreading through the rest of the province. For this reason the unfavourable prospects already forecast continue. The yields of some early fields already picked in the east are very low and the quality inferior.

Entre Rios: The yields of the early maize already harvested are very low, and the quality only fair. The remainder of the crop, especially the late plantings, benefited by the last rains, and the prospects are good. The very late plantings (about 20 per cent of the total) may with difficulty mature satisfactorily.

The New Crops: Except in the province of Corrientes and the territories of the Chaco, Formosa and Misiones, preparation of the land for sowing winter cereals is proceeding, and the work generally is being done under very good conditions as regards humidity of the soil.

In the south-west of Buenos Aires and in the south of the Pampa fresh rains are needed to facilitate the work, on account of the previous drought. Elsewhere in Buenos Aires weather conditions have favoured cultivation of the land, and a good part of the feed grains and some Black Hull wheat have already been seeded.

In Santa Fe cultivation of the soil for the new crops has been effected under good conditions, and most of the second ploughing and harrowing has been done. The winter feed grains were planted under favourable conditions, and the fields are in good shape.

In Cordoba the planting of winter pastures was carried out under good conditions, and the first fields have germinated well. Owing to the favourable weather their condition is excellent. Ploughing of the lands intended for wheat and linseed is well advanced, 80 per cent having already been turned over once, and in the north and centre the second ploughing has been commenced in preparation for early planting of linseed.

In Entre Rios, preparation of the lands intended for winter wheat and feed grains is proceeding under excellent conditions. In the eastern zone ploughing was interrupted by the abundant rains at the beginning of March.

Except in three districts in the Pampa, the cultivation of the land and the seeding of wheat and coarse grains is proceeding actively under good conditions.

Elsewhere, with the exception of the places mentioned in the first paragraph of this section of the report, work on the land is going forward under good conditions.

Supplies and Market Conditions

Wheat.- Shipments during March were 13,371,000 bushels of wheat and 67,000 bushels of wheat flour in terms of wheat, a total of 13,438,000 bushels. This compares with a total of 8,783,000 bushels during February.

The statistical position is now as shown below:

Second official estimate 1938-39 crop		319,665,000	bushels
Carry-over from 1937-38 crop		8,296,000	"
Total supplies		327,961,000	"
Deduct for seed and domestic requirements		99,206,000	"
Surplus for export		228,755,000	"
Shipments to) Wheat	30,388,000 bushels		
March 31) Wheat as flour ..	138,000 "	30,526,000	"
Balance still available for export		198,229,000	"

The wheat market throughout the month was distinctly dull. Almost the only sign of activity was noticeable following the announcement of a decrease of 5/- per ton in the "Conference" freight rates, induced, it would seem, by Greek and other non-British boats cutting the old rates in order to secure charters for a share of the transport of the wheat and other grain sold to Spain. The answer of the Conference was to cut rates even lower than those of the outsiders, and the reduction in transport costs apparently aroused some interest in buyers in Europe, so that a number of sales were effected, and the resultant chartering of boats was the heaviest in one week for more than a year, something like two dozen being booked, the greater number of which were for the United Kingdom, with the Continent also included. Two of the boats are destined for Greece.

In these sales preference was shown for wheat from southern Buenos Aires, of the Barusso type. Prices were on the basis of 5.40 per 100 kilos alongside ship at Buenos Aires, and 6. pesos at Bahia Blanca.

The great bulk of the wheat crop is now in the hands of the official Board, which is having difficulty in finding storage space for it. Fully three-fourths of the total has been delivered by the farmers. Of the balance a certain percentage consists of light weight grain, damaged by frost or drought, which will not be accepted by the Board, not coming within its standards of weight or quality. Pressure has in vain been brought to bear on the authorities by the unfortunate growers, who complain that they are being victimised by the grain dealers, their only outlet for this grain, for which the best price they can obtain is not more than half that being paid by the Board for sound grain. But the position of the Board is that the duty imposed upon it is to regulate the marketing of the wheat crop overseas. Grain unfit for export is not within its scope.

No figures are given out by the Board, but it is supposed that sales have been made by it to a total of something over a million tons (36,743,000 bushels) during the first quarter of the year.

An important "barter" sale has recently been concluded, by which in part payment for locomotives and other railway rolling stock with a total value of 14 million pesos, 100,000 tons (3,674,000 bushels) of Argentine wheat is to be shipped to Germany within the next six months. This is in addition to the purchases which Germany normally makes in the Argentine, and is for domestic consumption within the Reich. Critics point out that while the Argentine wheat may be used for domestic consumption there is nothing to prevent Germany selling an equal quantity of its own wheat to other countries in order to obtain some of the foreign currency of which it is understood to be badly in need, and this might even be done at a small sacrifice in price if necessary, with the possible result of depressing the market. The balance of the payment for the railway The balance of the payment for the railway equipment is to be effected by the delivery of 8,000 tons of Argentine wool, the wheat representing 6 million pesos and the wool 8 millions.

Another such deal is rumoured as being in process of negotiation with Italy, the details of which are not at present known.

While these barter agreements have serious disadvantages, involving a risk of dumping by the purchasers to the ultimate detriment of the Argentine, they afford some relief in the matter of storage, which is becoming a real problem as the time approaches for harvesting the new maize crop.

The National Grain & Elevator Board, which has a system of collecting samples of grain from growers all over the country immediately after threshing, for the preparation of the official standards for the season, reports that the wheat crop of 1938-39 from the point of view of industrial quality, in the Rosafe zone shows an appreciable improvement over that of the previous season; in the Buenos Aires zone it is more or less the same as last year; and in the Bahia Blanca zone it is slightly inferior.

Wheat quotations at the close of the month were on the official basis of 7. pesos per quintal, equal to 59 3/4 cents per bushel at the current official rates of exchange for Spot; and for the June option 7.07 (60 3/8 cents Canadian per bushel), for the grain laid down in the port of Buenos Aires. Winnipeg on the same date closed at 61 1/8 cents for May, and 61 7/8 cents for July.

Maize.- Exports of maize during March were 4,680,000 bushels, which compares with the February total of 5,602,000 bushels, and leaves the supply position as shown hereunder:

Third official estimate 1937-38 crop	174,165,000	bushels
Carry-over from 1936-37 crop	10,833,000	"
Total supplies	184,998,000	"
Deduct for seed & domestic requirements	61,021,000	"
Surplus for export	123,977,000	"
Shipments April 1, 1938 to March 31, 1939.....	114,056,000	"
Carry-over into new season	9,921,000	"

In spite of the heavy abandonments noted in the official estimate of the crop area, there appears to be a feeling in the grain trade that a fairly good crop is in prospect. The greater part of the lost area contained early sown maize, which suffered from unfavourable weather conditions at a critical stage of its development. On the other hand the later plantings were favoured by very good weather, and for the most part a high yield is anticipated. Hence even conservative members of the trade appear to expect an exportable balance of 4 million tons (157,473,000 bushels), and optimists speak of 5 millions (196,841,000 bushels). Much of the carryover shown in the above statement of the supply position consists of grain of poor quality.

Sales during the month were slow. Producers appeared to have higher ideas of values than the buyers. Those likely to have new crop corn ready for delivery in April or May were unwilling to accept the prices offered for those months, expecting to get the same as for Spot, a difference of about 10 per cent. While the statistical position might be felt to justify higher prices than those prevailing, on the other hand the low wheat prices and heavy stocks of this possible substitute for feeding purposes have a depressing influence. Generally speaking, the crop is later than usual. Just how late it will be depends upon the weather in the near future. While presently favourable, a period of humidity might delay the ripening and conditioning considerably.

After a good deal of fluctuation, the market closed the month firm, although inactive, with Spot corn at 6.80 pesos per qtl., equal to 53 3/4 cents U.S. per bushel; and the May option 6.10 (48 1/4 cents per bushel). In Chicago on the same day May corn closed at 47 3/4 cents.

Linseed.- March shipments of linseed totalled 8,570,000 bushels, which compares with those of February amounting to only 5,823,000 bushels. The statistical position is now as shown below:

Second official estimate 1938-39 crop	61,021,000	bushels
Carry-over from 1937-38 crop	1,871,000	"
Total supplies	62,892,000	"
Deduct for seed and domestic needs	7,874,000	"
Exportable surplus	55,018,000	"
Shipments to March 31	20,709,000	"
Balance still available	34,309,000	"

The market during the month was comparatively quiet. A steady demand carried prices upward, with an appreciation during the month of about one peso per quintal. One reason for this is that there exists an impression that the official estimates of the volume of the crop have been too high, and there is therefore a tendency to hold the seed in the hope of better prices being realized later. Producers having already cashed in on their wheat crop at an advantageous price, have no immediate need to sell linseed and can afford to take a chance on the course of prices.

The month closed with the market fairly quiet, but very firm, Spot seed being quoted at 14.40 pesos per 100 kilos (or say 114 cents U. S. per bushel), and the May option 14.45 (114 1/2 cents per bushel). In Duluth on the same day May seed closed at 173 cents.

Oats.- Exports of oats during the month were 3,215,000 bushels which compares with the February shipments of 1,537,000 bushels, and leaves the supply position as shown below:

Second official estimate 1938-39 crop	46,686,000	bushels
Less seed and domestic consumption	22,695,000	"
Available for export	23,991,000	"
Shipments to March 31	6,346,000	"
Balance still on hand	17,645,000	"

There was a fairly active market during the month, with sufficient business passing to keep prices firm with even a slight increase. Superior white oats of the new crop closed the month at 5.10 pesos per 100 kilos, and the export quality at 4.50.

Barley.- March exports were 3,064,000 bushels, as against 1,076,000 bushels in the previous month. The supply position is now as shown below:

Second official estimate 1938-39 crop	20,209,000	bushels
Deduct for seed and domestic consumption	11,023,000	"
Exportable surplus	9,186,000	"
Shipments to March 31	4,777,000	"
Still available	4,409,000	"

Irregular conditions prevailed on the market. Brewing firms were willing buyers of good malting grain, for which they paid 6.50 pesos per qtl. Good feed barley was saleable at 5.70.

Rye.- Shipments during March were the heaviest of the year thus far, 411,000 bushels moving out, as against 23,000 bushels in the preceding month. This does not make much impression on the exportable surplus, as will be seen from the following statement:

Second official estimate 1938-39 crop	10,826,000	bushels
Less seed and domestic requirements	3,740,000	"
Surplus for export	7,086,000	"
Shipments to March 31	695,000	"
Still available	6,391,000	"

There was a quiet market throughout the month, with no change in prices. For export quality rye 4.60 pesos per 100 kilos is the current quotation.
