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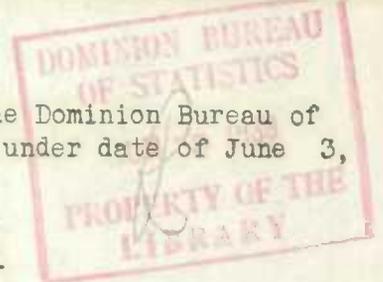
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THE GRAIN SITUATION IN ARGENTINA



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

Third Official Estimate of Grain Yields

The Department of Agriculture's third estimate of the volume of the principal field crops, with the exception of maize, produced during the 1938-39 season, made its appearance on the 24th ultimo.

Its most noteworthy feature is an increase of 16,534,000 bushels in the expected yield of wheat, making it the second largest crop in the history of the Republic. The new figure is 336,199,000 bushels, as compared with the second estimate of 319,665,000 bushels, and the first estimate of 315,991,000 bushels. The only year in which a larger wheat crop was recorded was 1928-29 when 349,049,000 bushels were threshed.

The linseed crop, on the other hand is to be smaller by a substantial amount. The latest estimate puts it at 55,509,000 bushels, instead of 61,021,000 bushels as shown in the second estimate published in March.

The only other change from the second estimate is an increase of 648,000 bushels in the probable production of oats. The details are as shown below:

	<u>Third Estimate</u> bushels	<u>Second Estimate</u> bushels
Wheat	336,199,000	319,665,000
Linseed	55,509,000	61,021,000
Oats	47,335,000	46,686,000
Barley	20,209,000	20,209,000
Rye	10,826,000	10,826,000

Comparative data for the last few years are as reproduced hereunder:

	<u>Wheat</u>	<u>Linseed</u>	<u>Oats</u>	<u>Barley</u>	<u>Rye</u>	
1938-39 estimate	336,199,000	55,509,000	47,335,000	20,209,000	10,826,000	bushels
1937-38	184,799,000	60,603,000	44,676,000	23,585,000	3,523,000	"
1936-37	249,192,000	76,201,000	51,355,000	29,854,000	7,480,000	"
1935-36	141,461,000	59,446,000	33,756,000	20,301,000	6,023,000	"
5-year average	220,448,000	67,713,000	48,440,000	28,668,000	7,984,000	"
10-year average	230,673,000	69,637,000	55,939,000	24,221,000	7,977,000	"

According to the official memorandum accompanying the figures, the estimate is based upon the threshing returns in respect of more than 88,000 farms and estancias.

Of the 20,209,000 bushels of barley, 13,320,000 bushels are of malting varieties.

Crop Conditions

The monthly official report on crop conditions, dealing with May, says that the rains which fell towards the close of the month were especially beneficial in the zones which had been most affected by the drought of recent weeks, and an immediate improvement in the crops and pastures may now be expected.

The precipitation has normalised the conditions under which ploughing of the fields was being carried on in the western part of the cereal zone, especially in the south-west of Buenos Aires, in Cordoba and the Pampa Territory. But in San Luis the moisture was insufficient and work has had to be suspended.

In the other grain regions preparation of the soil for winter crops has been virtually finished, and only that for linseed is in progress. It is proceeding normally, except in the north of Santa Fe, where rains are needed.

With regard to planting of the cereal crops, the report says that in the western districts where seeding was most backward, the abundant rains have permitted the work to be pressed forward, and part of the time lost is being recovered. In the remainder of the country, sowing is proceeding normally, the only exception being the western part of Entre Rios, where the soil is relatively dry. Here and there planting of linseed has begun.

Wheat: The condition of the wheat fields is generally good, and the recent rains should help to maintain this condition. In the central part of Santa Fe and in western Entre Rios, the green fly has caused damage in almost all the fields, and unless there are abundant rains it is feared that many areas will be lost. In the Pampa, wheat areas killed by the drought are being reseeded.

Linseed: The condition of the few fields of linseed which are above ground is very good.

Other Cereals: Condition of the oats, barley and rye crops taken as a whole is good. In Western Buenos Aires, the Pampa and south-western Cordoba where great damage was done by the drought, a rapid improvement is expected. In parts of Santa Fe, and along the coast of the Parana in Entre Rios, green fly has caused damage extending to half the plantings. In San Luis the condition of these crops is only fair; and in one district 35 per cent of the area seeded to rye has been lost.

The Maize Crop: The picking and shelling of maize has proceeded under good conditions, the work having been favoured by the dry weather which prevailed during the greater part of May. As was anticipated, the results of the crop are only fair.

In Buenos Aires and southern Santa Fe, three-quarters of the crop has already been picked, and in Entre Rios, one-half. In northern Santa Fe gathering of the late plantings has begun.

Shelling is proceeding actively, and approximately half the crop is now in bags.

Yields are good in the central part of Buenos Aires, in parts of southern Santa Fe, and parts of the northern provinces. They are only fair in northern Buenos Aires and in Entre Rios.

The quality generally is good. In the north of Buenos Aires there are lots which are very good; but in southern Santa Fe some of the samples show very uneven grains. In the late plantings of northern Cordoba and Santa Fe there is an appreciable proportion of green, rotten and weevil damaged kernels, which spoils the quality of the whole.

Supplies and Markets

Wheat: Exports during May totalled 16,674,000 bushels, of which 16,581,000 bushels were wheat and 93,000 bushels flour in terms of wheat. This shows little change from the April total of 15,724,000 bushels.

On the basis of the new official estimate of the crop, given on the preceding page, the following is now the statistical position:

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 use	99,206,000	"
Surplus for export	245,289,000	"
Shipments) wheat.....	62,671,000 bushels	
to May 31) wheat as flour	253,000	"
		62,924,000
Balance still available	182,365,000	"

The outstanding events of the month in respect to the Argentine wheat situation were the raising of the official estimate of the volume of the crop by approximately 18 million bushels, based on actual threshing returns; and the sale of 7,349,000 bushels of wheat to Spain, in addition to the large sale made three months ago, and along similar lines although the exact terms have not yet been announced. Sales to Brazil have increased again, and the volume of business with that country has returned to about the normal amount.

The demand from Europe, after having quietened down considerably, has recently shown signs of picking up again, and sales by the official Board are said to have been fairly voluminous in recent days, in spite of a small increase in price which was put into effect during last week, when the formerly prevailing rate of 5.37 ex Rosario was put to 5.45 at the same port without discouraging buyers.

The local millers have recently had to resort more freely to the Board for their supplies, as most of the grain not up to the standards specified by the Board appears by now to have found an outlet.

In the absence of official announcements by the Board as to its operations, these can only be guessed at. It is believed that sales now total 73 to 83 million bushels out of the exportable surplus of over 239 millions.

Chartering of ocean tonnage has been more active of late, and the total contracted now amounts to over 1,377,000 tons. While much of this is destined for shipping maize, there is no doubt that a substantial part is intended for wheat; but even with a continuance of the movement at the present rate there must be a substantial balance still on hand when the next crop becomes available six months hence. Members of the grain trade look for a carry-over of 55 to 73.5 million bushels, unless some extraordinary factor should enter the situation.

After a dry period which began to slow up seeding operations, very good rains fell in the third week of May, and the work is again going ahead at the normal rate. Nevertheless, there is now an apparent impression that some of the area which had been intended for wheat may be planted with maize or linseed, both of which on the basis of prevailing prices promise to be more profitable to the grower than wheat, and price is naturally the main factor guiding the farmer in his operations.

Linseed: Shipments during May amounted to 3,575,000 bushels as against 3,822,000 bushels in the preceding month.

Using the revised official estimate of the crop as a basis, the following is now the statistical situation:

Third official estimate 1938-39 crop	55,509,000	bushels
Carry-over from 1937-38 crop	1,871,000	"
Total supplies	57,380,000	"
Deduct for seed and domestic requirements	7,874,000	"
Exportable surplus	49,506,000	"
Shipments to May 31	28,107,000	"
Balance still available	21,399,000	"

Trading during the month was not very active, due principally to the restricted offerings and the smallness of the stocks available. The reduction of 5,512,000 bushels in the official estimate of the crop was not altogether a surprise; but it had the effect of causing a sharp rise in prices, which reached the highest point of the season, 15.05 pesos per 100 kilos. This fell off a little on the last day of the month, when the market closed at 14.82 for Spot seed, equal to 117 1/2 cents U.S. per bushel. For the July option 14.00 was the closing quotation, or say 118 cents per bushel.

Buyers during the month were principally the United Kingdom and Continent, especially the latter. Not much was bought for the United States.

Maize: Exports of maize during May were 18,195,000 bushels, almost double those of April which totalled 9,249,000 bushels.

The supply position is now as set out below:

First official estimate 1938-39 crop	212,588,000	bushels
Carry-over from 1937-38 crop	<u>9,921,000</u>	"
Total	222,509,000	"
Deduct for seed and domestic requirements	<u>61,021,000</u>	"
Surplus available for export	161,488,000	"
Shipments during April and May	<u>27,444,000</u>	"
Balance still available	<u>134,044,000</u>	"

The ideal atmospheric conditions during the first three weeks of the month brought forward unusually liberal deliveries of the new maize, which had dried out naturally and was in condition to be shipped as fast as it arrived. As supplies for the moment got ahead of available boat space, and warehouse space was well filled with wheat, the market for spot corn became dull, although that for future deliveries continued fairly active. With the generous rains during the final week of the month and a prospective slowing up of the movement, prices again recovered, encouraged by a fair enquiry from overseas.

Reports on the quality of the new crop are not very encouraging, but there are no complaints with regard to its condition.

The month closed with Spot corn selling at 6.17 pesos per 100 kilos, equal to 47 7/8 cents U.S. per bushel; and the July option 6.22, or say 49 1/4 cents per bushel. At the same time July corn in Chicago closed at 51 1/2 cents.

Oats: May shipments of oats were 1,188,000 bushels, 668,000 bushels lower than those of the preceding month, which were 1,856,000 bushels.

With the increase of 668,000 bushels in the official estimate of the volume of the crop, the statistical position is now as shown in the following statement:

Third official estimate of 1938-39 crop	47,335,000	bushels
Required for seed and domestic use	<u>22,695,000</u>	"
Available for export	24,640,000	"
Shipments to May 31	<u>9,391,000</u>	"
Balance still on hand	<u>15,249,000</u>	"

With the United Kingdom drawing its supplies from Canada, and Italy, a valued customer for Argentine oats, out of the market, presumably on account of exchange difficulties, the demand from abroad has been somewhat restricted, only Germany and Spain showing much interest. Conditions have therefore been somewhat quiet, and prices closed a shade lower than a month ago.

At the end of the month Spot white oats of export quality were selling at 4.40 pesos per 100 kilos, and yellow at 4.30, as against 4.45 and 4.35 respectively a month ago. Superior grain for the local trade reached a maximum of 4.90.

Barley: Barley exports during May were 972,000 bushels, as against 1,637,000 bushels in April.

There has been no change in the official estimate of the size of the crop, and the statistical position is now as shown below:

Third official estimate of 1938-39 crop	20,209,000	bushels
Less seed and domestic requirements	<u>11,023,000</u>	"
Exportable balance	9,186,000	"
Shipments to May 31	<u>7,386,000</u>	"
Balance still available	<u>1,800,000</u>	"

There was a quiet market during the month. Local brewing firms were as usual on the look out for parcels suitable for malting, without, however, showing the same willingness to pay heavy premiums for them. Some small sales to the Continent were made, but the export demand was indifferent.

Malting barley for export closed the month at 5.65 pesos per 100 kilos, and feed grain 5.50. For the local market malting grain was selling at 6.30, and feed 5.35 pesos per 100 kilos.

Rye:- May exports were 502,000 bushels, which compares with 702,000 in the previous month.

The new official crop estimate shows no change in the case of rye, the statistical position of which is as given below:

Third official estimate 1938-39 crop	10,826,000 bushels
Deduct for seed and domestic consumption	<u>3,740,000</u> "
Balance available for export	7,086,000 "
Shipments to May 31	<u>1,899,000</u> "
Still available	<u>5,187,000</u> "

There was a quiet market, with no noteworthy features, and prices remained practically unchanged, export rye closing at 4.90 pesos per quintal, as compared with 4.80 a month ago.

Bulk Handling of Grain

With work on the construction of the national elevator system not much more than begun, labour troubles with regard to the handling of grain have already commenced, and the National Grain and Elevator Board has addressed a memorandum to the Minister of Agriculture on the situation which has arisen in the provinces of Santa Fe and Cordoba in this respect.

The Board states that on repeated occasions it has received complaints from grain merchants in those provinces to the effect that local workmen's unions have prohibited them from handling cereals in bulk in a greater proportion than from 40 to 50 per cent, and the merchants have found themselves obliged to comply with these impositions because of the official intervention of the delegates of the Departments of Labour of the provinces.

Also, in the Legislature of Santa Fe there has been presented a bill for a law which provides that on entering the storage warehouses the grain must be to an extent of at least 50 per cent in bags, and on leaving must be at least 35 per cent bagged.

The Grain and Elevator Board represents to the Minister that these practices are evidently in contravention of the spirit and letter of National Law No. 11,742, which was passed with the object of encouraging the bulk handling of grain for the sake of the advantages offered by that system to the producers in the saving of bags and reduction of movements, as also by the improvements which would be derived from the grading of grain.

Even though the restrictions mentioned only refer to country handling, says the memorandum, it is evident that their continuance and possible amplification would re-act unfavourably on the elevators of the national system, including the terminals, where handling would run the risk of being much lower than that anticipated in the studies upon which the designing of the system was based.

Construction of some of the Government's terminal elevators was commenced some months ago; but it will be a long time before any of them are ready to function; and no tenders have yet been called for construction of country houses. Hence the trouble referred to above evidently has arisen in respect to the privately owned country elevators, numbering something over one hundred, the greater part of which are located in the provinces mentioned.

At the 16th annual congress of Rural Societies, whose sessions closed a few days ago, a resolution was adopted pointing out the urgent necessity of the elevator system and expressing a hope for its early functioning.

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