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THE GRAIN SITUATION IN ARGENTINA

Ottawa, July 17, 1939.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of July 4, 1939, dealing with the grain situation in Argentina.

Third Official Estimate of Yield of Maize

The third official estimate of the yield of maize of the 1938-39 crop has been made public by the Ministry of Agriculture. As compared with the first estimate, made two months ago, it shows a decrease, only 202,746,000 bushels now being looked for instead of the 212,588,000 bushels forecasted at that time.

The seeded area of 13,096,300 acres, was subjected to such damage by the drought which prevailed during the summer months that extensive abandonments took place, and only 8,657,900 acres proved worth harvesting. But in the so-called abandoned areas are included extensive fields devoted to pasturage. These compose a greater proportion than usual of the total plantings because of the feed shortage resulting from the long dry period killing out the grass.

The average yield on the harvested area is calculated as 1470 kilograms per hectarea, or say a fraction under 23 1/2 bushels per acre.

The official report says that the quality of the grain which is being picked and shelled is generally good.

In comparison with the crop of last year this latest calculation shows an increase of 28,581,000 bushels, or 16.4 per cent; and in relation to the average production of the last five-year period there is a decrease of 38.1 per cent, or 124,923,000 bushels.

The comparative figures of recent crops of maize are as under:

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 "
Average of 5 years	327,669,000 "

Crop Conditions

The precipitation during the last month, two or three good rains with occasional showers in between, combined with the relatively mild temperatures, have been very beneficial to the new wheat and linseed crops, and these are looking very well. Most of the wheat has now been planted, and work with the linseed is well advanced.

The general opinion is that the area under linseed will show a substantial increase, largely at the expense of the wheat acreage. Some of last year's wheat lands are also expected to be switched to maize. The delay in wheat seeding caused by the drought which preceded the recent rains, together with the comparative price levels now prevailing and in prospect, are the reasons for this anticipated change to other crops.

The monthly report of the Ministry of Agriculture on conditions in the cereal growing zones, which made its appearance this morning, says in part:

The weather during June was very beneficial for the crops. In some zones the excessive humidity and the mild temperatures caused a tendency for the wheat to run to excessive leafage, but at the moment, since the drop in temperature, its condition may be considered very good. The condition of the linseed crop also is from good to very good.

Seeding: Wheat seeding has been completed in Santa Fe, the centre and south of Cordoba, and the north of Buenos Aires. It is proceeding rapidly and under good conditions in the other zones, with the exception of Entre Rios and the south-east of Buenos Aires, where the recent rains have temporarily stopped it, and in San Luis where the prevailing drought has caused interruptions.

Planting of linseed is at its height in the north and centre of Santa Fe, the centre and east of Cordoba; and is proceeding in the other zones of these provinces. In Entre Rios it has been interrupted by the recent rains. In the remaining producing regions it has started well.

Generally it may be said that there will be a smaller area planted with wheat and a relative increase in the linseed acreage.

Crop Conditions: Wheat fields are in excellent shape as a consequence of the favourable climatic conditions prevailing in the second half of June. The colder weather of the last two weeks is preventing the excessive development of leafage which threatened in the northern districts. In the south of Entre Rios the last rains benefited the crops, which were somewhat backward and uneven. In San Luis abundant rains are needed in order to normalize the situation created by dry weather. As a consequence of the climatic conditions damage from the green fly has continued, especially in north-west Cordoba, central Santa Fe, western Entre Rios and some parts of Buenos Aires.

Linseed: The condition of the fields is from good to very good throughout the regions where the planting of this crop has been effected.

Feed Grains: The state of the oats, barley and rye fields is generally from good to very good. Those in the Pampa have re-acted well, but not so those of San Luis, where lack of rains has made the condition inferior. In parts of eastern Buenos Aires, central and northern Santa Fe, north-eastern Cordoba and western Entre Rios, green fly has caused damage of relative importance.

The Maize Crop: Picking of maize is practically completed, although it is still proceeding slowly in the northern provinces, where the frequent rains in the last days of June made the work difficult. Shelling, well advanced in the northern parts of the maize zone, was interrupted by the rains, being completed under unfavourable conditions. Nevertheless, it is calculated that already70 per cent of the crop has been shelled, as the weather was favourable during the first part of the work, and the high prices stimulated a premature start with the picking. The last out-turns have not modified the opinion expressed in former reports that on the whole the volume of the present maize crop may be considered only fair, but the quality of the grain is good.

Pastures: The condition of the alfalfa fields and pastures, which was from fair to poor when the last report was made, has improved noticeably due to the rains and damp weather prevailing during the month of June, and is now from good to very good, except in the south-west of San Luis, where the pasturage is poor, and the south-west of Buenos Aires, south-west of Cordoba, the Pampa and Andean provinces, where it is fair.

Supplies and Markets

Wheat: During the month of June exports of wheat, including flour, totalled 23,683,000 bushels, composed of 23,434,000 bushels of wheat and 249,000 of wheat flour. This total compares with 16,674,000 bushels in May. The supply situation is now as shown in the following table:

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 available for export		245,289,000 "
Shipments) Wheat	86,105,000 bushels	
to June 30) Wheat as flour	502,000 "	86,607,000 "
Balance still available		158,682,000 "

The comparative inactivity which has prevailed in the local wheat market in recent weeks was again noticeable during most of June, and although leading members of the grain trade are of the opinion that Argentina has reason to be satisfied with the share of the export trade she has obtained in view of prevailing world conditions, nevertheless a certain degree of pessimism is noticeable.

As shown on the preceding page there is still 158,682,000 bushels of wheat on hand. Of this perhaps 20,000,000 bushels have been sold but not yet shipped, leaving approximately 138,682,000 bushels for which purchases have still to be found. It seems inevitable that stocks here will still be heavy when the next crop begins to move.

Reports received here that prospects for the Canadian and United States spring wheat crops have greatly improved constituted another depressing factor, possibly adding to the disinclination of the principal importing countries to make further purchases at the present time.

So far as the official Board is concerned, no information as to its operations is given to the public. But it is believed that its purchases now amount to around 257,000,000 bushels of wheat, of which, as shown on the preceding page, 86,607,000 bushels have been sold and shipped. It is understood that additional sales could have been made had the Board been willing to accept substantially lower prices, which it declined to do. The current official selling price is 5.27 1/2 paper pesos per 100 kilos, equal to 45 cents Canadian per bushel, in the port of Buenos Aires, with 10 centavos per quintal less for grain at Rosario or Bahia Blanca.

The wheat has cost the Board 7 pesos per quintal, or say 59 3/4 cents Canadian per bushel, so that a very heavy loss is in prospect unless a radical change in conditions is brought about. The loss, it may be repeated, will come out of the profits of the government's exchange control system.

At the close of the month on the Grain Futures Market the September option was quoted at 7.07 pesos per quintal, equivalent to 60 1/4 cents Canadian per bushel at current official exchange rates.

Linseed.- June exports totalled 3,360,000 bushels, a slight drop from the May total of 3,575,000 bushels. The current supply situation is now as shown hereunder:

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 suplus	49,506,000	"
Shipments to June 30	31,467,000	"
Balance still available	18,039,000	"

The statistical position of linseed is regarded as being very strong, and at the end of the first week of the month of June prices reached the highest point for over a year, almost touching 16 pesos per quintal. This tempted local speculators to sell their holdings, with the result that prices eased off a little.

Reports of good prospects for the new crop, with a probable substantial increase in area planted, had a mildly depressing tendency. However, very little seed is being offered on the market, holders being convinced that increased building activity in the northern part of the Continent and in some European countries will maintain the good demand for linseed oil and possibly bring an increase in price levels.

There is a very firm tone in the market, and although the new crop is not yet more than half planted, trading is already reported in seed for February delivery at about 1.50 below current quotations, which are: For Spot seed 14.80 pesos per 100 kilos, equal at prevailing official rates to 117 1/4 cents United States per bushel; and for October delivery 15.16 per quintal, or say 120 cents per bushel. These prices compare with Duluth July seed 162 cents.

Maize.- June exports of maize rose to 20,256,000 bushels from the May figure of 18,195,000 bushels.

The second official estimate of the volume of the crop reduces the previous figure by 9,842,000 bushels, and on the new basis the supply position is as shown below:

Second official estimate 1938-39 crop	202,746,000	bushels.
Carry-over from 1937-38 crop	9,921,000	"
Total supplies	212,667,000	"
Deduct for seed and domestic needs	61,021,000	"
Surplus available for export	151,646,000	"
Shipments April 1, 1939 to June 30, 1939	47,701,000	"
Balance still available	103,945,000	"

The announcement of the reduction in the official calculation of the crop caused a sharp increase in prices in a market which had previously been distinctly quiet. However, buyers overseas, with supplies of South African corn available and good reports as to the United States crop, were disinclined to follow the Argentine market, and prices eased off again, but without going down to former levels.

Producers are not pressing sales, and speculators appear satisfied to hold for the present, so that there is a quite firm tone in the market with trading on a moderate basis.

The rains and fogs of June slowed up deliveries, but at this time of writing the weather is colder. and the atmosphere much drier, and the grain which was gathered under good conditions should soon be again fit for shipment.

At the close of the month Spot maize was selling at 6.28 pesos per 100 kilos, or say 49 3/4 cents United States per bushel; and for October delivery 6.38, or 50 1/2 cents per bushel; which prices compare with the Chicago close of 48 7/8 cents for September delivery.

Oats.- June shipments were 1,323,000 bushels as against 1,188,000 bushels in the previous month, which leaves the supply position as shown below:

Third official estimate 1938-39 crop	47,335,000	bushels
Required for seed and domestic use	22,695,000	"
Available for export	24,640,000	"
Shipments to June 30	10,714,000	"
Balance still available	13,926,000	"

Throughout the month the market for oats was very quiet, and prices declined a little. There is little demand from overseas at the present time. Argentine oats cannot compete with those from Canada in the British market, and Continental countries are buying only small quantities. In the domestic market the improvement in the pastures following the rains and milder weather has reduced the demand for feed grains.

At the close of the month White oats of export quality were selling at 4.25 pesos per 100 kilos, and yellow oats at 4.15.

An occasional parcel of superior oats sold in the domestic market for 5.50.

The above prices compare with 4.40, 4.30 and 4.90 at the end of May.

Barley.- Exports of barley in June were 335,000 bushels, a small decline from the May shipments of 972,000 bushels. The statistical position is now:

Third official estimate of 1938-39 crop	20,209,000	bushels
Less seed and domestic requirements	11,023,000	"
Exportable balance	9,186,000	"
Shipments to June 30	8,221,000	"
Balance still on hand	965,000	"

There was a dull market. Apart from small sales to Germany and other Continental countries, very little business was transacted. Barley from Eastern Asia is being offered at prices with which the Argentine grain cannot compete. But as shown on page four the remaining stocks of barley are light, and there is no pressure to sell.

At the close of the month barley suitable for malting was purchaseable at 5.60 pesos per quintal, and feed grades at 5.45, as compared with 5.65 and 5.50 respectively at the end of May.

Rye.- Shipments of rye in June were substantially higher than those of May, 863,000 bushels moving out as compared with 502,000 bushels. But there are still ample stocks to draw from as will be seen from the following statement:

Third official estimate 1938-39 crop	10,826,000	bushels
Deduct for seed and domestic requirements	3,740,000	"
Balance available for export	7,086,000	"
Shipments to June 30	2,763,000	"
Still available	4,323,000	"

A few sales were made, practically all for Continental destinations. The tone of the market was calm, and prices receded a little in sympathy with other grains, the closing for the month being around 4.70 pesos per quintal, as compared with 4.90 at the end of May.

1938 Grain Exports

Details of the principal Argentine grain exports during the year 1938, with the final destinations, as recently supplied by the Director General of Statistics of the Republic follow:

Destinations	Wheat	Wheat Flour
	bushels	
United Kingdom	10,419,600	809,800
British African Possessions	40,000	900
British European Possessions	95,500	-
Austria	687,300	-
Belgium	5,137,400	54,700
Bolivia	1,097,900	275,800
Brazil	36,860,500	805,000
Canada	-	100
Chile	534,700	146,200
Czechoslovakia	18,400	-
Denmark	998,500	100
Ecuador	-	300
Estonia	-	-
Finland	52,400	3,700
France	250,900	78,900
French African Possessions	-	2,300
Germany	4,743,500	900
Greece	406,900	5,800
Holland	3,483,100	118,400
Hungary	-	200
Italy	461,100	118,000
Japan	40,200	100
Latvia	312,900	-
Norway	70,600	900
Panama	-	300
Paraguay	343,100	631,300
Peru	4,268,300	3,300
Poland	-	3,600
Portugal	547,500	1,000
Portuguese African Possessions	7,300	-
Rumania	-	100
Spain	-	100
Sweden	-	1,500
Switzerland	210,900	-
Union of South Africa	195,400	-
United States of America	-	23,000
Uruguay	10,800	800
Venezuela	-	-
Yugoslavia	-	700
Totals	71,294,700	3,087,800

Destinations	Oats	Barley
United Kingdom	156,900 bushels	744,700 bushels
British African Possessions	300	-
Austria	1,376,900	249,600
Belgium	8,209,600	1,366,500
Bolivia	17,900	100
Brazil	63,900	2,100
Columbia	700	-
Chile	100	-
Denmark	1,566,500	575,300
Estonia	97,200	13,800
Finland	123,900	-
France	183,300	-
Germany	3,860,700	4,391,200
Holland	7,385,500	2,257,500
Italy	263,800	53,300
Italian African Possessions	476,300	-
Norway	97,700	-
Paraguay	7,700	1,200
Portugal	1,900	-
Sweden	583,500	46,600
Switzerland	84,600	5,800
Uruguay	197,200	-
United States of America	200	-
Venezuela	-	-
Yugoslavia	-	-
Totals	24,756,300	9,707,700

	Maize
United Kingdom	32,449,400 bushels
British African Possessions	300
British possessions in Central America	77,200
Austria	1,751,200
Belgium	18,862,400
Bolivia	10,900
Brazil	200
Canada	100
Chile	19,700
Denmark	1,830,800
Finland	1,321,100
France	513,100
Germany	19,361,100
Greece	-
Holland	11,506,400
Irish Free State	6,708,800
Italy	2,835,400
Japan	684,400
Mexico	900
Norway	3,112,200
Paraguay	13,000
Spanish African Possessions	445,100
Sweden	2,245,100
Switzerland	195,500
United States of America	58,900
Uruguay	9,600
Yugoslavia	3,900
Totals	104,016,700

Official Grading of Argentine Wheat.

The wheat producers of Argentina have long aspired to change the present system of marketing their wheat on an "f.a.q." basis to an official grading system similar to that which has proved so successful in Canada. But the lack of control of the Argentine grain marketing, the lack of public storage, and other factors, have until recently been unsurmountable obstacles in the way of any attempt at bringing about the reform.

With the creation of the National Grain & Elevator Board in 1935 the first step was taken to make possible an official grading system; and by the devising of zones of production, based on the soil and climatic conditions reigning in different parts of the principal cereal growing regions; the classifying of the wheat produced in each zone according to type and comparative quality; and the selection of the best varieties of wheat for the improvement of the typical grain in each zone, the Board has done a great deal of useful work towards the definite establishment of such a system.

After three or four years of experimenting with the proposed classification, the Board is now making tests of it in actual practice, and during this current season has taken over a terminal elevator in the port of Rosario, and five elevators at country points, dedicating them solely to the handling of officially graded wheat.

Grain consigned to these elevators by producers, individually or through their rural cooperatives, or by grain merchants, is carefully graded, and is purchased by the board on the basis of the official grade, the owner being paid for it at the following rates, which are based on the official minimum price of 7 pesos per 100 kilos. The wheat is from the Rosafe zone.

Hard wheat,	superior grade,	7.09 pesos
	No. 1 S.	7.07
	No. 2 S.	6.98
	No. 3 S.	6.85
	No. 4 S.	6.60
Semi-Hard,	superior	6.99
	No. 1 S.	6.97
	No. 2 S.	6.88
	No. 3 S.	6.75
	No. 4 S.	6.50

Although the work has been delayed from time to time by the congestion which has prevailed this season because of the size of the crop, the limited storage accommodation and the slow movement of the grain out of the elevators, approximately 3,674,000 bushels of wheat have been handled under the new plan, of which 2,638,000 bushels were graded in Rosario, and the balance in the five country elevators. A second 3,674,000 bushels is now to be accepted.

There is of course no market for the graded wheat as such. It is to be sent to Liverpool, placed in storage there, and sold on sample. A first consignment of 73,000 bushels of the Superior and No. 1 Hard Rosafe is being shipped for the double purpose of trying out the market and advertising the quality of the grain, the office which the National Grain & Elevator Board maintains in London being charged with the necessary propaganda work amongst the British millers.

It is interesting to note that of the grain which passed through the Rosario terminal 56% was sent by cooperatives, and probably the whole of that handled by the country elevators belonged to cooperatives or their members.