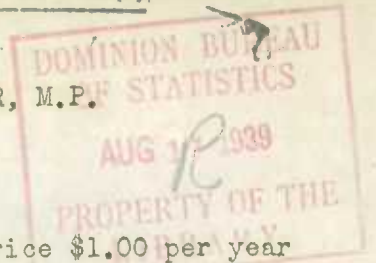


27-D-01A

Published by the Authority of the HON. W. D. EULER, M.P.
Minister of Trade and Commerce

DOMINION BUREAU OF STATISTICS - CANADA
AGRICULTURAL BRANCH

Price \$1.00 per year



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THE GRAIN SITUATION IN ARGENTINA

Ottawa, August 16, 1939:- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of August 3 1939, dealing with the grain situation in Argentina.

Crop Conditions

Weather conditions during July were very favourable for the growth of the crops, although in the northern regions the mild and humid atmosphere caused the plants to run too much to excessive leafage in the early part of the month; but colder weather with some frosts later corrected this tendency. At the present moment the condition of the wheat crop is officially described as from good to very good, according to the monthly report of the Ministry of Agriculture, and the same is true of the linseed crop.

Details of the official report, which made its appearance yesterday, are briefly as given below:

The Wheat Crop: Wheat seeding has been finished in Santa Fe, Cordoba, Entre Rios and the north of Buenos Aires, and is proceeding under excellent conditions in the remainder of the last-named province. The favourable conditions for the growing crop mentioned in the last report were accentuated during July, and especially in the last half of the month, when the colder weather and frosts encouraged better rooting and stooling, correcting the tendency to excessive leafage. In the southern portion of San Luis and Cordoba the persistent lack of rains has held back the crop. The green fly damage in Santa Fe and Entre Rios has diminished because of unfavourable climatic factors.

The Linseed Crop: Planting of linseed has practically terminated in Santa Fe, and it is proceeding under good conditions elsewhere. Thanks to the favourable weather, the condition of the crop is very good where it has already germinated. In Cordoba some late fields have been affected by frosts, but it is expected that the last rains will improve them.

Maize: The excessive humidity in the first half of July made shelling difficult. In Santa Fe and Entre Rios ploughing for the new maize crop is proceeding under good conditions, but in the west and north-west of Cordoba lack of moisture has slowed up the work.

Gathering of the old crop has been finished in the principal maize zone, and shelling is well advanced. It is estimated that 85 per cent of the grain has now been shelled.

Barley: The fields of malting barley which have germinated are in good shape, and further seeding is proceeding actively. An appreciable increase in the area is assured in western Buenos Aires and the Pampa, where barley is being planted on lands which had been destined for wheat.

Supplies and Markets

Wheat: Exports during July consisted of 12,192,000 bushels of wheat and 49,000 bushels of flour in terms of wheat, a total of 12,241,000 bushels, which compares with 23,683,000 bushels in the preceding month.

The supply position at the close of July is left as indicated below:

Third official estimate 1938-39 crop.....	536,199,000 bushels
Carry-over from 1937-38 crop.....	8,296,000 bushels
Total supplies.....	344,495,000 bushels
Deduct for seed and domestic consumption..	99,206,000 bushels
Surplus available for export.....	245,289,000 bushels
Shipments) wheat.....	98,297,000 bushels
to July 31) wheat as flour	551,000 bushels
Balance still available.....	146,441,000 bushels

The very serious drop in the volume of the shipments of wheat during July as compared with the preceding month will be noted from the above figures. The inactivity in shipping was about on a par with that prevailing in the markets during the dullest period for some months.

Practically all the available Argentine wheat of export quality has passed into the hands of the official Board, whose total purchases are estimated to be at least 275,500,000 bushels. Less than half this huge quantity is supposed to have been sold, and importing countries are displaying practically no interest in making purchases at the present time, although the Board is willing to sell at prices 10 per cent below those of a month ago.

Indoor storage throughout the country is fully occupied, and large quantities of wheat are bagged and stacked in piles at the railway stations, held off the ground by plank platforms a few inches high, with canvas stack covers their sole protection from rain. As a temporary measure this form of storage is not too bad, but serious losses occur if it is prolonged. Rain soaking through the exposed ends of the sacks spoils the contents, and rats and other pests make serious inroads in the interior of the piles. None of the much talked of national system of elevators are anywhere nearly ready for use, and most of them are not even started. The problem of the Grain Board is therefore one which is not easy of solution.

At the close of the month the Grain Board's price for wheat lying in Buenos Aires was $4.77\frac{1}{2}$ pesos per quintal, as compared with $5.27\frac{1}{2}$ pesos at the end of June. For Rosario grain $4.67\frac{1}{2}$ pesos was quoted, and for wheat at Bahia Blanca $5.47\frac{1}{2}$ per quintal.

In the domestic trade there was little activity on the part of the millers, but some purchases were made by them at 6.30 in Buenos Aires, or say 30 centavos less than a month ago.

The official minimum price to the producers remains unchanged at 7. pesos per 100 kilos, or say $59\frac{1}{2}$ cents per bushel at the official rate of exchange.

Linseed.- July exports were 4,343,000 bushels which compares with 3,360,000 bushels in the previous month, and leaves the supply position as follows:

Third official estimate 1938-39 crop	55,509,000 bushels
Carry-over from 1937-38 crop	1,871,000 bushels
Total supplies	<u>57,380,000 bushels</u>
Deduct for seed and domestic requirements	7,874,000 bushels
Surplus for export	<u>49,506,000 bushels</u>
Shipments to July 31	35,811,000 bushels
Balance still available	<u>13,695,000 bushels</u>

In spite of the very satisfactory statistical position in regard to linseed, the market weakened during the month in sympathy with wheat and other grains. The low prices induced some buying by European crushers, but the resultant reaction discouraged this and interest died down again. Stocks on hand are not heavy, and there is no pressure to sell.

The new crop is reported to be in very good shape, with some increase in acreage, and planting still going on although nearing its close. But the harvest is too far off for the new crop to be a market factor as yet. Nevertheless, some trading for February delivery is being done at around 12.50 pesos per quintal.

Spot seed closed the month at 14.10 pesos, equal to $111\frac{3}{4}$ cents per bushel at current official exchange rates; and 14.22 pesos for September delivery, or say $112\frac{5}{8}$ cents per bushel. In Duluth on the same day September seed closed at 153 cents.

Maize.- Shipments of maize in July totalled 16,429,000 bushels, nearly 4,000,000 bushels below those of June which amounted to 20,256,000 bushels; but stocks are not unduly large for the period of the year, as will be seen from the following statement of the supply position:

Second official estimate 1938-39 crop	202,746,000 bushels
Carry-over from 1937-38 crop	9,921,000 bushels
Total	<u>212,667,000 bushels</u>
Deduct for seed and domestic needs	61,021,000 bushels
Surplus available for export	<u>151,641,000 bushels</u>
Shipments April 1 to July 31, 1939	64,129,000 bushels
Balance still available	<u>87,517,000 bushels</u>

The market shared in the general dullness. The tone was heavy, with sales difficult to make. Exports dropped, as noted above, and a substantial part of the shipments were put afloat unsold in order to fill boats which had been intended for wheat. This did not help prices, which were further depressed by liquidations of local speculators.

The export sales made were principally to Germany and Italy.

The month closed with Spot maize selling at 5.80 pesos per 100 kilos, or say 46 cents United States per bushel; and the September delivery at 5.85, or 46 3/8 cents per bushel; which prices compare with the Chicago close of 42 3/4 cents for September corn.

Oats.- Shipments during July were 1,288,000 bushels as against 1,323,000 bushels in the preceding month. This leaves the supply position as below:

Third official estimate 1938-39 crop	47,335,000 bushels
Required for seed and domestic use	22,695,000 bushels
Available for export	<u>24,646,000 bushels</u>
Shipments to July 31	12,002,000 bushels
Balance still on hand	<u>12,638,000 bushels</u>

With half the exportable surplus already gone and prices at a very low level, neither farmers nor dealers are disposed to press offers of oats at the present time. On the other hand, shipping houses are not in a position to offer higher prices than those presently prevailing; so that market conditions are distinctly unfavourable, and very little business resulted during the month.

Superior oats in the local market closed the month at 4.80 pesos per 100 kilos. For the export trade White oats were quoted at 4.00 pesos and Yellow at 3.90, as compared with 4.25 and 4.15 at the end of June.

Barley.- July exports were 559,000 bushels which compares with 835,000 bushels in June. The statistical position is now as appears hereunder:

Third official estimate 1938-39 crop	20,209,000 bushels
Less seed and domestic requirements	11,023,000 bushels
Surplus for export	<u>9,186,000 bushels</u>
Shipments to July 31	8,780,000 bushels
Balance still available	<u>406,000 bushels</u>

Very little business was done during the month. With the small stocks on hand there was no anxiety to sell, and there was only little demand in evidence, although two shipping houses made some small purchases. Prices declined somewhat, Malting barley for export selling at 5.30 pesos as against 5.60 and Feed quality 5.15 as compared with 5.45. For the local market some Malting barley sold at 5.50 per quintal.

Rye.- Shipments in July were 714,000 bushels, a slight drop from those of June which were 863,000 bushels. Approximately half the available balance for export has now moved out, as is shown in the following statement:

Third official estimate 1938-39 crop	10,826,000 bushels
Seed and domestic requirements	3,740,000 bushels
Exportable surplus	<u>7,086,000 bushels</u>
Shipped up to July 31	3,477,000 bushels
Balance still on hand	<u>3,609,000 bushels</u>

Interest in this grain has declined in the domestic market, and for the export trade the tone was weak. The work of buyers was therefore easy and prices receded a trifle. Spot rye of export quality closing the month at 4.50 pesos as against 4.70 at the end of June.

Linseed Exports in 1938

Below are reproduced the official final distribution figures of the 1938 exports of linseed, as furnished by the National Statistical Bureau:

<u>Country</u>	<u>Bushels</u>
United Kingdom	1,396,000
British Central America	1,200
Australia	216,000
Austria	400
Belgium	4,727,000
Brazil	535,600
Canada	1,089,000
Chile	36,900
China	600
Czechoslovakia	685,000
Denmark	756,700
Finland	244,000
France	5,820,000
Germany	2,512,000
Holland	13,541,000
Hungary	117,700
Italy	1,854,000
New Zealand	400
Norway	667,960
Paraguay	300
Portugal	211,800
Portuguese Africa	3,900
South African Union	6,000
Sweden	1,702,000
Switzerland	13,000
United States	13,328,000
Uruguay	40
Yugoslavia	340,500
Totals	<u>49,807,000</u>

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