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# THE GRAIN SITUATION IN ARGENTINA

Ottawa, February 20, 1940.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of February 7, 1940, dealing with the grain situation in Argentina.

## Maize Area

The first official estimate of the area planted to maize for the season 1939-40 has been published by the Ministry of Agriculture, indicating 7,200,000 hectareas, or say 17,791,200 acres.

Comparing this area with that of last season, which was 5,300,000 hectareas, or 13,096,300 acres, there is an increase of 35.8 p.c. and in comparison with the five year average (1934-38), which is 6,524,394 hectareas or 16,121,778 acres, the increase is 10.4 p.c.

There has been some loss of area due to lack of moisture, and the second calculation of the seeded area, when published, will indicate the extent of this.

The official memorandum ascribes the greatly increased area principally to the ease with which work on the land was able to be carried out at the appropriate season as a consequence of the abundant rains which fell at the end of winter and during the spring. The attractive quotations for maize also provided a stimulus.

On the basis of the official estimate, long range forecasters are talking of a possible 10 million ton crop (393,682,000 bushels); but more conservative members of the grain trade think 8 millions (314,946,000 bushels) is more probable.

It is believed that about a fifth of the maize planted is of late varieties, sown by farmers on lands on which the wheat crop had proved a failure.

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## Crop Conditions

After a period of unseasonably cool weather in the month of December, the first half of January proved extremely hot. The second half was more moderate, with well-timed rains which greatly helped the maize crop in the northern districts, but in other zones precipitation was deferred until the end of the month, and probably the moisture arrived too late to prevent deterioration there.

Great progress was made with the work of harvesting during the period of dry weather.

The official report on crop conditions made its appearance on February 1, and the principal features are reproduced below.

Maize: The maize fields in the provinces of Cordoba, San Luis and Entre Rios, and also those of the central and southern parts of Santa Fe, were benefited by the rains which fell in January. In the province of Buenos Aires the great heat and relative lack of rain were bad for the crop, but the precipitation during recent days cannot fail to restore the condition of the plants to normal, except in those fields which were much damaged by the frosts of December 5, and may be looked upon as definitely lost, having been given over to pasturage.

Work on the land for the planting of cuarenteno varieties is proceeding under very favourable conditions in Entre Rios and in northern Santa Fe and Cordoba.

Wheat: During the month of January the work of harvesting this grain was pressed forward in the south of Buenos Aires. Generally good yields were obtained in the zone adjacent to Necochea and Mar del Plata; but in the district adjacent to Bahia Blanca they were mediocre. In the southern Pampa yields were equally low; but in the northern Pampa yields are good. The quality is very good in the northern Pampa; fair to good in the Necochea and Mar del Plata districts; and poor in the southern Pampa and the Bahia Blanca districts.

In the northern parts of the cereal zone the last threshings confirm the poor outturn of the crop in Santa Fe, Entre Rios and Cordoba. In the northern part of Buenos Aires it is fair.

In all this part of the cereal region the wheat is of very light weight.

Linseed: In the northern zone of Buenos Aires and the south of Santa Fe threshing of this seed has been completed, the yields and quality being fair. In the northern part of Santa Fe, the south of Entre Rios, and in Cordoba the yields and quality are poor. In the north of Entre Rios they are fair.

In the south-east of Buenos Aires the yields and quality are from fair to good; but it is otherwise in the south-west, where they are so poor that some fields have had to be abandoned without cutting, though this latter zone is of little importance in the production of linseed.

Oats: Threshing of oats is virtually completed. Good yields were obtained in the southern zone of Buenos Aires. The quality is good in the south-east of that province; but in the greater part of the south-west the grain is discoloured.

Barley and Rye: The yields and the quality of the malting barley and rye which have been harvested may be considered generally good, but those of the feed barley are scarcely fair.

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## Supplies and Markets

Wheat: January exports were 12,901,000 bushels of wheat and 68,000 bushels of flour in terms of wheat, a combined total of 12,969,000 bushels. This compares with 16,496,000 bushels in the month of December. The statistical position is as follows:

| | | | |
|---|---|---|---|
| First official estimate 1939-40 crop .................. | | 146,972,000 | bushels |
| Carry-over from 1938-39 crop .......................... | | 68,566,000 | " |
| Total supplies ...................................... | | 215,538,000 | " |
| Deduct for seed and domestic needs .................... | | 101,044,000 | " |
| Surplus for export ................................. | | 114,494,000 | " |
| Shipments during January: | | | |
| Wheat .......... | 12,901,000 bushels | | |
| Wheat as flour .. | 68,000 " | 12,969,000 | " |
| Balance still available ............................ | | 101,525,000 | " |

In the local wheat market there was not much activity during January although during the second week some stimulus was given by the local millers who resumed their buying in the open market.

Not much Argentine wheat has been sold to Great Britain since early in November. Nor have neutral European countries purchased much.

Although it is outside the range of ordinary commercial transactions, mention must be made of the sale of 1,837,000 bushels of Argentine wheat to Finland, with the time and method of payment to be arranged later to suit the convenience of Finland.

It is understood that there are still in the hands of the official Grain Board available for sale, from 900,000 to a million tons (33,069,000 to 36,743,000 bushels) of old crop wheat, mostly from the Rosafe zone. The Board has substantially reduced its selling price; nevertheless buyers have not yet been attracted.

The comparatively small surplus of wheat which this country has available for sale abroad this year is causing no worry. Prices are relatively low. A good deal will be absorbed by Brazil and neighbouring countries, and European millers who are accustomed to use a percentage of Argentine wheat in their mixes can be relied upon to purchase the remainder if transportation is available.

The second official calculation of the volume of the crop, which will be based upon threshing returns from all over the country, is being awaited with interest. It is expected that it will be published about February 16.

Meanwhile, in spite of bearish news from other producing countries, there is no pressure to sell on the part of the Argentine farmers, and prices have only suffered a drop of 9 per cent since the commencement of the year.

Spot wheat closed the month at 7.45 per 100 kilos, equal to 60½ cents United States per bushel at official exchange rates; and the April option (the most distant month quoted at present) 7.63 pesos per quintal (61 7/8 cents per bushel). In contrast, May wheat in Winnipeg closed the month at 84½ cents per bushel.

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Linseed: January exports totalled 6,245,000 bushels, a substantial increase over those of December, which were 1,909,000 bushels. New crop seed formed part of the shipments. The statistical position is now as shown below:

| | | |
|---|---|---|
| First official estimate of new crop .................. | 49,210,000 | bushels |
| Shipments prior to January 1 ......................... | 197,000 | " |
| Supplies as at January 1, 1940 ................... | 49,013,000 | " |
| Deduct for seed and domestic needs .................. | 7,874,000 | " |
| Surplus available for export ...................... | 41,139,000 | " |
| Shipments during January ........................... | 6,245,000 | " |
| Balance still available ........................... | 34,894,000 | " |

There was a fair demand from consuming countries in evidence during the month. United States buyers showed considerable interest, in spite of their own very good crop, and about a third of the January shipments were destined for the United States.

Local crushers are said to be doing a substantial business in linseed oil, which they are shipping all over the world. Hence there may be an increase in domestic consumption over the figure shown above.

The vicissitudes of the Argentine crop during the growing and maturing stages led to a good deal of speculation, the aftermath of which is still influencing the market, giving it a nervous tendency. But with good crops in other exporting countries and the disinclination of consumers to pay high prices, the situation will be gradually ironed out.

During the month prices suffered a 50 c. drop, Spot seed closing at 16.37 pesos per 100 kilos; and the April option, the most distant quoted, 16.44 pesos per 100 kilos; these prices being equivalent to 123¾ and 124¼ cents United States per bushel at current official exchange rates.

In Duluth at the same time May seed closed at 197 cents.

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Maize: Shipments of maize during January were 6,838,000 bushels, a figure very close to that of December, viz: 6,894,000 bushels. The supply position is as shown hereunder:

| | | |
|---|---|---|
| Third official estimate 1938-39 crop ................ | 191,487,000 | bushels |
| Deduct for probable over-estimate ................... | 7,874,000 | " |
| Revised crop total ............................... | 183,613,000 | " |
| Carry-over from 1937-38 crop ........................ | 9,922,000 | " |
| Total supplies ................................... | 193,535,000 | " |
| Deduct for seed and domestic requirements ............ | 61,021,000 | " |
| Surplus available for export ..................... | 132,514,000 | " |
| Shipments April 1, 1939 to January 31, 1940 .......... | 115,783,000 | " |
| Balance still available ........................... | 16,731,000 | " |

The market during the month was very slow. The moderate stocks shown in the above statement are probably somewhat in excess of the actual figures. But unfortunately the quality is not very good, and after many months of storage the grain is hardly in condition to stand the long voyage through the tropics to European consuming markets. Hence shippers are somewhat chary about taking the risk.

An unusually heavy crop is possible, not to say probable as yet; and its influence is already being felt on the market, so that prices suffered a heavy decline. Should the present excellent crop prospects materialize, a surplus may result which will be in excess of world requirements, and adequate tonnage for its transport may be difficult to obtain.

The month closed with Spot maize of the old crop selling at 5.45 pesos per 100 kilos, equal to 41¼ cents United States per bushel, and the May option 4.89, or say 38 cents per bushel. In the Chicago market at the same time May corn closed at 55¾ cents.

There was some fairly active trading in new crop maize, on the strength of the new crop prospects. At the month's end the ruling price was 4.70 pesos per 100 kilos.

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Oats: Exports of oats in January were 2,722,000 bushels, which compares with the December shipments of 3,990,000 bushels, and leaves the supply position as shown below:

| | | |
|---|---|---|
| First official estimate | 58,358,000 | bushels |
| Carry-over from 1938-39 crop | 1,105,000 | " |
| Total supplies | 59,463,000 | " |
| Deduct for seed and domestic consumption | 29,827,000 | " |
| Surplus available for export | 29,636,000 | " |
| Shipments during January | 2,722,000 | " |
| Balance still available | 26,914,000 | " |

There is a good local demand for oats for feeding purposes, and buyers for the domestic market are paying higher prices than shippers are able or willing to pay.

Moderate sales were made to Holland, Switzerland and Italy early in the month, after which the export demand faded away.

Spot white oats for the export market closed the month at 5.20, which is a drop of around 15 centavos during the month.

Superior white oats for the domestic market closed at 5.80 pesos per 100 kilos.

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Barley: January barley shipments were 2,572,000 bushels, which compares with 1,086,000 bushels in December.

The supply position is now as set out hereunder:

| | | |
|---|---|---|
| First official estimate | 34,448,000 | bushels |
| Disappearance prior to January 1 | 500,000 | " |
| Supplies on January 1, 1940 | 33,948,000 | " |
| Seed and domestic requirements | 16,076,000 | " |
| Exportable balance | 17,872,000 | " |
| Shipments during January | 2,572,000 | " |
| Balance still available | 15,300,000 | " |

The market was comparatively quiet. The demand, which had been very active in December, gradually faded away, with prices weakening correspondingly.

Holland was the principal buyer, with Belgium in second place.

There was no great pressure to sell, as an improvement in prices is looked for in the not distant future should Russia and Poland continue to stay out of the market as at present.

Local brewers are not actively buying. There is a good crop of high grade barley in the country, and they evidently are in no hurry to cover their heavy requirements.

At the close of the month Malting barley of export quality was quoted at 5.70 pesos per 100 kilos, and Feed barley 5.50, as compared with 7. pesos and 6.85 respectively a month ago.

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Rye: Shipments of rye during the month were 1,670,000 bushels, a substantial advance over the December exports of 1,168,000 bushels. The supply position is as follows:

| | | |
|---|---|---|
| First official estimate 1939-40 crop ................ | 14,173,000 | bushels |
| Deduct for seed and domestic requirements ........... | 2,362,000 | " |
| Balance available for export ..................... | 11,811,000 | " |
| Disappearance prior to January 1 ..................... | 104,000 | " |
| Surplus as at January 1, 1940 ................... | 11,707,000 | " |
| January shipments ..................................... | 1,670,000 | " |
| Balance still available ......................... | 10,037,000 | " |

Belgium and the Scandinavian countries, which are the principal European buyers, after making moderate purchases in December, dropped out of the market, from a disinclination to pay the prices asked, and as producers here did not care to meet their views on prices, little business was possible.

The month closed with rye of export quality quoted at 6.05 pesos per quintal, as against 6.90 at the end of December.

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