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THE GRAIN SITUATION IN ARGENTINA

Ottawa, November 16, 1940.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of November 4, 1940, dealing with the grain situation in Argentina.

Seeded Areas - Second Official Estimate

The second official computation of the areas which have been planted with the principal field crops, excluding maize, for the season 1940-41, given out a few days ago, shows little variation from the first figures, as will be seen from the following details:

	<u>Second estimate</u>		<u>First estimate</u>	
	<u>hectareas</u>	<u>acres</u>	<u>hectareas</u>	<u>acres</u>
Wheat	6,990,000	or 17,272,300	6,900,000	or 17,049,900
Linseed	2,750,000	6,795,200	2,700,000	6,671,700
Oats	1,525,000	3,768,300	1,500,000	3,706,500
Barley	860,000	2,125,100	832,000	2,055,900
Rye	1,100,000	2,718,100	1,100,000	2,718,100
Totals	13,225,000	32,679,000	13,052,000	32,202,100

As the comparable figures for previous seasons were given in the report of last month, it is perhaps unnecessary to repeat them here. But it may be mentioned that as compared with the areas of last season there is a decrease of 2 per cent in the total of the five crops; and that in the case of wheat there is a drop of 3.2 per cent, and one of 10.6 per cent in linseed; while the area under oats has increased 9.3 per cent; barley 0.2 per cent and rye 18.4 per cent.

Third Official Estimate of Maize Crop

The third, and final, official estimate of the volume of the 1939-40 maize crop, which has now been made public by the Ministry of Agriculture, calculates the total as 408,445,000 bushels. This represents a reduction of 10,433,000 bushels from the second computation.

According to the memorandum of the Ministry which accompanies the estimate, the area planted with maize was 17,791,000 acres of which 14,072,000 acres were harvested, with a yield of 29 bushels per acre.

The copious rains which fell after the publication of the second forecast, especially in the months of July and August, caused a loss of 10,433,000 bushels or 2.5 per cent.

Because of the unusually long period during which the corn is being held in cribs unshelled this season, it is anticipated that the volume of the crop as now estimated will suffer a further shrinkage, due to the action of weevils and other pests.

Crop Conditions

Crop conditions generally during October were favourable, although the unusually cool weather may have somewhat retarded growth. Some anxiety was felt on the night of the 25th, when the temperature dropped below zero (centigrade) in some districts. However, subsequent reports indicate that only slight damage was done in some zones where fields of wheat were in flower.

The Official Report: Below is reproduced the gist of the official monthly report on crop conditions in the cereal regions during October.

The Wheat Crop: The prospects for the wheat crop at the present moment may be considered from good to very good, although it must not be overlooked that owing to the fact that the plants have developed under conditions of excessive soil moisture throughout almost the entire country, damage may yet be incurred before maturity is reached for lack of abundant root development, should periods of great heat occur. In the province of Santa Fe, the east of Cordoba and the north of the Pampa rust is relatively abundant, although for the moment no great damage is evident. In the south-west of Buenos Aires it is feared that "pietin" (rot at the foot of the stalk) may make its appearance, as it does almost annually in this zone. This year it might be especially damaging in view of the excessive stooling and the light roots of the plants.

During the night of the 25th there was a pronounced drop in temperature, but due to the high moisture content of the soil, which alleviated the effects of the frost, no damage resulted, except in the central part of the province of Santa Fe, where some failures in the flowering of wheat plants are to be noticed, which may be attributed to the frost.

In all zones a certain backwardness is noticeable in vegetation; but in view of the prevailing cool weather this does not constitute an immediate danger.

The Linseed Crop: The condition of the fields of linseed varies from superior to good throughout the country. In the provinces of Santa Fe, Entre Rios and Cordoba most of the fields have commenced to flower. Nevertheless, they have not been affected by the low temperatures of the last few days.

The Maize Crop: During the month of October planting proceeded, with soil moisture and weather conditions favourable. Germination was good except in the north of Santa Fe, where weevil damaged seed grain was used. It is anticipated that a reduced area will be planted.

Shelling of the old crop is proceeding slowly from the cribs which were sold by the farmers, especially for local consumption. In the central zone of Buenos Aires some cribs on being shelled have shown a high proportion of fermented, rotten and mouldy grain, due to the conditions under which harvesting was conducted in this region during the winter, with rainy weather and inundated fields.

Malting Barley: This crop started growth under excellent conditions. Condition is now described as good to very good.

Supplies and Markets

Wheat: Exports of wheat during October were a little lower than those of the preceding month. A total of 6,790,000 bushels was shipped out (6,555,000 bushels of wheat and 235,000 bushels of flour in terms of wheat) as against a total of 7,745,000 bushels in September.

After making a further adjustment of the stocks figures, the following is the statistical position:

Third official estimate 1939-40 crop	119,452,000 bu.
Carry-over from 1938-39 crop	68,566,000 "
Official addition to stocks, August 14, 1940	27,557,000 "
Further unofficial additions (Revised)	<u>12,860,000 "</u>
Total Supplies	228,435,000 "
Deduct for seed and domestic requirements	<u>101,044,000 "</u>
Surplus available for exports.....	127,391,000 "
Shipments to) Wheat	121,225,000 bu.
October 31) Wheat as flour	<u>2,967,000 "</u>
Balance still available	<u>3,199,000 "</u>

Market operations during the month were of little importance. It is usually a quiet time of the year, with the old crop disposed of and operations in new crop grain not yet officially authorized. This year with the new crop doing well on a reduced acreage, and a yield which optimistic forecasters put at 7,000,000 tons (257,202,000 bushels) marketing prospects are such that an atmosphere of gloom pervades the grain markets. With a crop of the volume mentioned, which would appear to be the maximum which could be expected, after allowing the normal domestic consumption and seed requirements of $2\frac{3}{4}$ million tons (101,044,000 bushels) and 1 or $1\frac{1}{2}$ millions (36,743,000 or 45,929,000 bushels) for sale to Brazil and other neighbouring countries usually drawing their supplies from the Argentine, a surplus of 3 million tons (110,229,000 bushels) would remain to be disposed of. Great Britain would doubtless take a portion of that; but with huge supplies at her disposal in Empire countries it is hardly to be expected that her purchases from the Republic would be very heavy. Other markets for any but very small quantities are not in sight so long as the war continues. Hence, if the crop threshes out well a surplus difficult to dispose of might result; but as there will be no carry-over from the current crop the situation might well be worse.

Prices fluctuated from day to day, largely influenced by the war news, to finish the month on a slightly lower level than at the commencement. Spot wheat closing at 6.35 pesos per 100 kilos, or say $51\frac{1}{2}$ cents US per bushel at the current official rate of exchange; and the December option 6.20 per quintal, or $50\frac{1}{2}$ cents per bushel. Winnipeg on the same day closed at $71\frac{5}{8}$ cents for December wheat.

Outside the market February new crop wheat was changing hands quite freely at from 6.32 to 6.45. There is a general desire in the trade for official trading in new crop to be permitted; but the stumbling block is the question of the official minimum price for the new grain, upon which no announcement has yet been made, although it is generally understood that the Government will set a minimum for the protection of the producers. There is an impression abroad that it will be in the neighbourhood of 6.50 per quintal, or say $52\frac{3}{4}$ cents per bushel.

Maize: October exports showed little improvement over those of the previous month. 2,926,000 bushels were shipped, as compared with 2,648,000 bushels in September.

Little impression has been made upon the exportable surplus, as the following statistical table shows:

Third official estimate 1939-40 crop	403,445,000 bu.
Seed and domestic consumption	98,421,000 "
Surplus for export	310,024,000 "
Shipments April 1 to October 31, 1940	45,708,000 "
Balance still available	264,316,000 "

The markets for maize were generally inactive throughout the month. Some very modest sales were made to Great Britain, and almost insignificant quantities were disposed of to the United States and Canada. That is practically the whole story.

Something over 4 million tons (157,473,000 bushels) of the crop have passed into possession of the official Board, which is buying all the grain offered on the basis of a minimum price of 4.75 pesos per quintal for shelled corn. Some 60 per cent of the crop is said to be still unshelled and mostly stored in make-shift field cribs with little protection from the weather. Substantial losses of this grain are in prospect, partly from insect damage and partly from the effects of the weather.

Such grain as has been shelled and placed in buildings is now being fumigated by the officials of the Ministry of Agriculture, to destroy the insects and their larvae.

There is some talk of some of the grain in the open cribs being burned in order to prevent destruction of future crops by the insect pests breeding there.

Very few sales have been made by the official Board, and few are in prospect, owing to the closing of most foreign markets by war conditions. Little, if any, progress has been made towards finding a market for the corn for use as fuel. 500,000 tons (19,684,000 bushels) of the grain has been placed by the Government at the disposal of local authorities for distribution amongst the needy poor.

Meanwhile, a new crop of maize is being planted under very favourable conditions.

The actual value of the grain as contrasted with the price being paid by the official Board, is indicated by the market quotations, which at the close of the month were for Spot corn 3.10 pesos per quintal, or say 23 3/8 cents US per bushel; and for January delivery 3.45 per quintal, or say 26 3/4 cents per bushel, while Chicago closed at 59 3/8 cents for December corn.

Linseed: October shipments were 1,804,000 bushels, a substantial increase over the 406,000 bushels exported in September. This leaves the supply position as shown below:

Third official estimate 1939-40 crop	39,935,000 bu.
Add for probable underestimate	2,953,000 "
Total supplies	42,888,000 "
Exported prior to January 1, 1940	197,000 "
Stocks as at January 1	42,691,000 "
Seed and domestic requirements	7,874,000 "
Surplus for export	34,817,000 "
Shipments to October 31	29,797,000 "
Balance still available	5,020,000 "

Very few sales were made during the month. Japan and the United States were practically the only countries interested in purchasing Argentine seed, the United Kingdom evidently giving preference to Empire producers.

With the new crop almost upon us, it looks as if there would be a balance to carry over into the new season, to add to what looks like a normal production.

There was no selling pressure; nevertheless prices fell off a little, to close at 8.75 pesos per quintal for Spot seed, or say 66 1/8 cents US per bushel, and for November delivery a shade lower at 8.74, or 66 cents per bushel. In Chicago at the same time December seed closed at 146 cents.

Oats: The only shipments in October were some small parcels adding up to 49,000 bushels. This compares with 165,000 bushels in September, and leaves the supply position as shown below:

Third official estimate 1939-40 crop	56,581,000 bu.
Carry-over from 1938-39 crop	1,106,000 "
Total supplies	57,687,000 "
Seed and domestic requirements	29,827,000 "
Exportable surplus	27,860,000 "
Shipments to October 31	14,689,000 "
Balance still available	13,171,000 "

In common with other grains, there was only a dull market. Brazil bought a small quantity: but European buyers for obvious reasons are out of the market.

A nominal price of 3.75 is quoted for export grain, while in the domestic market 4.45 is obtainable, and even 5.30 for grain described as Superior.

Barley: Shipments of barley in October were a little below those of the preceding month, 786,000 bushels moving out, as against 1,039,000 bushels. Of the original exportable surplus of 22,516,000 bushels, 20,264,000 bushels have now moved out, leaving still available the relatively small balance of 2,252,000 bushels. In a lifeless market practically no business was done during October, and prices followed the general downward tendency, closing at 2.80 for Malting and 2.60 for Feed grain, which are really only nominal.

Rye: No exports were recorded, and the supply position remains as at the end of last month, with 3,257,000 bushels still available for export, out of the surplus of 9,738,000 bushels, 6,481,000 bushels having been shipped. No business is passing. The nominal quotation in the local market is 3.20 pesos per 100 kilos.

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