

22-D-01A
 Published by the Authority of the Hon. James A. MacKinnon, M.P.,
 Minister of Trade and Commerce

DOMINION BUREAU OF STATISTICS - CANADA
 AGRICULTURAL BRANCH

\$1.00 per year.

Dominion Statistician: R. H. Coats, LL.D., F.R.S.C.
 Acting Chief, Agricultural Branch: C. F. Wilson, Ph.D.

THE GRAIN SITUATION IN ARGENTINA

Ottawa, January 17, 1941.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of January 8, 1941, dealing with the grain situation in Argentina.

First Official Estimate of Grain Crops

According to calculations made by the Ministry of Agriculture and published in the middle of December, the principal field crops, excluding maize, are expected to produce the quantities set out below:

	Metric tons		Bushels	Increase over last year
Wheat	8,000,000	or	293,945,000	146.1 %
Linseed	2,000,000		78,736,000	97.2
Oats	880,000		57,061,000	0.8
Barley	860,000		39,499,000	1.0
Rye	480,000		18,897,000	39.1
	<u>12,220,000</u>		<u>488,138,000</u>	-

Of the total of 39,499,000 bushels of barley, it is calculated that 27,558,000 bushels are of malting varieties.

The estimate of the crop is based upon the final calculation of the areas seeded, which appeared in the last monthly report, taking into account the probable abandonments, the yields shown by early threshings and those anticipated elsewhere.

The heavy increases shown in the cases of wheat and linseed as compared with the production of last season, are due to the special circumstance that last year's crops were a failure. Although the production this season is in excess of those of recent seasons, as will be seen from the comparative statement reproduced below, in the view of the Ministry officials, it is a normal one.

Comparison with former crops:

	Wheat	Linseed	Oats	Barley	Rye
	(b u s h e l s)				
1940-41	293,945,000	78,736,000	57,061,000	39,499,000	18,897,000
1939-40	119,452,000	39,935,000	56,581,000	39,091,000	13,582,000
1938-39	367,431,000	55,509,000	47,335,000	20,209,000	10,826,000
5-year average.	217,170,000	58,754,000	47,777,000	23,601,000	8,917,000
10-year average.	230,550,000	66,550,000	54,288,000	25,353,000	9,345,000

On the closing day of the year it was intimated through the press that the Ministry of Agriculture, in view of possibly serious storm damage to the crops, proposed to revise its estimates, and promised a new report at as early a date as possible.

Comment

One of the leading morning newspapers a few days after the publication of the official crop estimate, strongly criticized it in respect of its wheat figures, contending that on the basis of the Department's own acreage estimate, with normal abandonments and the most optimistic view possible of the average yield on the threshed area, the crop could not exceed 235,156,000 bushels, from which the storm losses would have to be deducted. The figures of the linseed crop were considered equally exaggerated.

Other authorities place the wheat crop at 257,202,000 bushels and that of linseed at 59,052,000 bushels, with deductions for damage by heavy rains and flooded fields.

Crop Conditions

The official report on crop conditions is not yet available, publication having been deferred.

High winds and torrential rains during late November and intermittently during December interfered with harvesting of the wheat, linseed and other field crops, and did considerable damage to those still uncut. On the other hand, the moisture was of considerable benefit to the new maize crop, which now promises to yield heavily if no setbacks occur in the critical weeks still ahead.

Serious damage was suffered by wheat and linseed in Cordoba, Santa Fe and Entre Rios, linseed particularly being hard hit in Entre Rios, where it is the principal crop.

The more southerly parts of the cereal region did not share in the destruction caused by the earlier storms; in fact the extra moisture was rather beneficial in their lighter soils. But in the last few days of the year further deluges occurred which included both north and south in their destructive effects. Large areas were inundated, and much grain was lodged and covered with water.

The future weather will decide the question of damage, particularly to quality. Meanwhile, it is still very unsettled.

Official Report on Storm Damage

This morning (January 8) a report by the Ministry of Agriculture on the losses suffered by the grain and seed crops was issued to the public. It states that in the country as a whole the loss of crops may be estimated as 9.5 per cent of the officially estimated volume, that is to say, of the 488,138,000 bushels of grain and seed 46,506,000 bushels have been eliminated.

The damage is distributed among the several crops as follows:
Wheat 8 per cent; linseed 17 per cent; oats 20 per cent; barley 7 per cent; rye 6 per cent.

In addition to the loss in volume there has naturally been deterioration in quality, but as much of the crop had already been cut before the last storms, there is an appreciable proportion of grains of excellent quality.

The worst losses were sustained in the province of Entre Rios, where they reached approximately 44 per cent of the wheat crop and 27 per cent of the linseed. In Cordoba 13 per cent of the wheat and 10 per cent of the linseed were destroyed. There was an important loss of linseed in the province of Buenos Aires also, it being calculated as 17 per cent.

In the statistics which follow the amended official estimates have been embodied.

Supplies and Markets

Wheat: Exports during December were 4,333,000 bushels of wheat and 20,000 bushels of flour in terms of wheat, a total of 4,353,000 bushels, which compares with 6,772,000 bushels in November.

On the basis of the first official estimate of the new crop, less the official estimate of storm losses, the statistical position is as follows:

Export surplus for the year 1940		138,047,000 bushels
Shipments in 1940, wheat	132,149,000 bushels	
wheat as flour .	<u>3,169,000</u> "	<u>135,318,000</u> "
Balance carried over into 1941		2,729,000 "
Revised First official estimate 1940-41 crop		<u>270,129,000</u> "
Total Supplies		273,158,000 "
Deduct for seed and domestic consumption		<u>101,043,000</u> "
Surplus available for export		<u>172,115,000</u> "

Disposal of the surplus is admittedly a serious problem. It is anticipated that between wheat and flour Brazil and other neighbouring countries will absorb about 1,100,000 tons (40,417,000 bushels). Spain is expected to take 400,000 tons (14,697,000 bushels). Great Britain, with ample supplies available in Canada, is nevertheless likely to require some Plate wheats to mix with the strong Manitobas, and always provided that tonnage is available, it is thought that she will buy a million tons (37 million bushels) or more of Argentine wheat. 2.5 million tons (91,858,000 bushels) may thus be disposed of, leaving 2 millions (73 million bushels) still to worry about.

Much of the new wheat is reported to be deficient in gluten content, especially that coming from zones where there were abundant rains at the time when the grain was maturing. For this reason millers buying lots on sample only do so subject to analysis. The millers too are picking up whatever lots of old wheat are still available, on account of the dampness and inferior quality of the new grain coming forward. Bleached and discoloured grains abound in the samples.

A sale of 150,000 tons (5,511,000 bushels) of new crop wheat to the Uruguayan Government is reported to have been made by the Argentine official Board, for delivery in January and February. A further sale of old crop wheat is also said to have been made to Brazil.

At the close of the month, while the official price of wheat was the fixed minimum of 6.75 pesos per quintal, equal to 54 3/4 cents per bushel at the official rate of exchange, the grain was unofficially changing hands at 6.40 in the port of Buenos Aires and 6.20 Rosario.

For April delivery the closing quotation was 6.91, or 56 cents per bushel. On the same day May wheat closed in Winnipeg at 77 1/8 cents.

Linseed: Shipments during December were 1,352,000 bushels, which compares with 1,189,000 bushels in November. The statistical situation is now shown as under:

Export surplus for the year 1940	34,620,000 bushels.
Shipments during 1940	32,338,000 "
Carry-over into 1941	2,282,000 "
Revised First official estimate 1940-41 crop.....	65,351,000 "
Total Supplies	67,633,000 "
Deduct for seed and domestic requirements	7,874,000 "
Surplus available for export	59,759,000 "

While there is considerable divergence of opinion as to the size of the linseed crop and the exportable surplus, there is almost complete unanimity as to the dismal prospects of marketing the latter to advantage.

With the bumper crop of last year in the United States, their requirements from the Argentine are likely to be greatly reduced, although the present great industrial activity may stimulate their purchases. British buyers will naturally give preference to Indian seed, in spite of the higher cost. Other purchasers in any quantity are not easy to find.

Samples coming from the country contain a heavy percentage of stained and damaged seeds, and the crop as a whole does not promise a very high grade this year.

Quotations at the close of the month were: Spot, the official minimum of 9.25 per 100 kilos or 70 cents United States per bushel; April 9.61, or 72 5/8 cents. These prices compare with the Duluth close of 161 cents for May seed.

Maize.- Exports during December were 6,010,000 bushels leaving the statistical position as shown below:

Third official estimate 1939-40 crop	408,445,000 bushels
Seed and domestic consumption	98,421,000 "
Surplus for export	310,024,000 "
Shipments April 1, 1940 to December 31, 1940	51,985,000 "
Balance still available	258,039,000 "

There was no activity in the market during December. The United Kingdom made no purchases. The price is attractive and there is need in Great Britain for the grain for animal feed. But these factors are nullified by the scarcity of boats and

the necessity for using them for more urgent supplies. The feasibility is being discussed of crushing the maize and then compressing it into cakes for use as animal feed, in order to reduce the space required on board ship, and so make transportation possible. But nothing specific has yet emerged from the proposal.

In an effort to stimulate the local consumption of maize the Grain Board announced a reduction in the price to 50 pesos per ton. But the unusually generous rains which have fallen this summer have provided grass and alfalfa in such abundance that the stockmen, with meat prices none too good, are not tempted to spend money on feed grains.

Early in the month the Government, ostensibly to prevent speculation, decreed that no export permits would be granted for maize not purchased from the Grain Board, thus effectually stifling competition from grain dealers who had purchased from the producers at prices below the minimum fixed by the Government, and naturally paralyzing the market.

As mentioned elsewhere, the very favourable climatic conditions of the past few weeks have brought the new crop along in very good shape, so that in spite of the reduction in planted acreage, present appearances give promise of another heavy crop of maize to add to the 6 1/2 million tons already on hand.

With the official minimum price 4.75 pesos per 100 kilos, equal to 35 7/8 cents per bushel, commercial quotations do not go beyond 3.75 for Spot maize in the port of Buenos Aires.

Oats:- Oat shipments were limited to the very small figure of 164,000 bushels during December, which compares with 255,000 bushels in November. The supply position at the commencement of the New Year is as shown below:

Export balance for the year 1940	27,859,000 bushels
Shipments during 1940	15,208,000 "
Carry-over into 1941	12,651,000 "
Revised First official estimate 1940-41 crop	45,649,000 "
Total supplies	58,300,000 "
Less seed and domestic requirements	29,827,000 "
Surplus available for export	28,473,000 "

News from the south, the principal oat-growing area, indicate considerable damage to the crop by recent storms. Large areas of the grain have been lodged and will not be cut, much of it being still under water or partly so. Hence it seems probable that the estimated production will have to be further discounted.

The price situation also is so unsatisfactory that farmers say it would not pay to cut the crop, much of which has had the quality lowered by the weather conditions. Government assistance has been talked of, but no plan has yet been announced.

There was a slow market during the month, a small sale to Switzerland being the only export business transacted.

Locally preference was being given to grain of the old crop as being sounder than the new; and as high as 4.45 pesos per quintal was paid for the best offerings, as against 3.65 for the general run of white oats and 3.45 for yellow varieties.

Barley: December exports were 544,000 bushels, which compares with 684,000 bushels in November. The following is now the statistical position:

Export surplus for the year 1940	22,516,000 bushels
Shipments during 1940	21,493,000 "
Carry-over into 1941	1,023,000 "
Amended First official estimate 1940-41 crop	36,734,000 "
Total Supplies	37,757,000 "
Seed and domestic requirements	16,075,000 "
Exportable surplus	21,682,000 "

Much storm damage has cut down the crop in volume and has reduced the quality, so that a good deal of barley of malting varieties will only be fit for feeding purposes.

Business is at a standstill, no export sales being possible, and there is little domestic demand at the moment.

Basic prices of 5 pesos per 100 kilos for malting barley and 4.50 for feed have been established by the Government in order to assist the producers; and at these prices all the grain offered is to be acquired by the Grain Board, as from January 1. To assist in financing the scheme all barley used by brewers must pay to the Board a premium of 3 pesos per 100 kilos, whether purchased from the Board or direct from the growers.

It is understood that beer prices will not be increased because of this premium, which the brewers are willing to pay themselves.

Rye: Exports of rye during December were 119,000 bushels, a figure very close to the 120,000 bushels shipped in the preceding month. The supply position is as shown in the table which follows:

Exportable surplus for the year 1940	9,738,000	bushels
Shipments during 1940	6,720,000	"
Carry-over into 1941	3,018,000	"
Amended First official estimate 1940-41 crop	17,763,000	"
Total supplies	20,781,000	"
Deduct for seed and domestic requirements	3,740,000	"
Surplus available for export	17,041,000	"

With no demand for export and very little for the domestic trade, the market yet had a firm appearance throughout the month, the reason being that farmers were not offering either old or new grain at current prices, which they say do not cover cost of production.

Nominal quotations for new crop rye weighing 58 1/2 pounds per bushel were about 3.35 pesos per quintal.

As yet there has been no hint of possible official assistance to growers.



1010722917