22-D-01A

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

DOMINION BUREAU OF STATISTICS - CANADA
AGRICULTURAL BRANCH

Price: $1.00 per year.

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

THE GRAIN SITUATION IN ARGENTINA

Ottawa, March 19, 1940.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of March 4, 1940, dealing with the grain situation in Argentina.

Second Official Calculation of Crops

Having as its basis the results contained in 20,000 threshermen's returns, covering more than 30,000 farms, the Ministry of Agriculture published in mid-month its second forecast of the volume of the five principal field crops, excluding maize.

The figures are shown below with the first estimates added for comparison:

	Second Estimate		First Estimate	
	Metric Tons	Bushels	Metric Tons	Bushels
Wheat	3,212,000	118,019,000	4,000,000	146,972,000
Linseed	1,127,000	44,368,000	1,250,000	49,210,000
Oats	924,000	59,914,000	900,000	58,358,000
Barley	800,000	36,744,000	750,000	34,447,000
Rye	386,000	15,196,000	360,000	14,173,000
Totals	6,449,000	274,241,000	7,260,000	303,160,000

The second estimates are lower than the first in the cases of wheat and flax, the differences being 28,954,000 bushels and 4,842,000 bushels respectively. On the other hand oats, barley and rye all show moderate increases of 1,556,000 bushels, 2,296,000 bushels and 1,024,000 bushels respectively.

The reduction in the volume of wheat is attributed principally to the abandonment of much stacked wheat in the northern cereal zones because of the continued low prices, and it is anticipated that more will be abandoned because of its low quality making it unprofitable to thresh.

In the case of linseed the later threshings gave lower yields than had been anticipated; the contrary was true of the other crops, oats, barley and rye. Of the barley crop 27,558,000 bushels are of malting varieties.

The distribution of the crops by provinces and territories is as shown hereunder:

	Wheat	Linseed	Oats	Barley	Rye
	bush.	bush.	bush.	bush.	bush.
Buenos Aires	74,442,000	18,897,000	53,819,000	30,314,000	6,378,000
Santa Fe	8,524,000	11,417,000	259,000	230,000	181,000
Cordoba	17,453,000	3,937,000	519,000	239,000	2,177,000
Entre Rios	1,580,000	9,842,000	2,010,000	41,000	8,000
San Luis	220,000	-	19,000	5,000	193,000
Santiago del Est	404,000	71,000	201,000	83,000	39,000
La Pampa	13,595,000	9,000	2,697,000	4,731,000	6,197,000
The Rest	1,800,000	196,000	389,000	1,102,000	24,000
Totals	118,018,000	44,369,000	59,913,000	36,745,000	15,197,000

Crop Conditions

The Departmental report on crop conditions during the month of February made its appearance on the 2nd instant. The principal contents are reproduced below.

As was foreseen in the last report of the Ministry, the rains which fell towards the end of January were very beneficial for the maize fields, and although later there was a certain amount of drought, the present rains are tending to normalize again the progress of the crop.

Except in some zones of little importance, in which the present prospects are somewhat more deficient than those in the month of January, the general condition of the crop throughout the country is rather better and may be described as superior to normal.

The recent rains have also benefited the pastures, the condition of which was beginning to deteriorate, especially in the south-west of the provinces of Buenos Aires.

The Maize Crop: The February rains were particularly favourable for the maize fields in the central zone of Santa Fe, the east of Entre Rios, and the centre and west of Buenos Aires. In the northern parts of the provinces of Santa Fe and Cordoba, as also in Corrientes and the territories of Chaco and Formosa, harvesting of the early fields has commenced, and the yields obtained are generally good. In the eastern Chaco they may be said to be very good; but in this territory there is a scarcity of labourers, which enhances the cost of picking.

In the maize zone par excellence of northern Buenos Aires there is a certain backwardness in the condition of the crop, due to the December frosts and the subsequent drought.

In the whole of the central region of the Republic, especially in Cordoba and part of Santa Fe, as also in the Andean provinces, there is noticeable and abnormal diffusion of the isoca grub, which may help to cut down a little the yield of the crop.

In the provinces and territories of the north ploughing of the land for the planting of cuarenteno maize was accomplished without difficulty, and the condition of the plants is good.

Wheat and Linseed: The work of threshing is proceeding, with no modification of the last yields obtained as mentioned in previous reports. The only exception to this is in the south-east of the province of Buenos Aires, where the results are good and exceed what was anticipated.

Coarse Grains: Almost throughout the cereal regions a commencement has been made with the cultivation of the land for the seeding of oats and rye, the fields of which will be devoted to pasturing of live stock during the winter season. This work was carried on in February under very favourable conditions.

Maize Area Lost

Officially an announcement has just been made that the first estimate of the area planted with maize, 17,791,200 acres, has been confirmed, and that of this area it is considered that 1,052,646 acres have been lost as a result of the unfavourable climatic conditions experienced in various zones of the country. The situation therefore now is:

Area planted	17,791,200	acres
Area lost	1,052,646	"
Area remaining	16,738,554	"

However, the official memorandum points out that it is anticipated that there will be further abandonments of acreage which will fail to mature and will be devoted to pasturing live stock.

This is an annual occurence. Fairly extensive areas are planted to corn by estancieros whose main interest is cattle raising. In the odd year, through unusually favourable weather conditions, the crop will mature and be picked; but ordinarily it fails to do so and is fed to the stock, usually by turning them in to help themselves.

Supplies and Markets

Wheat: Exports of wheat during February were 10,452,000 bushels, to which must be added 79,000 bushels of flour in terms of wheat, making a combined total of 10,531,000 bushels. This represents a substantial drop from the January total of 12,969,000 bushels.

Using as a basis the second official estimate of the new crop, the following is now the statistical position:

Second official estimate 1939-40 crop		118,019,000 bushels
Carry-over from 1938-39 crop		68,566,000 "
Total supplies		186,585,000 "
Deduct for seed and domestic requirements		101,044,000 "
Surplus available for export		85,541,000 "
Shipments to February 29:		
Wheat	23,353,000 bushels	
Wheat as flour...	147,000 "	23,500,000 "
Balance still available		62,041,000 "

It should be mentioned that all authorities are not agreed that the exportable surplus is as meagre as is shown in the above statement, and some even talk of 110,200,000 bushels; but it will probably be found that the balance shown above on the basis of the official crop estimate is not far wrong.

The market during the month was far from active. The demand for wheat for export has dropped off considerably. Some sales were said to have been made by the official Board for shipment to the Continent, for which 7.40 pesos per 100 kilos ex Bahia Blanca was to be paid. Other sales were understood to have been arranged between the Board and the British purchasing agents for March-April shipment from Rosario at 7.15 per 100 kilos; whilst some Spot grain at the same port was reported as sold to neutral countries at 7.05 pesos.

The relative inactivity in the demand at the moment is not causing anxiety, as might have been the case had the available supplies been heavier. The requirements of Brazil and other neighbouring Republics which are normally filled in Argentina, should absorb two-thirds of the surplus, and neutral nations in northern Europe will probably be willing purchasers of the balance.

Probably at least 10 per cent of the wheat of the new crop is of very light weight, averaging only from 50 to 55 lb. per bushel. Buyers of such light grain will not be easy to find, particularly in these abnormal times when boat space is scarce and freight rates exceedingly high. Unless it disappears in the exporters' "mix", the disposal of this grain will present a problem.

To illustrate the unusually light weight of the wheat crop generally, it may be mentioned that the National Grain and Elevator Board in setting the official standards for the Rosafe zone for the 1939-40 crop, have fixed for grade No. 1 of the Hard type of wheat $64\frac{1}{4}$ lb. per bushel; for grade No. 2 Hard 62 lb.; and for No. 3 Hard only $58\frac{1}{4}$ lb. per bushel.

The recent official decision in Great Britain requiring the millers to use 60% of Canadian wheat in their mixtures, although it practically excludes Argentine grain from the British market, has caused no serious concern here, in view of the smallness of the surplus to be disposed of and the presumed availability of other outlets.

There is no pressure of offers from the country. On the contrary, farmers appear to be very reluctant to dispose of their wheat.

At the close of business for the month Spot wheat was worth 7.30 pesos per 100 kilos, equivalent to 59¼ cents United States per bushel at the official buying rate of 335.82 pesos per 100 United States dollars; and the June option 7.68, or say 62 1/4 cents per bushel, while in Winnipeg July wheat closed at 90 1/8 cents.

Linseed: Exports of linseed during February were 5,514,000 bushels, as compared with 6,246,000 bushels in January.

On the basis of the reduced official estimate of the size of the crop, the following is now the statistical position:

Second official estimate 1939-40 crop	44,368,000	bushels
Shipments prior to January 1, 1940	197,000	"
Supplies as at January 1, 1940	44,171,000	"
Deduct for seed and domestic requirements	7,874,000	"
Surplus available for export	36,297,000	"
Shipments January and February	11,760,000	"
Balance still available	24,537,000	"

Apart from the considerable local speculation, which caused frequent fluctuations, the linseed market was quiet during the month. Offers of Spot seed were limited, and parcels were readily placed, so that a firm tone was in evidence most of the time, although a little temporary weakness was noticeable in the middle of the month when the United States, until then the heaviest buyer, reduced its activities. The United Kingdom bought heavily at the low point and neutral European countries also came into the market; so that prices quickly recovered.

The statistical position of linseed is strong, and with the prevailing good demand a spirit of optimism is in evidence in the trade.

Spot linseed at the close of the month was changing hands at 16.48 pesos per 100 kilos, equal to 124½ cents United States per bushel; and the June option 16.70, or say 126 cents per bushel; while in Duluth June seed was quoted 197 cents.

Maize: Maize exports during the month of February were 8,028,000 bushels, a substantial increase over those of the preceding month, when 6,838,000 bushels were shipped. The supply position is now as set out 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	9,921,000	"
Total Supplies	193,534,000	"
Deduct for seed and domestic requirements	61,021,000	"
Surplus available for export	132,513,000	"
Shipments April 1, 1939 to February 29, 1940	123,811,000	"
Balance still available	8,702,000	"

The market during the month was dull. There is only a restricted demand from overseas, largely due to the low quality of the grain on offer making its sale difficult even at bargain prices.

A huge new crop is in sight. Even the more conservatively minded members of the grain trade now anticipate a ten million ton yield, and some worrying is being done as to how it can be disposed of. Prices have become depressed to a point which growers say is below the cost of production, and they are pressing the Administration to establish a minimum price. While official sympathy has been expressed, no indication has yet been given as to whether the guaranteed minimum asked for will be established. A factor which may have some influence on the Government's decision is that the official Grain Control Board (which is, of course, the Government) owes to the National Bank the huge sum of 277,542,574 pesos, the unpaid balance of monies borrowed to buy the last wheat crop from the farmers at the guaranteed minimum price.

The policy of the Government is to discourage the growers from hastening to sell their new maize, as is commonly done each year. With this in mind arrangements have been made for the Argentine National Bank to make advances to the producers for the harvesting of their maize crop and placing it in cribs, unshelled, for storage until such time as conditions are propitious for selling. Corn can be kept in storage on the cob with much less deterioration than after shelling. The bank will permit storage on the farms provided the cribs there offer adequate protection from the weather.

So far sales of new maize for shipment have been insignificant. The scarcity of feed grains in Continental Europe would ordinarily induce buyers there to compete for Argentine corn; but scarcity of available tonnage and high freight rates this year provide a strong deterrent.

At the end of the month Spot maize was quoted 5.20 pesos per quintal, equal to 39¼ cents United States per bushel at prevailing official exchange rates; and for June delivery 4.84, or say 36 5/8 cents per bushel.

In Chicago on the same day July corn was selling at 57¼ cents.

Oats: Shipments of oats were again fairly heavy in February, 3,044,000 bushels being exported, which compares with 2,722,000 bushels in the previous month, and leaves the statistical position as shown below:

Second official estimate 1939-40 crop	59,914,000	bushels
Carry-over from 1938-39 crop	1,106,000	"
Total supplies	61,020,000	"
Deduct for seed and domestic consumption	29,827,000	"
Surplus available for export	31,193,000	"
Shipments January and February	5,767,000	"
Balance still available	25,426,000	"

Moderately good sales of oats were made to Baltic Countries, Italy and Switzerland; but business is handicapped by the uncertainty with regard to freights.

The pick of the crop is going to local buyers, who are willing to pay premiums for the better qualities of grain.

White oats of export quality closed the month at 5.25 pesos per quintal, while superior quality for the local market fetched as high as 6.70, and good oats 5.70.

Barley: February shipments were heavy, 4,537,000 bushels going out, as compared with 2,572,000 bushels in January.

On the basis of the new official estimate, the following is now the supply position:

Second official estimate 1939-40 crop	36,744,000	bushels
Disappearance prior to January 1	500,000	"
Total supplies as at January 1, 1940	36,244,000	"
Deduct seed and domestic requirements	16,075,000	"
Exportable balance	20,169,000	"
Shipments January and February	7,109,000	"
Still available	13,060,000	"

Substantial sales have been made to European countries, and there is evident interest in acquiring further quantities.

The huge maize crop in prospect had a depressing effect on barley prices, but the good demand has helped to maintain them at last month's level. Export malting barley closed the month at 5.75 per 100 kilos with domestic buyers paying a shade higher at 5.85.

Rye: February shipments were only 607,000 bushels, as against 1,670,000 bushels in January. The supply position is now as shown hereunder:

Second official estimate 1939-40 crop	15,196,000	bushels
Deduct for seed and domestic consumption	2,362,000	"
Exportable balance	12,834,000	"
Disappearance prior to January 1, 1940	104,000	"
Surplus as at January 1, 1940	12,730,000	"
Shipments during January and February	2,277,000	"
Still available	10,453,000	"

The previous demand from northern Continental countries dropped off in February, and local buyers provided practically the only outlet, although there are a good many shipments to be made in March.

The month closed with rye of 73 kilos quoted at 5.95, against 6.05 at the end of January.