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# THE GRAIN SITUATION IN ARGENTINA

Ottawa, April 16, 1940.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of April 3, 1940, dealing with the grain situation in Argentina.

## Crop Conditions

During the greater part of March the weather was generally dry, which favoured the picking of the maize crop. There were complaints from some districts that the soil was too dry for the proper cultivation in preparation for the new grain crops. But on the 20th of the month rain began to fall. The precipitation became general, well distributed, and quite heavy in places. Hence conditions at the moment are very satisfactory.

The monthly report of the Department of Agriculture on crop conditions made its appearance this morning. The gist of the contents are reproduced below.

Lack of rains during the first part of March caused the condition of the maize fields to deteriorate. It had been better than normal. Now it is good on the whole. The damage was particularly noticeable in an appreciable part of the late sown maize, which for this reason may be considered lost as a grain crop, although generally the fields are being used for pasturing stock.

The districts which suffered most from the dry weather were the north of Santa Fe, the greater part of Entre Rios, the south of Cordoba, and also the southern part of the province of Buenos Aires, where the maize plant normally has a later development than in the rest of the country.

The maize of intermediate planting, which preponderates in a normal crop, was not affected by the March drought, and consequently there is no change in the prospect of an abundant crop being harvested, especially in view of the heavy increase in the planted area this season.

In the Andean provinces hail, frosts and wind storms have caused damage, which in Mendoza is estimated at 40 per cent of the area planted, and in San Juan 10 per cent.

The isoca grub, although spread throughout the maize growing regions, has not caused serious damage.

It is to be noted throughout the country that the producers are not hastening the picking, and from the appearance of the cobs generally a crop of good quality may be anticipated.

In northern Santa Fe and Cordoba picking of the early planted corn has been finished, good yields being obtained.

Picking is proceeding in Corrientes, where the yields are low; and in the Chaco and Santiago del Estero, where they are good.

The absence of rain facilitated the picking, which was carried out under good conditions in March.

Ploughing of the land for seeding of oats and rye has been done under normal conditions almost throughout the country and preparation of the land for seeding wheat has commenced, especially in southern Buenos Aires, the Pampa and southern Cordoba.

Supplies and Markets

Wheat: Wheat shipments during March were 9,351,000 bushels, of which 40,000 bushels were flour in terms of wheat. Compared with the February combined total of 10,531,000 bushels, and that of January (12,969,000 bushels), the above represents an appreciable reduction, to which the prolonged Argentine holidays of Holy Week were doubtless a contributory cause.

The statistical position is now as shown below:

| | | |
|---|---|---|
| Second official estimate 1939-40 crop .................. | | 118,019,000 bushels |
| Carry-over from 1938-39 crop .......................... | | 68,566,000 " |
| Total stocks ....................................... | | 186,585,000 " |
| Deduct for seed and domestic requirements .............. | | 101,044,000 " |
| Surplus available for export ...................... | | 85,541,000 " |
| Shipments to March 30: | | |
| Wheat .............. | 32,664,000 bushels | |
| Wheat as flour ..... | 187,000 " | 32,851,000 " |
| Balance still available .......................... | | 52,690,000 " |

The feature of the wheat market during the month was the gradual firming up in tone. The basic cause of this was probably an impression which has been steadily gaining ground that the unsold stocks of old wheat still remaining in the hands of the official Grain Board are no longer of proportions to weigh heavily on either the local or the international markets.

It is understood that negotiations are on the point of being concluded for the sale to Spain of 3,674,000 bushels of old crop wheat from the Board's stocks.

The domestic millers were quite active buyers during the month, acquiring substantial quantities of new crop wheat of lighter weights. Offers of good quality grain are scarce. Both the millers and the exporters are on the lookout for parcels, but the holders have higher views of values than the presently current prices. Meanwhile, the prospects of greater activity between the warring European nations, the anticipated inferior yield of winter wheat in the United States, and the not very satisfactory moisture conditions in the spring wheat zones in the northern hemisphere, are regarded as justifying some optimism as to the future course of the market.

At the close of business for the month Spot wheat was quoted 7.55 pesos per 100 kilos, equal to 61¼ cents United States per bushel at the prevailing official exchange rate; and the June option 7.93, or say 64 3/8 cents per bushel; while in Winnipeg July wheat was worth 89¾ cents per bushel.

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Linseed: March exports were 5,337,000 bushels as against 5,514,000 bushels in the preceding month. This leaves on hand a balance of very modest proportions, as will be seen from the following statement:

| | |
|---|---|
| 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 to March 30 .................................. | 17,096,000 " |
| Balance still available ........................... | 19,201,000 " |

Frequent fluctuations characterized the market for linseed during March, due to the considerable speculative business in evidence. But apart from that there was a sustained demand both from the local crushers and from exporters with daily enquiries from Continental Europe; so that an animated market resulted, and prices tended upward.

As business closed for the Month Spot linseed was selling at 18.17 pesos per 100 kilos, equal to 137 3/8 cents United States per bushel at the current rate of exchange; and for July delivery 18.35 (138¾ cents per bushel), which prices compare with 195 cents, which was the Duluth close for July seed.

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Maize: Exports of maize during March totalled 7,448,000 bushels, as against the February shipments of 8,023,000 bushels.

Now, at the close of the maize crop year, the statistical position is as shown below:

| | | |
|---|---|---|
| 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 ........................... | 9,921,000 | " |
| 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 March 30, 1940 (subject to revision) .................................. | 131,259,000 | " |
| Carry-over to new crop year ............................ | 1,254,000 | " |

Apart from speculation, which was fairly active, there was very little business transacted in the maize market during the past month. The sale of old crop maize for export was impeded by the deficient quality of the grain. Maize of the new crop has been coming forward very slowly. Growers have been delaying selling in the hope that the Government will guarantee a minimum price. There has as yet been no indication that this will be done. Official assistance to the growers has so far been limited to the offer of loans through the National Bank to finance the picking and cribbing of the corn, with the condition that it be not yet shelled, as the danger of damage through storage is much greater with shelled grain than with that on the cob, and with the very heavy crop in sight it is practically certain that large quantities will have to be held in store for a long period. Hence the present slow movement, which, however, shows signs of speeding up once the weather (now unsettled) clears up again.

Private estimates of the volume of the new crop (some of them doubtless guesswork) range from 9 million tons to 11½ millions (354,314,000 bushels to 452,734,000 bushels), with a popular tendency towards the higher figure. For seed and domestic consumption about 1½ million tons (59,052,000 bushels) will be required; thus leaving from 7½ millions to 10 millions (295,262,000 bushels to 393,682,000 bushels) available for export.

There is little doubt that this grain would be welcomed in Europe, where there is a shortage of animal feed and prices are very high at the present time. The difficulty is that boat space (all under official control nowadays) can not be secured for the transportation of the corn to consuming countries, and even if the space were available the freight and insurance rates are so high that there would be little left for the producer. Freight rates from Buenos Aires to the United Kingdom are very much higher than those from North Atlantic ports, and the difference is reflected in the f.o.b. prices for the grain. Hence on a recent date selected at random, Plate maize for May shipment was quoted 15/-; whilst United States Yellow No. 2 corn ex Baltimore was 29/4½, or nearly twice as much.

Future prospects appear somewhat obscure. Meanwhile the Argentine growers are following the correct procedure by refraining from pressing their new crop on the market. The question is, how long can they keep it up?

Prices receded during the month, and at the close Spot maize was purchasable at 4.60 per 100 kilos, equal to 34¾ cents United States per bushel; and for July delivery 4.63, or say 35 cents per bushel; while in Chicago July corn was selling at 57 3/8 cents.

Oats: Shipments of oats during March rose to 3,342,000 bushels from the February figure of 3,044,000 bushels, leaving the supply 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 " |
| Exportable surplus .......................................... | 31,193,000 " |
| Shipments to March 30 ....................................... | 9,108,000 " |
| Balance still on hand ....................................... | 22,085,000 " |

In spite of the heavy maize crop being picked, the market for oats remained very firm during March, and prices even improved a little. The demand for export has fallen off considerably, due to the freight situation; but there has been an active domestic business. There is a good demand for oats of extra good quality for the purpose of seeding the new crop, and at the close of the month Superior oats were selling at 6.50 per quintal, and Good oats one peso less; while Spot grain of export quality was quoted 5.30, against 5.25 at the end of February.

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Barley: Exports during March were 4,772,000 bushels, a satisfactory increase over the February total of 4,537,000 bushels. This leaves the supply position as shown hereunder:

| | |
|---|---|
| Second official estimate 1939-40 crop ......................... | 36,744,000 bushels |
| Disappearance prior to January 1 .............................. | 500,000 " |
| Supplies as at January 1 ...................................... | 36,244,000 " |
| Deduct for seed and domestic consumption ...................... | 16,075,000 " |
| Surplus for export ............................................ | 20,169,000 " |
| Shipments to March 30 ......................................... | 11,881,000 " |
| Balance still available ....................................... | 8,288,000 " |

A great part of the shipments during the month were on account of old contracts; but even with the handicap of the difficult freight situation and the depressing effect of the big maize crop, some business was put through in a generally quiet market. Prices, however, receded a little, Malting barley of Export quality closing at 5.60, as against 5.75 a month ago. In the domestic market choice parcels of Malting grain maintained last month's price of 5.85.

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Rye: March shipments were nearly double those of the previous month, 1,172,000 bushels moving out as against 607,000 bushels. The following is now the statistical position:

| | |
|---|---|
| Second official estimate 1939-40 crop ......................... | 15,196,000 bushels |
| Seed and domestic consumption ................................. | 2,362,000 " |
| Exportable balance ............................................ | 12,834,000 " |
| Disappearance prior to January 1 .............................. | 104,000 " |
| Surplus as at January 1, 1940 ................................. | 12,730,000 " |
| Shipments to March 30 ......................................... | 3,449,000 " |
| Balance still available ....................................... | 9,281,000 " |

During the month the export demand was negligible, shipment to Northern Europe, the principal overseas market, being very difficult. Locally a certain amount of business was put through for good rye suitable for seed for winter pasture; but this was not sufficient to hold the market firm, and prices declined from 5.95 at the end of February to 5.50 for the export grade, with Superior seed for the local market 5.90, and Good rye 5.65.

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