

Published by the Authority of the Hon. J. A. MacKinnon, M.P.  
Minister of Trade and Commerce

DOMINION BUREAU OF STATISTICS - CANADA  
AGRICULTURAL BRANCH

Price: \$1.00 per year.

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### THE GRAIN SITUATION IN ARGENTINA

Ottawa, May 14, 1940.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of May 3, 1940, dealing with the grain situation in Argentina.

#### First Official Estimate of Maize Crop

The Statistical Section of the Ministry of Agriculture has published its first estimate of the volume of the 1939-40 crop of maize, which it calculates as being 434,152,500 bushels.

These figures are based upon the present condition of the fields, as well as the yields shown in those harvested already.

There have also been taken into account the areas abandoned as not worth harvesting because of damage through weather conditions. These abandonments, including also areas being used as pasture, are calculated as exceeding  $2\frac{1}{2}$  million acres out of the 17,791,000 acres which were planted.

On the basis of the official figures, the crop is heavier than that of last season by 242,666,000 bushels, and it exceeds the five-year average by 123,463,000 bushels; nevertheless it is not of record proportions, falling short of the crop of the 1934-35 season, which measured 451,947,000 bushels.

The official forecast of the maize crop has not gone without criticism. A high official of one of the leading exporting houses wrote to the press, expressing the opinion that the calculation was millions of tons too high. One of the most respected daily newspapers followed suit in an editorial. Then a Federation of Rural Societies addressed a memorandum to the Minister of Agriculture, calling attention to the matter and asking for an investigation of the figures on the ground that agriculturists' interests were prejudiced by the swollen figures with their depressing effect on price levels.

The result has been that the Minister has requested that the Head of the Department responsible for crop forecasts furnish him with a report showing how the figures are arrived at, at the earliest possible moment. So far the report has not been made public; but it is significant that in the monthly report on crop conditions issued two days ago, reproduced in the following pages, the opinion is expressed that notwithstanding the damage suffered by the maize crop the official opinion as to its volume has not been changed, as the yields of the central zones of Santa Fe and Cordoba exceed to an extraordinary extent the expectations of the farmers themselves.

In this interesting controversy, while some of the critics consider that the official figure of 433,050,000 bushels is 118,105,000 bushels too high, a weekly organ devoted largely to the shipping and grain trades confesses to a feeling that the estimate is too low.

#### Crop Conditions

Apart from an unusually heavy storm in the middle of the month, which flooded large areas of low-lying lands, and put a temporary end to maize picking, weather conditions have been very favourable for the grain grower. Showers and sunshine have improved the pasturage, and the soil being in excellent mechanical condition, the work of ploughing and preparing the land for seeding of wheat has been pushed actively. Some seed is already in the ground in the province of Buenos Aires.

The monthly official report contains the following information:

The Maize Crop: During April there were some unfavourable weather conditions affecting the still growing fields of maize, and also in some districts the fields already ripe, picking of which had not been terminated. The late-sown maize in the northern regions was affected by the low temperatures of the middle of the month, and appreciable damage by grubs was also noticeable. These setbacks have not been felt to any extent as they affect relatively small areas in comparison with the total cultivated acreage.

As for the damage suffered by the early and intermediate plantings, which constitute the greater proportion of the total crop, this was caused by the winds and frequent rains during April, especially in the south-eastern part of the province of Buenos Aires and in Entre Rios; also in more local form in the other cereal zones. The wind storms broke down many of the plants in these districts to such an extent that it will not be profitable to harvest them in view of the low prices quoted for maize. Hence there has been an extraordinary increase in the pasturing of these maize fields, not only with locally owned stock but also with animals brought from other zones.

Notwithstanding the unfavourable factors we have mentioned, it is not considered that the total probable production has been affected, as the yields secured in the central maize zone of Santa Fe and Cordoba so far exceed those anticipated that they offset the losses suffered.

In all the producing zones picking of the maize proceeds slowly, the work having been interrupted by the frequent rains of April. In the districts of low yields the slow progress is due also to the scarcity of labourers, especially in southern Santiago del Estero and northern Santa Fe, where, however, official help has in part supplied the deficiency.

The quality of the maize harvested up to now is generally very good, which may be principally attributed to the dry weather which prevailed during March, permitting good maturing of the intermediate plantings.

The official propaganda in favour of the improvement of the system of harvesting has also contributed to the better quality of grain being obtained. As an exception might be cited some districts where the colonists whose contracts expire in the month of April see themselves obliged to hasten the gathering in order to avoid the penalty of a high daily rent imposed by the landowners in case they do not abandon immediately the farms they have had rented.

Other Crops: Throughout the cereal region cultivation of the land for the next crop of wheat is being effected with the greatest intensity, and at the same time seeding of oats, barley and rye, to be pastured during the winter, is going forward.

This work is being done under excellent conditions by reason of the humidity of the soil and the good shape of the work animals.

#### Supplies and Markets

Wheat: Exports during April were 14,887,000 bushels of wheat and 126,000 bushels of flour in terms of wheat, a combined total of 15,013,000 bushels, which compares with 9,351,000 bushels in the preceding month.

The statistical position is now as set out in the statement below:

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	"
Shipment to April 29:Wheat .....	47,552,000	bushels
Wheat as flour      312,000      "	47,864,000	"
Balance still available .....	37,677,000	"

Throughout the month of April there was considerable activity in the wheat market, and the trend of prices was slowly but steadily upward, bringing Argentine wheat more nearly to a parity with that of other exporting countries. It goes without saying that much of the market activity was due to the operations of speculators; but there was also evident a firm foundation of genuine business. Holland bought freely of both old and new crop grain. Portugal purchased 1,029,000 bushels of old crop for shipment from Rosario, paying 9.15 the quintal. Italy showed great interest, and bought new crop for shipment from Bahia Blanca. Belgium and Switzerland were also among the purchasers.

Continuing the policy already established of giving aid to distressed European democracies by facilitating their purchase of Argentine wheat on easy terms, the Government arranged to ship 735,000 bushels of wheat to Norway, to be paid for as and when convenient, with no interest to be charged. This wheat is now being loaded into Norwegian ships at Santa Fe and Rosario.

Spanish ships are also busy loading cargoes of the second parcel of 14,697,000 bushels sold to the Spanish Government.

There is much interest shown for Spot wheat, with very little being offered from country points. Both the exporters and the local millers are willing buyers.

It is understood that very little wheat now remains in the hands of the official board, and with the day fast approaching when buyers will have to rely upon the open market for their supplies, it is not anticipated that any selling pressure will arise from growers and other country holders.

As high as 10. pesos per quintal was paid during the month for July wheat. At the close Spot was selling at 9.68 pesos per 100 kilos, equal to 78½ cents United States per bushel at current official exchange rates; June was quoted 9.87 (80 1/8 cents per bushel); and August delivery 10.21 (82 7/8 cents per bushel). On the same day Winnipeg June wheat closed at 90 5/8 cents.

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Linseed: Shipments during April were 4,824,000 bushels, which compares with the March total of 5,337,000 bushels, and leaves the supply position as shown below:

Second official estimate 1939-40 crop .....	44,368,000	bushels
Exports prior to January 1, 1940 .....	197,000	"
Stocks as at January 1, 1940 . . . . .	44,171,000	"
Deduct for seed and domestic requirements .....	7,874,000	"
Surplus for export .....	36,297,000	"
Shipments to April 29 .....	21,920,000	"
Balance still available .....	14,377,000	"

As shown above, more than half of the exportable surplus has already been shipped, and at the present rate of exporting another three months will suffice to clean up the remainder. But it is not anticipated that the present rate will be maintained, as the demand from the United States has fallen off considerably, and there has been less interest on the part of European neutrals.

It may be noted that many members of the grain trade are of the opinion that there are greater stocks on hand than would appear on the basis of the official crop estimate used in this statement.

Speculation continues to be a big factor in the market, and it was the cause of much fluctuation in prices during the month. But at the close there was a firm tone in the market as the result of some good sales for foreign countries, backed up by the continued substantial shipments.

Spot seed at the close of the month was quoted at 19.05 pesos per quintal, equal to 144 cents United States per bushel; with the July option 19.30 (145 7/8 cents); and the August option 19.48 (147 1/4 cents per bushel).

In Duluth on the same day July seed closed at 199 cents.

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Maize: April shipments were 12,624,000 bushels, as against 7,448,000 bushels in the preceding month.

Revised statistics of the exports of the 1938-39 season have increased the total to 133,442,000 bushels, and eliminated the small carry-over shown in last month's report.

Based on the first official estimate of the new crop, the current supply position is as shown below:

First official estimate 1939-40 crop .....	434,153,000	bushels
Less seed and domestic requirements .....	<u>98,421,000</u>	"
Surplus available for export .....	335,732,000	"
Shipments during April .....	<u>12,624,000</u>	"
Balance still available .....	<u>323,108,000</u>	"

The official calculation of the volume of the new crop, which is referred to elsewhere in this report, appeared to take many of the members of the grain trade by surprise, in spite of the optimistic crop prospects reported from time to time in the monthly review of crop conditions; and for many days after its announcement the price boards bore the announcement "No quotations". When quotations were resumed they were on a lower basis, and the month closed with prices rather lower than at the end of March, Spot being 4.56 pesos per quintal, or say 34½ cents United States per bushel; and the August option 4.79, or 36¼ cents per bushel; as compared with the Chicago close for July at 65 1/8 cents.

At present price levels Argentine maize is a very cheap feed stuff. High freight rates and lack of available tonnage form serious obstacles to its more general use in European markets. The loss of the German market was serious, and the Danish market, which should have been good for 20 million bushels of Argentine maize, is now closed also. This latter event is giving point to the campaign of propaganda urging the farmers to use their maize for the raising of hogs for the British market, where the lack of Danish bacon should make it welcome. Whether there will be any adequate response, and whether the Argentine can produce an acceptable substitute for the very high grade meat shipped to London from Denmark, remains to be seen. No great enthusiasm has yet been visible among the men most concerned.

There is as yet no pressure of deliveries of the new crop maize. Encouraged and assisted officially, the growers are mostly placing the corn, unshelled, in cheap field cribs, where it will keep reasonably well until marketing prospects are brighter.

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Oats: Shipments of oats during April totalled 3,029,000 bushels, a slight drop from the March figure of 3,342,000 bushels.

The statistical standing is now as set out below:

Second official estimate 1939-40 crop .....	59,914,000	bushels
Carry-over from 1938-39 crop .....	<u>1,106,000</u>	"
Total supplies .....	61,020,000	"
Deduct for seed and domestic requirements .....	<u>29,827,000</u>	"
Exportable surplus .....	31,193,000	"
Shipments to April 29 .....	<u>12,137,000</u>	"
Balance still on hand .....	<u>19,056,000</u>	"

The market during the month was comparatively quiet, with little export demand, although Italy made some purchases, and would probably have made more had prices been lower.

There is sufficient demand in the local market for good quality oats to maintain present price levels, and the pick of the grain goes to the local buyers at a slight advance over what the exporter can afford to pay, especially with existing high freights to Europe.

At the close of the month White oats of export grade were quoted 5.40 pesos per quintal; while for the domestic trade 5.60 was obtainable.

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Barley: April exports were 2,214,000 bushels, a severe drop from the March total of 4,772,000 bushels. The following is now the supply position:

Second official estimate 1939-40 crop .....	36,744,000	bushels
Disappearance prior to January 1 .....	<u>500,000</u>	"
Supplies as at January 1, 1940 .....	36,244,000	"
Deduct for seed and domestic requirements .....	<u>16,075,000</u>	"
Surplus for export .....	20,169,000	"
Shipments to April 29 .....	<u>14,095,000</u>	"
Balance still available .....	<u>6,074,000</u>	"

The recent fairly heavy shipments have made a satisfactory impression on the exportable surplus, and remaining stocks are not likely to prove burdensome.

There is no pressure to sell, and as the local brewers have already absorbed most of the available malting grain and their present requirements are covered, there is no active demand, and the market is quiet, with prices fairly firm at somewhat lower than last month's level. Malting barley at the end of the month was quoted 5.45 per 100 kilos, against 5.60 a month ago; and feed barley 5.25.

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Rye: Rye exports were again higher, 1,485,000 bushels moving out, as compared with 1,172,000 bushels during the previous month. Supplies are as shown hereunder:

Second official estimate 1939-40 crop .....	15,196,000	bushels
Seed and domestic requirements (revised) .....	<u>3,740,000</u>	"
Exportable balance .....	11,456,000	"
Disappearance prior to January 1 .....	<u>104,000</u>	"
Surplus as at January 1, 1940 .....	11,352,000	"
Shipments to April 29 .....	<u>4,934,000</u>	"
Balance still available .....	<u>6,418,000</u>	"

The rye market has been seriously affected by the European war, as the cutting off of the Scandinavian buyers has left few foreign consuming countries available. However, the acquisition by the United States of two cargoes during April, gave a little fillip to business, which generally speaking was quiet.

While the demand is slack, there is little selling pressure, holders taking the view that the present wide spread between wheat and rye prices leaves room for hope that the latter may improve.

Rye of export quality closed the month at 5.55 pesos per 100 kilos, as compared with 5.50 at the end of March.

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