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THE GRAIN SITUATION IN ARGENTINA

Ottawa, October 11, 1940 - The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of October 3, 1940, dealing with the grain situation in Argentina.

Seeded Areas - First Official Estimate

The first official forecast of the areas which have been planted with the principal field crops (excluding maize) for the season 1940-41 has been made public by the Department of Rural Economy and Statistics of the Ministry of Agriculture of the Republic.

The whole area seeded to the five crops dealt with amounts to 32,202,100 acres, which is lower than that of last season by 1,093,600 acres.

Reproduced hereunder are the areas estimated as having been planted with the various crops for the new season, together with the percentage increase or decrease in relation to the last season:

	<u>hectareas</u>	or	<u>acres</u>	<u>Increase or Decrease %</u>
Wheat	6,900,000		17,049,900	- 4.4 %
Linseed	2,700,000		6,671,700	- 12.2
Oats	1,500,000		3,706,500	+ 7.6
Barley	832,000		2,055,900	- 3.1
Rye	1,100,000		2,718,100	+ 18.4
	<u>13,032,000</u>		<u>32,202,100</u>	<u>- 3.3 %</u>

The decreases noted, especially in the areas of wheat and linseed, are attributed by the officials to the frequency and abundance of the rains which fell during seeding. In some of the zones these caused inundations of the farm lands, and in others delayed the preparation of the soil.

The increases in the areas devoted to oats and rye took place in the western sections of the cereal zone, where the unusual precipitation has been rather beneficial.

Of the acreage planted to barley, according to the official memorandum 1,334,340 acres, have been seeded with malting varieties, which is a reduction of 30,166 acres as compared with last season.

In the statement below will be found the acreages of the several crops planted in recent seasons:

	<u>Wheat</u>	<u>Linseed</u>	<u>Oats</u>	<u>Barley</u>	<u>Rye</u>
	B u s h e l s				
1940-41	17,049,900	6,671,700	3,706,500	2,055,900	2,718,100
1939-40	17,832,700	7,599,600	3,446,200	2,121,500	2,295,700
1938-39	20,867,600	6,607,500	3,360,600	2,053,400	2,253,600
5 year average	18,576,300	7,300,400	3,546,800	1,900,700	2,479,700
10 year average	18,972,300	7,501,000	3,588,800	1,771,500	2,062,400

Crop Conditions

Fine and seasonable weather, favourable for the growing crops, was the rule during September, and reports from the various districts indicate that the fields look well, with strong and healthy plants, the only important exception being the province of Entre Rios, where things are rather backward, but not hopelessly so.

The Official Report. Excerpts from the monthly official report on crop conditions, which was issued yesterday morning with regard to the principal crops in the various districts follow:

The Wheat Crop: Except in the eastern part of the province of Entre Rios and some portions of the central west of Buenos Aires, where the frequency of the rains caused deterioration of some fields of wheat, especially on low-lying lands, the condition of the wheat crop is good; further, it is very good in southern Santa Fe and northern Buenos Aires. Although in the northern sections of the cereal zone a great part of the crops have headed already, generally speaking there is a certain backwardness in development; but the practical importance of this backwardness is offset by ample soil moisture.

In the northern part of Santa Fe some fields are affected by "septoriosis", but the infection is not regarded as serious. Some damage has been caused by green fly in the Rio Segundo district of Cordoba, but the low temperatures are tending to reduce the activities of this pest.

The Linseed Crop: The condition of the fields of this seed varies from superior to good, the plant growth being excellent in the zones of greater importance such as the province of Santa Fe, portions of Entre Rios, the north of Buenos Aires, and the east of Cordoba. The excessive rains have caused deterioration in some fields in eastern Entre Rios and parts of Buenos Aires, but the damage is of a limited character.

Generally the linseed fields are backward, due to the delay in seeding caused by the abundant winter rains and also to the slowness with which the preceding maize crop was harvested.

The Barley Crop: The fields of malting barley have benefited by the rains, especially those of late seeding. As a result, the condition is from good to very good.

The Maize Crop: The preparation of the land for the next crop of maize was completed relatively late. Planting is about 70 per cent completed in the province of Santa Fe; but in the remainder of the maize zone the proportion is much lower, not over 10% in the province of Buenos Aires and 25% in Cordoba. Conditions are perfect for germination.

Shelling of the old crop is proceeding rapidly, especially in the north of Santa Fe, for fear of the percentage of weevil damage being increased as might logically be expected shortly when the weather becomes warmer as the season advances.

The condition of the cribbed maize is on the whole good, the weevil damage as yet being small, although there are cribs which have shown a loss of from 15 to 20 per cent in the best maize zone, and others with up to 40 per cent in some places in the north.

It is feared that many cribs which have not been roofed or in which there is grain harvested badly, will show a percentage of rotten and mouldy corn which will be in excess of commercial allowances.

Supplies and Markets

Wheat: Wheat has continued to move out fairly freely, taking into account the reduced stocks. Shipments during September totalled 7,745,000 bushels, which includes the small quantity of 8,000 bushels of flour in terms of wheat. The August total was 10,197,000 bushels.

In the following statement of the statistical position, some revisions have had to be made. Another quarter of a million tons (approximately 9,186,000 bushels) has been added to stocks, which presumably pertains to the 1938-39 crop; and a substantial addition has been made to the flour shipments, to put these in accord with the data of the Statistical Bureau.

Third official estimate 1939-40 crop	119,452,000	bu.
Carry-over from 1938-39 crop	68,566,000	"
Official addition to stocks, July 14, 1940	27,557,000	"
Further unofficial addition	9,186,000	"
Total Supplies	224,761,000	"
Deduct for seed and domestic requirements	101,044,000	"
Surplus available for export	123,717,000	"
Shipments to) Wheat (Revised)	114,670,000	bu.
September 30) Wheat as flour (Revised).....	2,732,000	"
Balance still available	6,315,000	"

There was only slight activity in the wheat market during September. As shown in the statement on Page 2, little of the old grain remains to be disposed of, and much of it is of inferior grade and light weight. This light weight wheat has been something of a problem recently in the Futures Market. No one wants it; but a lot of it has been tendered in fulfilment of contracts, and acceptance is obligatory, with allowances for the light weight ($58\frac{1}{2}$ lb. per bushel). Even so, it is unwelcome, and is turned over to some one else as quickly as possible. The millers do not want it, as the proportion of offal is too great, and offal is very low in price, with the export outlet more or less closed. Hence an artificial selling pressure has been created, especially in Buenos Aires, which has carried prices to a lower level than the statistical position justifies.

The United Kingdom made a number of small purchases during the month, aggregating in all about 40,000 tons (1,470,000 bushels). Neighbouring countries in South America were the only other buyers, Uruguay being one of them, having oversold her own wheat production some months ago in order to secure foreign exchange and being now under the necessity of rebuying to provide for domestic requirements.

On the basis of the acreage seeded, given average abandonments and an average yield, the new crop of wheat should produce something over 5 million tons, (183,716,000 bushels), of which half would be available for export. But it is of course far too early yet to attempt to make an accurate forecast.

At the close of the month Spot wheat in Buenos Aires was worth 6.47 pesos per 100 kilos, equal to $52\frac{1}{2}$ cents U.S. per bushel at official exchange rates; and the December option 6.63, or say $53\frac{3}{4}$ cents per bushel.

Outside the market February new crop wheat was changing hands at 6.37 to 6.42 per 100 kilos.

Winnipeg's closing price at the end of the month was 73 cents for December wheat.

Maize: September exports were pitifully small, in view of the huge stocks available. Only 2,648,000 bushels were shipped. The comparable figure in August was 4,709,000 bushels.

The statistical position is as follows:

Second official estimate 1939-40 crop	418,878,000 bu.
Less seed and domestic requirements	98,421,000 "
Surplus available for export	<u>320,457,000 "</u>
Shipments April to September 30, 1940	42,782,000 "
Balance still available	<u>277,675,000 "</u>

Apart from some relatively small sales to Canada and the United States, the United Kingdom was the only buyer, and her purchases were disappointingly small.

The official Grain Board, buying on behalf of the National Government at the price set by Congress of 4.75 per 100 kilos of shelled grain, has now acquired a total of 68,970,000 bushels of which 14,876,000 bushels are on the cob and the balance of 54,094,000 bushels shelled. It can fairly safely be said that the Government is the only buyer at the price mentioned, which is far higher than present commercial values. But many growers needing the cash prefer to sell to grain merchants at the current price of 3.60 and get immediate settlement rather than incur the delays inherent in dealings with official bodies in such matters. Not all such transactions are profitable for the grain dealer, however. Recently some would-be shippers made purchases for export but finding themselves unable to secure steamer space were compelled to resell their grain on the domestic market, causing prices to slide further.

The future is very obscure, the only fairly certain prospect being a heavy loss for the national exchequer.

On an inactive market the month closed with Spot maize quoted at 3.60 per 100 kilos, or say $27\frac{1}{4}$ cents per bushel; and December grain 3.92, or $29\frac{5}{8}$ cents per bushel; while in Chicago December corn closed at $57\frac{3}{4}$ cents.

Linseed: September exports of linseed were 406,000 bushels, a low figure but rather better than the August total of 265,000 bushels.

The supply position is as set out below:

Third official estimate 1939-40 crop	39,935,000 bu.
Probable underestimate	2,953,000 "
Total Supplies	42,888,000 "
Exported prior to January 1, 1940	197,000 "
Stocks as at January 1, 1940	42,691,000 "
Seed and domestic requirements	7,874,000 "
Exportable surplus	34,817,000 "
Shipments to September 30	27,994,000 "
Balance still available	6,823,000 "

Very little business was transacted during the month, in spite of the low level of prices, which are said to be below the cost of production. Great Britain and the United States made some purchases, as did also Japan, but the quantities involved were relatively small.

The local crushers being unable to sell their products at prices which will leave a profit are only interested in buying low priced seed, thus adding to the prevailing weakness.

The month closed with Spot linseed at 9. pesos per 100 kilos, equal to 68 cents per bushel; and the November option 9.10, or 68 $\frac{3}{4}$ cents per bushel; while in Duluth on the same day December seed closed at 145 cents.

Oats: September exports were 165,000 bushels, which compares with 71,000 bushels in the preceding month. This 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 September 30	14,641,000 "
Balance	13,219,000 "

With most of the foreign markets cut off, business was confined to supplying domestic requirements, and prices consequently fell off during the month.

Superior White oats closed at 4.90 against 5.50 a month ago; and Export quality White 3.60 and Yellow 3.40, as against 4.10 and 3.90 per quintal.

Barley: September shipments were 1,039,000 bushels as compared with 319,000 bushels in August. The supply position is now as under:

Third official estimate 1939-40 crop	39,091,000 bu.
Disappearance prior to January 1	500,000 "
Supplies as at January 1, 1940	38,591,000 "
Deduct for seed and domestic needs	16,075,000 "
Surplus for export	22,516,000 "
Shipments to September 30	19,478,000 "
Still on hand	3,038,000 "

Apart from moderate buying by Great Britain, there was no demand for export; and local purchasers were very few. Hence prices again weakened, Malting grain for export closing at 3.40 as compared with 4.25; and Superior barley for the local market 3.95 instead of 4.90 per 100 kilos.

Rye: Shipments during the month were only 267,000 bushels which went to Europe.

There is still a substantial balance on hand of 3,257,000 bushels out of the original exportable balance of 9,738,000 bushels on January 1 from the estimated crop of 13,582,000 bushels.

Business is very dull, the demand being extremely limited either for local consumption or for export. Prices remain unchanged at 3.40 for export quality and 3.60 for best domestic.

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