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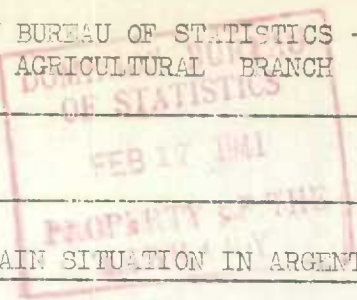
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Dominion Statistician:
Chief, Agricultural Branch:

R. H. Coats, LL.D., F.R.S.C.
C. F. Wilson, Ph.D.



THE GRAIN SITUATION IN ARGENTINA

Ottawa, February 15, 1941.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of February 5, 1941, dealing with the grain situation in Argentina.

Second Official Estimate of Grain Crops

The Ministry of Agriculture a few days ago made public its second calculation of the probable volume of the principal field crops, excluding maize, for the 1940-41 season.

In every case the five crops dealt with show a decrease from the first estimate, and in the production of the whole there is a drop of 11.3 per cent.

	<u>Second Estimate</u>	<u>First Estimate</u>
	(bushels)	
Wheat	275,757,000	293,945,000
Linseed	61,690,000	78,736,000
Oats	41,661,000	57,061,000
Barley	36,712,000	39,499,000
Rye	16,948,000	18,897,000
T o t a l s	432,768,000	488,138,000

The decreases in production, according to the Ministry, represent the damage recorded in its special report on the subject early in January, and reproduced in the last monthly report, the cause being the heavy rain and hail storms in the closing days of last year. Comparative figures of former crops were given in the last monthly report.

First Official Estimate of Maize Area

The first official calculation of the extent of the area planted with maize for the 1940-41 season is 6,200,000 hectares, or 15,320,200 acres, which compares with 7,200,000 hectares or 17,791,200 acres, planted last season, and a five-year average of 6,457,427 hectares or 15,956,300 acres, in the period 1935-40 inclusive.

There is thus a decrease of 13.9 per cent from the area of last season, and 4 per cent from the five-year average. The decrease is ascribed principally to the poor prospects offered by market conditions at the present time.

The weather during preparation of the land and planting of the grain was very favourable for the work, and it has been equally favourable for the development of the growing corn, except in some districts where excessive rains have fallen.

Crop Conditions

According to the official monthly report on crop conditions, the weather has tended to become normal again since the heavy rains of the last half of December caused the damage reflected in the estimates of production which appear above. Generally, conditions have been favourable for harvesting and threshing operations as well as for the still growing crops. Comment on the individual crops is as follows:

The Wheat Crop: When the abundant rains of late December fell the greater part of the wheat in the northern districts, including the provinces of Entre Rios, Santa Fe and Cordoba, and the northern portion of Buenos Aires, had already been cut and was in stacks or bags according to the system of harvesting adopted. For this reason the damage was relatively small in that zone. But apart from the decreased yield, there was an abandonment of approximately 10 per cent of the seeded areas, and in the province of Entre Rios this abandonment was much greater, even reaching 40 per cent in some districts.

In the centre and west of Buenos Aires the overflowing of rivers and creeks and the accumulation of rain water in low places caused the loss of seeded areas varying from 15 to 20 per cent. There were similar losses in some parts of the south-west of the province; but in the south-east and extreme south damage was smaller. In the south-west of Buenos Aires wheat yields are considered satisfactory, notwithstanding the rain damage, but in the south-east they were generally below normal.

Generally speaking, harvesting of wheat may be considered practically finished, and threshing is proceeding under relatively normal conditions. The yields recorded prior to the rains exceed those used as a basis for the first calculation of production, although in the zones affected by the heavy rains yields have been much diminished.

The quality also was perceptibly affected, and there is a good proportion of grain of light weight and poor colour. Nevertheless, it is equally true that there is an appreciable quantity of wheat of perfect quality to be found in the northern regions harvested before the rains, and also in southern fields where the backward condition of the crops permitted them to mature undamaged.

The Linseed Crop: The damage caused by the rains has been proportionately greater in the linseed than in the wheat fields, and both the yield and quality have been badly affected. The greatest damage took place in the province of Entre Rios, reaching in some districts over 50 per cent of the anticipated production.

In the northern Buenos Aires the rain storms took place at a time when a great part of the crop had been cut and was lying in windrows, so that the quality was greatly affected.

In Santa Fe there was less damage from the rains than in the case of wheat, especially as regards totally lost areas or decreased yields. These are very variable, according to the stage in which the fields were caught, some being quite green, others ripe and uncut, some cut and on the ground, and still others cut and stacked. The most backward fields were those which suffered least damage.

In southern Buenos Aires this year's crop, in spite of the adverse factors, is considered very satisfactory.

The Oat Crop: The oat production is one of the lowest in the last ten years, partly on account of the rains, but also because of the important areas abandoned without harvesting because of the low prices quoted for this cereal.

The Barley Crop: In spite of the probably decreased yields due to the rains, barley may be considered an abundant crop. But for the rain damage it would have been really extraordinary. The quality has suffered appreciably from the moisture.

The Maize Crop: The condition of the maize fields in general is better than normal. In some parts of Entre Rios the lack of rains during January was injurious, but the precipitation of recent days has restored normal conditions. In some inundated districts in central Santa Fe certain planted fields were lost.

Almost everywhere planting of maize has been finished, except in northern districts where it is the practice to plant more than one crop. With regard to the old maize crop, shelling is proceeding slowly for local use, with the interruptions imposed by the frequent rains. These rains have affected the quality of the grain stored in many of the cribs, and weevil damage increases daily, although at a lower rate than had been anticipated.

Rye: Rye is an abundant crop in spite of the losses caused by the rains. The fact that in some regions like the Pampa and the south-west of Buenos Aires this grain has become the principal crop will mean that it will be harvested although quotations are far from remunerative.

Supplies and Markets

Wheat: Exports during January were 3,494,000 bushels of wheat and 13,000 bushels of flour in terms of wheat, a combined total of 3,507,000 bushels. This compares with a total of 4,354,000 bushels in the preceding month.

On the basis of the second official estimate of the crop, the statistical position is now as shown on page three.

Second official estimate 1940-41 crop	275,757,000 bushels
Carry-over from 1939-40 crop	2,729,000 "
Total Supplies	278,486,000 "
Deduct for seed and domestic consumption	101,044,000 "
Surplus available for export	177,442,000 "
January) Wheat	3,494,000 bushels
shipments) Wheat as flour .	13,000 "
	<u>3,507,000 "</u>
Balance still available	<u>173,935,000 "</u>

An official announcement has made it known that by January 24 the Grain Board had acquired over two million tons (73,486,000 bushels) of wheat of the new crop, besides a small balance of the old one.

Trading in the market has been very dull, the business being practically confined to Brazil and the local millers.

The United Kingdom has shown some interest in the purchase of Rosario wheat, but the offers are said to be too much below the minimum price established by the Government, and the Grain Board is apparently unwilling to close. Press reports indicate that Spain would like to acquire a further 300,000 tons (11,023,000 bushels), but at what price is not mentioned.

A good deal of light weight wheat is coming forward, and the Grain Board has offered to buy this at a discount of 10 per cent off the official minimum (6.75). A great part of this grain will probably be gradually absorbed by the local millers.

At the close of the month with the official quotation for Spot wheat 6.75 pesos per 100 kilos, (equal to 54 3/4 cents per bushel), it was selling to the trade at 6.42 1/2. The quotation for June delivery was 6.90 (56 cents per bushel), while July wheat was selling in Chicago at 76 1/4 cents, and in Winnipeg at 78 1/8 cents.

Linseed: January shipments were 1,778,000 bushels as against 1,352,000 bushels in December, leaving the statistical position as given below:

Second official estimate 1940-41 crop	61,690,000 bushels
Carry-over from 1939-40 crop	2,282,000 "
Total supplies	63,972,000 "
Deduct for seed and domestic needs	7,874,000 "
Surplus available for export	56,098,000 "
Shipments during January	1,778,000 "
Balance still available	<u>54,320,000 "</u>

In spite of the substantial reduction made in the new official estimate of the crop, it is considered in some quarters to be still too high.

Operations during the month were slow. The only transactions of importance were sales of 1,772,000 bushels to the United States and about 800,000 bushels to the United Kingdom. More might have been sold, but the high freight rates are an obstacle.

With a good deal of the new crop of linseed ~~discouraged~~ and of light weight, there is still some good seed available, with a high oil percentage, and at prevailing prices this is comparatively cheap.

With the official minimum price 9.25 pesos per 100 kilos, Spot seed closed the month at 9.37, or say 70 3/4 cents per bushel, and for June delivery 9.55 per quintal (72 1/8 cents per bushel). At the same time in Duluth May seed closed at 169 cents.

Maize: January shipments of maize were 5,632,000 bushels, which compares with 6,010,000 bushels in December. The statistical position is as shown below:

Third official estimate 1939-40 crop	408,445,000 bushels.
Less seed and domestic consumption	98,421,000 "
Surplus for export	310,024,000 "
Shipments April 1, 1940 to January 31, 1941	55,610,000 "
Balance still available	<u>254,414,000 "</u>

The market during January was inactive. Some sales were made of inferior quality of maize for domestic consumption at well below the official price, but for shipment overseas no business was possible. The need is there, and prices are low, but apparently no shipping space can be made available under existing conditions.

About 5 1/2 million tons (216,525,000 bushels) are in the hands of the Grain Board, some of it shelled and some of it in farm cribs still unshelled and inevitably deteriorating in quality. This is available at very low prices, but pasture conditions are so excellent that stockmen are in no need of it. Within a few weeks the new crop will be ready to find its way down to the ports, but what can be done with the old stocks is a problem which the authorities have not yet solved.

With the official minimum price 4.75 per 100 kilos (35 7/8 cents per bushel), Spot maize can be bought in Buenos Aires for 3.75 and Rosario 3.62 1/2.

Oats: January shipments of oats were 393,000 bushels as against 164,000 bushels in the preceding month. The current statistical position is given below:

Second official estimate 1940-41 crop	41,661,000	bushels.
Carry-over from 1939-40 crop	12,651,000	"
	<hr/>	
Total Supplies	54,312,000	"
Seed and domestic consumption	29,827,000	"
	<hr/>	
Exportable balance	24,485,000	"
Shipments during January	393,000	"
	<hr/>	
Still available	24,092,000	"

There is a lifeless market. European countries which normally about this time are in the market for Argentine oats are now cut off by war conditions, and the United Kingdom appears indisposed to buy.

Prices rose a little as a consequence of the storm damage to the new crop and the abandonment of large areas because of unprofitable quotations for the grain, so that Superior oats are now quoted 5.30 per 100 kilos as against 4.45 a month ago.

Barley: Exports were 861,000 bushels as against 544,000 bushels in December, leaving the supply position:

Second official estimate 1940-41 crop	36,712,000	bushels
Carry-over from 1939-40 crop	1,023,000	"
	<hr/>	
Total supplies	37,735,000	"
Seed and domestic needs	16,075,000	"
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Exportable surplus	21,660,000	"
January shipments	861,000	"
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Still on hand	20,799,000	"

As a result of the excessive storm damage, Brewery barley is less plentiful than it should have been, but of Feeding barley there is no lack. Demand at the moment is almost nil, and the Grain Board has purchased only small quantities.

The official minimum price for Malting barley is 5.00 pesos per 100 kilos and for Feed barley 4.50.

Rye: Shipments in January were 581,000 bushels, as compared with 119,000 bushels in December. The supply position is as follows:

Second official estimate 1940-41 crop	16,948,000	bushels
Carry-over from 1939-40 crop	3,018,000	"
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Total Supplies	19,966,000	"
Less seed and domestic requirements	3,740,000	"
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Exportable surplus	16,226,000	"
January shipments	581,000	"
	<hr/>	
Still available	15,645,000	"

Domestic consumption is practically confined to the foreign-born portion of the population, and is therefore very limited. Most export markets are closed by war conditions. Hence there is almost no market for the grain, and the nominal quotation is only 3 pesos per quintal.

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