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THE GRAIN SITUATION IN ARGENTINA

Ottawa, November 14, 1941.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of November 4, 1941, dealing with the grain situation in Argentina.

Seeded Areas - Third Official Estimate

The final official calculation of the areas which have this season been devoted to the five principal field crops, excluding maize, give a total of 13,218,000 hectareas, or 32,528,000 acres. While this is a little larger than the earlier forecasts, it is smaller by 1,509,000 acres, or 4.4 per cent, than the total of last season. Of the five crops, wheat is the only one which shows an increase in area as compared with last year, as will be seen from the following table.

	1941-42 Sowings (acres)	Percentage Change from 1940-41
Wheat	17,915,000	+ 2.3
Linseed	6,738,000	- 5.1
Oats	3,519,000	-10.8
Barley	1,972,000	- 8.1
Rye	2,384,000	-28.3
	32,528,000	- 4.4

Comparable figures of the plantings of the various crops in recent seasons are as follows:

	Wheat	Linseed	Oats	Barley	Rye
			acres		
1941-42	17,915,000	6,738,000	3,519,000	1,972,000	2,385,000
1940-41	17,507,000	7,103,000	3,943,000	2,146,000	3,327,000
1939-40	17,833,000	7,600,000	3,446,000	2,121,000	2,296,000
5-year average ...	19,323,000	7,423,000	3,765,000	1,944,000	2,827,000
10-year average ..	18,638,000	7,468,000	3,600,000	1,845,000	2,279,000

Maize Production - Third Estimate

The volume of the maize crop of the season 1940-41 is now calculated officially as being 403,052,000 bushels, which is below the second estimate made in May, by 8,346,000 bushels, or 2 per cent.

The crop of the preceding season totalled 408,445,000 bushels. The average of the last five years was 301,989,000 bushels, and the ten-year average 320,557,000 bushels.

The planted area in 1940-41 was 15,067,000 acres, of which 12,188,000 acres were harvested, giving a yield of 33.2 bushels per acre harvested.

Crop Conditions

The weather during the greater part of October was unfavourable for the grain and seed crops. There was a lack of rain, and a series of frosts, especially those on the 16th and 21st of the month which were preceded by excessive heat, caused an evident deterioration in the state of the crops throughout the cereal producing region, especially in the northern sections, covering Entre Rios, Santa Fe and Cordoba, and also the northern parts of the province of Buenos Aires. Some relief was given by rains which fell on the 26th, although these were insufficient in volume to fill the needs of the crops.

According to the official report of the Ministry of Agriculture, the general condition of the wheat crop is not more than fair, while that of the linseed crop is somewhat better than fair, as at the end of October.

The principal features of the Ministry's report are embodied in the following extract:

The Wheat Crop: In the north of Santa Fe the condition of the fields is bad, improving in the centre, where it is fair, and becoming from fair to good in the south. Both in the northern zone and in the centre there are numerous fields which have already been turned into pasture for live stock because of the failure of the grain crop. Other fields in which are varieties of wheat of slower development will give low yields in the north and fair in the central zone. In the south of Santa Fe they may yet yield satisfactorily.

In Cordoba the state of the wheat fields is similar to that in Santa Fe, improving from north to south and from west to east.

In the province of Buenos Aires the wheat crop has deteriorated also, especially in the west, where the October frosts caused damage which in some fields has become total. Hence there are stretches which have been devoted to stock pasture, and this will cause a sensible decrease in the good yields which otherwise might have been obtained.

In Entre Rios the wheat deterioration has been relatively small. It is principally due to the lack of rain in October.

As for the Pampa, it must be said that the frosts, the drought and the heavy winds have modified substantially the prospects of the crop which, although good in September, are now no more than fair.

The Linseed Crop: Linseed has better resisted the effects of the frosts and drought by reason of its better root system. Its late planting, coinciding with the commencement of the drought period, prevented excessive development, and hence the plants were less susceptible to damage. Nevertheless, there are linseed fields which are looked upon as a total loss in southern Entre Rios, northern Santa Fe, northern and western Cordoba, and western Buenos Aires, in proportions varying from 5 to 40 per cent, but which in relation to the whole area planted in the country, at the present moment would not exceed the proportion of the planted area which normally would be abandoned for various reasons. In general, blossoming has been scanty, and the pods are small but well filled.

Barley: The fields of Malting varieties of barley have been much damaged by the drought, the winds and frosts, especially in the south-west of Buenos Aires and in the Pampa. Here the crop prospects are hardly fair. In Mendoza the condition of the fields is good.

Maize: Preparation of the land for the planting of maize was suspended during October because of the drought over the greater part of the country. It was only possible to do some planting in some irrigated sections, and in districts in the eastern part of Buenos Aires where rain fell during the first ten days of the month.

Dealing with the situation in Buenos Aires, a report of the Provincial Department of Agriculture just issued says that the drought which commenced in September has not entirely disappeared. The last rains improved the general condition of the crops and mitigated in part the damage caused by drought and frosts; but these latter have returned to cause further set-backs.

It is still too early to calculate the extent of the damage which has been done to the crops, because of the general backwardness and other factors. But it can be affirmed that any hope of a good crop must be discarded.

Supplies and Markets

Wheat: There was a smaller movement of wheat in October, exports totalling only 5,063,000 bushels (5,025,000 bushels of grain and 38,000 bushels of flour in terms of grain), as compared with a total of 7,352,000 bushels in September, and 7,781,000 bushels in August.

The supply situation is now as set out below:

Third official estimate 1940-41 crop		271,171,000 bushels
Carry-over from 1939-40 crop		2,729,000 "
Total supplies		273,900,000 "
Deduction for seed and domestic needs		101,044,000 "
Surplus available for export		172,856,000 "
Shipments) Wheat	74,223,000 bushels	
to Oct. 31) Wheat as flour ...	1,422,000 "	75,645,000 "
Balance still available		97,217,000 "

Something over 200,000 tons (7,349,000 bushels) of wheat have been sold but not yet shipped, leaving the available surplus that much smaller.

A triangular deal is under negotiation with Bolivia, by which that Republic will acquire from the Argentine, in addition to quantities of sugar and potatoes 80,000 tons (2,939,000 bushels) of wheat, payment being made by the transfer to the Argentine Central Bank of British and United States funds to a total of 10,000,000 Argentine pesos.

Other neighbouring countries continue to be steady buyers of Argentine wheat, and recent purchases by Brazil, Peru and Uruguay total up to nearly 100,000 tons (3,674,000 bushels)

On the other hand, the demand from Europe is practically nil, and Spain appears to be the only country showing any interest. Great Britain has a few cargoes still to be despatched between now and the end of the year, but is showing no desire to acquire more, especially now that the Grain Board has raised its selling price since the prospects of the new crop commenced to dwindle.

For the first time in this crop year, the selling price of the Board (6.90 pesos per 100 kilos) has risen above the official minimum purchasing price of 6.76 (54 3/4 cents U.S. per bushel). The increase is regarded as fully justified by current conditions, as the general feeling is that even an average crop of wheat is unlikely to be threshed this season, and the maximum carry-over is placed at two million tons (73,486,000 bushels). But naturally the real test of the wisdom of the move is, will the buyers pay the price?

At the close of the month for January delivery, the most distant option officially permitted, 7.50 pesos per quintal, or say 60 7/8 cents per bushel, was the prevailing quotation. Outside the market 7.70 was being paid for February delivery, a little drop from the 7.75 paid a few days earlier (62 7/8 cents per bushel). In Winnipeg December wheat closed at 73 cents per bushel on October 31.

Linseed: Shipments of linseed in October fell to 3,452,000 bushels from the previous month's total of 4,206,000 bushels, leaving still a substantial balance available, as will be seen from the following figures:

Third official estimate 1940-41 crop	57,462,000 bushels
Carry-over from 1939-40 crop	2,282,000 "
Total supplies	59,744,000 "
Deduction for seed and domestic needs	7,874,000 "
Exportable surplus	51,870,000 "
Shipments to October 31	23,085,000 "
Balance still available	28,785,000 "

There was a strong market during the month, with prices showing a tendency to advance.

The trade agreement with the United States, long under negotiation, which has formed the basis of much speculation in the linseed market during recent months, was duly signed in the middle of October. The 50 per cent reduction in the import tax into the States had a beneficial effect on the price situation, although actual trading in Spot seed was far from being what had been anticipated.

Great Britain was the principal buyer during October, acquiring 50,000 tons (1,968,000 bushels) for shipment during this and next month.

The Grain Board shows no disposition to press sales at present, which seems to be a sound policy in view of the situation with regard to the new crop. While this has suffered relatively less deterioration than has the wheat, its condition and prospects leave much to be desired. Hence in spite of the recent advance in prices of more or less a peso per quintal, offerings of seed are comparatively small. There is talk of a substantial increase in the official minimum price (at present 9.25 pesos per quintal), 11.50 being mentioned as the likely new level.

The month closed with Spot linseed quoted 11.10, or say 83 7/8 cents U.S. per bushel, and 11.75 pesos per 100 kilos (88 3/4 cents per bushel), January. Coincident with the rise in Argentine prices, those in the United States suffered a corresponding drop. December seed closed in Duluth at 183 cents.

Maize: The movement of maize continues to be extremely small, although the October exports were nearly a thousand tons (39,000 bushels) over those of September. Shipments amounting to 2,730,000 bushels compare with 2,695,000 bushels in September.

On the basis of the new official estimate of the volume of the crop, as shown on the first page of this report, the following is now the statistical situation:

Third official estimate 1940-41 crop	403,052,000	bushels
Deduct for seed and domestic consumption	78,736,000	"
Balance available for export	324,316,000	"
Shipments April 1 to October 31	7,204,000	"
Surplus still available	317,112,000	"

There has been no change in conditions in the corn market, in which foreign buyers still show little interest, although some small sales were made during October to the United Kingdom and to Switzerland. A possible opening for Argentine maize in Canada is talked of, but no sales have yet been reported.

Locally there is a good demand for fuel, fostered by the low stocks of coal and the difficulties in the way of importing more. An increased use of maize for animal feeding is also anticipated, consequent on the deterioration in the pastures following the recent drought.

The condition of the grain has improved somewhat during the dry weather; but with the cribs already badly infested with weevils and other pests, losses must necessarily be heavy.

Prices are more or less nominal, with a maximum of 4.50 pesos per 100 kilos, this being the selling price of the official Board, whose purchasing price from the grower is 4.75 pesos, or say 35 7/8 cents per bushel.

Oats: October exports were a little better, 969,000 bushels moving out, as compared with 347,000 bushels in the preceding month. This brings the total shipments to October 31 to 5,612,000 bushels out of the original exportable surplus of 17,806,000 bushels, and leaves a balance still available of 12,195,000 bushels.

The market is very quiet, and sales are not easily made; but there is no great pressure to sell. The grain stores easily, and the acreage seeded this year is smaller than last, when part had to be abandoned because of the unprofitable prices obtainable.

Switzerland was the only overseas buyer during the month. Enquiries were received from Canada, whose oat crop is short, but business did not result.

Superior oats for the local market closed the month at 4.90, as compared with 5. pesos per quintal at the end of September. Export quality oats are worth 4.60.

Barley: Exports were again small, only 219,000 bushels moving out, as against 193,000 bushels in the previous month.

During the season up to October 31, 3,644,000 bushels have been shipped out of the exportable surplus of 21,186,000 bushels, leaving still on hand 17,542,000 bushels. Buyers were operating on a reduced scale on a very quiet market. Switzerland was the only foreign country with any apparent interest.

Much of the grain has suffered from storage, and is only fit for animal feed, for which purpose it encounters strong competition from the heavy stocks of corn, to the use of which Argentine live-stock men are more accustomed. Hence, although barley can be purchased from the Grain Board at very low prices there is no great rush to secure it.

For barley for export the Grain Board's price is 3.25 per 100 kilos. For local consumption prices are merely nominal.

Rye: There were no exports during October. In fact there have been none since June. The statistical position, therefore, remains unchanged, there being on hand available for export 6,353,000 bushels, 1,280,000 bushels having been shipped out of the original exportable surplus of 7,632,000 bushels.

There is no demand from overseas for this grain. For local consumption the regular light buying takes place, with the Superior grade changing hands at the extremely low price of 2.40 pesos per 100 kilos.

The Freight Situation

In the vital matter of ships for the conveyance of Argentine produce to overseas destinations, there is little change to record.

Slowly the 16 boats purchased from Italy by the Argentine Government are are being brought into service. Two have already been chartered to grain exporters and have left with cargoes of wheat for Peru, to reload there with cotton or other produce for the United States, whence coal will be brought to the Argentine. Two others are to load with oats and maize for Spain, en route to Switzerland. Another is to take linseed to the United States, and two general cargo to the States.

With the prevailing high rates of $54. (U.S.) per ton to Spain and $22 to the United States, Argentine citizens are elated at the prospect of seeing some return on the heavy investment made for them by their Government in the 16 ships already bought, and are more complacent with regard to the further purchase of Danish boats which is under negotiation, while merchants naturally welcome the additional available tonnage, small though it is in relation to the volume of overseas trade awaiting transportation.

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