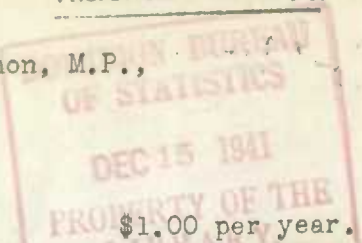


DOMINION BUREAU OF STATISTICS - CANADA
AGRICULTURAL BRANCH



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THE GRAIN SITUATION IN ARGENTINA

Ottawa, December 13, 1941.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of December 4, 1941, dealing with the grain situation in Argentina.

Seeded Areas - Fourth Official Estimate

A further official calculation (the fourth) has been issued by the Ministry of Agriculture of the principal grain and oilseed crop areas (excluding maize) for the 1941-42 season. The new figures show little variation from those of the third estimate. Three of the five items remain unchanged. Wheat is raised by 124,000 acres; linseed by 7,000 acres; and rye by 277,000 acres. The total plantings are higher by 408,000 acres.

The amended figures are reproduced below, together with the corresponding acreages in other seasons:

	<u>Wheat</u>	<u>Linseed</u>	<u>Oats</u>	<u>Barley</u>	<u>Rye</u>
			acres		
1941-42	18,038,000	6,746,000	3,519,000	1,972,000	2,661,000
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

About the middle of the current month it is expected that the first calculation of the production of the crops will be issued.

Increased Official Control of Grain Trade

By a Decree dated November 14 the Government of the Republic has assumed virtual control of the grain trade. Dealing in futures in wheat, linseed and sunflowerseed is now prohibited, and all pending operations in these products have been ordered to be liquidated on the basis of the prices prevailing on the day of the issue of the Decree. These being the only active products dealt in, the official measure has resulted in the closing of the Buenos Aires and Rosario Grain Exchanges. Milling and exporting of grain are prohibited unless the same has been purchased from the official Board. Minimum prices have been established for the new wheat and linseed crops: 6.75 and 9.25 pesos per 100 kilos respectively, these being the same as those of the last crops.

By a subsequently issued Decree millers have been forbidden to utilize wheat other than that of the crop of 1940-41, until the end of November of next year, even though the grain be of their own production. All the wheat they grind must be acquired from the Grain Board, and they must pay for it 9 pesos per 100 kilos. If the flour be exported a refund of 2.25 pesos per 100 kilos will be made by the Board.

It will be seen from the above that free operations in wheat and linseed have necessarily been brought to a complete standstill. Assurances have been given that the measures taken are purely temporary, and are necessary in order to enable the Government to protect itself as the owner of enormous stocks of grains and seeds purchased at minimum prices for the benefit of the producers. Nevertheless, considerable grief has been caused in business circles, and especially in the grain trade.

Supplies and Markets

Wheat: November shipments of wheat were a little higher than those of the preceding month. 5,651,000 bushels moved out (5,628,000 bushels of grain and 23,000 bushels of flour in terms of grain). The combined total for October was 5,063,000 bushels.

As the last month of the crop year opens, the supply situation is as shown below:

Third official estimate 1940-41 crop	271,171,000 bushels	
Carry-over from 1939-40 crop	2,729,000	"
	<hr/>	
Total supplies	273,900,000	"
Deduction for seed and domestic needs	101,044,000	"
	<hr/>	
Surplus available for export	172,856,000	"
Shipments) Wheat	79,851,000 bushels	
to Nov. 30) Wheat as Flour	<u>1,445,000</u> "	81,296,000 "
		<hr/>
Balance still available	91,560,000	"

Something under 200,000 tons (7,349,000 bushels) are estimated to have been sold but not yet shipped.

The official Grain Board has made purchases of wheat totalling 197,462,000 bushels, according to a statement issued by the Ministry of Agriculture. In another official statement it is calculated that the Board will be holding about 3,000,000 tons (110,229,000 bushels) at the end of the crop year, to which is to be added an estimated new crop of 5,000,000 tons (183,716,000 bushels); a total of 8,000,000 tons (293,945,000 bushels). Out of this 2,800,000 tons (102,881,000 bushels) is the calculated domestic requirement for seed and consumption, leaving an exportable balance of 5,200,000 tons (191,064,000 bushels). Shipments of 2,500,000 tons (91,858,000 bushels) are foreseen, leaving a probable unrequired surplus of 2,700,000 tons (99,206,000 bushels) at the end of 1942.

Sales during November were principally to neighbouring countries, Brazil, Bolivia, Peru and Uruguay all taking moderate quantities. The only sales to the United Kingdom were some Rosafe and Barusso totalling 30,000 (1,102,000 bushels) to 40,000 tons (1,470,000 bushels), for which the equivalent of the Board's basic price for the purchase of wheat from the producer was obtained.

The local millers are interested in securing parcels of high grade wheat, but there is only a moderate quantity obtainable at present.

Judging by samples from the early deliveries of the new crop, the quality is likely to be better than that of the last crop, although there is a good deal of light weight grain in evidence, as a result of drought and frost damage in the north.

Official purchasing of the new crop will commence on December 9, and as mentioned elsewhere in this Report there is a basic minimum price of 6.75 pesos per quintal, or say 54 3/4 cents U.S. per bushel. The Board is the only buyer, and this is the only quotation, as contrasted with purchases at 7.75 for February delivery (62 7/8 cents per bushel) a month ago.

Fairly heavy deliveries are anticipated in the next few weeks, provided the Board can handle them. A shortage of bags is holding up cutting in some districts where combines are used, with the grain bagged on the machines and then dumped on the stubble to be hauled away later. Supplies of bags have all been expropriated by an official board, in order to secure equitable distribution to the farmers through local committees. A shortage of about one-third of requirements is at present anticipated. Lack of elevators for bulk storage is proving an immense handicap under existing conditions.

Linseed: Exports of linseed again dropped heavily in November, when 1,910,000 bushels were shipped, as compared with October shipments of 3,452,000 bushels. As yet less than half the exportable balance has been shipped out, as will be seen from the following statement:

Third official estimate 1940-41 crop	57,462,000 bushels
Carry-over from 1939-40 crop	2,282,000 "
	<hr/>
Total Supplies	59,744,000 "
Deduction for seed and domestic needs	7,874,000 "
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Surplus for export	51,870,000 "
Shipments to end of November	24,995,000 "
	<hr/>
Balance still available	26,875,000 "

Completely unfavourable conditions prevailed in the linseed market throughout November. There is not much activity in the local mills, and very little demand is in evidence for shipment. Prices therefore have dropped as low as 9.37 for Spot seed from the quotation of 11.10 (or say 83 7/8 cents U.S. per bushel) at the close of October. As mentioned elsewhere, the option markets have been closed, and the only official quotation now is the basic minimum price of 9.25 pesos per quintal, equal to 70 cents per bushel.

Great disappointment is felt in the trade at the lack of purchases by the United States crushers following the cutting in half of the import duties on linseed. The anticipated heavy purchases were the basis of much speculation during the negotiations for the trade agreement; but it looks now as if the half million tons (19,684,000 bushels) already bought and shipped to the States are sufficient to cover the requirements of the near future, and the crushers are in no hurry to acquire more, preferring to wait and see what additions the new Argentine crop will make to the already heavy stocks on hand, as shown above.

A recent official statement makes a preliminary forecast of a crop of 1,300,000 tons (51,179,000 bushels), plus a carry-over of 900 tons (35,000 bushels), say 2,200,000 tons (86,610,000 bushels) in all, of which 1,000,000 tons (39,368,000 bushels) may be consumed or exported in 1942, leaving a surplus of 1,200,000 tons (47,242,000 bushels) to carry into 1943. Fortunately, the seed stores well. In view of market conditions, the Grain Board is not offering any linseed either for export or crushing locally at the present time.

From the producers' point of view the official price of 9.25 pesos per 100 kilos is not very attractive, and it is not anticipated that deliveries will be very heavy in the early weeks of the new crop.

Maize: November shipments of maize were even smaller than in the immediately preceding months. Only 2,591,000 bushels moved out, as against 2,730,000 bushels in October and 2,695,000 bushels in September.

The statistical position is now as shown in the following statement:

Third official estimate 1940-41 crop	403,052,000 bushels	
Deduct for seed and domestic consumption	78,736,000	"
	<hr/>	
Balance available for export	324,316,000	"
Shipments April 1 to November 30	9,796,000	"
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Surplus still available	314,520,000	"

Trading in this grain continues to be very slow. Exporters show practically no interest. Most of the transactions taking place are for old maize for fuel purposes. This old grain is badly damaged by weevils, in addition to other deterioration through inadequate protection whilst stored in farm cribs; probably around 40% in all. New maize is now being delivered in quantities, and the effect of this on a lifeless market has been to drive low prices still lower. It takes an unusually good sample to bring 3.60 per quintal, and for the most part quotations are merely nominal. Purchases by the Grain Board are officially stated to be nearly 6,900,000 tons (271,641,000 bushels). The great bulk of the corn is unshelled and is being held on the farms awaiting instructions.

Oats: Shipments during November were 404,000 bushels which compares with 969,000 bushels in October, and brings the total exports to date to 6,015,000 bushels out of the original exportable surplus of 17,806,000 bushels leaving 11,791,000 bushels still on hand.

With a smaller than usual acreage under this grain, and some frost damage affecting the yield, the crop is not likely to prove at all heavy; hence the probable carry-over is not important.

The domestic demand is brisk, and offerings of oats of good quality are easily placed at good prices, the Superior grade fetching up to 5.50 per 100 kilos, and Good up to 4.90. The quotation for Export quality is 5.20, but very little business is possible. Farmers are more disposed to hold their grain than to sell it until the results of the new harvest are seen.

Barley: Exports were a little higher, 570,000 bushels moving out, as compared with 218,000 bushels in October.

The total shipments so far have only amounted to 4,215,000 bushels, out of the original surplus of 21,186,000 bushels, leaving 16,972,000 bushels still available.

Much of the barley still on hand is classed as Malting, but it is so deteriorated as to be only saleable as Feed Grain, and for this purpose it cannot compete with the heavy supplies of corn, except for local consumption in districts where corn is not available.

The first yields of the new crop in the Pampa are said to be bad in respect of quality, quantity and specific weight, this not reaching 44 lb. per bushel. Quotations are nominal.

Rye: There were no shipments of rye during November, and there is no change in the supply situation, 6,353,000 bushels remaining on hand and available for export.

Crop Conditions

The weather during November was extremely variable. Frequent light rains fell, and were very beneficial, improving the prospects in the northern districts, where drought and frost had been very detrimental previously. Some frost damage occurred in the south, where the best grade of wheat is usually produced.

Whereas a month ago a wheat crop of around 5 million tons (183,716,000 bushels) was generally looked for, it is now thought that 5 1/2 millions (202,087,000 bushels) may be reached.

The present condition of the linseed crop seems to justify a preliminary forecast of 1 1/4 million tons (45,929,000 bushels).

The first official estimate of the crop yields will probably be issued about the middle of the month.

The monthly official crop report just issued gives the following details regarding the various grains and seeds:

The wheat crop: In the north of Santa Fe the production prospects are not satisfactory, frosts having affected the plants badly. Harvesting is well advanced, and the yields obtained are generally uneven, depending upon the state of development of the plants when the frosts occurred which were followed by the drought of September and October. The first yields proved to be around 11 bushels per acre, although some would hardly reach 4 bushels. The quality of the grain is good. In the southern part of the province the plants have reacted satisfactorily, and the present condition is from Fair to Good, with a probable yield of 15 bushels per acre. Taking the province as a whole, it is calculated that the abandoned areas may reach 30% of the plantings.

In the south-east of Cordoba the condition of the wheat fields is Good; in the centre and South Fair; and in the north Fair to Poor. There was some local damage from hail in the province. Taking these losses into account, but more especially the earlier damage from frost, the total abandonments in Cordoba may reach a fourth part of the seeded area. The yields obtained up to now are from Fair to Poor in the north, improving towards the south. Generally the probable yield over the area which will be harvested in the province should be Good.

In the province of Entre Rios harvesting is well advanced in the west, and is being pressed forward elsewhere. The crops have been greatly benefited by the November rains, and present prospects are Good. Yields will probably reach 15 bushels per acre.

In the south-east of Buenos Aires the appearance of the wheat fields is excellent, standing out from the rest of the country in this respect. In the northern and central zones the condition varies from Fair to Good, being most deficient in the west, where frost damage was proportionately greater. In some zones there were hail losses, which, while covering small areas, were important by reason of the percentage of the crops affected, especially in the neighbourhood of the Federal Capital and La Plata.

In the northern Pampa the condition of the Wheat crop is from Fair to Good, except in one district, where it is bad. The first yields tested varied around 9 bushels per acre. In the south, and more particularly in the centre, the drought has caused heavy losses, in some districts reaching 80 p.c. . Here the yields will not exceed 6 bushels.

The Linseed Crop: In Santa Fe the condition of this crop is generally good, except in some districts where it is from Fair to Good. The probable yields range from 6 1/2 to 19 bushels per acre. In general the appearance of the fields is from Superior to Fair.

In Cordoba the condition is generally Good, except in parts of the north-west, where it is from Fair to Poor. Generally the yields are expected to be around 9 bushels per acre.

Linseed prospects are Good also in Entre Rios and in southern Buenos Aires; but in the north and centre of this latter province they are only from Fair to Good, being worst in the west and south-west. Generally the totally lost areas due to the frosts are of less importance in the case of linseed than in that of wheat. The principal losses are in Santa Fe, where they will not exceed 7 per cent of the total.

Malting Barley: The damage to this crop caused by winds and frosts has led to the abandonment of extensive areas, and also an appreciable shrinkage in the yields on the areas which will still be threshed. In the Pampa the state of the crop is Bad, the yields being between 8 and 9 1/2 bushels per acre. Green fly caused much damage in this area.

In south-western Buenos Aires, although the prospects are better than in the Pampa, they are below normal, and the area which will not be harvested is increasing daily as a result of the frosts. In the south-east of the province the condition is Good.

Rye and Feed Barley: In the most important producing zones, western Buenos Aires and the Pampa, these crops were heavily pastured during the winter months; hence the areas to be harvested are relatively small. Nevertheless, the lack of hay will stimulate harvesting in the Pampa. Hence, although the prospects of a satisfactory yield are remote it is probable that a good part of the crop will be cut.

Maize: Planting is proceeding, and may be finished during November under very satisfactory conditions. The condition of the crop is good, if a little backward.

Railway Transport of Grains in year 1940

Some interesting data on this subject have been published by the National Grain and Elevator Board, according to which in the year 1940 the quantity of wheat moved by the railways was 127,025,000 bushels, on which the freight charges were 6.24 pesos per ton, which represented 8.2% of the value of the wheat laid down in the ports. The average distance moved was 107 miles.

In the case of linseed, 19,731,000 bushels were transported by rail, on which the charges were 8.14 pesos per ton, or 6.3% of the value in port. The average distance moved was 113 miles.

An abnormally small quantity of maize was transported, only 72,160,000 bushels. The charges were on an average 6.37 pesos per ton, representing 16.3% of the value of the grain laid down in the port. The average distance was 130 miles.

Of the wheat and maize transported 22.7 per cent was handled in bulk. Naturally, all the linseed was handled in bags.

The storage capacity in the railway stations of the Republic, according to the Board, totals 325,265,000 bushels. This is, of course, principally in flat warehouses or sheds.

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