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THE GRAIN SITUATION IN ARGENTINA

Ottawa, January 16, 1942.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of January 5, 1942, dealing with the grain situation in Argentina.

First Official Estimate of Grain Crops

The first calculations made by the officials of the Ministry of Agriculture of the five principal field crops, excluding maize, for the new season, 1941-42, on the basis of the fourth official estimate of the areas seeded, and of the threshing results so far as these are available, are set out below:

	First Estimates of Production 1942	Comparison with Revised Figures for Last Season	
	Bushels	Bushels	Per Cent
Wheat	220,459,000	- 78,998,000	- 26.4
Linseed ...	66,926,000	+ 9,448,000	+ 16.5
Oats	33,718,000	- 1,264,000	- 3.6
Barley	19,750,000	- 16,489,000	- 45.5
Rye	7,480,000	- 874,000	- 10.5

Comparison with recent crops:

	Wheat	Linseed	Oats	Barley	Rye
			(bushels)		
1941-42	220,459,000	66,926,000	33,718,000	19,750,000	7,480,000
1940-41	299,456,000	57,462,000	34,982,000	36,238,000	8,354,000
1939-40	130,732,000	42,533,000	56,581,000	39,091,000	13,582,000
5-year average ..	253,367,000	59,175,000	48,384,000	26,922,000	10,041,000
10-year average .	239,566,000	64,871,000	52,227,000	27,643,000	10,146,000

In the memorandum accompanying the figures it is pointed out that frosts during the spring season caused serious damage in the wheat fields in the northern parts of the provinces of Santa Fe and Cordoba and in the west of Buenos Aires province, and the damage has been increased lately as the result of hail storms.

Linseed, which alone shows an increased yield in the above calculation, was not greatly affected by the climatic conditions which damaged the wheat, but it is to be remembered that the crop of last season with which the comparison is made, was much damaged by the persistent rains which fell during harvest.

The reduced volume of the forage crops this season is ascribed to the low prices quoted, which did not encourage harvesting of light crops.

Of the 19,750,000 bushels of barley it is estimated that 13,779,000 bushels are of malting varieties.

Comment:- Among experienced grain men the wheat estimate is regarded as probably 5 per cent too high, although with the southern district still to be heard from a definite opinion is difficult to form as yet. Linseed is also regarded as too high by possibly 300,000 tons (11,810,000 bushels). The oats figure is probably more or less correct. With barley it is guesswork, as the crop is still in the making and the variable weather is an important factor.

The next calculation should appear about the third week of this month, and the estimates will be assembled on a sounder basis.

Crop Conditions

The regular monthly report on crop conditions in the cereal zones, published by the Ministry of Agriculture, gives the following picture:

During December the weather conditions were favourable for crops in a state of vegetation throughout the littoral zone, but in the central zone the rains were insufficient and more are needed in order to normalize the plants. Harvesting of the fine grain crops was able to proceed normally, the rains being neither frequent nor heavy enough to hinder the work. Hence the greater part of the wheat and linseed crops may be considered safe.

The Wheat Crop.- In general the yields obtained are from Fair to Good, and the quality is from Superior to Normal.

In Santa Fe at the time of harvesting the wheat crop as a whole was in Fair condition, being Good in the southern districts and Poor in the north. The area abanadoned as a result of the September and October frosts amounted to 30 per cent of the total area in the province seeded to wheat.

In Cordoba also the general condition of the wheat may be considered as Fair, and here also about 30 per cent of the seeded area remains uncut because of the frost damage. In both Santa Fe and Cordoba the quality of the grain is Good, the weight frequently exceeding 64 pounds per bushel. In both provinces and also in Entre Rios cutting has been finished, and threshing has become general, but is proceeding slowly in order to keep the grain stacked.

The crop in Entre Rios and in northern Buenos Aires is turning out more abundant than was foreseen a month ago. On the other hand, the damage from frost and drought in western Buenos Aires is less severe than was thought by the producers at first. But some of the damaged area having been ploughed under and other fields having been devoted to pasture, there is a loss of about one-fifth of the area seeded to wheat.

In the south-east of Buenos Aires the condition of the wheat fields is Excellent, although December hailstorms caused total losses on some farms.

In the northern part of the Pampa yields were from Fair to Good, except in one section, where they were Poor. In the centre and south yields were from Fair to Poor. The principal causes of damage in the Pampa were drought and persistent winds.

The Linseed Crop.- Generally the linseed crop is Good both as to yield and quality.

In Santa Fe, Cordoba and Entre Rios cutting is well advanced, and the condition of the crop is Good, except in some parts of the first two provinces where it is only Fair, but as this refers only to some small areas it makes little difference to the whole crop. Up to now the yields and quality have been generally Good.

In northern Buenos Aires cutting is general. Yields are from Fair to Good, and the quality is Good. In the west they are hardly Fair, frosts and drought having affected the plants, although the last rains improved their condition. In the south-east, where the condition is Good, some hail damage occurred in December, but this was less serious than in the case of wheat.

Oats, Barley and Rye.- Cutting of these grains is proceeding, although somewhat slowly because of the low prices, and also in some zones for lack of bags.

The Maize Crop.- During December planting of maize was finished, except for the quick growing varieties. The condition of the fields is generally Good, although in Central Cordoba the effects of the drought are beginning to be felt, and abundant rains are urgently needed.

Supplies and Markets

A close check-up of the commercial stocks of grains and seeds in the country as at December was made by the National Grain & Elevator Board, uncovering in some cases greater quantities than had apparently been suspected.

In publishing the first official estimate of the crops of the new season, the Ministry of Agriculture in its comparison of the new with recent old crops, changed some of the old crop yields, thus reconciling current stocks with production in former seasons.

The statistics used in this section of this report have been adjusted accordingly.

Wheat.- Exports during December were [illegible],987,000 bushels, comprising 5,366,000 bushels of wheat and 622,000 bushels of flour in terms of grain. These figures compare with a combined total in November of 5,651,000 bushels.

Incorporating the adjustments mentioned above, the statistical position is now as shown below:

Carry-over from 1939 (revised)		11,280,000 bushels
Revised official estimate 1940-41 crop		299,456,000 "
Supplies as at January 1, 1941		310,736,000 "
Deduction for seed and domestic needs, 1941		101,044,000 "
Exportable surplus 1941		209,692,000 "
Shipments in 1941 Wheat	85,216,000 bushels	
Wheat as flour .	2,066,000 "	87,282,000 "
Carry-over into 1942		122,410,000 "
First official estimate 1941-42 crop		220,459,000 "
Total supplies as at January 1, 1942		342,869,000 "
Deduction for seed and domestic requirements		110,229,000 "
Surplus available for export		232,640,000 "

The quality of the early deliveries of the new wheat crop is regarded as highly satisfactory and much superior to that of the old grain. It is expected to store well, and the intention of the officials is to leave it as far as possible in the possession of the farmers or in the flat warehouses in the country railway stations, rather than permit the limited port facilities to become clogged with wheat for which there is no outlet.

The Government has already decreed that no wheat of the new crop is to be used for milling purposes for a period of one year. The millers are required to obtain all their supplies from the Grain Board. It must be solely old wheat, and the price to be paid to the Board is 90. pesos per ton. The Board's price to the farmer is 67.50 per ton. It is estimated that about 80,835,000 bushels of the old crop wheat will be used up in this way.

The Grain Board is of course the only buyer of the new wheat crop. Purchasing commenced on December 9, but to date only about 100,000 tons (3,674,000 bushels)have been acquired, due in part to the late harvest and slow threshing operations for lack of bags.

Under existing conditions there is no advantage to the grower in holding back his wheat and unless some control over deliveries is established it is anticipated that there will be a tendency to ship all wheat to the Board at the earliest possible moment, and secure the cash. But as it is understood that the National Bank has advised the Government that it cannot allow its present heavy overdraft to be increased, it is a matter of speculation as to how the situation will be handled.

There was little business passing during December. Great Britain made some small purchases, aggregating perhaps some 60,000 tons (2,205,000 bushels), delivery to be deferred until April. Brazil also bought moderate quantities.

Spain is understood to be negotiating for the purchase of 200,000 tons (7,349,000 bushels) but the newspapers here have unkindly called attention to the barter of 350,000 tons (12,860,000 bushels) of Argentine wheat last year for Spanish products, the grain being duly shipped, but nothing having yet been received in return. Much needed iron products were included in the bargain.

During the month the Grain Board raised slightly its prices for export wheat (old crop). 6.90 ex Buenos Aires; 6.87 1/2 ex Bahia Blanca; and 6.77 1/2 ex Rosario, are now the current rates. No price has yet been set for new crop grain, nor is any such action looked for at the present time.

Linseed.- December exports were 3,298,000 bushels, which compares with 1,910,000 bushels in the preceding month. The current statistical position is given below:

Exportable surplus for the year 1941	51,870,000	bushels
Shipments during 1941	28,293,000	"
Carry-over into 1942	23,577,000	"
First official estimate 1941-42 crop	66,926,000	"
Total supplies at January 1, 1942	90,503,000	"
Deduct for seed and domestic requirements	13,779,000	"
Surplus available for export	76,724,000	"

The normal deduction for seed and domestic requirements is only 200,000 tons (7,874,000 bushels). This has been increased to 350,000 tons (13,779,000 bushels) to cover the extra quantity which will be needed under a Decree of the Government which charges the Grain Board to arrange for the crushing of an additional 150,000 tons (5,905,000 bushels) into oil in the local mills, for sale at home or aborad. It is hoped that this will not only dispose of some of the Board's heavy holdings, but will also help to relieve unemployment. The situation is somewhat serious, as the Minister of Agriculture himself states that only approximately 700,000 tons (27,558,000 bushels) can be expected to be exported this year out of nearly two million tons (78,736,000 bushels) surplus on hand.

Very little business is being done in linseed. The Grain Board's selling price for seed has been increased to 14.40 per quintal, which has discouraged what little selling might have been possible, as the United States Government has established a ceiling price for linseed oil which makes it impossible for crushers to pay that much for the seed.

Argentine growers are holding back from offering their seed to the Board, as they maintain that the official price of 9.25 per 100 kilos delivered in the port at Buenos Aires does not cover their production costs. Movement and trading are therefore virtually at a standstill.

Maize.- Exports during December only reached a total of 1,361,000 bushels, little more than half those of the preceding month, when 2,591,000 bushels moved out. The following is now the supply position, admittedly little more than approximate:

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 December 31	11,156,000	"
Surplus still available	313,160,000	"

Purchases of maize of the crop of 1940-41 by the Grain Board, in a statement handed to the press by the Ministry of Agriculture are said to total 271,496,000 bushels, but in another official statement the commercial stocks of maize are said to be only 7,214,000 bushels, "including grain belonging to the Board". Presumably the great bulk of the maize is therefore still in the temporary cribs constructed by the growers.

Current rumours are to the effect that the grain is not in good condition, having suffered heavy depredations by the weevils. The hot summer weather now prevailing will add to the losses.

While there is moderate activity in maize for local consumption, trading for export has been negligible. Switzerland has bought small parcels, but neither Spain or the United Kingdom exhibits any further interest in the grain, although the Grain Board made a small reduction in its selling price recently.

For the domestic market Superior White maize is quoted 5.10 pesos per 100 kilos, and Superior Yellow 2.75; Cuarenteno is being offered at 4.40, and Red at 3.65, while just plain maize for feeding purposes can be bought for around 3. pesos.

Much of the damaged grain is being and will continue to be sold for fuel.

Reports from the country indicate that the new crop of maize is in very good shape, the weather having so far favoured its progress.

Oats.- December shipments were only 396,000 bushels, compared with 404,000 bushels in November. As the New Year commences the supply position is as follows:

Export surplus 1941	17,806,000	bushels
Shipments during 1941	6,412,000	"
Carry-over into 1942	11,394,000	"
First official estimate 1941-42 crop	33,718,000	"
Supplies as at January 1, 1942	45,112,000	"
Deduct for seed and domestic consumption	29,827,000	"
Surplus available for export	15,285,000	"

There is little to be said about the oats market. Unremunerative prices have discouraged the growers and reduced their interest in the crop, which in any case is often planted primarily for grazing live stock, and subsequently threshed if judged worth while when the stock have been taken off. Much of the acreage this season was not worth the work and expense of threshing the light yields promised.

There is a fair local demand for oats, partly for seed for the next crop, and prices have improved as a result of the reduced supplies, so that 6.15 pesos per 100 kilos is now obtainable for the Superior grade of white oats, and for Good oats 5.35. Automatically the higher prices have shut off the very small export interest in the grain.

Barley.- Exports of barley in December were 306,000 bushels, as against 570,000 bushels in the preceding month. The current supply position as at January 1 is as follows:

Exportable surplus for season 1941		21,186,000	bushels
Shipments in 1941	4,521,000 bushels		
Probable fuel sales	5,649,000 "	10,170,000	"
Carry-over into 1942		11,016,000	"
First official estimate 1941-42 crop		19,750,000	"
Total supplies as at January 1, 1942		30,766,000	"
Deduct for seed and domestic requirements		16,075,000	"
Surplus available for export		14,691,000	"

Commercial stocks as at December 1 are officially stated to have been 11,231,000 bushels. At October 1 they were 20,377,000 bushels. A substantial part of the difference doubtless "went up in smoke", much spoiled grain having been sold as fuel by the Grain Board. There is probably little or no old barley in the hands of the growers, the relatively high price offered for barley by the Board last year leaving no inducement to retain it on the farms.

There is little present likelihood of being able to export barley, as the limited local demand is the only outlet in sight. The breweries should absorb 150,000 tons (6,889,000 bushels). The quantity used for animal feed is problematical, the huge stocks of corn offering a cheap alternative to live-stock men.

Rye.- 300 tons (12,000 bushels) of rye shipped during the month of December was the first movement for many weeks. This brings the total exports for the year to 1,291,000 bushels, and leaves the supply position as shown below:

Exportable surplus for 1941	7,632,000	bushels
Shipments during the year	1,291,000	"
Carry-over into 1942	6,341,000	"
First official estimate 1941-42 crop	7,480,000	"
Supplies as at January 1, 1942	13,821,000	"
Seed and domestic requirements	3,740,000	"
Surplus for export	10,081,000	"

Prospects of disposing of this surplus are not very bright, but as the grain stores well, there is no immediate cause for worry. As a bread grain it is remarkably cheap, Superior quality rye being obtainable for 2.90 pesos per 100 kilos, less than half the price of wheat.
