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THE GRAIN SITUATION IN ARGENTINA

Ottawa, March 18, 1941.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of March 5, 1941, dealing with the grain situation in Argentina.

Crop Conditions

Abundant rains fell during February, and temperatures were rather lower than are usually experienced during that month. The weather favoured work on the land, which is now general in preparation for the new crops; although it interfered with threshing of the old crops in the later districts.

Ripening of the maize crop made little progress during February, but with favourable weather during December and January it is as well advanced as is considered normal at the present time.

The official monthly report on crop conditions, which made its appearance on March 4, contains the following comments:

The Wheat Crop: Threshing of the wheat crop has been practically completed, in spite of the persistent rains during February, which delayed the work in the greater part of the producing zones and held up the cutting in the south and southwest of Buenos Aires. For this reason the quality of the grain has been noticeably affected and there is an appreciable proportion of grain of light weight and poor colour. In general, throughout Buenos Aires, Santa Fe and Cordoba where the wheat crop was harvested before the rains, yields and quality are superior to normal. The same applies to some grain in the southern districts which, backward in growth, were able to ripen without suffering damage.

In the Pampa territory the crop, both in quality and quantity, is judged to be very good.

The Maize Crop: Generally, the condition of the maize which has been planted is better than normal. In Cordoba and Northern Santa Fe the February rains were beneficial. The reverse was the case in Entre Rios, where the moisture was not so opportune as could have been wished. In Buenos Aires the fields continue to look well. In the essentially maize areas the ripening and hardening of the grain has entered its final period, and picking is expected to commence at the end of the present month or the beginning of April.

The damage caused by floods in central Santa Fe is of no great importance. The "isoca" grub has done some damage in the centre and south of Santa Fe and in the north and centre of Buenos Aires.

As to yields, the prospects are very good; and the quality in general promises to be good, although in Santa Fe and Cordoba weevils are already seen on the maize plants near the cribs of old crop grain, but with little damage at present visible.

Shelling of the old crop destined for local consumption proceeds slowly, the persistent rains having made the work difficult. The quality of the cribbed corn is slowly deteriorating.

The Linseed Crop: This crop has suffered the most damage from the rainy weather, the quality having been visibly affected. The fields which were caught by the rains after cutting or when already stacked have a high proportion of discoloured and otherwise damaged seed. The yields are very variable, the best being in Santa Fe and Cordoba. Threshing is practically finished everywhere.

Second Official Estimate of Maize Area

A reduction of 1.7% in the second official estimate of the total area planted with maize for the 1940-41 season, brings it down to 15,067,170 acres, in place of 15,320,200 acres. The area of last season was 17,791,200 acres and the five-year average 15,956,300 acres.

Supplies and Markets

Wheat: February exports were 4,544,000 bushels of wheat and 341,000 bushels of flour in terms of wheat, a total of 4,885,000 bushels. This compares with 3,507,000 bushels in January.

The supply position is now as shown below:

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 "
Jan. - Feb.) Wheat 8,038,000 bushels	
shipments) wheat as flour 354,000 "	8,392,000 "
Balance still available	169,050,000 "

There was very little activity in the wheat market during the month. Some small sales to Great Britain were reported at prices somewhat below the minimum of the official Grain Board. Moderate sales were made to Brazil, and the local millers were busy picking up parcels of grain suitable for their requirements, being somewhat "choosy" in this because of the lack of strength in the wheat from some of the best districts this year. Some samples show 2 to 3% lower protein content as compared with last year. The weight per bushel, however, is rather better than last year.

Spain is negotiating for a purchase of 500,000 tons (18,372,000 bushels) of Argentine wheat, presumably on a long term credit. The shipping difficulty would no doubt be overcome by Spanish ships being used for the transportation, as is now being done for purchases of corn.

The Grain Board has abolished the minimum prices for old crop wheat without causing any disturbances in the trade, private stocks of old grain being now negligible.

Official purchases of the new crop wheat are reported to be 4,000,000 tons (146,972,000 bushels). The quantity sold is unknown, but is probably around 500,000 tons (18,372,000 bushels).

At the close of the month, with the official minimum price for Spot Wheat 6.75 pesos per 100 kilos, or say 54 3/4 cents U.S. per bushel, commercial quotations were 6.37 1/2 at Buenos Aires and 6.25 at Rosario. For June delivery 6.82 (55 3/8 cents) was the closing price. In Winnipeg on the same day July wheat closed at 79 1/4 cents.

Linseed: February shipments were 936,000 bushels as compared with 1,778,000 bushels exported in January. This leaves the statistical position as shown 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 requirements	7,874,000 "
Surplus available for export	56,098,000 "
Shipments in January and February	2,715,000 "
Balance still available	53,383,000 "

The market during the month was quiet but firm. While there was little demand, there was no selling pressure. Argentine linseed is very cheap in comparison with the Indian seed; but this is offset by the scarcity of shipping facilities. However, as linseed stores well under proper conditions, there is no disposition to press sales at the present time.

The United States is the principal buyer, taking about half the quantity sold. Great Britain has made some small purchases, but is more inclined to fill her requirements with Indian seed.

Official Board purchases have been about 800,000 tons (23,621,000 bushels).

With the official minimum price 9.25 pesos per 100 kilos for Spot seed, equal to 70 cents U.S. per bushel at current official exchange rates, it is selling unofficially at 9.10 in Buenos Aires. June delivery at the close of the month was worth 9.44 per quintal, or say 71 3/8 cents per bushel, while in Duluth, May seed closed at 169 cents.

Maize: Shipments in February were 3,565,000 bushels, which compares with 5,632,000 bushels in the preceding month, which leaves the statistical position as shown below:

Third official estimate 1939-40 crop	408,445,000 bushels
Less seed and domestic requirements	98,421,000 "
Available for export	310,024,000 "
Shipments April 1, 1940 to February 28, 1941	59,175,000 "
Balance still available	250,849,000 "

There was practically no trading in maize during the month. No export demand exists. Any possible business is concentrated in the hands of the official Grain Board, and no quotations are permitted in the Futures Market.

The only movement is a succession of Spanish steamers, large and small, taking maize to Spain against the purchase of 13,779,000 bushels made some weeks ago.

Maize stocks in the hands of the Board consist of about 51,000,000 bushels of shelled and about 177,000,000 bushels of unshelled, the latter mostly stored in somewhat rough farm cribs. Strenuous efforts are being made to increase local consumption, by means of press and radio propoganda; and the grain is being almost given away in order to get rid of it. As much of it is to be industrialized as can be handled by the distilleries in the country.

Meanwhile, as mentioned in the report on crop conditions, the now maize is coming along well, and its condition is regarded as better than normal.

There are no commercial quotations for maize. The official minimum price is 4.75 per 100 kilos, or say 35 7/8 cents per bushel; but it can be bought for very much less. Chicago closed the month at 60 3/4 cents for both May and July corn.

Oats: Exports of oats in February were 1,295,000 bushels, which compares with 393,000 bushels in January, and leaves the supply position as below:

Second official estimate 1940-41 crop	41,661,000 bushels
Carry-over from 1939-40 crop	12,651,000 "
Total supplies	54,312,000 "
Seed and domestic requirements	29,827,000 "
Available for export	24,485,000 "
Shipments in January and February	1,687,000 "
Balance still on hand	22,798,000 "

Apart from some small sales to Uruguay, no export business was possible, and transactions are limited to meeting domestic requirements. Farmers are more inclined to hold their oats than to sell them. White oats for export are quoted 4.40 per quintal; but Superior oats for domestic use are selling at 5.25, and Good grain 4.45.

Barley: February shipments were 698,000 bushels, as against 861,000 bushels in January. The supply position is now as shown hereunder:

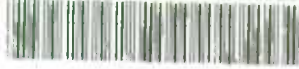
Second official estimate 1940-41 crop	36,712,000 bushels
Carry-over from 1939-40 crop	1,023,000 "
Total supplies	37,735,000 "
Seed and domestic requirements	16,075,000 "
Exportable surplus	21,660,000 "
Shipments in January and February	1,559,000 "
Balance still available	20,101,000 "

The Grain Board, offering 5.00 for Malting barley and 4.50 for Feed grain, is the only buyer, and has purchased about 16,000,000 bushels. Most of this is described by the farmers as Brewery barley; but in view of the severe weather damage during harvesting operations, it is doubtful whether some of the grain would be purchased by brewers. No export business is being done, and shipments are against old contracts.

Rye: Exports were only 112,000 bushels as compared with 581,000 bushels in January. Shipments have thus amounted to 693,000 bushels, out of the total exportable balance of 16,226,000 bushels, leaving still available 15,534,000 bushels.

There is no business being done and little in prospect. Quotations remain unchanged at 3.00 per 100 kilos.

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