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

THE GRAIN SITUATION IN ARGENTINA

Ottawa, April 17, 1941.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of April 3, 1941, dealing with the grain situation in Argentina.

Crop Conditions

Throughout March the weather was unseasonably cool, more like late autumn than late summer, with only occasional rains.

Work on the land in preparation for the new grain crops proceeded without interruption, and a start will be made with the seeding of wheat in the early districts in the very near future.

There has been no indication of any official intention to impose restrictions in regard to acreage, and the general expectation is that a fully normal area will be planted with wheat.

The monthly official report on crop conditions, published yesterday, conveys the following information:

General: Weather conditions during March were favourable both for the growing crops and for the seasonal work on the farms. The rains, which were well distributed and were normal in volume, have left the land in good condition for seeding the new crops.

Maize: Considered as a whole, the condition of the maize fields is superior to good.

In the portions of Cordoba which suffered from drought in January the maize has become relatively normal, but there are fields which will not be picked as a result of the intense heat during that month, and others which were damaged by hail.

In all the maize zones, but particularly in northern Buenos Aires and in Santa Fe and Cordoba, there is to be noticed a certain proportion of damaged grains in the standing crop, and unless the preventive sanitary measures recommended by the Ministry of Agriculture are taken by the farmers, it is to be feared that the next crop will be appreciably affected. Apart from that, the quality at the moment may be said to be good.

In the north and in Mendoza excessive rains have caused damage to the crop.

In western Buenos Aires and in the Pampa stock has been turned in to some of the maize fields, but the proportion is small, as there is abundant pasture in the neighbourhood.

In the northern provinces and in some parts of Santa Fe and Entre Rios picking has commenced, the work proceeding slowly with the sole help of family labour, as the uncertainty of being able to market the crop does not permit the customary hiring of labourers and delaying the harvesting as would be beneficial.

Shelling of the 1939-40 crop proceeds slowly to supply local consumers. The work is being done under good conditions.

Supplies and Markets

Wheat: Exports during March totalled 7,050,000 bushels, made up of 7,043,000 bushels of wheat and 7,000 bushels of flour in terms of wheat. This compares with a total of 4,885,000 bushels in the month of February.

The statistical position is now as shown on the following page:

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	101,043,000	"
Surplus available for export	177,443,000	"
Shipments to) Wheat	15,081,000 bushels	
March 31) Wheat as Flour	362,000	"
	15,443,000	"
Balance still available	162,000,000	"

The local wheat market was very quiet throughout March, the millers showing only a moderate interest.

Brazil was the principal buyer for export, and negotiations are said to be going on for sale to that country of a considerable quantity of wheat under the agreement between the two countries which was signed in Rio de Janeiro some weeks ago.

Spain also is understood to be negotiating for the purchase of a further 400,000 tons (14,697,000 bushels) of wheat. 150,000 tons (5,511,000 bushels) have already been shipped to that country, principally in Spanish boats.

The official Grain Board is reported to have made some small sales to the United Kingdom at prices a little below the official minimum but at the present time there is no great inclination to buy Argentine wheat in quantities on the part of Great Britain.

Purchases by the Grain Board so far have amounted to about 4 3/4 million tons (174,530,000 bushels) of which sales totalling around 500,000 tons (18,372,000 bushels) have been made.

With the official minimum price for wheat 6.75 pesos per quintal, equal to 54 3/4 cents per bushel, commercial quotations at the close of the month were 6.37 1/2 alongside ship at Buenos Aires.

For August delivery the market closed at 6.90, or say 56 cents per bushel. Winnipeg July on the same day closed at 78 1/2 cents.

Linseed: March exports totalled 1,191,000 bushels which compares with 936,000 bushels in the preceding month. The statistical position is as shown hereunder:

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 to end of March	3,906,000	"
Balance still available	52,192,000	"

Dullness featured the linseed market during March, with the United States almost the only buyer. As there is a strong impression that linseed has a better chance to find buyers under existing conditions than have any of the grains, there is no disposition to reduce prices in order to make sales, especially as linseed stores well.

Purchases by the official Grain Board now total something over 900,000 tons (35,431,000 bushels) and most of this is in the hands of exporters in their port warehouses, held on a consignment basis. The balance is mostly in the hands of the growers, who appear to be in no hurry to sell, being always sure of the official minimum price of 9.25 pesos per quintal, or say 70 cents per bushel.

Commercial quotations at the close of the month were 9.10 for Spot seed and 9.50 for August delivery (say 71 3/4 cents per bushel).

In Duluth May seed closed at 185 cents.

Maize: Exports during March were 1,893,000 bushels, the lowest monthly figure this year. The February total was 3,565,000 bushels.

The first official estimate of the volume of the new maize crop made its appearance this morning, forecasting 417,303,000 bushels, one of the heaviest yields on record. The figures are incorporated in the following statistical table:

Exportable balance of the 1939-40 crop	310,025,000 bushels
Shipments April 1, 1940 to March 31, 1941	61,069,000 "
Balance carried over	248,956,000 "
First official estimate 1940-41 crop	417,303,000 "
Total supplies	666,259,000 "
Deduct for seed and domestic consumption	98,421,000 "
Surplus available for export	567,838,000 "

Simultaneously with the publication of the crop estimate, official announcement was made that the Government would purchase the corn of the new crop from the producers at 4.75 per quintal, or rather on the basis of that price per 100 kilograms of shelled grain, but that only unshelled corn would at present be bought, and it must be in stacks or cribs on the farms. This of course means that from the purchase price of 4.75 (which is shelled and delivered in the ports) there must be deducted the cost of shelling, handling and transportation, the net figure being the actual price to be paid by the Board to the farmer. In the event of the grain having eventually to be destroyed or sold for use as fuel, the loss to the Board will thus be substantially reduced.

Of the 1939-40 crop of maize owned by the official Grain Board as the result of a very active campaign of propaganda in various forms, it is announced that up to the end of March 65,685,000 bushels of the grain had been disposed of for local consumption at prices of about 21. per ton for the White and 23. per ton for Yellow corn. Much of it has been sold in small retail lots direct to householders; and it is impossible to say how much of the sales are a net gain and how much are sales which would have been effected anyway through intermediaries had the opportunity not been afforded to buy direct from the Board and so save retailers' profits at a time when trade is bad.

Apart from these sales of corn for family use, the Board has been actively liquidating its stocks for fuel and other purposes on a large scale at really sacrifice prices running as low as 4. pesos per ton at the farm, and probably another million tons (39,368,200 bushels) have thus been disposed of.

There is of course practically no trade for maize in the grain markets, and there are no quotations.

Oats: Shipments of oats during March were 388,000 bushels, which compares with 1,295,000 bushels in the previous month, and leaves the supply position as shown 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 to end of March	2,075,000 "
Balance still available	22,410,000 "

There is practically no export market, the only recent sales being to neighbouring countries in small quantities. But there is a favourable local market, with some quite active buying, good lots being easily disposed of. Oats of Superior quality fetch from 4.80 to 5. pesos per quintal, and good grain 4.

Barley: Exports of barley in March were very small, only totalling 312,000 bushels as compared with 698,000 bushels in the preceding month. This leaves the supply position as shown below:

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 to end of March	1,871,000 "
Balance still available	19,789,000 "

There is no real interest in the market for barley, practically all the business being in the hands of the official Board, which is said to have purchased nearly 500,000 tons (22,965,000 bushels) from the farmers, little or none of which has been resold either to exporters or to brewers.

The fact that the minimum prices, 5. pesos per 100 kilos for Malting and 4.50 for Feed barley, are far above the real value of the grain makes business impossible.

There is no export demand, and the local brewers, being assured of their supplies, have no need to buy now except for current needs.

Rye: March exports were 66,000 bushels as against 112,000 bushels in February. The supply position is now as shown hereunder:

Second official estimate 1940-41 crop	16,948,000 bushels
Carry-over from 1939-40 crop	3,018,000 "
Total supplies	19,966,000 "
Less seed and domestic requirements	3,740,000 "
Exportable surplus	16,226,000 "
Shipments to end of March	758,000 "
Balance still available	15,468,000 "

Supplies coming forward are only small, the farmers being very unwilling to dispose of their grain at the low prices current.

There is no export demand and local consumption is small. The demand recently has been confined to rye to be used for seeding supplementary pastures.

There are no quotations and the nominal price is around 3. pesos per quintal.

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