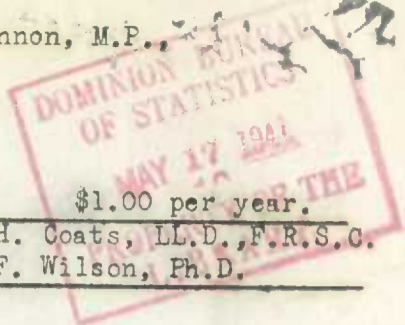


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Dominion Statistician: R.H. Coats, LL.D., F.R.S.C.
Chief, Agricultural Branch: C.F. Wilson, Ph.D.

THE GRAIN SITUATION IN ARGENTINA

Ottawa, May 16, 1941. - The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of May 5, 1941, dealing with the grain situation in Argentina.

Crop Conditions

Weather conditions during the month of April were very unsettled and changeable with frequent rains, which were more or less general and which interfered with field work from time to time. The preparation of the land for the new crops is nevertheless probably as well advanced as usual at this date, and some planting of wheat has already occurred.

The monthly report of the Ministry of Agriculture has the following to say:

In mid-April rains fell throughout the Littoral zone, which were unfavourable for such crops as Maize, Sorghums, etc. In the central and Andean regions climatic conditions during the month were generally favourable, and as regards the work on the land in preparation for the new cereal crops may be said to have been good.

Notwithstanding interruptions caused by the rains, ploughing for the new crops has been carried on normally, and in the Western districts some seeding of Kanred wheat has taken place, and its condition is very good.

Maize: The condition of the maize fields is good, taking the country as a whole. While there are zones where the plants have been affected by the recent rains or by the preceding drought, there are others where the prospects for the crop must be considered excellent in comparison with those normal for the regions.

In northern Santa Fe and in the east and south of Cordoba, as also in the north of Buenos Aires, rain damage was the worst. The central part of Buenos Aires was also affected.

In the north of Santa Fe picking of the first plantings has already been done, and grain is forming on the second plantings. In the remainder of the province the maize is quite ripe, and they are waiting for cold and dry days to commence picking. Some picking has already been done, but only in slow form, partly for lack of workers, who are unwilling to accept the wages offered and partly because of the necessity of constructing adequate cribs for the preservation of the grain. Nevertheless there are estates where, because of termination of contracts or other causes, it has been necessary to begin the harvest. This has been done under bad conditions, which will probably mean refusal to buy the crop because the cribs do not comply with official regulations.

The first yields obtained in the north exceed those used as a basis for the first official estimate of the crop; but it must be remembered that in this zone floods have caused a loss of 120,000 acres.

Rain damage has also made itself felt in Entre Rios, where the condition, which was from fair to good, is now inferior to fair, there being many fields with lodged plants, and others with a backward condition.

In Cordoba also the maize has deteriorated, especially in the east, although nevertheless may still be considered as good. In this province gathering of the maize has hardly begun, owing principally to the lack of frost.

In the Pergamino zone in the north of Buenos Aires, the rainy weather has been unfavourable for the maize. The condition, which was excellent, must now be set down as only good.

The proportion of maize which has been weevil damaged while still unpicked is 4% in Santa Fe and Cordoba, which gives rise to fears that the grain will not keep well.

Supplies and Markets

Wheat: 10,810,000 bushels of wheat were exported during the month of April. There were no shipments of flour. The wheat shipments were more than 3,674,000 bushels greater than in the preceding month, when the combined total of wheat and flour exports was 7,050,000 bushels.

The following statement shows the statistical position at the close of April:

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 "
Shipments to) Wheat	25,890,000 bushels
April 30) Wheat as Flour	362,000 "
	26,252,000 "
Balance still available	151,190,000 "

The principal demand for wheat during April came from the local millers. Great Britain bought substantial quantities, and Spain also was in the market, an official announcement crediting that country with a purchase of 380,000 tons (13,962,000 bushels), payments to be spread over a period of five years, outstanding balances bearing 3½% interest. The price of the wheat sold to Spain is 6.37½ pesos per 100 kilos, so that the loss to the Argentine Government, which paid 6.75 pesos for the grain is not very heavy.

Reports from Montevideo indicate that the Uruguayan Government have reached an agreement with the Argentine for the purchase of 100,000 tons (3,674,000 bushels) of wheat, destined in part to make up the deficient local production of last season, and in part to provide seed grain for this season in order to improve the quality of the Uruguayan wheat.

According to an official statement, the Grain Board has up to now purchased 5,049,549 tons, (185,536,000 bushels) of wheat. In spite of these heavy holdings, there appears to be no disposition to reduce its selling price. On the contrary, shippers selling wheat recently without first having made their purchases, found prices had stiffened when they tried to cover.

With the official minimum price for Spot wheat 6.75 pesos per quintal, equal to 54 ¾ cents U.S. per bushel, the commercial quotation is 6.50. For September delivery 6.94 is quoted, or say 56 ¼ cents per bushel. In Winnipeg July wheat closed the month at 77½ cents

Linseed: April shipments of linseed totalled 43,236 tons (1,702,000 bushels) which compared with 30,259 tons (1,191,000 bushels) in the preceding month.

The supply position is now 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 to end of April	5,608,000 "
Balance still available	50,490,000 "

There was a steady market during the month, with a firm tone. Great Britain being practically out of the market, making most of its purchases in India, and for the sake of economy in shipping space importing linseed oil from the United States, this last named country was almost the only purchaser of Argentine seed.

An increase in freight rates proved a serious obstacle to business; but from the high figure of \$25. U.S. dollars per ton demanded for parcels at one time, a drop of \$22. per ton eased the situation somewhat, and moderate quantities were sold.

Purchases by the official Board have amounted to 1,046,753 tons (41,209,000 bushels). Offerings by the growers are now very small so that Board stocks are unlikely to increase much.

On the prices now being realised the losses to the Board on its sales are relatively small, and no disposition is shown to depress them by offering too freely on a market with limited capacity of absorption.

With the official minimum buying price 9.25 pesos per 100 kilos, equal to 70 cents per bushel, the month closed with commercial quotations 9.10 pesos for Spot and 9.61 pesos for September delivery (72 5/8 cents bushel) May seed in Duluth on the same day closed at 178 cents

Maize: April shipments totalled only 7,890 tons (311,000 bushels). The March total was 48,095 tons (1,893,000 bushels).

With a revision of the official export statistics for the year ended March 31, the supply position is left as follows:

Export surplus for the season 1939-40	310,025,000	bushels
Shipments April 1, 1940 to March 31, 1941	133,442,000	"
Balance carried over	176,583,000	"
First official estimate new crop	417,303,000	"
Total supplies	593,886,000	"
Deduct for seed and domestic needs	118,105,000	"
Exportable surplus	475,781,000	"
Shipments during April	311,000	"
Balance still available	475,470,000	"

Trading in maize was practically negligible. There is no export demand, and transactions are not permitted in the Option Markets at the present time.

For domestic consumption sales have been fairly heavy, thanks to an active and persistent campaign promoted by the Government to encourage the use of the grain for human food as well as for farm animals. The efforts to induce the railway companies and manufacturers to use the corn as fuel are being continued, with attractive prices quoted, to enable it to compete with coal. No great enthusiasm is evident on the part of the prospective buyers; but the increased prices of coal and the lack of ships to transport it may overcome the misgivings of the boiler owners.

An official announcement has been made that the Grain Board will buy the new crop of corn from the farmers at a basic price of 4.75 pesos per 100 kilos for the shelled grain. The condition is imposed that the corn must be retained on the farms, unshelled, in cribs constructed to official specifications, to ensure the minimum of damage from weather and insect or animal pests. This will involve an enormous financial commitment for the Government, estimated at 150 million pesos. Buying has not yet commenced. Meanwhile, the National Bank has come to the assistance of the growers by offering interest-free loans up to 80% of the value of the grain.

The market being paralysed, no commercial quotations can be cited.

Oats: April shipments were 6,425 tons (417,000 bushels). During the preceding month 5,980 tons (388,000 bushels) left the country.

The total exports so far have been only 38,426 tons (2,492,000 bushels), leaving 339,185 tons (21,993,000 bushels) still on hand out of the original exportable surplus of 377,611 tons (24,485,000 bushels). Good authorities are of the opinion that the official estimate of a crop of 642,500 tons (41,661,000 bushels) is excessive, and that there are in reality rather less than a quarter of a million tons (16,210,000 bushels) still left for export. No export business is possible, and local consumers are the only buyers, paying up to 4.60 pesos for White oats of Superior quality.

Barley: Exports were 5,986 tons (275,000 bushels) against 6,801 tons (312,000 bushels) in March, making a total of 46,731 tons (2,146,000 bushels) and leaving 424,845 tons (19,513,000 bushels) still on hand out of the surplus of 471,576 tons (21,659,000 bushels) at the opening of the season.

It is officially stated that the Grain Board has purchased 551,972 tons (25,352,000 bushels) of Malting and 43,053 tons (1,977,000 bushels) of Feed Barley at the official minimum prices of 5 pesos and 4.50 pesos respectively.

So far as is known the Board has as yet made no sales. The opinion in the Grain Trade is that the great bulk of the grain bought as Malting barley (and not as yet delivered) will fail to come up to the requirements of quality and will have to be disposed of as Feed.

There is no demand from abroad, and no business is passing.

Rye: April shipments were 4,074 tons (160,000 bushels). Those of March are 1,664 tons (66,000 bushels).

Out of the original exportable surplus of 412,169 tons (16,226,000 bushels), shipments have been made of 23,331 tons (918,000 bushels), leaving still available 388,838 tons (15,308,000 bushels). This balance is regarded as rather high, the actual quantity not being much over 300,000 tons (11,810,000 bushels), according to competent judges. Even that is inconveniently high, in view of the limited local consumption and the total absence of export markets.

Seeding of rye for pasture has now been completed, so that the demand for that purpose has now ceased, and the quantity of rye milled in this country is relatively small. 3. pesos per 100 kilos is a purely nominal quotation.

The third, and final official estimate of the production of grain and oil-seeds in 1940-41 is expected in the third week of May.

GRAIN ELEVATOR CHARGES

An enquiry having been received as to the charges for storage etc. in grain elevators in the Argentine, the subject was thought to be of sufficient general interest to warrant including the information in this report.

The fees and charges for elevator services reproduced below are those current in the elevators (few in number) operated by the National Grain & Elevator Board as a public service. The great majority of the grain elevators in the Republic are privately owned, mostly by grain dealers and exports, and are not operated as a public service, but purely in the interest of the owners for receiving and handling the grain they purchase. These are liable to expropriation by the Grain & Elevator Board if and when they are required to form part of the national system it is proposed some day to establish.

The amounts appearing below are in cents U.S. and decimal fractions thereof, per bushel, having been converted from Argentine centavos per 100 kilos at the official rate of 335.82 pesos per 100 dollars.

<u>Country Elevators</u>	<u>Cents U.S. per bushel</u>
Receiving bagged grain from truck or waggon, weighing, desacking and 15 days storage, delivering in bags and reweighing.....	2 ¢
Receiving bagged grain from truck or waggon, weighing, desacking, storage 15 days, and delivering in bulk, reweighing	0.97 ¢
Receiving in bulk from truck or waggon, weighing, storing, 15 days, delivering in bags, including reweighing	1.78 ¢
Receiving in bulk from truck or waggon, weighing, storing 15 days, and delivering in bulk, reweighing	0.81 ¢
Receiving bagged grain from truck or waggon, weighing, desacking for special binning, delivering in bags, reweighing	1.54 ¢
Receiving bagged grain from truck or waggon, weighing, desacking for special binning, delivering in bulk, reweighing	0.73 ¢
Receiving in bulk from truck or waggon, weighing for special binning, delivering in bags, reweighing	1.38 ¢
Receiving in bulk from truck or waggon, weighing for special binning, delivering in bulk, reweighing	0.61 ¢
Receiving in bags from truck or waggon, weighing, desacking for delivery in bulk, without binning, grading or certifying	0.49 ¢
Receiving in bulk from truck or waggon, weighing and delivering in bulk, without binning, grading or certifying	0.41 ¢
Receiving in bulk from truck or waggon, weighing, and delivering in bags, without binning, grading or certifying	1.22 ¢

Special Binning: If and when space is available, special bins may be rented for periods of one or more months at the following rates per month per metric ton of the total capacity of the bin:

1 month,	11.91	cents	per	ton	capacity
3 months	7.44	"	"	"	"
6 months	5.95	"	"	"	"
12 months	4.47	"	"	"	"

Cleaning and Drying charges are by agreement.

Storage after the first 15 days is at the rate of 1/60th of one cent per bushel per day.

For Insurance of grain passing through the elevators a small charge is made.

Note: Whenever grain is to be delivered by the elevator in bags, provision of the bags and thread is to be made by the party withdrawing the grain.

Terminal Elevators

<u>Bulk Grain Charges:</u>	<u>Cents U.S. per bushel</u>
Receiving, binning and weighing	0.92 ¢
Loading on ship, including weighing	0.028¢
Storage per day, 1/60th of 1 cent per bushel	
<u>Bagged Grain Charges:</u>	
Receiving from railway waggon, piling, desacking, and weighing into elevator	1.54 ¢
Receiving from railway waggon, desacking, weighing and binning	1.02 ¢
Loading to ship from elevator, including weighing,	0.028¢
Storage per day, 1/60th of 1 cent per bushel.	

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