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THE GRAIN SITUATION IN ARGENTINA

Ottawa, June 20, 1941. - The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of June 3, 1941, dealing with the grain situation in Argentina.

Third Official Estimate of Grain Crops

The third and presumably final calculation of the volume of the five principal grain and seed crops of the Republic, published recently by the Ministry of Agriculture, shows a drop in each item as compared with the second estimate, which was made in January.

The new figures are as set out below, with those of the second estimate for comparison:-

	Third Estimate	Second Estimate	Percentage Decrease
	bushels	bushels	
Wheat	271,171,400	275,757,000	1.7 p.c.
Linseed	57,461,800	61,690,000	6.9 "
Oats	34,982,200	41,660,900	16.0 "
Barley	36,238,500	36,711,500	1.3 "
Rye	8,353,900	16,948,000	50.7 "
Totals	408,207,800	432,767,400	5.7 "

Of the barley, according to the official report, 26,180,000 bushels are classified as Malting grain. This is considered by grain men to be an exaggerated figure.

The decreases in the production estimates are attributed by the Ministry to the rainy weather prevailing at the time of the previous calculation, which coincided with the work of harvesting and threshing in most of the zones. In the case of oats and rye, especially the latter, the heavy reduction is said to be due to the very low prices quoted for the grains, which offered no encouragement to harvest them.

Comparative figures for recent seasons are reproduced below:-

Season	Wheat	Linseed	Oats	Barley	Rye
		b u s h e l s			
1940-41	271,171,400	57,461,800	34,982,200	36,238,500	8,353,900
1939-40	119,451,800	39,935,100	56,581,000	39,090,700	13,582,000
1938-39	379,139,600	55,509,200	47,334,500	20,209,000	10,826,300
5 yr. average	219,511,800	58,753,700	47,777,000	23,601,200	8,816,700
10 " "	231,721,100	66,550,100	54,287,500	25,352,600	9,344,900

Second Official Estimate of Maize Crop

In the closing days of May the Ministry issued its second estimate of the 1940-41 maize crop, in which a reduction of 150,000 tons (5,905,000 bushels) is shown from the first estimate. The total now looked for is 10,450,000 tons, or 411,398,000 bushels.

The principal cause of the difference is given as the rainy weather which occurred in the provinces of Buenos Aires and Entre Rios.

Of the 15,067,000 acres planted with maize 2,912,000 acres are written off as lost or converted to pasture, leaving 12,155,000 acres for harvesting, the average yield on which is calculated as 33 3/4 bushels per acre.

The condition of the crop is said to be generally good, although the proportion of weevil damaged grain is such as to cause fears as to its satisfactory storage.

Crop Conditions

After being held up for some time by very damp weather, the gathering of the corn crop is going ahead again quite satisfactorily. Seeding of wheat has been resumed following an interval when the rains interrupted it. Prospects are generally regarded as favourable, provided that the current dry weather holds for a reasonable length of time. It is too early yet to form an opinion as to the area likely to be seeded. This depends entirely upon future weather conditions. If these should be favourable, it is not unlikely that a normal acreage will be put in wheat, prospects in the corn market being so dismal that a switch to wheat from corn in some districts may offset any tendency amongst wheat growers to restrict their acreage.

The official monthly report on crop conditions made its appearance this morning. The gist of the contents is reproduced below:-

The Maize Crop: During the past month the weather conditions were relatively unfavourable for the maize and other summer crops, on account of the rains; but the drop in temperature in the last week of May brought an improvement, besides normalising the conditions under which ploughing for the new crops of other grains was proceeding.

In Santa Fe the condition of the maize fields is from good to very good except in the north-east of the province, where the rains and floods mentioned a month ago have caused the loss of some 235,000 acres, and it is probable that this area will be increased by new abandonments of unharvestable fields. The principal damage in the Santa Fe crop is that caused by weevils, which already in the best districts is estimated at 8 per cent. In the centre and south of the province gathering has proceeded when the weather permitted, and very good yields have been obtained. In some districts picking was suspended because of the refusal of some landowners to agree to an adjustment of rents solicited by the tenants.

In Cordoba picking has begun slowly, not only because of the unstable weather but also for lack of funds, and as in Santa Fe because of disagreements as to the adjustment of rents. In the San Justo district the greater part of the crop has been harvested but in the remainder of the province the work is just beginning. As in the Santa Fe province, the greatest damage in Cordoba has been caused by the weevils, especially in the centre. Yields, although inferior to those of last season, which were extraordinary, are thought to be satisfactory.

The corn harvested in the north of both Santa Fe and Cordoba has, generally speaking, not been cribbed in accordance with official regulations, which may mean that it cannot be disposed of to the Government Grain Board, although the requirements for local consumption may absorb offerings.

In the north of the province of Buenos Aires picking has become general, and it is approaching its close in the west and centre. In certain districts the yields obtained are as high as 48 bushels per acre, and throughout the zone the average is about 44 bushels.

In this province the proportion of weevil damage is not alarming. There are fields where the plants have been affected by grubs in the upper parts of the ears. In spite of these things, the quality of the crop is good.

In the central and eastern parts of the province the excessive rains during and prior to the month of May have damaged the crop.

In Entre Rios rain damage was sustained, and in the Parana zone frosts seriously damaged the late plantings. Picking proceeds slowly. Generally the yields are low, and many areas are being abandoned without picking.

The Old Maize Crop: The shelling of the maize crop of last season is practically at a standstill, the grain mostly being destined to be used on the cob, either for animal feed or for fuel. The greater part of the old cribs are to be found in the centre of the province of Cordoba and in the south of Santa Fe. The weevil damage in them reaches in some cases as much as 100 per cent of the contents, and the insects, whose advance had been retarded by the cold weather, increased again during the hot and humid days of early May. The proportion of mouldy, rotten and scorched grains is also high.

The Rice Crop: Owing to the floods produced by the last rains the condition of the rice fields has deteriorated, especially those on the coast of the Uruguay River in Corrientes, where the yields anticipated are only fair, and in the province of Tucuman and the north-east of Corrientes, where they are from fair to poor. In Misiones and Formosa harvesting has been finished, giving low yields, with quality only fair. On the other hand, in the province of Santa Fe and in parts of Entre Rios harvesting is proceeding with excellent results. The quality being obtained is generally good, but some discoloured lots are to be noticed in the flooded zones.

Wheat, Linseed, etc. The rainy weather has delayed the ploughing of the land and the seeding of wheat in almost all districts. Preparation of the land for linseed has also been delayed in Santa Fe and Cordoba by the slowness of the harvesting of the maize crop. But notwithstanding these delays, the work is being done under conditions which must be considered satisfactory. The state of the winter wheats is very good throughout the west of the province of Buenos Aires and the Pampa. In central Cordoba green fly is causing damage, especially in the oat fields.

Supplies and Markets

Wheat Exports of wheat during May totalled 12,025,000 bushels, of which 16,000 bushels were flour in terms of wheat. These shipments show an improvement over those of April, when a total of 10,810,000 bushels moved out.

On the basis of the revised crop estimate, the following is now the statistical position:-

Third official estimate 1940-41 crop	271,171,000 bushels.
Carry-over from 1939-40 crop	2,729,000 "
Total supplies	<u>273,900,000</u> "
Deduct for seed & domestic consumption	101,044,000 "
Surplus available for export	<u>172,856,000</u> "
Shipments) Wheat	37,900,000 bushels
to May 31) " as flour	<u>378,000</u> "
Balance still available	<u>134,578,000</u> "

The dullness which has prevailed for many weeks in the wheat market continued throughout May. The demand for export was relatively small, but some sales were made to the United Kingdom and Brazil, and one or two cargoes to Switzerland. In the local market the millers continued to show interest in acquiring parcels of wheat of superior quality, for which they willingly pay around 7 pesos per 100 kilos, thus giving a small premium over the official minimum price of 6.75 pesos per 100 kilos, or say 54 3/4 cents US per bushel.

Up to the end of May the Grain Board is understood to have bought nearly 5,200,000 tons (191,064,000 bushels) of wheat. It is believed that their stocks of old wheat (1939-40 crop) have now been liquidated.

There are no fluctuations in price levels to record, as all are based on the official minimum above mentioned. The commercial quotation for Spot wheat in Buenos Aires is still 6.50, with the September delivery 6.93 pesos per quintal, or say 56 1/2 cents US per bushel. This compares with July wheat at 77 1/2 cents in Winnipeg.

Linseed Shipments of linseed during May were 3,031,000 bushels, a substantial increase over the April exports of 1,702,000 bushels.

On the basis of the revised official calculation of the crop, the following is now the supply position:

Third official estimate 1940-41 crop	57,462,000 bushels
Carry-over from 1939-40 crop	2,282,000 "
Total supplies	<u>59,744,000</u> "
Deduct for seed & domestic requirements	7,874,000 "
Surplus available for export	<u>51,870,000</u> "
Shipments to May 31	8,639,000 "
Balance still available	<u>43,231,000</u> "

There was a moderate improvement in market conditions during the month, the renewed interest of the United States giving business a tone of greater firmness, which was strengthened by the reluctance of the growers to dispose of the small stocks which they still hold.

The Grain Board has raised its prices a little, and they are now close to the basic minimum price for buying.

Purchases by the Board were recently announced as being 42,872,000 bushels. There is no inclination to press sales of these heavy holdings. The seed stores well, and linseed oil is in constant demand by the countries engaged in war, with this Republic the only important exporter with stocks available. When shipping space becomes available, the seed will move out. Meanwhile, the United States is the only buyer of any quantity.

With the official minimum price 9.25 pesos per 100 kilos, or say 70 cents US per bushel, June seed closed the month at 9.30 (70 1/4 cents) and September 9.65 (72 7/8 cents); while in Duluth July seed closed at 176 cents.

Maize Maize exports in May touched the very low figure of 28,000 bushels less than a tenth of the April figure of 311,000 bushels.

Using the reduced official estimate of production, the following is now the supply position:

Second official estimate 1940-41 crop	411,398,000 bushels
Carry-over from 1939-40 crop	176,583,000 "
Total supplies	<u>587,981,000</u> "
Deduct for seed & domestic needs	118,105,000 "
Exportable surplus	<u>469,876,000</u> "
Shipments April 1 to May 31, 1941	338,000 "
Balance still available	<u>469,538,000</u> "

There is no market for export maize. No demand exists. For local consumption trading was moderately active during May in corn of better quality, while inferior grain was very hard to dispose of.

Purchase of maize is being urged as a patriotic duty, and some substantial amounts have been disposed of, much of it for fuel, and for this purpose big consumers like the railroads are understood to have bought quantities at around 4. to 4.50 pesos per ton, to be mixed with coal, which is growing scarcer and is costing about double the normal price.

The Grain Board commenced to buy maize of the new crop on June 2 at prices based on an official minimum of 4.75 pesos per 100 kilos when shelled. The Board, however, will not purchase corn if shelled, so that the price paid is 4.75 less the cost of shelling and handling, including haulage, as the corn is to be retained on the farms in cribs constructed to official specifications, in order to limit as much as possible the inevitable deterioration from insects, weather and rats. The restrictions imposed will probably mean that considerably less than the 10.5 million tons (413,366,000 bushels) at which the crop is estimated will be taken over by the Board.

Oats Only 70,000 bushels moved out of the country during May, which compares with 417,000 bushels in April.

The supply position, based on the new official calculation of the crop, is as follows:-

Third official estimate 1940-41 crop	34,982,000 bushels
Carry-over from 1939-40 crop	12,651,000 "
Total supplies	<u>47,633,000</u> "
Seed and domestic consumption	29,827,000 "
Exportable balance	<u>17,806,000</u> "
Shipments to May 31	2,561,000 "
Still on hand	<u>15,245,000</u> "

Exportation is at a standstill, no boats being available; hence business is confined to the local demand.

With the general run of the grain quoted at about 4.40 pesos per 100 kilos, Superior parcels command 5.10 pesos.

Barley Shipments in May sank to the low figure of 26,000 bushels, from the April total of 275,000 bushels, leaving the statistical position as indicated below on the basis of the new official calculation:

Third official estimate 1940-41 crop	36,238,000 bushels
Carry-over from 1939-40 crop	1,023,000 "
Total supplies	<u>37,261,000</u> "
Deduct for seed and domestic needs	16,075,000 "
Surplus for export	<u>21,186,000</u> "
Shipments to May 31	2,173,000 "
Balance still available	<u>19,013,000</u> "

Figures recently published state that the Grain Board has purchased 26,560,000 bushels of Malting Barley and 2,222,000 bushels of Feed Barley. Of this none has been sold.

There are also said to be on hand 50,000 tons (2,296,000 bushels) of old barley, sold last year, but which it has not been possible to ship. With no markets in sight overseas, for lack of transportation, and only a very limited local demand, prospects are not very good. For feeding purposes locally Barley is superseded by the abundant stocks of Maize available at give-away prices. The official minimum prices of 5. and 4.50 pesos per 100 kilos, leave the official Board the only buyer.

Rye May exports were 61,000 bushels as against 160,000 bushels in April. The revised supply statistics are as shown below:-

Third official estimate 1940-41 crop	8,354,000 bushels	
Carry-over from 1939-40	3,018,000	"
Total supplies	11,372,000	"
Seed and domestic consumption	3,740,000	"
Balance for export	7,632,000	"
Shipments to end of May	980,000	"
Balance still on hand	6,652,000	"

Neither for export nor for the very limited local needs is there any business passing, and no quotations are on record.

Wheat Substitutes in Brazilian Bread

In Brazil, which is the great market for Argentine wheat and flour, and where in recent years, in an effort to reduce importations of these products, substitutes for wheat flour in the making of bread have been obligatory, a change of policy is now announced, as a result of the recently signed commercial agreement between the two countries.

As from June 1 the bread mixture is required to contain 80 per cent of wheat flour and 20 per cent of mandioca (Mandioca being the starchy root from which tapioca is made, and a very popular article of diet in Brazil, Paraguay, and other South American countries). The mixture in use until now was 68 per cent wheat, 25 per cent mandioca, 4 per cent maize and 3 per cent rice.

It is officially stated that the percentage of mandioca will be still further reduced in 1942 and 1943, and that in 1944 bread of pure wheat will be in use.



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