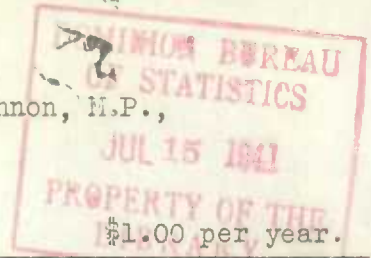


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THE GRAIN SITUATION IN ARGENTINA

Ottawa, July 14, 1941.-- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of July 3, 1941, dealing with the grain situation in Argentina.

Crop Conditions

More or less normal winter weather conditions prevailed during June, perhaps a little drier than usual. Planting of the new wheat and linseed crops has been practically completed in the north, and in the south it is proceeding under favourable conditions. The probable acreage can only be guessed at. The price situation seems to favour a normal acreage for linseed, with a slight reduction in the case of wheat to around 17 1/2 million acres.

The official monthly report on crop conditions has just made its appearance. From it the following synopsis is extracted:

Wheat: Preparation of the soil for the wheat crop is practically finished throughout the cereal region. Generally the work was done under good conditions, as was also the seeding of slow growing varieties. The state of the wheat fields is good, except in the south-west of Buenos Aires and the Pampa, where green fly has compelled the re-seeding of some areas, and where the state of the plants is deficient.

Maize: In the northern Santa Fe gathering of the second planting is proceeding, and in the centre and south picking and cribbing is well advanced. Yields in the north vary from 27 to 36 1/2 bushels per acre; in the south 30 to 48 bushels; with a general average of 40 bushels. The quality is generally good, except for a high percentage of weevil damage. In Cordoba yields are variable, running from 27 to 32 bushels, except in San Justo, where they only average 16 bushels per acre. In northern Buenos Aires yields are good, but excessive humidity has damaged the quality of the grain, and the isoca grub has penetrated a good many cobs. The late plantings in Entre Rios are mostly a failure. The few fields picked have given a good yield and quality is good. In general the colder weather has checked the weevils.

Supplies and Markets

The most discouraging feature of the grain business continues to be the lack of shipping space for the transportation of such of the exportable surpluses as can be placed in consumer markets overseas. Undoubtedly a great deal more Argentine grains and seeds could be sold abroad if delivery could be effected. Linseed is an outstanding example. There are indications that the whole of the remaining stocks might be purchased if the buyers could secure delivery, but boats are not to be had. In the attempt to make up for the deficiency, many old "tubs" which in recent years have been in limited use in the river and coastal trade have been patched up and sent across the seas to South American and even European destinations, and some oil tankers have undergone structural modifications to enable them to convey such cargoes as linseed to northern ports, possibly loading with oil for the return trip.

There has been much talk of the Argentine Government acquiring some of the ships owned in belligerent countries and now lying idle in Argentine ports; but no results are yet evident from the negotiations which are understood to have been carried on, and unfortunately some additional ships seem to be settling down for a long rest in the River Plate since Baltic Countries became involved in the Russo-German strife.

These conditions help to explain the inertia prevailing in the Argentine Grain Trade.

Wheat: Exports during June totalled 8,051,000 bushels, comprising 8,019,000 bushels of wheat and 32,000 bushels of flour in terms of wheat. The May total was 12,025,000 bushels.

The statistical position is now as shown below:

Third official estimate 1940-41 crop .....	271,171,000 bushels
Carry-over from 1939-40 crop .....	<u>2,729,000</u> "
Total supplies .....	273,900,000 "
Deduct for seed and domestic consumption .....	<u>101,044,000</u> "
Surplus available for export .....	172,856,000 "
Shipments ) Wheat .....	45,919,000 bushels
to June 30) Wheat as flour .....	<u>410,000</u> "
	<u>46,329,000</u> "
Balance still available .....	<u>126,527,000</u> "

According to figures published by the Ministry of Agriculture, purchases of wheat by the official Board now amount to 193,707,000 bushels. The quantity sold is not revealed, but private estimates are around 64,300,000 bushels.

During the month the Board raised its selling price slightly, making it 6.65 pesos per 100 kilos (54 cents U.S. per bushel), so that it is gradually approximating the official buying price of 6.75 (54 3/4 cents per bushel).

The market was consistently lifeless until the last week of the month, when on the strength of rumoured sales by the Board, some interest was aroused, and prices firmed a little; but little actual business was transacted, and July came in with the market as listless as usual.

During the month there was moderate activity on the part of the local millers, always on the lookout for parcels of superior quality; and moderate purchases were made by Brazil and other neighbouring countries. On the other hand, the United Kingdom bought none, although it did make some exchanges of barley and maize purchased last year, for wheat which is apparently needed more than are forage grains.

A number of cargoes left for Spain during the month, and still more are to follow to complete the purchases already made, which it is thought may be supplemented by additional contracts shortly.

Linseed: June shipments fell to 1,865,000 bushels from the May figure of 3,031,000 bushels, leaving the supply position as shown below:

Third official estimate 1940-41 crop .....	57,462,000 bushels
Carry-over from 1939-40 crop .....	<u>2,282,000</u> "
Total supplies .....	59,744,000 "
Deduct for seed and domestic needs .....	<u>7,874,000</u> "
Exportable surplus .....	51,870,000 "
Shipments to end of June .....	<u>10,504,000</u> "
Balance still available .....	<u>41,366,000</u> "

Official figures show that there are 44,937,000 bushels of linseed in the possession of the Grain Board. The Board's policy of not pressing sales of its holdings justified itself during the last week of the month when a good demand developed for seed to be shipped to the United States (by far the most important purchaser at the present time), and for lack of offers the price was carried to the highest point reached for some time, 10.24 pesos per 100 kilos (77 3/8 cents U.S. per bushel) being paid for September delivery. The sharp rise was assisted by speculators who were induced to purchase by rumours of an impending reduction of the United States duty against Argentine linseed if and when the new trade agreement now being negotiated becomes effective.

As mentioned elsewhere, lack of shipping space is proving a serious handicap in the disposal of the stocks of linseed still on hand. Local crushers were active during the month, buying whatever seed of superior quality was obtainable, showing little interest in the No. 2 grade, which is the quality mostly going into export.

Maize: Shipments during the month were limited to 120,000 bushels, which brings the total for the season which commenced on April 1 to 458,000 bushels. The Ministry of Agriculture having wiped off its records the remaining balance of the 1939-40 crop, which is now regarded as lost, a drastic revision of the statistical situation becomes necessary in order to bring the stock figures more nearly into line with those adopted officially. Hence the following revised statement:

Second official estimate 1940-41 crop .....	411,398,000 bushels
Deduct for seed and domestic requirements .....	<u>78,736,000</u> "
Surplus available for export .....	332,662,000 "
Shipments, January 1 to June 30, 1941 .....	<u>458,000</u> "
Balance still available .....	<u>332,204,000</u> "

It is probable that as the season advances further revisions will become necessary as insects and other pests, and the weather destroy or damage the corn, most of the crop being stored in the open in cribs of a temporary nature. Much of the new crop is likely to follow the old into the furnaces of railway engines and factory boilers at nominal prices which mean practically a dead loss to the Government. The Grain Board has made a ruling that no maize of the new crop may be exported unless it has been purchased from the Board. The current price of the Board is 4.50 for the shelled maize, for which it has paid the growers 4.75 pesos per 100 kilos. However, as the marine transport situation makes it practically impossible to find buyers overseas, the rules of the Board will be of little importance unless and until conditions change.

Oats: June exports were 115,000 bushels; those of May 70,000 bushels. The supply position is now:

Third official estimate 1940-41 crop .....	34,982,000 bushels
Carry-over from 1939-40 crop .....	<u>12,651,000</u> "
Total supplies .....	47,633,000 "
Seed and domestic consumption .....	<u>29,827,000</u> "
Exportable balance .....	17,806,000 "
Shipments to June 30 .....	<u>2,677,000</u> "
Balance still available .....	<u>15,129,000</u> "

Receipts during the month were heavy, and with a good local demand business was active and prices improved slightly. For export there is very little demand; but as stocks are small and there is no pressure to sell, the price outlook is satisfactory. In the local market grain of Superior quality sells for 5.20 pesos per quintal, and the ordinary run 4.20. Export quality is quoted 4.40.

Barley: Exports during June were 113,000 bushels; May 26,000 bushels. The supply position:

Third official estimate 1940-41 crop .....	36,238,000 bushels
Carry-over from 1939-40 crop .....	<u>1,023,000</u> "
Total stocks .....	37,261,000 "
Seed and domestic requirements .....	<u>16,075,000</u> "
Surplus for export .....	21,186,000 "
Shipments to June 30 .....	<u>2,285,000</u> "
Balance still on hand .....	<u>18,901,000</u> "

In the opinion of some grain men there are about 3,674,000 bushels more barley on hand than is shown above. Practically all the grain is in the hands of the Grain Board, by whom it was acquired at 5. pesos per quintal for Malting barley and 4.50 for Feed. Little, if any, has been resold by the Board. Shippers are not interested. The British Government has recently exchanged for Wheat a quantity of Barley purchased last year; and the Greek Government has still to take delivery of grain which it acquired last year. Quotations, which are merely nominal, are 3.20 for Malting and 3. pesos per 100 kilos for Feed grain.

Rye: Shipments during June were 300,000 bushels as compared with 61,000 bushels in the preceding month, bringing the total exports to 1,280,000 bushels out of the original exportable surplus of 7,632,000 bushels, leaving still available 6,353,000 bushels.

There is no export demand. In the local market, which is very limited, there is only the ordinary regular business at the almost nominal price of around 3. pesos per quintal.



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