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THE GRAIN SITUATION IN ARGENTINA

Ottawa, September 15, 1941.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of September 5, 1941, dealing with the grain situation in Argentina.

Wheat and Linseed Plantings

The first official forecast of the areas seeded to wheat and linseed for the 1941-42 season, which was published a few days ago, shows that the wheat acreage, 7,100,000 hectareas, or 17,544,000 acres, is practically the same as that of last season, the difference only amounting to 0.2 per cent.

The linseed area of 2,730,000 hectareas or 6,746,000 acres, is 5 per cent lower than that of last year; but the official view is that if weather conditions permit there is still time for the difference to be made up.

Comparative figures are as shown below:

Wheat		
First estimate 1941-42	17,544,000	acres
Final estimate 1940-41	17,507,000	"
Five year average	19,323,000	"
Linseed		
First estimate 1941-42	6,746,000	"
Final estimate 1940-41	7,103,000	"
Five year average	7,423,000	"

Crop Conditions

Weather conditions during August were generally favourable for the grain crops; but in parts of the province of Buenos Aires, especially those bordering on the Plate and Parana rivers, and in eastern Entre Rios along the River Uruguay, there was excessive rainfall and some flooding of low-lying lands.

In some districts the rather mild weather is said to be forcing the growth of the wheat and oat plants, leaving them in danger of frost damage. Nevertheless, it can be said that the crop prospects generally are very satisfactory.

The official report on crop conditions reads as follows:

Wheat: Planting of this grain may be considered at an end. Only in the south of Buenos Aires and in some zones outside the wheat area is the work still going on. The condition of the fields is generally good, except only in the province of San Luis, where they have been affected by drought, and in some parts of central Buenos Aires, where floods have damaged them. In northern Santa Fe and Cordoba the mild temperature which prevailed during several days in August encouraged undue growth of the plants, which may cause losses should frosts be severe.

Linseed: Planting of linseed has been finished in the greater part of the provinces of Santa Fe and Cordoba. It is proceeding in Buenos Aires and Entre Rios, where, although the greater part of the work has been done, it has been held up by the delay in picking the maize crop. The condition of the linseed fields already sprouted is better than normal, taking the country as a whole. In parts of Entre Rios excessive rains have damaged some fields.

Barley: With relative backwardness this cereal has been planted in the south-west of Buenos Aires, in the Pampa and in Mendoza. Soil humidity is normal.

Maize: The preparation of the land for the next crop has been started under good conditions in the provinces of Santa Fe and Cordoba.

Supplies and Markets

Wheat: Exports of wheat during August were 7,712,000 bushels, and of flour in terms of wheat 69,000 bushels, making a combined total of 7,781,000 bushels, as compared with 9,121,000 bushels in the preceding month.

The statistical situation is now as shown hereunder:

Third official estimate 1940-41 crop	271,171,000	bushels
Carry-over from 1939-40 crop	2,729,000	"
Total supplies	273,900,000	"
Deduct for seed and domestic needs	101,044,000	"
Surplus available for export	172,856,000	
Shipments) Wheat .... 62,751,000 bushels		
to Aug.31) Wheat as flour ... 479,000 "	63,230,000	"
Balance still available	109,626,000	"

There was only limited activity in the wheat market during the month. The local millers were showing continued interest in acquiring parcels of strong wheats, which are not very plentiful, and they were offering a small premium over prices paid for them by the shippers. Outside the domestic demand, the only sales made were to Brazil and other neighbouring countries, Great Britain evidently not being tempted to make further purchases at the prices at present being asked for Argentine wheat. Spain, after having bought fairly liberally in recent months, seems to be out of the market again possibly finding it not very easy to obtain the necessary "navicerts" for further quantities in view of the favourable results of her own harvest. Meanwhile, the Spanish ships in the port are loading maize. Purchases of wheat by the official Grain Board are officially stated to have been 195,363,000 bushels. The volume sold is not disclosed; but members of the grain trade do not appear to regard current stocks as giving cause for alarm; and the Board is firmly maintaining its selling price of 6.65 pesos per 100 kilos, equal to 54 cents U.S. per bushel, which is not far below the official minimum purchasing price of 6.75 (54 3/4 cents per bushel). As the month closed, wheat for November delivery was being quoted at 6.86 pesos per 100 kilos, equal to 55 3/4 cents U.S. per bushel; which compares with the Winnipeg close of 77 7/8 cents for the October option.

Linseed: Shipments of linseed during August were 2,585,000 bushels, as against the July figure of 2,339,000 bushels. This leaves the supply position as shown below:

Third official estimate 1940-41 crop	57,462,000	bushels
Carry-over from 1939-40 crop	2,282,000	"
Total supplies	59,744,000	"
Deduct for seed and domestic needs	7,874,000	"
Available for export	51,870,000	"
Shipments to August 31	15,427,000	"
Balance still available	36,443,000	"

Linseed was the only product on the grain market in which there was anything like a show of interest during the past month. The reason for this is that speculators are still operating on a small scale, on the prospect of a reduction of import duties into the United States if and when the trade agreement, which has for some time been the subject of negotiations, is successfully concluded. The outcome of the discussions is still in doubt, although a favourable result is generally looked for. The United States is by far the most important market for Argentine linseed at the present time, and shipments there have been fairly steady. But even with her tremendous industrial activity it is hardly likely that she will be able to absorb all the Argentine surplus this year, and lack of shipping space is still a serious obstacle to movement of the seed.

The official Board has purchased to date 45,077,000 bushels. It shows no disposition to promote sales by reducing its selling price, which is about 9.80 pesos per quintal. This compares with the official minimum buying rate of 9.25 per quintal, or say 70 cents U.S. per bushel. At the close of the month the November delivery was quoted 10.30 pesos per quintal, or say 77 3/4 cents per bushel; while in Duluth September seed was quoted 192 cents.

Maize: August exports were 923,000 bushels; not a very imposing figure, but the best for some months. July shipments were only 397,000 bushels. Of the exportable surplus of 332,661,000 bushels, shipments since the season opened on April 1 have been 1,779,000 bushels, leaving still available for shipment 330,882,000 bushels.

There is nothing new to be said with regard to the situation. Great Britain has made some small purchases for shipment during October, and Spain is taking relatively small quantities. But generally there is no market worth speaking of. The high cost of transportation is disproportionate to the value of the grain carried overseas. Nevertheless, a few small sales were made with Switzerland as the destination. Some success has attended the official efforts to encourage domestic consumption. Obviously there is a limit to the quantity which can be utilized as food, whether for man or beast, before weather and weevils destroy the food value of the ill-protected grain out in the fields; but with serious threats of a shortage of coal and oil, the prejudice against the use of maize as fuel is being overcome, and considerable quantities are now being burned in combination with coal or wood in railway engines, in factory boilers, and even in domestic cook-stoves. Some of this is being acquired for as low as one peso per ton; but the handling and transportation from the farm to the city brings the cost much higher, although leaving it still a very cheap form of fuel, with cheapness and availability perhaps its only recommendations.

Practically all the maize in the country, both the old crop and the current, is still unshelled. Shelling has been discouraged by the Government, partly as a measure of economy in view of the doubtful prospects for selling the grain, and partly to leave the bags which would have to be used for shelled maize free for use in handling other produce, bags being very scarce, on account of the number tied up with unsold stocks of grain and the difficulty in obtaining jute from India.

The official minimum price for maize remains at 4.75 pesos per 100 kilos, less the cost of shelling, handling and transportation to the ports. Commerical quotations for Spot grain of good quality are around 2.10 pesos.

Oats: August shipments of oats were 1,132,000 bushels, a substantial increase over the July exports of 487,000 bushels. The supply position is now:

Third official estimate 1940-41 crop	34,982,000	bushels
Carry-over from 1939-40 crop	12,651,000	"
Total supplies	47,633,000	"
Seed and domestic consumption	29,827,000	"
Exportable balance	17,806,000	"
Shipments to end of August	4,295,000	"
Balance still available	13,511,000	"

Business during the month was practically confined to the local trade. All the normal export markets are closed with the exception of Switzerland, and business with that country is handicapped by the high freight rates and lack of boat space. There are still some shipments to be made there on old contracts. While stocks are comparatively high, the grain stores well, and farmers are in no hurry to sell. Plantings are lighter, as a result of the low prices at the time of the last harvest, which caused much of the crop to be abandoned. White oats of export quality are quoted 4.60 per 100 kilos, while Superior oats for the local market sell as high as 5.45, and Good oats 5. pesos per 100 kilos.

Barley: Exports during August were 657,000 bushels, which compares with 290,000 bushels in the preceding month, and leaves the supply position as follows:

Third official estimate 1940-41 crop	36,238,000	bushels
Carry-over from 1939-40 crop	1,023,000	"
Total stocks	37,261,000	"
Seed and domestic requirements	16,075,000	"
Surplus for export	21,186,000	"
Shipments to end of August	3,232,000	"
Balance still available	17,954,000	"

Practically no business was transacted during the month. The great bulk of the crop is in the hands of the Grain Board, having been acquired at the official minimum prices of 5. pesos per 100 kilos for Malting grain, and 4.50 pesos for feed. Barley is very susceptible to weevil damage, and those insects are very bad this year; so that heavy losses through deterioration are doubtless being incurred, with no buyers in sight. The commercial quotation for feed barley is 3. pesos per quintal.

Rye: No exports were recorded during August; nor were there any in July. The statistical position, therefore, remains unchanged 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 August	1,280,000	"
Still available	6,352,000	"

Except for supplying the local demand, which naturally has dropped off now that seeding is practically over, there is really no business passing. Normal export markets are all closed. The price of Superior quality rye for the domestic market is 2.90 per 100 kilos, which of course is quite out of line with the major bread grain.

The Freight Situation

A valuable step has been taken by the Argentine Government in an effort to improve the freight situation. It has acquired and taken over 16 Italian ships which have been lying idle in various Argentine ports for many months. Half the boats are being bought outright, and on the rest the Italian Government is being given an option to re-purchase them at the end of the war. The total gross weight of the 16 vessels is about 88,000 tons.

Formalities have been completed, and the boats are assembling in the port of Buenos Aires, where they are to be overhauled prior to entering into active service in the transportation of Argentine produce overseas, in which they will be a valuable help.

Rates continue very high, $22. to $25. U.S. per ton to North American ports, and $56. to $58. U.S. per ton to Lisbon.