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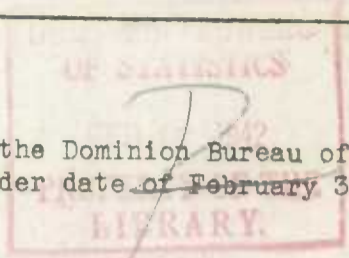
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THE GRAIN SITUATION IN ARGENTINA

Ottawa, February 16, 1942.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of February 3, 1942, dealing with the grain situation in Argentina.



Second Official Estimate of Grain Crops

The second official calculation of the volume of the five principal field crops, excluding maize, for the 1941-42 season, was issued by the Ministry of Agriculture a few days ago. It shows relatively little change in the total figure from the first estimate, put out in December, there being a difference of only 41,000 tons between the two totals, but the separate items show an appreciable variation in some cases. The changes will be seen from the following comparative statement;

	<u>Second Estimate</u>	<u>First Estimate</u>
	(bushels)	
Wheat	227,807,000	220,459,000
Linseed	65,745,000	66,926,000
Oats	30,476,000	33,718,000
Barley	17,591,000	19,750,000
Rye	6,299,000	7,480,000

Wheat, it will be noticed, is the only crop in which the anticipated yield shows an increase.

Threshing operations being farther advanced and extended over a wider area than at the time of the first estimate, and it being compulsory for machine operators to send in returns to the Department of Agriculture (including those operating "combines"), these new figures should have a more solid basis than those first published.

The out-turns of previous crops, including the five and ten-year averages, will be found in the report for the month of December.

First Official Estimate of Maize Area

The area planted to maize for the 1941-42 season is calculated by the Ministry of Agriculture as 5,100,000 hectares, or 12,602,100 acres, according to the first estimate.

This area compares with 6,097,600 hectares, or 15,067,170 acres in the 1940-41 season, and with a five-year average of 6,150,947 hectares, or 15,198,990 acres, and a ten-year average of 6,366,660 hectares, or 15,732,017 acres.

The shrinkage in the plantings is ascribed to the unfavourable market prospects at the present time, and also to the weather conditions at the time of preparation of the land, which made ploughing difficult.

Crop Conditions

Although there was some precipitation during the month of January, it was by no means generous in volume, and it was confined principally to the centre of the grain growing sections of the country. The marginal districts, most in need of moisture, got very little, and the pastures suffered, although on the other hand the dry weather favoured the gathering of the grain crops, with which great progress was made.

The regions where maize is the principal crop received most of the rains, and as temperatures were generally high during the month there was a visible improvement in the condition of the maize fields.

The monthly official report on conditions in the cereal regions furnishes the following information:

The Maize Crop: In Santa Fe the frequent rains and high temperatures have been favourable to the crop, the condition of which may now be considered as superior to normal. The prospects for the crop are almost equal to those of last season, in spite of the smaller area planted, which in this province shows a drop of almost 20 per cent.

In Cordoba the state of the maize fields is on the whole satisfactory, as a result of the rains which benefited them during January and made up the deficiencies previously noticed. Nevertheless, some areas which were badly damaged by drought have been definitely lost in the southern part of the central zone, the rains having arrived too late to benefit them.

In Entre Rios the state of the crop is generally good, except around Concepcion del Uruguay, where the precipitation was meagre and the maize crop is consequently only fair.

In northern Buenos Aires, where maize is produced heavily, the condition of the fields is from good to very good, no damage of any kind having been suffered, but fresh rains would be welcome in some districts. In this province the condition of the crop deteriorated towards the south and west, the very hot weather having been out of proportion to the scarce rains.

In the Pampa, the fields in the south of the territory have been seriously damaged by drought, and the condition is only fair, 40 per cent of the planted area being lost. In the north the condition improves, being from fair to good.

In the other provinces and territories the condition of the crop varies.

In some parts of the south of the cereal zone planting of precocious varieties of maize was continued during January, but it is now definitely finished.

The Wheat Crop: The yields during January appear to confirm those used in formulating the forecast of production. Harvesting is virtually finished throughout the Republic. A certain amount of weevil damage is noticeable in the most recent threshings of grain which had been held in stacks, but nevertheless the quality of the crop generally may be said to be good.

The Linseed Crop: Harvesting of linseed continues in southern Buenos Aires, where the fields have been badly invaded by weeds. This is affecting the quality but not the yields. Generally the quality of the linseed crop is regarded as good, taking the country as a whole.

The Barley Crop in the south-west of Buenos Aires is giving normal yields, but in the Pampa these have been poor.

Supplies and Markets

In the statistical statements in this section use has been made of the new official calculation of the several crops, with the exception of maize, the volume of which, of course, has not yet been estimated.

Wheat: Exports during January totalled 6,424,000 bushels, 6,344,000 bushels being grain and 80,000 bushels flour in terms of grain. This compares with 5,987,000 bushels in December (5,366,000 bushels wheat and 622,000 bushels flour). The statistical position is now as shown below:

Second official estimate 1941-42 crop	227,807,000	bushels
Carry-over from 1940-41 crop (Revised)	119,765,000	"
Supplies as at January 1, 1942	347,572,000	"
Deduction for seed and domestic needs	110,229,000	"
Surplus available for export	237,343,000	"
January) Wheat	6,344,000	bushels
shipments) Wheat as flour ..	80,000	"
	6,424,000	"
Balance still available	230,919,000	"

With a debt already incurred to the National Bank of 765,000,000 pesos, paid out for official purchases of former crops, the Grain Board, facing the purchasing of the new season's crops, found itself in rather a difficult position, with the National Bank unwilling to increase its overdraft. A solution was provided by the Ministry of Finance issuing Treasury notes to the Bank to a value 250,000,000 pesos in negotiable one to five year serial notes, bearing 2 3/4 per cent interest. Official buying of wheat from the producers is now, therefore, going ahead freely, and it is understood to be approaching 73,486,000 bushels.

Some space has been cleared for the new wheat by delivering to the millers all the old crop grain which they can use. Strong protests are being made by the millers to the authorities against the Decree which prohibits them from using any new wheat before next November. They claim to need at least 20 per cent of hard wheat of the new crop for mixing with the soft wheat of the old crop, in order to produce a satisfactory baking flour and also to comply with official regulations as to flour grades. No reply to their representations has yet been made.

A useful sale of old wheat has been made by the Grain Board to the Spanish Government, which is taking 6,246,000 bushels at a price of 6.90 pesos per 100 kilos, delivery to be spread over the first four months of the year. Spanish boats will transport the grain, some of which is already being loaded. Payment for the grain is to be made by the repatriation within 90 days of 19,737,000 Swiss francs in bonds of a 4 per cent Argentine loan.

Another 1,837,000 bushels of the old wheat are being sold to Chile under an agreement which is understood to be about ready for signature. It is probable that payment will be made partly in lumber, of which the Argentine is a heavy importer.

The United Kingdom is said to be in the market for wheat, but is unwilling to pay the price asked by the Grain Board, 6.90 for old crop, although sales are being made daily to Brazil at that price.

No sales of new crop wheat are reported. The price asked by the Board (8.50 per 100 kilos) is higher than prospective buyers are willing to pay, although the quality and protein content are said to be the best for several seasons.

Linseed: January exports were 2,010,000 bushels, which compares with 3,298,000 bushels in December, and leaves the statistical position as follows:

Second official estimate 1941-42 crop	65,745,000 bushels
Carry-over from 1940-41 (revised)	25,718,000 "
Total supplies as at January 1, 1942	91,463,000 "
Deduct for seed and domestic needs	13,779,000 "
Surplus available for export	77,684,000 "
Shipments during January	2,010,000 "
Balance still available	75,674,000 "

Although a slight reduction has been made in the official calculation of the crop, it is still considered by some competent judges to be too high.

Growers are still showing reluctance to deliver their seed to the Grain Board, although it is the only legal outlet for their crop. This attitude is rather helpful to the Board, which has an embarrassingly heavy carry-over in storage. The producers' case is that the Board's buying price of 9.25 pesos per 100 kilos is substantially below current world prices and that it does not cover the cost of raising the crop.

The selling price of the Board has been raised to 18.40 pesos per 100 kilos, or double that at which the growers are legally compelled to deliver their seed to it. A 20 per cent reduction in north-bound freight rates granted by the shipowners of the United States in order to assist South American countries to dispose of their raw materials was announced in January. This was expected to facilitate sales of linseed to North American crushers, who had been showing definite interest in the Argentine seed, but as the Grain Board took advantage of the situation to raise its selling price, not much business has resulted. Any hopes the growers may have entertained that the raise in price would be shared with them were dashed by an announcement that the extra price for the linseed would be used by the Government.

to help to pay for the twenty cargo boats recently acquired from Italian and Danish owners at a heavy cost to form the nucleus of an Argentine Merchant Marine.

Several sales were made to the United States during January at 15.50 or lower, but the higher price now asked has for the moment discouraged further business.

The exportable balance as shown above is rather a formidable figure, but it has to be borne in mind that there is little linseed available from other sources at the present time, and industrial needs are great. Indian seed is less accessible than that of the Argentine, and the crop is reported to be smaller than usual.

Maize: Shipments during January were 979,000 bushels, a drop from the 1,361,000 bushels shipped in December and the 2,591,000 bushels in November. The following is now the supply position, approximately:

Third official estimate 1940-41 crop	403,052,000 bushels
Deduction for seed and domestic needs	78,736,000 "
Surplus available for export	324,316,000 "
Shipments April 1 to January 31	13,351,000 "
Balance still available	<u>310,965,000 "</u>

There were practically no transactions in corn for export during the month. The quality is poor and the condition is not such as to induce business for overseas. But an arrangement has been made to ship 197,000 bushels to Uruguay within the next few days to tide that country over until its own new crop is ready.

But in the local market considerable of the grain is changing hands. More and more of the manufacturers and householders are becoming reconciled to the use of maize as fuel in conjunction with coal as this becomes scarcer and dearer. For this purpose damaged maize is being retailed at around 18 pesos per ton.

Reasonably sound corn is changing hands at an average of about 4.50 pesos per 100 kilos.

Stocks are heavy, and another crop is in the making and is doing well, although on a much reduced area.

Oats: Shipments of this grain were again light, only 411,000 bushels leaving Argentine ports during January. This compares with 396,000 bushels in December.

On the basis of the reduced estimate of production, the following is now the supply position:

Second official estimate 1941-42 crop	30,476,000 bushels
Revised carry-over from 1940-41 crop	10,942,000 "
Supplies as at January 1, 1942	41,418,000 "
Seed and domestic requirements	29,827,000 "
Exportable surplus	11,591,000 "
January shipments	<u>411,000 "</u>
Balance still available	<u>11,180,000 "</u>

There was a firm market during the month and trading was brisk but confined to filling local requirements.

Arrivals of the grain are plentiful, but the quality of most of the parcels being offered is not particularly good. There is a great interest for oats of special or superior grades, at prices as high as 6.10 per quintal, but offers are scarce. For ordinary or inferior grain there is little demand and prices are much lower, 4.90 to 5.20 per quintal.

Barley: January exports were 1,134,000 bushels. Those of December were only 306,000 bushels. The supply situation is shown in the following table:

Second official estimate 1941-42 crop	17,591,000	bushels
Carry-over from 1940-41 crop	11,016,000	"
Supplies as at January 1, 1942	28,607,000	"
Requirements for seed and local needs	16,075,000	"
Available for export	12,532,000	"
January shipments	1,134,000	"
Balance still on hand	11,398,000	"

The new crop is unusually small, little more than is required for seed and domestic consumption. But as there is really no export demand, and much of the old grain still in stock is of no value except as fuel, the low supplies are an advantage.

Prices are little better than nominal, but they give the unusual spectacle of feed barley quoted higher than the malting grain by 20 centavos per quintal.

Rye: There were no exports of rye during January, and only 12,000 bushels in December. The new crop is rather smaller than the carry-over from the old. The supply position is as follows:

Second official estimate 1941-42 crop	6,299,000	bushels
Carry-over from 1940-41 crop	6,341,000	"
Supplies as at January 1, 1942	12,640,000	"
Seed and domestic requirements	3,740,000	"
Exportable balance	8,900,000	"

For the first time in many months a fairly substantial sale for export was reported, a full cargo of rye having been disposed of to United States elevator interests at the low price of 3. pesos per quintal. The stimulation provided by this transaction and the very small new crop boosted the price of rye to 4. pesos per quintal, at which a number of small sales have been made locally.

Grain Elevators

A call was made not long ago for tenders for the construction of 64 country elevators, to form the first part of the country houses for the national elevator system. The response was so meagre that it has been decided to extend the time for filing tenders for another month in order to secure if possible greater competition.

Wheat Grading

While commercial trading in Argentine grain is still conducted on the F.A.Q. (fair average quality) system, it is interesting to note that the voluntary grading system which the Grain & Elevator Board has been endeavouring to build up since 1936 has recently reached its 500,000'th sample, that being the number of a certificate just issued. The 500,000 samples are said to represent 692,055,000 bushels of grain, produced by 180,000 farmers who have cooperated with the Board by submitting samples of their crops for grading.



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