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THE GRAIN SITUATION IN ARGENTINA

Ottawa, November 16, 1942.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of November 3, 1942.

Seeded Areas - Third Official Estimate

The third official calculation of the areas seeded to the five principal field crops, excluding maize, shows no important variation from the estimates previously published. The figure for wheat is raised slightly, and each of the other crops has been cut down a little. The new figures are as shown below. The previous estimates and the comparable figures for preceding seasons were shown in the report of last month.

	<u>Third Estimate</u>
Wheat .....	16,308,600 acres
Linseed .....	6,004,500 "
Oats .....	3,328,400 "
Barley .....	1,838,400 "
Rye .....	2,372,200 "
Total .....	<u>29,852,100 "</u>

As compared with the 1941-42 season there is a decrease in the total area of 9.3 per cent. Wheat is lower by 9.6 per cent; linseed 11 per cent; oats 5.4 per cent; barley 6.8 per cent and rye 10.9 per cent.

Crop Conditions

Rains fell frequently in moderate quantities over the greater part of the central cereal zone of the Republic during the month of October, which was exactly what was needed to promote the growth of the grain and seed crops, harvesting of which should commence in another month. Unfortunately, the Pampa Territory and the south-western sections of the provinces of Buenos Aires and Cordoba, although receiving precipitation, did not fare so well as the remainder of the country, and it is now unlikely that a full production will be possible in those districts. Elsewhere the prospects are considered to be from good to very good for the wheat crop, and very good for the linseed.

The monthly official report on crop conditions, which made its appearance on the last day of October, reads as follows:

Weather conditions during the month were in general favourable for the crops in the zones with the greatest cultivated areas, the rainfall having been sufficient. From this must be excepted the greater part of the south and west of Cordoba and the Territory of The Pampa, where the rainfall was scanty. This is prejudicial to the crop prospects there, the fields having already been damaged by green fly.

The Wheat Crop:- Generally the condition of the wheat fields is quite good. Nevertheless, there may be set down as definitely lost, especially in the west of the cereal zone, an area approximating something over 1 1/2 million acres, or say 9.7 per cent of the total area seeded this year (16,309,000 acres).

In Entre Rios, Santa Fe and the east of Cordoba the vegetative condition of the wheat fields is very satisfactory.

In the central zone the condition is from fair to poor on account of the drought and strong winds during winter and the damage caused by green fly, which in some districts of southern Cordoba and the southern Pampa brought about losses of up to 80 per cent of the seeded area.



In Santiago del Estero the condition of the fields is from fair to good, lack of rain having caused damage. The first threshings have begun in this province, producing a heavy sample. Cutting will begin shortly in the north of Santa Fe. In parts of Buenos Aires there are slight attacks of rust, which have not done much damage.

The Linseed Crop.- The condition of the linseed fields is generally from good to superior. It is good in the greater part of the province of Buenos Aires, and from good to excellent in Santa Fe and Entre Rios. In southern and western Cordoba, on account of the drought and winds, the condition is poor, and appreciable losses of areas are to be noticed, reaching in some districts to 70 per cent of the seeded area. In the north-west, in addition to the lack of rains, the isoca grub has caused serious damage. A frost which was registered yesterday may have affected the yields a little in southern Santa Fe.

Supplies and Markets

Wheat.- Wheat exports fell off a little as compared with the preceding month, only 6,269,000 bushels being shipped (6,038,000 bushels of grain and 232,000 bushels of flour in terms of grain), whereas in September 7,406,000 bushels left the country (7,224,000 bushels of wheat and 182,000 bushels of flour in terms of wheat).

The statistical position is now as shown in the following table:

Third official estimate 1941-42 crop .....	224,133,000 bushels
Carry-over from 1940-41 crop .....	119,765,000 "
Total supplies .....	<u>343,898,000</u> "
Deduction for seed and domestic needs .....	<u>110,229,000</u> "
Surplus available for export .....	233,669,000 "
Shipments to) Wheat                   66,189,000 bushels	
October 31 ) Wheat as flour ... <u>2,049,000</u> "	<u>66,238,000</u> "
Balance still available .....	<u>165,431,000</u> "

There has been no appreciable modification of the conditions prevailing in the wheat market. Export trading continues to be very scant, with business confined to Great Britain and the South American countries, and not much doing with them.

The progress of the new crop is the chief topic of interest in grain circles. About 10 per cent of the reduced acreage in wheat is regarded as already practically lost, due to the damage suffered through the recent drought. Opportune rains have so benefited the remainder of the crop that a good yield per acre is in prospect provided that there is no set-back during the critical period now beginning, when rust, frost and hot winds may levy toll. Any attempt to forecast the volume of the crop at this stage is little better than guess-work; but it can be said that experienced grain men look for a total of about 5 1/2 million tons (202,087,000 bushels) as compared with 6,100,000 tons (224,133,000 bushels) last season. When this is added to something over 4 million tons (146,972,000 bushels) which will be carried over from current stocks, there will be a volume of wheat on hand for which it will be very difficult to find storage space.

Even more urgent than the problem of storage space is that of bags for the grain. Both the handling and storage of grain are based on the use of bags, and bags in adequate quantity are not to be had. Counting both new and used bags, not more than half the number required for the coming harvest is in sight. Recent official figures show that of the 5 1/2 million tons (202,087,000 bushels) of wheat constituting current commercial stocks, 85.5 per cent are stored in bags, which are naturally now required for the new crop. The Grain and Elevator Board is at present advertising an invitation for bids for the construction at various central points of huge cement-lined pits for the storage of grain, presumably with the intention of dumping into them the contents of the bags of old crop wheat in order to release the bags for use in handling the coming crop. New bags are unattainable for the reason that India, where the jute canvas is produced, is cut off by war conditions, and nowhere else can the material be secured.

Distribution of grain bags is strictly under official control, and all stocks have been expropriated by the Argentine Government, with the purpose of making a fair and impartial apportionment amongst the farmers according to their needs. Preference is to be given to the smaller growers, as being presumably less able to provide themselves with granaries or field bins requiring financial outlay. An initial distribution of 450 bags each is to be made, commencing with the northern districts, where the crops mature first. Already there is grumbling about the inadequacy of 450 bags for the handling of a crop of wheat!



If the crop can be successfully handled and housed, not much worry is being shown about its ultimate disposal. It is felt that a hungry world will have to be fed once the war is over, and there will be an ample outlet for Argentine wheat as soon as transportation can be made available.

Brazil is the best customer for Argentine wheat, and it was with great interest that news was received recently that the present compulsory use of such substitutes as maize and mandioca for wheat in the millers' mixtures is to be immediately abolished and wheat only will be permitted in the composition of Brazilian bread in future.

Linseed.- Exports of linseed in October were very small, only 253,000 bushels moving out, which compares with 861,000 bushels in September. Remaining stocks are still heavy, as will be seen from the following statement:

Third official estimate 1941-42 crop .....	62,989,000 bushels
Carry-over from 1940-41 crop .....	<u>25,718,000</u> "
Total stocks .....	88,707,000 "
Deduct for seed and domestic requirements .....	<u>13,779,000</u> "
Exportable surplus .....	74,928,000 "
Shipments January 1 to October 31 .....	<u>11,801,000</u> "
Balance still available .....	<u>63,127,000</u> "

The market is very dull, and trading has recently been at an almost complete standstill. The Grain Board reduced its selling price by 70 centavos per quintal, and subsequently by a further 30 centavos, leaving the quotation now 16. pesos per 100 kilos for seed in bulk, with an extra charge if shipment in bags is required. Not much business resulted, although some sales were made to Sweden and Chile. Spain also bought a parcel, but at prices below the Grain Board levels.

In the open market linseed of Super quality is being sold on sample with a 2 per cent tolerance at 9. pesos on wagons in the stations. The Government is endeavouring to arrange for the crushing of its stocks of linseed into oil in the domestic mills, converting the produce into a form in which it is more readily stored and transported overseas when the opportunity arises. The limited capacity of the local mills is a difficulty, both for crushing and for storing. But it is calculated that 30,000 or 40,000 tons (1,181,000 to 1,575,000 bushels) may be dealt with in this way, thus affording some relief before the new crop begins to move.

Maize.- The third official estimate of the volume of the old crop (1941-42) was recently published, reducing the quantity by a little more than 3,937,000 bushels to 355,652,000 bushels. This figure compares with 403,052,000 bushels in the previous season, and with a five year average production of 303,460,000 bushels.

The following statement of the supply position is based on the new estimate:

Third official estimate 1941-42 crop .....	355,652,000 bushels
Carry-over from 1940-41 crop .....	<u>86,869,000</u> "
Total supplies .....	447,521,000 "
Seed and domestic requirements .....	<u>78,736,000</u> "
Surplus available for export .....	363,785,000 "
Shipments April 1 to October 31 .....	<u>4,543,000</u> "
Balance still available .....	<u>359,242,000</u> "

Exports in October were 772,000 bushels, which is rather smaller than the September total of 904,000 bushels.

During the month Great Britain and Sweden bought cargo lots for early shipment, no other sales of any consequence being reported, although Uruguay and Chile are both interested in a smaller way, the former needing maize for fuel and the latter for animal feeding. More export sales could be negotiated if transportation were available.

The maize market is stronger as a result of the dwindling stocks of old crop grain available for fuel. Corn of the 1941-42 crop is not yet being offered for this purpose.

Oats.- A small parcel of 51,000 bushels constituted the only export during October, bringing the total shipments to date to 1,149,000 bushels out of the original exportable surplus of 10,293,000 bushels and leaving 9,144,000 bushels still available.

There was a firm market during most of the month, but it weakened at the close through more liberal entries coming forward, induced by the high prices being paid, and from 12.50 per 100 kilos the top price dropped to 11.20 pesos, with inferior grain purchasable at about 8.80 per quintal.

Barley.- There were no shipments during October, and the statistical position remains unchanged from that shown in the report for September. There is a steady market, with good malting barley in demand at about 5.50 pesos per 100 kilos, but no great volume changing hands.

Rye.- Exports during October were 62,000 bushels, the heaviest monthly figure during the current year. This shipment brings the total to 84,000 bushels, out of the original exportable surplus of 8,112,000 bushels, leaving 8,029,000 bushels still available.

The sale of this single cargo does not mean that there is any increased activity in the market for rye. It remains very quiet indeed, the transactions being limited to the very moderate local trade, with a purely nominal quotation of 4.70 pesos per 100 kilos.

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