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THE GRAIN SITUATION IN ARGENTINA

Ottawa, December 18, 1942.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of December 2, 1942.

Crop Conditions

The monthly official report on crop conditions, which made its appearance this morning, reads as follows:

Weather conditions during November were generally unfavourable for the crops and for carrying on the farm work appropriate for the season, except in some parts of the provinces of Cordoba and Santa Fe. The drought, which was particularly noticeable in the province of Buenos Aires and the Pampa, was harmful for the cereal and linseed crops, reducing the future yield prospects. On the 28th and 29th rains of varying intensity fell, but they are considered to have been insufficient to normalize the situation in these districts.

The condition of the wheat and linseed crops may be said to be generally good, taking the country as a whole.

The Wheat Crop: The yield prospects of the wheat crop may be considered good, although the fields in some regions are only fair, and in others distinctly poor, with some important areas definitely lost. The prospects for a good yield are due to the fact that in regions where crops are normally better very good results are now being obtained in the harvest, which will balance the losses experienced in other zones.

In the south-west of Cordoba and of Buenos Aires and in the Pampa territory the state of the fields is bad because of drought and the green fly, losses in some zones reaching 90 per cent of the seeded area. On the other hand, the wheat in Santa Fe, Entre Rios and the east of Cordoba, is from good to very good, harvesting having commenced with yields from 16 to 44 bushels of heavy wheat per acre.

The Linseed Crop: The condition of the linseed fields is generally good, although they have been affected by the drought prevailing during November. The recent rains benefited the crops in the north of Buenos Aires, which on the other hand suffered damage from isoca grub. In Entre Rios, Santa Fe and eastern Cordoba the linseed continues to be in good condition. But in the south-west of Cordoba, south-western Buenos Aires and the Pampa territory there are fields in poor condition as a consequence of the prolonged drought.

The condition of the crop is very good. Only in some fields in the province of Cordoba there have been noticed isolated attacks of "pasmio" (septoria Linicola).

The Maize Crop: Lack of rains made planting difficult in November. The plants which have already sprouted are looking well in the provinces of Santa Fe, Entre Rios, eastern Cordoba and Buenos Aires.

Seeded Areas - Fourth Official Estimate

During the month the fourth official calculation of the areas seeded to the principal field crops, excluding maize, for the 1942-43 season was made public. All crops show a little advance over previous estimates. The figures are reproduced below, with the corresponding acreages of last season for comparison.

	<u>Fourth Estimate 1942-43</u>	<u>1941-42</u>
	<u>acres</u>	
Wheat	16,432,000	18,038,000
Linseed	6,128,000	6,746,000
Oats	3,548,000	3,519,000
Barley	1,878,000	1,972,000
Rye	2,481,000	2,661,000
T o t a l s ...	30,467,000	33,936,000

Supplies and Markets

Wheat - November exports were a little higher than those of the preceding month. A total of 6,918,000 bushels moved out (6,345,000 bushels of wheat and 573,000 bushels of flour in terms of wheat). The October combined total was 6,269,000 bushels. The statistical situation is now as follows:

Third official estimate 1941-42 crop	224,133,000 bushels
Carry-over from 1940-41 crop	119,765,000 "
Total supplies	343,898,000 "
Deduct for seed and domestic use (revised)	101,044,000 "
Surplus available for export	242,854,000 "
Shipments to) Wheat	72,533,000 bushels
November 30) Wheat as flour .	2,622,000 " 75,155,000 "
Balance still available	167,699,000 "

In view of the not too favourable conditions described in the official crop report on the preceding page, it is now generally conceded that previous expectations as to the volume of the wheat crop will not likely be realized, and estimates or guesses are now in the neighbourhood of 5 million tons (183,716,000 bushels). The first official estimates are expected to be compiled toward the middle of the current month.

There was very little activity in the wheat market during November. For lack of demand, business with Europe was quite stagnant. Export sales on a small scale were made almost daily by the Wheat Board to neighbouring South American countries, Brazil being the principal buyer. The Board has not modified its selling price, Argentine wheat being already, value for value, the cheapest obtainable.

Recent weeks have seen considerable agitation among the producers who are anxious to obtain a higher official purchasing price for their wheat in view of the increased costs of essential supplies such as bags and repairs for equipment, in addition to higher living costs. It had already been officially indicated that the Government intended to purchase the wheat and linseed crops. Doubts were set at rest this morning by publication of a Decree setting the basic price for the buying of wheat at the same figure as last year, 6.75 pesos per 100 kilos, equal to 54 3/4 cents United States per bushel.

Sales to the official Grain Board will carry the obligation to reduce acreage by 10 per cent next season, if required to do so.

Linseed - November shipments of linseed totalled 679,000 bushels, as compared with 253,000 bushels in the preceding month. The following statement shows the current statistical position:

Third official estimate 1941-42 crop	62,989,000 bushels
Carry-over from 1940-41 crop	25,718,000 "
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Total stocks	88,707,000 "
Seed and domestic needs (revised)	14,369,000 "
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Exportable surplus	74,338,000 "
Shipments to end of November	12,480,000 "
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Balance still available	61,858,000 "

So far as is known no export business has been done with the Grain Board. For lack of demand sales are impossible. Even a modest reduction in the official selling price failed to attract buyers.

In the open market the tone is weak and buyers are scarce, but occasional sales are made in the local stations of Superior quality seed on a 2 per cent basis at 9.40 pesos per 100 kilos.

As had been anticipated in the grain trade, the Government by a recent Decree established as a basic price for the new crop of linseed 9.25 pesos per 100 kilos, which is the same as was paid last season. It is equivalent to 70 cents United States per bushel.

On the basis of this price laid down in the port of Buenos Aires, the Grain Board will purchase any linseed of the new crop which may be offered to it by growers, with the proviso that these will, if required to do so, reduce their acreage next season by 10 per cent.

Early estimates of the new crop indicate a yield of about 1 1/2 million tons, with a quality about average. Prospects for the marketing of such a volume are far from optimistic.

Maize.- Exports of maize during November were 1,348,000 bushels, which shows a little improvement over the October figure of 772,000 bushels, but is still pitifully small out of stocks of 9 million tons (354,314,000 bushels).

The following is the current stock situation, subject to liberal deductions for spoiled grain:

Third official estimate 1941-42 crop	355,652,000 bushels
Carry-over from 1940-41 crop	86,869,000 "
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Total supplies	442,521,000 "
Deduct seed and domestic requirements	78,736,000 "
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Surplus available for export	363,785,000 "
Shipments April 1 to November 30	5,892,000 "
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Balance still available	357,893,000 "

Since the small sales made last month to Great Britain and Sweden, export business to other than neighbouring South American countries had ceased for the present.

Uruguay continues to make moderate purchases for fuel and forage and other countries would perhaps like to do the same, but the export taxes of 20. per ton for maize destined for feed and 8. for that for use as fuel help to discourage business. Hence the bulk of what sales are being made are of a domestic nature, and the market is very quiet.

Cuarentin maize of good quality, which is fairly plentiful, is what draws the most interest on the part of feeders. The current price is 4.50 pesos per 100 kilos in the local railway stations. Red maize at 3.70 is a little more sought after than the general run at 3.30.

Maize in bulk for fuel at 2.35 to 2.40 per quintal, is firm, with not much on offer.

Oats.- Shipments of oats in November consisted of 57,000 bushels, which compared with 51,000 bushels in the preceding month. This brings the total exports for the 11 months to 1,206,000 bushels, out of the original surplus of 10,293,000 bushels, leaving still available 9,087,000 bushels.

Export sales are almost out of the question, the price obtainable for local consumption for oats of good quality keeping the grain at home.

For the growing industry of prepared breakfast foods, Superior and Special grades of oats command 9.50 pesos per 100 kilos, and good grades 8.40 to 8.70 pesos for grain of the old crop. For new crop oats for immediate delivery 8. to 8.20 is obtainable; for delivery two weeks hence values are a peso lower.

There are not many sellers of new oats, as the crop does not promise to be at all heavy.

Barley.- November shipments were 232,000 bushels. There were no exports in the previous month.

Of the original exportable surplus of 11,934,000 bushels, 3,577,000 bushels have now been shipped out, leaving 8,357,000 bushels still disposable.

There is a steady local market for the grain, with the maltsters continually interested in lots of good weight and Superior grade for brewing, at a price of around 6.50 per 100 kilos. For the general run of barley prices are a peso or more lower, with only a more restricted demand.

Rye.- Exports during November were 35,000 bushels, which compares with 62,000 bushels in October after a long period of inaction.

Shipments during the eleven months of the year have only been 119,000 bushels out of the exportable surplus of 8,112,000 bushels, leaving still on hand 7,994,000 bushels.

There is nothing to be said about the market, which is strictly confined to supplying the small local demand, with a merely nominal quotation of 5.40 pesos per quintal.

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