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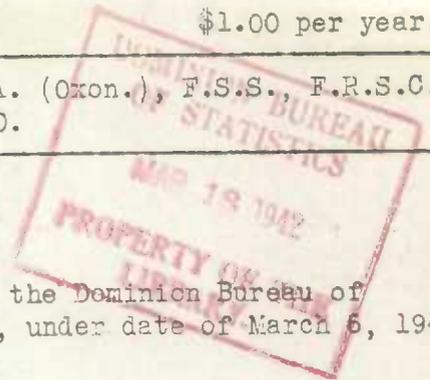
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THE GRAIN SITUATION IN ARGENTINA

Ottawa, March 17, 1942.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of March 6, 1942, dealing with the grain situation in Argentina.



Crop Conditions

Heavy rains broke the drought which had prevailed for some weeks, and the whole of the cereal zone benefited by the moisture, although in some districts rapid evaporation in the great heat which followed has left the land again dry and difficult to cultivate. But speaking generally the situation has greatly improved, and the prospects are bright for a good corn crop. Preparation of the land for the next grain and seed crops is going ahead steadily.

The monthly official report of the Department of Agriculture on conditions in the grain-producing regions, contains the following information:

The Maize Crop: In Sante Fe the condition of the maize fields is splendid in the south and good in the north, where the grain is already on the point of ripening. In the south the cobs, although more backward, are also approaching maturity, and it may be estimated that the prospects for the yields are better than normal, an average of 36 to 38 bushels per acre being looked for. Allowing for a certain proportion of weevil damage in the plant, already noticeable, the quality of the crop is expected to be good.

In the northern portion of Cordoba some fields are already fully mature, and in the south the corn is commencing to harden. With the exception of the south-west and the north-west where the condition of the grain is somewhat deficient, it is from good to very good all through the province, and a yield superior to normal is looked for.

In the province of Entre Rios the condition of the corn crop has deteriorated in comparison with last month. The lack of rains and the heavy heat of February have caused this. This is particularly true in the district around Concepcion del Uruguay.

In Buenos Aires in the zones of most importance, the condition of the fields is from good to very good; but outside these zones it is only fair, for lack of sufficient rain.

In the Pampa, with the exception of three districts in the north-west which join up to the province of Buenos Aires, where the condition is from fair to good, the greater part of the crop may be regarded as lost. In the other provinces and territories the condition of the maize crop varies.

Wheat and Small Grains and Seeds: During February the threshing of stacked crops was virtually brought to an end. The quality of the products has turned out to be good, as was foreseen in the last report.

The Rice Crop: With the exception of the province of Salta, where fields which lacked water at the opportune moment have been definitely abandoned, the state of the rice crop is generally very good, and by the end of March harvesting is expected to commence.

Supplies and Markets

Wheat: Exports of wheat during February totalled 5,237,000 bushels, consisting of 5,220,000 bushels of grain and 18,000 bushels of flour in terms of grain, which compares with 6,424,000 bushels in the preceding month (6,344,000 bushels grain and 80,000 bushels flour).

This leaves the statistical position as shown hereunder:

Second official estimate 1941-42 crop	227,807,000 bushels
Revised carry-over from 1940-41 crop	<u>119,765,000</u> "
Total supplies	347,572,000 "
Deduction for seed and domestic needs	<u>110,229,000</u> "
Surplus available for export	237,343,000 "
Shipments to) Wheat	11,564,000 bushels
February 28) Wheat as flour. <u>98,000</u> "	<u>11,662,000</u> "
Balance still available	<u>225,681,000</u> "

There was really no change in the conditions in the wheat market during the month. A state of almost chronic inactivity has set in, and nothing can be done about it until a change takes place in world conditions.

There is very little movement from the country to the ports, as the policy of the Grain Board is to leave the grain in the hands of the growers until the congestion in the ports has been relieved by the disposal of the stocks of old wheat stored there.

Farmers are getting the same price for their wheat as last year, and the Grain Board is understood to have acquired about 110,229,000 bushels, but no offers of new wheat are yet being made by the Board. If new wheat were on offer the chances of selling the grain of the old crop would be greatly diminished, so great is the difference in quality and weight between the two crops.

Only minor interest is being shown by the United Kingdom in Argentine wheat at present, although a few small sales are reported to have been made; but her major source of supplies is still Canada.

Brazil continues to be a steady buyer in moderate quantities at the Grain Board's selling price, which remains unchanged at 6.90 pesos per 100 kilos ex Buenos Aires, and 6.77 1/2 ex Rosario.

Linseed: February shipments were 1,236,000 bushels, which compares with 2,010,000 bushels in January, and leaves the supply situation as shown below:

Second official estimate 1941-42 crop	65,745,000 bushels
Revised carry-over from 1940-41 crop	<u>25,718,000</u> "
Total supplies	91,463,000 "
Deduct for seed and domestic requirements	<u>13,779,000</u> "
Surplus available for export	77,684,000 "
Shipments to end of February	<u>3,246,000</u> "
Balance still available	<u>74,438,000</u> "

Business during the month was somewhat restricted, and only small sales were effected. The United States has shown no interest in the seed since the Board raised its price, having ample supplies on hand for several months. But in spite of the absence of this important buyer the market remains firm, there being an evident conviction that sooner or later Argentine linseed will be needed in the States.

Great Britain also is out of the market for the present, being evidently content with the supplies she can obtain in India, with more tonnage available.

A number of sales have been made recently to Uruguay, but the quantities involved were not large.

Russia bought a cargo during the month, and it is anticipated that more may be sold to her if and when boats are available.

Tightening up on its control of the trade, the Grain Board recently obtained from the Government a Decree which supplements those of last year under which exports of linseed were restricted to seed obtained from the Board. The new measure provides that no exports of linseed oil may be made unless the oil is made from seed purchased from the Board.

No change has been made by the Board in its selling price of 18.40 pesos per 100 kilos, and its purchasing price remains 9.25 pesos, or say 70 cents U.S. per bushel.

Maize: Exports during February only reached the low total of 632,000 bushels, which is the smallest since November, when 2,591,000 bushels were shipped. The approximate supply position is now as shown below:

Third official estimate 1940-41 crop	403,052,000 bushels
Deduction for seed and domestic needs	<u>78,736,000</u> "
Surplus available for export	324,316,000 "
Shipments April 1st to February 28th	<u>13,983,000</u> "
Balance still available	<u>310,333,000</u> "

There is no change to report on conditions in the maize market. The demand for export is so limited as to be negligible. Recent enquiries regarding grain for a possible shipment to Switzerland proved almost fruitless because of the difficulty in finding sufficient maize with a percentage of damage below 30 per cent. However, some small sales were made for that destination.

Business is practically limited to the domestic market, and moderate quantities are being sold to power houses and industrialists for fuel at prices in the neighbourhood of 20 pesos per metric ton.

Reports are current to the effect that distillation of alcohol from maize is to be undertaken on a large scale, with the United States as the destination of the product. But existing facilities are inadequate, and the prospects of obtaining new equipment for expansion are far from bright.

In the middle of the month the Minister of Agriculture announced the definite liquidation of the remaining stocks of the 1940 crop and the commencement of sale of the corn of the 1941 crop. He revealed that 211,328,000 bushels of the 1940 crop had been purchased by the official Board at a cost of 195,900,000 pesos, and had been resold for a total of only 34,500,000 pesos, which left a loss of 161,400,000 pesos.

No announcement has yet been made by the Grain Board as to what will be the minimum price for the current crop, nor what will be the conditions attached to its purchase by the Board.

There is a wide spread in current quotations, which range from 2.70 to 4.40 pesos per 100 kilos, according to the variety and condition of the grain.

Oats: The total exports of oats during February were 64,000 bushels as against 411,000 bushels in the preceding month. This leaves the supply position as hereunder:

Second official estimate 1941-42 crop	30,476,000 bushels
Revised carry-over from 1940-41 crop	<u>10,942,000</u> "
Total supplies	41,418,000 "
Seed and domestic requirements	<u>29,827,000</u> "
Exportable surplus	11,591,000 "
Shipments to February 28	<u>475,000</u> "
Balance still available	<u>11,116,000</u> "

There was a quiet market, with business practically confined to supplying domestic requirements. Although on paper there is an apparently ample stock of oats in the country, the growers are not offering them for sale. Hence prices are relatively high, export quality White oats being quoted 5.30, while domestic Superior oats readily command 7.00 pesos per 100 kilos.

Barley: Shipments during February only reached 161,000 bushels, against 1,134,000 bushels in January. This leaves the supply position as shown below:

Second official estimate 1941-42 crop	17,591,000 bushels
Carry-over from 1940-41 crop	<u>11,016,000</u> "
Total supplies	28,607,000 "
Requirements for seed and local consumption	<u>16,075,000</u> "
Available for export	12,532,000 "
Shipments to end of February	<u>1,295,000</u> "
Balance still on hand	<u>11,237,000</u> "

The market is quiet, and no business has yet been done in grain of the new crop, one reason for this perhaps being that the Government has not yet made any announcement as to a basic minimum for the new barley, and growers prefer to hold until they see what the official policy will be. Meanwhile, a good deal of last season's barley, much damaged by weevils, is changing hands for fuel at as high as 28.00 pesos per ton.

No prices are yet being quoted for either malting or feed barley of the new crop.

Rye: There were no shipments during the month, and the statistical situation remains unchanged from the figures given last month.

Arrivals of the new crop are very small, and buyers show no interest in the grain.

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