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THE GRAIN SITUATION IN ARGENTINA

Ottawa, May 15, 1942.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of May 5, 1942, dealing with the grain situation in Argentina.

Crop Conditions

Typical autumn weather prevailed during the past month, with bright sunny days, and occasional light frosts at night. The frosts left no damage of any consequence. On the contrary, they hastened the drying of the new maize crop, cutting of which has commenced in some districts without as yet becoming general.

Work on the land is in full swing in preparation for seeding the new wheat and linseed crops. In some districts where wheat is the principal crop, rain would be welcomed to facilitate the work and provide a good seed bed.

According to the monthly official report on crop conditions, the good prospects described in previous reports have been maintained in respect of the maize crop. In the centre and south of the province of Santa Fe, which may be described as the heart of the maize zone, the fields are in very good condition. Although the harvesting has not yet started in earnest, estimates of the yield have been made which forecast 23 bushels to 55 bushels per acre, according to the district.

In the province of Cordoba yields ranging from 16 bushels to 45 bushels per acre are looked for.

In northern Buenos Aires 35 bushels to 48 bushels per acre are anticipated.

Generally speaking, gathering of the maize is being delayed for lack of remunerative prices. While a guaranteed minimum is hoped for, no announcement has yet been made as to the policy of the Government.

The majority of the growers apparently intend to economize by having the picking done by members of their families rather than by hired labourers.

In contrast to the excellent crop prospects indicated above, there are less extensive districts where conditions are not so satisfactory. In the centre and south of Buenos Aires, for instance, they are described as from poor to fair, as result of drought in weeks gone by and of early frosts more recently. A good proportion of the maize fields in some districts have been given over to pasturage.

In Entre Rios, while prospects have improved somewhat generally, there is still a zone where the crop can only be described as fair.

In the Pampa territory most of the maize fields have been turned into pastures. In the fields which have been harvested the yields have proved to be low.

Here and there shelling of the old crop of maize is proceeding in order to fill the needs of local consumption, especially where it is in demand for fuel.

With regard to the wheat and linseed crops, preparatory work is being carried on under rather unsatisfactory conditions for lack of moisture in southern Buenos Aires, in Cordoba and the Pampa, where slow-growing varieties are usually planted. Elsewhere the rains have been ample.

Maize Crop - First Forecast

The first official forecast of the yield of the 1941-42 crop of Maize places the quantity at 362,187,000 bushels. This estimate was based upon the appearance of the fields and upon the yields secured from the first areas harvested. Although the crop is inferior to that of last season by 40,864,000 bushels or 10.1 per cent, it is considered officially to be an abundant one, far exceeding the average crops of the last decade. The five-year average is 303,450,000 bushels and the ten-year average 318,882,000 bushels.

Compared with the last season the area planted was 2,710,687 acres smaller and at the time the estimate was made there had been abandoned areas totalling 1,482,600 acres.

Supplies and Markets

Wheat.- Shipments of wheat during April were 7,984,000 bushels, of which 7,836,000 bushels were grain and 148,000 bushels flour in terms of grain. The combined total in March was 7,165,000 bushels. The statistical position is now as shown below:

Second official estimate 1941-42 crop		227,807,000	bushels
Carry-over from 1940-41 crop		119,765,000	"
Total supplies		347,572,000	"
Deduction for seed and domestic requirements		110,229,000	"
Surplus available for export		237,343,000	"
Shipments) Wheat	26,292,000 bushels		
to April 30) Wheat as flour .	519,000 "	26,811,000	"
Balance still available		210,532,000	"

The market during the month was very quiet, but also quite firm. The most important transaction was probably the sale to Spain of 1,470,000 bushels of wheat to be paid for in cash in foreign currencies. A Spanish Economic Mission is on its way to this country to negotiate a mutually satisfactory exchange of produce, but this sale of wheat was hurried through in advance of the Mission's arrival in order to take advantage of vacant cargo space in several Spanish boats now in Argentine ports or on the way over, and thus release corresponding storage space which is badly needed for other grain.

Brazil made sundry purchases during the month showing a preference for parcels for early delivery.

The United Kingdom after much negotiating made several purchases, buying old wheat at Bahia Blanca at 6.80 and at Rosario at 6.77 1/2 and grain of the new crop at Rosario at 7.37 1/2 pesos per 100 kilos.

The Grain Board in the middle of the month decided to permit sales of the new crop wheat. The old grain was becoming increasingly difficult to dispose of to clients well aware of the stocks of new wheat of greatly superior quality which they much preferred to acquire. The selling prices announced were 7.50 per 100 kilos for new wheat for shipment to Europe or Brazil, and 8. pesos for shipment to neighbouring countries other than Brazil. Old grain for any destination is still for sale at 6.80 ex Bahia Blanca.

It is rumoured that in the near future the Board will yield to the heavy pressure of the local millers and permit them to use a limited percentage of new crop wheat in their mixtures.

Linseed.- Exports of linseed during April were 2,230,000 bushels, which compares with 1,163,000 bushels in the preceding month. The supply position is as follows:-

Second official estimate 1941-42 crop	65,745,000	bushels
Carry-over from 1940-41 crop	25,718,000	"
Total supplies	91,463,000	"
Deduct for seed and domestic requirements	13,779,000	"
Surplus available for export	77,684,000	"
Shipments to end of April	6,639,000	"
Balance still available	71,045,000	"

There was a quiet market during the month. Buyers are not numerous and there is only one seller, the official Board, which maintains the increased price set a month ago, 20.40 pesos per 100 kilos. Hence, there were none of the fluctuations in this market such as prevailed in those of the North.

Added to the relatively high price there is the scarcity of the shipping spaceas a deterrent to business, which explains why neither the United States nor Great Britain are at present disposed to make purchases.

Maize.- During April, the first month of the new season for Maize, exports were limited to the insignificant figure of 229,000 bushels, little more than half those of the preceding month, when 368,000 bushels moved out. On the basis of the first official estimate of the new crop, added to the enormous carry-over from the old season, the following is now the statistical position:

First official estimate 1941-42 crop	362,187,000	bushels
Carry-over from 1940-41 crop	309,964,000	"
Total supplies	672,151,000	"
Deduct for seed and domestic consumption	78,736,000	"
Exportable surplus	593,415,000	"
Shipments during April	229,000	"
Balance still available	593,186,000	"

Reports indicate that the new crop of maize now being harvested is of good quality and is up to export standards, which of course means very little in view of the obstacles to exportation at the present time. Before any shipments of appreciable quantities can be made, deterioration will reduce the grain to the level of that of existing stocks.

As mentioned elsewhere, growers are hestitating about picking the crop in view of the uncertainty of being able to market it to advantage. Hopes have been entertained that the Government would again set a minimum price at which it would take over the crop, but although there are rumours that this will be done in the near future and that the price will be 4.25 pesos per 100 kilos, or on that basis for shelled grain, no official announcement has yet been made. On the other hand, the official bank, the Bank of the Nation, is offering to make loans to growers of up to 1.20 pesos the 100 kilos, for 180 days at 5 per cent interest, which may be taken to forecast some official aid to the farmers.

There has been great activity in official circles to get rid of as much of the old grain as possible before deterioration is complete, and it is being sold back to the growers at give-away prices wherever they are willing to take it. Of 1 1/2 million tons (59,052,000 bushels) which have been sold it is stated that 80 per cent has gone back to the farmers. Another 100,000 tons (3,937,000 bushels) have been sent into districts where maize is not grown, and sold to feeders there. Sales are constantly being made for use as fuel, but the purchasers do not like it well enough to buy on a large scale, preferring to acquire relatively small quantities as required.

With the coming of the new crop, offerings of Maize have increase and have weakened the market, so that prices rule a little lower. New Cuarentino of superior quality is now quoted 4.80, and old crop 3.50. New Colorado 3.80 per 100 kilos.

Oats.- April shipments of oats were only 37,000 bushels. There were none in March. There is, therefore, little change in the supply position, which is as follows:

Second official estimate 1941-42 crop	30,476,000	bushels
Carry-over from 1940-41 crop	10,942,000	"
Total supplies	41,418,000	"
Less seed and domestic requirements	29,827,000	"
Exportable surplus	11,591,000	"
Shipments to April 30	512,000	"
Balance still available	11,079,000	"

There is no export business. Domestic demand is good, with offerings only light. Ordinary oats are quoted 6.40 to 6.80 pesos per quintal, while special parcels command from 7. to 7.50.

Barley.- Exports in April were 519,000 bushels, which compares with 686,000 bushels in March, bringing the total shipments to 2,499,000 bushels out of the original exportable surplus of 12,532,000 bushels leaving still disposable 10,033,000 bushels.

There is no change in market conditions, business being slow and sales difficult to make.

Good malting barley of the new crop is worth from 4.50 to 5.00 pesos, and good feed new crop 4.50. Inferior grain can be obtained easily at 2.50 to 2.80 pesos per 100 kilos.

Rye.- There was no movement in rye, and the supply position remains unchanged from the figures given in the March report.

Wheat Raising in Brazil

A recent cable from Brazil states that in the State of Santa Catalina in the south of that Republic, there are 200,000 bags of wheat which are being lost because the official subsidies are insufficient to permit the grain to compete with the heavy importations of Argentine wheat. Only a third of the Santa Catalina crop has been sold and the producers are employing the native wheat as feed for pigs.