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THE GRAIN SITUATION IN ARGENTINA

Ottawa, June 12, 1942.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of June 2, 1942, dealing with the grain situation in Argentina.

Crop Conditions

The weather during May was generally cold, with frequent frosts at night, and very little rain. Ploughing of the land, the principal rural task, was made difficult by the hardness and dryness of the soil, and seeding of wheat has been set back a little. On the other hand, the frosts have helped the maize growers by drying out the grain in preparation for cutting and shelling.

According to the official monthly report of the Ministry of Agriculture, conditions with respect to the various crops are as follows:

The Maize Crop - In Santa Fe there have been no great variations with regard to the first plantings, nor in the development of the second plantings, which are now in excellent condition.

Havesting is proceeding slowly in Santa Fe and Cordoba, by reason of the desire of the farmers to economize as much as possible by having the work done exclusively by members of their families. Lack of wire for the field cribs is also holding up the work. In the later plantings picking has not yet begun.

In northern Buenos Aires gathering is proceeding normally, favoured by the dry cold weather. In other parts of the province picking is becoming general.

In Entre Rios the humidity which characterized the weather during May has affected the quality of the maize, picking of which is almost finished. There is no significant difference in the yields which served as basis for the estimate of the volume of the crop.

In the Pampa the poor condition of the fields caused them to be used as pasturage. Hence few of them have been picked, and these only averaged 7 or 8 bushels per acre.

Shelling of the old crop proceeds slowly, to supply the local demand for feed and especially for fuel. In southern Cordoba are to be found the greatest proportion of cribs which have been shelled.

The quality of the grain is generally good, although affected by the proportion of weevil damage.

The Wheat Crop - In Buenos Aires ploughing for the new crop continues, insufficient rain during May having made the work difficult. In the south-west this has practically paralyzed the task.

In Santa Fe the preparation of the land has not been undertaken with the enthusiasm of other years on account of the uncertainty of the situation of the tenant farmers, who do not know whether their leases will be renewed. Nevertheless, it can be estimated that 70 per cent of the area normally used for wheat is now ready for seeding. Already, planting of slow-growing varieties has been commenced here and there, and in the first half of June the work will be intensified.

In Cordoba planting has been commenced in the centre and south, and in the north half the total area has already been seeded.

In Entre Rios the work is going on without enthusiasm. It is expected that sowing will commence in mid-June.

Throughout the cereal region, with the exception of Cordoba, it is anticipated that there will be a decrease in the area devoted to wheat, although in the Pampa it is thought that the area planted will approximate that of last season.

The condition of the fields already germinated is good in all the zones.

The Linseed Crop - In Santa Fe ploughing land for linseed is proceeding under good conditions, although there is a certain backwardness in the work. Only 15 per cent of the area normally planted is yet ready for the seed.

In Cordoba the work is more advanced than in Santa Fe, but in Entre Rios cultivation has been delayed by the rains.

Oats, Barley and Rye - In the southern part of Buenos Aires, the most important zone in regard to oats, the condition of the fields is hardly fair, owing to the lack of rains and the heavy frosts registered in May.

It is expected that the area to be devoted to Malting barley will show a decrease in the southern Pampa and the south-west of Buenos Aires, owing to the low quotations current for this grain.

The condition of the barley and rye fields is generally satisfactory but in the southern Pampa it is from fair to poor.

Third Official Estimate of Grain Crops

The third official estimate of the principal field crops, excluding maize for the season 1941-42, which was made public a few days ago, shows a moderate decrease in each of the items dealt with. The details are as set out below, with the figures of the second estimate added for comparison:

	Third Estimate	Second Estimate
	bushels	
Wheat	224,133,000	227,807,000
Linseed	62,989,000	65,745,000
Oats	29,179,000	30,476,000
Barley	16,994,000	17,591,000
Rye	5,512,000	6,299,000

The new calculation is based upon data regarding 120,000 farms, supplied by the proprietors of threshing machines and harvester-thresher combines.

The quality of the grains and seeds is stated to be generally good, climatic conditions having been favourable during the period of cutting and threshing the crops.

Of the 16,994,000 bushels of barley, 11,942,000 bushels are classed as malting varieties.

Supplies and Markets

Wheat - Shipments during May were 6,841,000 bushels of wheat and 191,000 bushels of flour in terms of wheat, a combined total of 7,032,000 bushels. This compares with a combined total of 7,984,000 bushels in April. On the basis of the new official calculation of the crop the statistical position is now as shown below:

Third official estimate 1941-42 crop		224,133,000	bushels
Carry-over from 1940-41 crop		119,765,000	"
Total supplies		343,898,000	"
Deduction for seed and domestic needs		110,229,000	"
Surplus available for export		233,669,000	"
Shipments) Wheat	33,133,000 bushels		
to May 31) Wheat as flour ..	710,000 "	33,843,000	"
Balance still available		199,826,000	"

Minimum prices for the 1940-41 crop of wheat were abolished in mid-month, ample opportunity having been given to the growers who desired to do so to take advantage of the government's offer to purchase their grain. The measure appears to have been received with general approval.

There has been no change in market conditions. Business remains completely under government control through the official grain board, and the grain of the new crop having now been released for sale it is practically monopolizing the attention of buyers. Prices were increased early in the month to 7.70 for new wheat for export to Europe and Brazil, and to 8.10 per 100 kilos for shipment to other neighbouring countries, but no change was made in the prices of old grain, which are still 6.90 ex Buenos Aires; 6.80 ex Bahia Blanca; and 6.77 1/2 ex Rosario.

The demand from Europe was very small and apart from two or three cargoes for Great Britain, no sales were made.

For South American destinations small contracts were effected almost daily, principally for Brazil and Chile, the government of this latter country arranging to take a few cargoes as part of an interchange of produce.

A commercial delegation from Spain is now in Buenos Aires, and negotiations are in progress with a view to exchanging iron and other minerals for 100,000 tons (3,674,000 bushels) of Argentine wheat.

The prohibition against the use of new crop wheat by the domestic millers has now been removed, and a recent Decree permits the use of a maximum of 30 per cent of grain of the 1941-42 crop for mixture with that of previous crops.

Linseed - May exports were 1,603,000 bushels as against 2,230,000 bushels in the preceding month, leaving the supply position as follows:

Third official estimate 1941-42 crop	62,989,000	bushels
Carry-over from 1940-41 crop	25,718,000	"
Total supplies	88,707,000	"
Deduct for seed and domestic requirements	13,779,000	"
Surplus available for export	74,928,000	"
Shipments to end of May	8,242,000	"
Balance still available	66,686,000	"

As in the case of wheat, minimum prices for linseed of the 1940-41 crop were abolished in mid-May. To what extent producers were affected has not been announced.

Very little market activity was in evidence during the month. The Grain Board having apparently come to the conclusion that its price of 20.40 pesos per 100 kilos might be an obstacle to business, reduced it to 20 pesos and subsequently to 19.50 pesos, but no demand seems to have been brought to light, the other deterrent, lack of marine tonnage, not yet having been removed or even ameliorated.

On the other hand, the Board's policy of endeavouring to stimulate local crushing seems to have borne same fruit, as shipments of linseed oil during the first four months of this year amounted to 441,000 bushels with a value of 6,843,000 pesos. In pre-war years shipments only averaged in value 25,800 pesos per annum. In 1940 linseed oil exports were valued at 3,400,000 pesos, and in 1941 at 8,194,000 pesos. The significance of the change may be realized when it is considered that one ton of the oil has about ten times the export value of a ton of seed, and occupies far less space aboard ship.

Deliveries of seed by the growers in recent weeks have been much reduced, the spread of almost 100 per cent between the buying and selling prices of the Board not encouraging voluntary sales.

Maize - Shipments during May were only 147,000 bushels smaller, even than the April figure of 229,000 bushels. The following statement of the supply position is adjusted to the recent official figures of stocks on hand, in which generous allowance has evidently been made for shrinkage and deterioration.

First official estimate 1941-42 crop	362,187,000	bushels
Revised carry-over from 1940-41 crop	136,551,000	"
Total supplies, revised	498,738,000	"
Seed and domestic consumption	78,736,000	"
Exportable surplus	420,002,000	"
Shipments April 1 to May 31	376,000	"
Balance still on hand	419,626,000	"

The most important event during the month was the announcement that the government would purchase the new crop on the basis of a price of 4.40 per 100 kilos delivered in the port of Buenos Aires, with the customary deductions for up-river ports, but only unshelled maize in the fields will be bought, and the purchase will be less discounts for the cost of shelling, handling and transportation.

Nor will the government acquire the entire crop of a farmer. The quantity to be purchased will be roughly in inverse proportion to the acreage planted, so that in the case of a grower with from 175 acres to 250 acres planted, 95 per cent of the crop may be sold to the Board, with progressive reductions so that a grower with 1,000 to 1,250 acres may only sell 60 per cent to the Board, and a man with more than the latter figure planted may sell none at all to the Board.

Owners receiving their rental in grain may sell limited quantities to the Board at a lower price than will be paid to the farmers. Those renting their land for cash may not sell maize to the Board.

Warning is given that should the government next season find it necessary to establish a minimum price for maize, its purchases will be limited to 60 per cent of the amount acquired this season.

Further measures are being taken to induce grain growers to change over to mixed farming, preferably to dairying and stock raising, and methods of assistance to those willing to make the change are being studied.

Farmers having on their land maize of the old crop which was sold to the Grain Board are being urged to re-purchase it at 20 centavos per 100 kilos. It may be used for animal feed or for fuel, or sold for these or other purposes if buyers can be found. Large numbers of growers are affected by this.

The market for maize for fuel is weak, although winter is at hand and stocks of other fuel are continually dwindling.

Ten thousand tons (394,000 bushels) of Argentine maize have been sold to the Uruguayan Government Board for fuel for power houses, and purchase of a further 100,000 tons (3,937,000 bushels) is being negotiated.

There is no demand from Europe, but some cargoes of maize have been sold for shipment to East Africa, the business being limited owing to the difficulty in finding bags in which to ship the grain.

The month closed with maize of export quality quoted 4.50 f.a.s. in Buenos Aires.

Oats - Exports during May were 134,000 bushels as against 37,000 bushels in April. On the basis of the new official estimate the following is now the supply position:

Third official estimate 1941-42 crop	29,179,000	bushels
Carry-over from 1940-41 crop	10,942,000	"
Total supplies	40,121,000	"
Seed and domestic requirements	29,827,000	"
Exportable surplus	10,294,000	"
Shipments to end of May	646,000	"
Balance still on hand	9,648,000	"

Business is limited to supplying the domestic demand, supplies being scare and prices consequently high and placing export business out of the question. Prices advanced during the month on a firm market, the general run of oats selling at from 7. to 7.30 pesos per quintal, with up to 8.30 obtainable for special parcels. Offerings appear to be dwindling.

Barley - May exports were limited to 331,000 bushels which compares with 519,000 bushels during April. The supply situation is as follows:

Third official estimate 1941-42 crop	16,994,000	bushels
Carry-over from 1940-41 crop	11,016,000	"
Total supplies	28,010,000	"
Seed and domestic requirements	16,075,000	"
Exportable surplus	11,935,000	"
Shipments to end of May	2,830,000	"
Balance still on hand	9,105,000	"

The market is very quiet, with business limited to the local needs, there being little export interest. Special parcels of sound grain weighing 70 kilos per hectelitre are worth 5. pesos per 100 kilos. For new barley of export quality 65 kilos per hectelitre 4.15 pesos has been paid. Old crop grain with weevil damage has a value of about 3. pesos per 100 kilos.

Rye. - There were no exports during May. Only 800 bushels have been shipped out so far during the current year. The only change in the supply situation is the reduction in the official calculation of the crop. The current position is set out below:

Third official estimate 1941-42 crop	5,512,000	bushels
Carry-over from 1940-41 crop	6,341,000	"
Total supplies	11,853,000	"
Seed and domestic requirements	3,740,000	"
Exportable surplus	8,113,000	"
Shipments to end of May	800	"
Balance still available	8,112,200	

No business is being transacted and no offerings are being made. Buyers are offering 3 pesos per 100 kilos for good qualities, but no interest is shown by the holders.

Commercial Stocks of Grain and Seeds Bagged and in Bulk

In a recent issue of the Bulletin of the National Grain & Elevator Board a return of the commercial stocks of grain and seeds appeared as at April 1, in which a segregation of the bagged and bulk produce is effected. The figures are interesting as showing how little progress is being made in modernizing the Argentine handling methods. The figures are as follows:

Wheat: Total stocks are 257,714,000 bushels of which 224,807,000 bushels or 87.2 per cent is in bags; Maize: Stocks are 2,232,000 bushels of which 1,811,000 bushels or 81.1 per cent is in bags; Linseed: Stocks 74,555,000 bushels of which 96.8 per cent is in bags; Oats: Stocks are 3,323,000 bushels of which 2,989,000 bushels or 90 per cent is in bags; Barley: Stocks are 7,215,000 bushels of which 77.3 per cent is in bags; Rye: Stocks are 4,974,000 bushels of which 87.5 per cent is in bags.