

22-D-01A

Published by Authority of the Hon. James A. MacKinnon, M.P.,
Minister of Trade and Commerce

DOMINION BUREAU OF STATISTICS - CANADA
AGRICULTURAL BRANCH

DOMINION BUREAU OF STATISTICS
SEP 16 1942
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THE GRAIN SITUATION IN ARGENTINA

Ottawa, September 15, 1942.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of September 3, 1942.

Seeded Areas - First Official Estimate

The first official estimate of the areas seeded to the five principal field crops (excluding maize) for the 1942-43 season has been made public by the Department of Rural Economy and Statistics of the Ministry of Agriculture. As was anticipated, there is an all round reduction as compared with the figures of last season, wheat showing the greatest decrease.

The total area seeded is only 29,605,100 acres. This compares with the 1941-42 total area of 33,069,400 acres. The difference of 3,464,300 acres represents a decrease of 10.5 per cent.

The details of the estimate are as follows:

	1942-43 Sowings		Decrease from 1941-42	
	acres		acres	p.c.
Wheat	15,814,400		2,223,900	12.3
Linseed	6,091,000		654,800	9.7
Oats	3,318,600		200,200	5.7
Barley	1,845,800		126,000	6.4
Rye	2,411,700		249,600	9.4
T o t a l s	29,481,500		3,454,500	10.5

Comparable figures for the several crops for this season and last season, and the period average plantings are as follows:

	Wheat	Linseed	Oats	Barley	Rye
	(b u s h e l s)				
1942-43	15,814,400	6,091,000	3,318,600	1,845,800	2,411,700
1941-42	18,038,300	6,745,800	3,518,700	1,971,900	2,661,300
Five-year average.	19,079,400	7,042,800	3,668,900	2,002,800	2,731,500
Ten-year average .	18,712,600	7,279,000	3,604,500	1,898,100	2,406,900

According to the memorandum accompanying the statistics, the reduction in the area planted is attributable to the drought which affected almost the whole cereal zone of the country during the period of ploughing and seeding. However, the favourable conditions which have prevailed during the month of August have permitted to a great extent the normalization of the delayed work.

It is believed that should opportune rains fall some additional areas might still be planted, especially to malting barley. At the time when the estimate was made, 914,300 acres had been seeded with malting varieties of this grain, as compared with 1,008,200 acres last season

Crop Conditions

According to the official monthly report on crop conditions issued by the Ministry of Agriculture on September 2, the rains which fell in August have modified substantially the state of the grain crops in the eastern sections of the cereal zone. In the central portion the precipitation has been insufficient for which reason the state of the crops there is still below normal. (As this is being written copious

rains are falling in Buenos Aires. Early reports show that the precipitation is spread over a wide area, covering the whole cereal zone, but in reduced volume in the most western points).

Dealing with the different crops and districts the official report continues:

The Wheat Crop - In the province of Buenos Aires the work of seeding is finishing in the western zone. In general, the fields are backward because of the lack of rains in the preceding months, but generally the condition may be considered satisfactory, except in some parts of the south-west, where it is only fair.

In Santa Fe the planting was carried out within the normal period in the north and centre, while in the south 40 per cent of the area cultivated was planted two weeks late on account of the drought which prevailed in July. Apart from the fields planted recently in the extreme south, the grain has germinated throughout the province.

In Cordoba there are a few fields in the south still to be planted, besides some which will have to be re-seeded because of destruction by green fly. The fields look well, except in the southern zone, where drought and green fly have caused damage.

In Entre Rios also seeding was delayed, and this has appreciably diminished the area planted in comparison with last season. But at the present time the fields appear to be in a condition superior to good.

The severe drought in the Pampa delayed the preparation of the land. In this territory they are still seeding and the wheat which has sprouted is generally in poor condition. In the later sowings much of the grain has not yet sprouted.

The Linseed Crop:- In the province of Buenos Aires in the central sections there is active preparation of the land. The work has been finished in the north. In the south-west planting is being proceeded with, after being delayed by frosts. The condition of the fields is generally good.

In Santa Fe preparation of the land for this crop was finished in August, and the planting is almost completed. Generally the condition of the crop is good throughout the province, it being best in the north. With the last rains the plants damaged by frost and drought have rebudded satisfactorily. There is now no great difference in condition between the different varieties.

In Cordoba also planting of linseed has been finished, and some fields in the south which were damaged by frost are being replanted. The condition of the crop is generally good; in the south-west it is from fair to good, and in Laboulaye more deficient.

Cultivation and planting are being finished in Entre Rios, the work having been done in normal season and under good conditions. As in the case of wheat, but not to the same extent, there is a noticeable decrease in the area sown. The condition of the crop is good.

Supplies and Markets

Wheat - August exports amounted to 5,485,000 bushels, of which 4,760,000 bushels were grain and 724,000 bushels were flour in terms of grain. This compares with a combined total of 7,913,000 bushels in the preceding month. The statistical situation is now as shown below:

Third official estimate 1941-42 crop	224,133,000 bushels
Carry-over from 1940-41 crop	<u>119,765,000 "</u>
Total Supplies	343,898,000 "
Deduction for seed and domestic needs	<u>110,229,000 "</u>
Surplus available for export	233,669,000 "
Shipments to) Wheat	52,927,000 bushels
August 31) Wheat as flour <u>1,635,000 "</u>	<u>54,562,000 "</u>
Balance still available	<u>179,107,000 "</u>

Present prospects for the new crop on the reduced acreage appear to be good, due to the ample rains which have fallen recently. But this, of course, is not at all a market factor.

Sales during the month were only moderate. Brazil was the chief buyer, with other neighbouring countries also taking moderate quantities.

Buying for the United Kingdom was on a moderate scale. Negotiations with the Spanish commercial delegation continued throughout the month, and the agreement reached is understood to have now been signed, with a provision for the acquisition of 36,743,000 bushels of Argentine wheat. An official announcement is expected to be made in the near future.

Prices remain unchanged, the farmer receiving 6.75 per 100 kilos from the official Board, which resells at 7.60 for 78 kilo wheat in bulk in the port of Buenos Aires, with an extra charge of 1.50 for bags if required.

Linseed - Shipments of linseed were 358,000 bushels in August, as against 670,000 bushels in July.

The following is now the statistical position:

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 January 1 to August 31	10,687,000	"
Balance still available	64,241,000	"

The usual inactivity prevailed in the market. There was a complete lack of demand from abroad, and no sales are reported as having been made by the official Board.

A sale of 10,000 tons (394,000 bushels) of linseed oil is said to have been made to the United States, at a price which has not been disclosed. But there is no disposition to purchase Argentine linseed for the present, owing no doubt to the proximity of good crops to be harvested in Canada and the United States.

The selling price of the Board has again been reduced a little, to 17 pesos per 100 kilos in bulk at Buenos Aires, with 2.30 extra for bags if required. The buying price to the producer remains unchanged at 9.25, with 9.44 obtainable in the open market for Superior quality, and 9.37 for No. 1, with 2 per cent foreign matter permissible.

Maize - The statistical position of Maize is as follows:

Second official estimate 1941-42 crop	359,747,000	bushels
Carry-over from 1940-41 crop	136,551,000	"
Total supplies	496,298,000	"
Required for seed and domestic needs	78,736,000	"
Surplus available for export	417,562,000	"
Exports April 1 to August 31	2,934,000	"
Balance still available	414,628,000	"

Exports during the month were 751,000 bushels, which compares with 1,342,000 bushels in July, and leaves the supply position as shown above.

An official statement published by the Grain Board shows that of the new crop there were purchased by the Board from the producers 4,500,000 tons (177,157,000 bushels) of which 4,200,000 tons (165,346,000 bushels) were bought back again by the growers, leaving in the hands of the Board 300,000 tons (11,810,000 bushels) of the new crop to which must be added 200,000 tons (7,874,000 bushels) of the 1940-41 crop, making a total of 500,000 tons (19,684,000 bushels) now owned by the Board, of which 250,000 tons (9,842,000 bushels) is being held to fulfil pending engagements and 250,000 tons is held in reserve to fill probable orders from abroad.

The Grain Board states that it has now no maize with which to fill domestic orders, but that there are in the hands of the producers and dealers 9,500,000 tons (373,998,000 bushels), composed of 4,200,000 tons (165,346,000 bushels) repurchased by the growers from the Board; 2,500,000 tons (98,421,000 bushels) which were not sold to the Board; and 2,800,000 tons (110,231,000 bushels) of old maize of the 1940-41 crop.

There is no change in market conditions, except that abundant offerings and a very limited demand have weakened prices, and 4.60 pesos per 100 kilos is the best that can be obtained for the choicest quality at the local stations. The Grain Board is no longer a buyer.

For fuel purposes there is a fairly active demand, but no reliable quotations are possible. It is a case of making the best bargain feasible in view of quality and location.

Oats - August shipments were limited to 139,000 bushels, a small quantity, but nearly double that of July (80,000 bushels). The supply position is as follows:

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 January 1 to August 31	1,077,000 "
Balance still on hand	9,217,000 "

Little business is passing, principally for lack of offers. Not much grain is coming forward for sale. These conditions have helped prices upwards, and as high as 11 pesos for Superior and 10 pesos for Good qualities are now obtainable, with possibly a shade higher for really heavy grain. There is perhaps an element of speculation in some of the sales.

Naturally, no export business would be possible with the local prices so high, even if there were any export demand in sight.

Barley - Shipments of barley during August were 1,632 tons (75,000 bushels) which leaves the supply position 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 January 1 to August 31	3,338,000 "
Balance still available	8,597,000 "

No exportation is possible. Hence the market is strictly local at the present time and only a relatively small business is passing. Prices have dropped, and not much grain is offering.

For good quality malting barley as high as 6.50 pesos per 100 kilos is obtainable, but for feeding grain 4.40 is the current quotation with 4.90 for exceptionally good samples.

Rye - Only 800 bushels have been exported during this year, and the local business is very restricted.

There is a nominal quotation of 4.70 pesos per 100 kilos.

The surplus stock available for export is around 8,112,000 bushels.

Linseed Fibre

In the province of Buenos Aires the local government is considering a plan to encourage the cultivation of linseed for the production of the fibre of the plant.

While the Republic is the leading world's producer of linseed for oilseed and cake, there has hitherto been no interest in profiting by the production of fibre. It is planned now to attempt this, just as in northern sections of the country cultivation of jute is being encouraged for the production of fibre to be used in manufacture of grain bags, importation of which is becoming almost impossible as a consequence of war conditions. No great enthusiasm has yet been displayed by the growers with regard to jute, but in the case of flax, with the handling of which they are familiar, there may be more success if the plans are carried through.

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