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THE GRAIN SITUATION IN ARGENTINA

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

Seeded Areas - Second Official Estimate

In its second official calculation of the areas seeded to the principal field crops, excluding maize, the Ministry of Agriculture has made no change of any great importance in any individual item, but all the crops show a slight increase over the first estimate. The total of the five crops is raised to 29,763,200 acres from the former figure of 29,481,500 acres.

Compared with last season's total seeded are there is a decrease of 3,172,800 acres, equal to 9.6 per cent.

The following are the details of the two estimates of the 1942-43 sowings:

	<u>First Estimate</u>	<u>Second Estimate</u>
	(acres)	
Wheat	15,814,400	16,061,500
Linseed	6,091,000	6,103,400
Oats	3,318,600	3,330,900
Barley	1,845,800	1,853,200
Rye	2,411,700	2,414,200
T o t a l s	29,481,500	29,763,200

A comparison with the figures of previous seasons is set out below:

	<u>Wheat</u>	<u>Linseed</u>	<u>Oats</u>	<u>Barley</u>	<u>Rye</u>
	(acres)				
1942-43	16,061,500	6,103,400	3,330,900	1,853,200	2,414,200
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

Crop Conditions

The monthly official crop report states that weather conditions during September were unfavourable for the crops in almost the whole cereal region, and especially in the West. The crops in San Luis, the Pampa, the south-west of Buenos Aires and of Cordoba were appreciably affected by the lack of rains. Recent precipitation has been scarce and insufficient to make any noticeable improvement in the crops. Nevertheless, the general condition over the whole country may be considered from fair to good in the case of wheat, and good with respect to linseed.

Private reports say that the prospects for the wheat crop are very good in the provinces of Santa Fe and Entre Rios, with a total of 2,831,800 acres, while Cordoba has good prospects on about half its area of 5,633,900 acres, the remainder being far from good.

In the important province of Buenos Aires, with the biggest acreage of any province, crop prospects are as yet uncertain. Parts of the south and west do not appear promising. The crop in the Pampa is only poor.

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Supplies and Markets

Wheat - Wheat shipments during September were a little higher, totalling 7,406,000 bushels, of which 7,224,000 bushels were grain and 182,000 bu. flour in terms of grain. In the preceding month the exports only reached 5,485,000 bushels. The following is now the statistical position:

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	60,151,000 bushels
to Sept. 30) Wheat as Flour ..	1,817,000 " 61,968,000 "
Balance still available	171,701,000 "

The now chronic state of inactivity in the grain markets continued throughout September.

Some interest was shown in Argentine wheat by the United Kingdom, but the interest was only translated into action to the extent of the purchase of some small parcels of Rosafe grain for October-November shipment, intended, no doubt, to bridge a short gap until the new crop wheat from Canada becomes available.

The sale of 20,000 or 25,000 tons (735,000 to 919,000 bushels) to Sweden was also reported. All other sales were for South American countries, principally Brazil.

The Grain Board's prices remain unchanged. In the open market it is possible to obtain from 6.50 to 7. pesos per 100 kilos for 78 kilo wheat in the country stations, but not much business is being done.

The agreement with Spain referred to in previous reports has been duly completed and signed. One of its most important provisions is for the acquisition of a million tons (36,743,000 bushels) of Argentine wheat for shipment to Spain during the next 18 months. The average purchases by Spain in the years 1939, 1940 and 1941 were a little over 460,000 tons (16,902,000 bushels) per annum of Argentine wheat.

On the other side of the account, Spain is to provide 30,000 tons of iron and steel for the Argentine, and is to construct for her two cargo ships of 9,000 tons each and a destroyer for the navy.

Those are the main features of an agreement which covers many less important items of commercial interchange.

With a million tons (36,743,000 bushels) of wheat thus disposed of prospectively, and a smaller acreage planted with the grain for the next crop, the outturn of which is somewhat doubtful, the statistical position of wheat in the Republic is now regarded as rather better.

Linseed - Although still small, shipments of linseed in September (861,000 bushels) were higher than in recent months. Only 358,000 bushels moved out in August. The statistical position is now as shown below:

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 "
Exportable surplus	74,928,000 "
Shipments January 1 to September 30	11,548,000 "
Balance still available	63,380,000 "

Apart from a sale of 20,000 tons (787,000 bushels) of linseed to Great Britain not much business was reported during the month.

The sale mentioned is for November-December shipment. The price is 80 centavos lower than that asked by the Grain Board. The firms who made the sale are evidently relying on a lower level of prices in the near future as a result of the heavy balance on hand (as shown above) plus the new crop which is reported to be in good shape. Cutting will commence in a couple of months.

Some small purchases were made by Chile.

The prices of the Grain Board have not been modified, remaining at 17. pesos per quintal in bulk at Buenos Aires, with 2.30 extra if shipment in bags is required. Price to the farmer is 9.25.

In the open market 9.50 to 9.70 on waggons in the railway stations is quoted for immediate delivery, equal to Superior quality, with 2 per cent limit of foreign seeds.

Maize - September shipments of maize were 904,000 bushels, as against 751,000 bushels in August. Making a further deduction from stocks to allow for losses through weather, rats and insect plagues, of say 49,683,000 bushels, the following is now the statistical situation:

Second official estimate 1941-42 crop	359,747,000	bushels
Revised carry-over from 1940-41 crop	86,869,000	"
Total supplies	446,616,000	"
Required for seed and domestic needs	78,736,000	"
Surplus available for export	367,880,000	"
Exports April 1 to September 30	3,839,000	"
Balance still available ,.....	364,041,000	"

There is nothing new in the corn situation. The export market shows little movement, the demand being very small. In the local market offerings are abundant, but the number of buyers is restricted and prices tend downward.

Trading in fuel corn is less active, now that Winter has given way to Spring. But some business is being done here and there, at a price of around 1.90 pesos per quintal. Eventually, much of the new crop, of which 90 per cent or more is in the hands of the growers, will be on the market for fuel.

Meanwhile, planting of another crop is in progress in the northern districts, and will soon spread southwards.

Oats - The only exports in September amounted to 21,000 bushels against 139,000 bushels in August. With the above, the total shipments of the season so far are 1,098,000 bushels, out of the disposable surplus of 10,293,000 bushels, leaving still on hand 9,195,000 bushels, on paper, good judges estimating the stocks at a much lower figure.

More liberal offerings recently have made the market heavy, which has re-acted on prices to a small extent. The level is still so high, however, as to make any export business impossible.

Current quotations are 11. to 11.20 for oats of Superior grade, with the regular run about 10. pesos per 100 kilos.

An unusual event was noted recently when some hundreds of bags of oats were received from Peru by a local grain firm.

Barley - September shipments were limited to 7,000 bushels, which brings the total for the first nine months of the year to 3,345,000 bushels out of the surplus of 11,934,000 bushels, leaving still available 8,589,000 bushels.

As shown by the figures, the export business is very limited. The principal outlet for barley at the present time is for the feeding of cattle, two somewhat abnormal conditions having contributed to this. The Grain Board after purchasing practically the whole crop from the growers, found the grain difficult to dispose of and decided to sell it at bargain prices. Cattle prices have been unusually high, and a serious drought dried up the pastures, compelling a resort to grain feeding for the beef stock, for which purpose both corn and barley were available in abundance at reasonable prices.

A great deal of the barley on hand is of inferior quality, and can be purchased for 4.40 to 4.80 pesos per 100 kilos. For good grain for feeding purposes, up to 6. pesos is obtainable.

A somewhat unusual condition is observable at the present time. Whereas normally Malting barley is worth substantially more than the Feed varieties, now with the best Feed grain quoted at 6. pesos, the best Malting is worth only 5.90. The difference is only slight, but the circumstance is unusual.

Rye - After a long interval, extending to many months, another small parcel, amounting to 20,000 bushels has been exported. This brings the total shipments to date to 21,000 bushels, out of the exportable surplus of 8,112,000 bushels, leaving still on hand and available for shipment 8,091,000 bushels.

The market continues to be very inactive, with a merely nominal price of 4.70 per 100 kilos quoted.

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