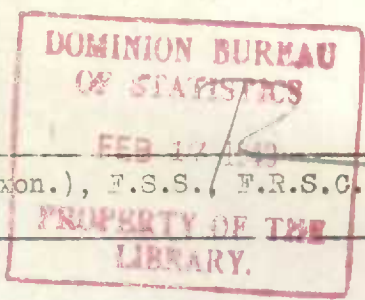


22-D-01A

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

Historical File Copy

DOMINION BUREAU OF STATISTICS - CANADA
AGRICULTURAL BRANCH



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THE GRAIN SITUATION IN ARGENTINA

Ottawa, February 16, 1943.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of February 3, 1943.

Second Official Estimate of Grain Crops

The second official calculation of the Ministry of Agriculture of the volume of production of the five principal field crops, not including maize, for the 1942-43 season, shows a drop in three out of the five items, as was rather anticipated by the grain trade.

Wheat production has been reduced by 7,349,000 bushels, or 3 per cent, but is still above unofficial estimates. Linseed total, or say 2 1/2 per cent. The figure for oats remains unchanged. Barley has been raised by 1,378,000 bushels, being still 919,000 bushels below last season. Rye has also been adjusted downwards.

The figures of the first and second estimates, with those of the last season for comparison are set out below:

	1942-43 Second estimate	1942-43 First estimate	1941-42 Final
	bu.	bu.	bu.
Wheat	235,156,000	242,504,000	224,133,000
Linseed	61,414,000	62,989,000	62,989,000
Oats	45,389,000	45,389,000	29,179,000
Barley	16,075,000	14,697,000	16,994,000
Rye	5,826,000	7,874,000	5,512,000
T o t a l s	363,860,000	373,453,000	338,807,000

First Official Estimate of Maize Area

The Ministry's first official calculation of the area which has been planted with maize for the 1942-43 season, shows only 10,131,100 acres. This is a decrease of 2,223,900 acres from the area planted last season, and is lower by 5,389,646 acres than the ten-year average of 15,520,746 acres.

The official communication states that the decrease in area is due principally to the poor prospects offered by the market for this grain, and also to the unfavourable weather conditions which hindered the cultivation of the land and the planting of the grain in certain zones. Nevertheless, it is pointed out, the area may yet be increased if abundant rains should fall in the northern parts of the country, where some fields have been prepared but not planted on account of the prevailing drought.

The condition of the crop is poor at present, the prolonged drought having caused losses in yield and area varying from 30 to 90 per cent.

The officials of the Ministry do not consider that the situation would be greatly improved even if rains should fall within a short time.

Rice Area

Increasing attention to rice as a crop, relatively of small importance in the Argentine, is shown by the increase of 19.8 per cent in the area planted this season as compared with the last, which itself established a record. The official estimate of this season's area shows 100,075 acres planted.

Crop Conditions

The monthly official crop report issued on January 30 says that the present month (January) has been characterized by an intense drought, general throughout the country, which, while it facilitated the termination of the work of harvesting the small-grain and seed crops, created an unfavourable situation for the maize crop, in which considerable losses have already been sustained. It may be added that not only is damage evident in the regions which were suffering months ago for lack of rains, but also in the maize zone par excellence of the Republic it is clear that if rains are not experienced within a short time the maize crop of this present season will be considerably below normal.

The several crops are reported on as follows:

The Wheat Crop: Harvesting operations may be considered finished. Threshing is now proceeding. The yields obtained are good in quantity and quality, except in the south-west part of the provinces of Cordoba and Buenos Aires, and the Pampa territory, where the prolonged lack of rains and the green fly caused the loss of considerable areas, affecting also the yields.

The Linseed Crop: Harvesting of this seed is approaching its close. Drought and the isoca grub affected the crop in the final stages of its development. Consequently the average yields have been generally below normal. The loss of planted areas in the south-west of Buenos Aires and Cordoba and in the Pampa, as a consequence of the drought, is confirmed.

Malting Barley: Harvesting in the principal barley producing zones is over, with poor yields in the Pampa and western Buenos Aires, and almost normal in the south-west of Buenos Aires.

The Maize Crop: The prolonged January drought has damaged severely the condition of this crop throughout the Republic. In the provinces of Santa Fe and Cordoba and in the northern part of Buenos Aires there are already abandoned areas and losses in the probable yields which are estimated together as more than 50 per cent.

It must be mentioned that in every region, including the real maize zone of the country, many maize fields are already being used as pasturage for cattle, because of the poor condition of the crop.

In short, the actual situation of the maize crop generally is very delicate, and it may become much worse if the lack of moisture should continue for long.

To the above it may be added that the dry weather has caused serious deterioration in the alfalfa and natural grass pastures, and in some districts there is an alarming scarcity of feed. This may have an influence on the domestic consumption of coarse grains in the country.

Supplies and Markets

Wheat: Publication of the official export figures of the National Statistical Office reveals that the shipments of wheat in 1942 given in the report of a month ago were below the actual figures, and the carry-over into this new crop year was therefore overstated. In the following tabulation the figures have been revised, and the second official crop estimate has been incorporated, thus giving a correct picture of the current statistical position:

Exportable surplus for the year 1942	242,854,000 bushels	
Shipments during 1942 (revised):		
Wheat 79,875,000 bushels		
Wheat as flour .. <u>3,104,000 "</u>	<u>82,979,000</u>	"
Carry-over into 1943	159,875,000	"
Second official estimate 1942-43	<u>235,156,000</u>	"
Total Stocks as at January 1, 1943	395,031,000	"
Deduct for seed and domestic consumption	<u>101,044,000</u>	"
Surplus available for export	293,987,000	

Surplus available for export	293,937,000 bushels
Shipments in January:-	
Wheat	4,324,000 bushels
Wheat as flour ..	<u>89,000</u> "
	4,413,000 "
Balance still available	<u>289,574,000</u> "

Samples of the new crop of wheat which are coming forward show the quality to be very good.

The official Grain Board is actively engaged in purchasing the new wheat, especially in the northern areas, on the basis of the minimum price of 6.75 pesos per 100 kilos, equivalent to 54 3/4 cents United States per bushel.

The selling price of the Board is 7.60 for the new grain in bulk, with an addition of 1.50 if shipment in bags is required. No sales are reported.

Wheat trading during the month of January was practically confined to a few transactions with buyers for Brazil, and almost all recent shipments have been to Brazilian ports.

Great Britain is not in the market, and for some little time has not bought any Argentine wheat.

Linseed January shipments were small, only 542,000 bushels moving out, which compares with the revised figure of 707,000 bushels in December. The present statistical position is as shown below:

Second official estimate 1942-43 crop	61,414,000 bushels
Carry-over from 1941-42 (revised)	60,776,000 "
Total stocks	<u>122,190,000</u> "
Deduct seed and domestic requirements	8,464,000 "
Surplus available for export	113,726,000 "
January shipments	<u>542,000</u> "
Balance still available	<u>113,184,000</u> "

For lack of buyers very little business was transacted during the month. The only notable sale was one of several thousand tons to Great Britain, at a price reported to be 14.20 pesos per 100 kilos, laid down in the port of Buenos Aires, which compares with the Grain Board's price of 15.30.

A quantity of seed of the 1940-41 crop is still in the possession of the Grain Board. It is now being sold for fuel at 40.30 pesos per ton, in bulk.

Linseed oil is also being offered for sale for fuel purposes. It is calculated that about 900,000 tons (35,431,000 bushels) of seed will be disposed of in this way, in producing 280,000 tons (11,023,000 bushels) of the oil. The seed is to be delivered to the crushers at a price 50 per cent below that paid to the producer.

Maize Only 306,000 bushels of maize were exported during January, the smallest figure for some time. The following is now the supply position, as nearly as can be judged under existing abnormal conditions.

Third official estimate 1941-42 crop	355,652,000 bushels
Carry-over from 1940-41 crop	86,869,000 "
Total supplies	<u>442,521,000</u> "
Deduct seed and domestic requirements	78,736,000 "
Surplus available for export	363,785,000 "
Shipments April 1 to January 31	<u>6,705,000</u> "
Balance still available	<u>307,080,000</u> "

The unfortunate drought which has descended upon the country at a very critical period in the development of the new corn crop, as reported upon elsewhere, has brought about a considerable change in the atmosphere in grain circles.

The prospects for the crop are definitely poor. Pasture conditions are also poor, and daily becoming worse. Live-stock men are feeding corn in increasing quantities to their cattle in an effort to keep them in good flesh until they can be absorbed by a market in which prices are at a very profitable level. The greatly expanded hog-raising industry also consumes increasing quantities of this grain, and will need more if the alfalfa pastures continue to dry up.

The demand for corn for fuel for the railways, public services and factories has strengthened, although transportation difficulties have restricted supplies, and the Government has taken the step of placing fuel corn on the priority list of goods for railway transportation in an effort to expedite deliveries.

Under these conditions, it will be readily understood that the producers and others who have supplies of the grain are less willing to sell than they were a short time ago, and prices accordingly have stiffened. On a firm market, Cuarentino corn is now selling at 7.50 pesos per quintal, as compared with 5.50 a month ago. Ordinary varieties command 8.40; and grain for fuel 4.20.

The neighbouring Republic of Uruguay continues to be the chief foreign buyer of Argentine maize, with small shipments going forward fairly steadily.

Great Britain recently was desirous of buying a small cargo, but few of the exporting firms found themselves in a position to make offers. Brazil is interested in purchasing some moderate parcels, and Chile and Spain also have been buying on a small scale.

Lack of boats of course remains an obstacle to export business.

Oats Shipments of 308,000 bushels of oats were reported in January, against 5,000 bushels in December. The following is now the statistical position:

Second official estimate 1942-43 crop	45,389,000 bushels
Carry-over from 1941-42 crop	6,484,000 "
Total supplies	51,873,000 "
Seed and local consumption	29,827,000 "
Exportable surplus	22,046,000 "
Shipments in January	308,000 "
Balance still available	21,738,000 "

There is a good demand for this grain, with little business passing for lack of offers. Entries are very small.

Superior grade oats command 8 pesos per 100 kilos. The "Victory" variety sells for 8.50; and Good oats are worth 7.40.

Barley Barley shipments in January were limited to 9,000 bushels, which compares with 279,000 bushels (revised) in December. The official forecast of the new crop has been increased by 30,000 tons (1,378,000 bushels). With this as a basis the following is the supply position:

Second official estimate 1942-43 crop	16,075,000 bushels
Carry-over from 1941-42 crop	2,296,000 "
Total supplies	18,371,000 "
Seed and domestic consumption	14,697,000 "
Surplus available for export	3,674,000 "
Shipments during January	9,000 "
Balance still available	3,665,000 "

In the early part of the month there was a good demand for this grain, with a firm market and rising prices. Superior malting barley then sold for 7.20 pesos per 100 kilos, the grain to weigh over 65 kilos the hectolitre. Good seed barley for pasture crops was sold for 7. pesos, and inferior grain for 6. pesos per 100 kilos.

Later, possibly influenced by the revised estimate of production, the market weakened, and at the close of the month the prevailing price for the new crop barley, with a basis of 62 kilos the hectolitre, was 6.70.

Much of the old crop barley still left has been sold to Switzerland and other neutral countries, but it is proving difficult to obtain navicerts for their shipment, and it is not unlikely that these parcels may be resold in the domestic market.

Rye There were no shipments of rye during January. The crop is not doing well, most of it being located in the very dry zone, and the official estimate was revised downwards, with another cut possible later on. The following is the supply position:

Second official estimate 1942-43 crop	5,826,000 bushels
Carry-over from 1941-42 crop	3,937,000 "
Total supplies	9,763,000 "
Seed and domestic requirements	7,480,000 "
Exportable surplus	2,283,000 "

During the month a good demand developed for sound rye for seeding pastures, this being a favourite crop for that purpose in certain districts, and the price of the grain rose to 10 pesos per 100 kilos. It is still quoted at this and even higher prices for grain of good weight.

For export little interest is being shown.

Financing Official Crop Purchases

Arrangements have been made between the Government and the National Bank for the consolidation of the debts contracted by the Ministry of Finance for the purpose of acquiring recent grain and seed crops from the producers.

The total amount which has been used in this way approximates one billion pesos, of which 250,000,000 pesos were covered by an issue of bonds of the National Government turned over to the Bank in March last.

A further issue of 750,000,000 is now being made to cover the balance.

The bonds will bear interest at the rate of 2 3/4 per cent. There will be an annual amortization of 5 per cent, which will be cumulative.

None of the bonds will be offered to the public. As the minimum interest rate on government bonds issued to the public is 4 per cent, it is evident that the new issue could only be sold at a heavy discount if they were placed on the market.

The Central Bank of the Republic will have power to negotiate up to 400,000,000 pesos of the new issue by purchase from or loans to the National Bank or other holding banks when they suffer losses in deposits, and may resell the bonds in open market operations for the regulation of monetary circulation. In this respect the Central Bank has authority to handle the amount named (400,000,000) of the new bond issue in the same way as in the case of an issue of 3 per cent Consolidated Treasury bonds which it has held amongst its assets since the establishment of the bank in 1935.

Meanwhile, the Central Bank states that the economic status of the National Bank permits it to cover the bonds without resorting to selling or seeking other guarantees.

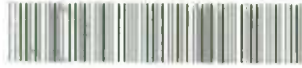
A billion pesos is a large sum of money, but this does not include the expenses incurred by the Grain Regulatory Board, nor the commissions earned by the National Bank for its services in connection with the official grain buying. Last year, 1942, these sums amounted to approximately 32,000,000 pesos. They were paid in cash.

In this new season now commencing the purchasing of crops is apparently to be effected out of sums received from time to time by the Grain Board in payment for grain or seeds which it sells.

The National Bank (Bank of the Argentine Nation) is owned and controlled by the national authorities. Besides handling the official business of the government, it is the biggest factor in commercial banking in the country.

The Central Bank of the Republic is jointly owned and governed by all banks operating in the country, with the national, provincial and commercial banks (both Argentine and foreign) represented on the Board of Directors.

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