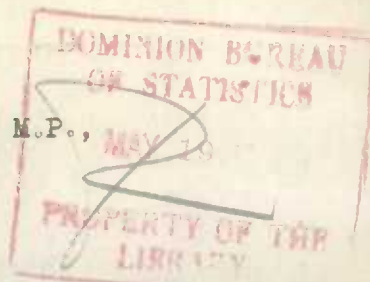


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THE GRAIN SITUATION IN ARGENTINA

Historical File Copy

Ottawa, May 18, 1943.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of May 4, 1943.

Crop Conditions

Weather conditions during April, says the monthly official report of the Ministry of Agriculture, with their periodical rains, were quite favourable for work on the land, which is actively proceeding, and at the same time they benefited the recently seeded forage crops, which have germinated normally and will provide good pasturage.

As a result of the rains which have fallen and the absence of very low temperatures the natural grass pastures have re-acted very well in the greater part of the country.

The maize crop, which was very badly affected by the intense drought during the growing season, obtained no benefit from the rains. Hence there have been extensive areas abandoned, and yields are much below normal. The abandoned areas, taking the country as a whole, are estimated at 60 per cent of the plantings. The areas which for lack of moisture promised insignificant yields for the greater part have been utilized as pastures for live stock in lieu of the natural grass pasturage which failed through the drought.

The remaining fields have matured and are now in process of being harvested, giving yields of from 8 to 24 bushels per acre, the higher production corresponding to southern Santa Fe and northern Buenos Aires.

Preparation of land for the sowing of wheat is proceeding normally and actively throughout the country, facilitated by the last rains. In the districts south and south-west of the province of Buenos Aires early varieties are already being planted, and during the month of May the work will become general in the other districts.

While surface conditions are ideal for ploughing and planting of the winter grain crops, private reports from country districts indicate that sub-surface moisture is considered below normal, and generous rains will be needed during the growing season to carry the crops through.

Picking of the maize crop is proceeding only slowly, as with the unusually low yields the farmers are compelled to keep costs down to a minimum by employing as little hired labour as possible.

First Estimate of Maize Crop

The first official estimate of the volume of the 1942-43 crop of maize places the total at 74,800,000 bushels, the smallest crop since the year 1917. Comparative figures of recent crops are as follows:

Season 1942-43	74,800,000 bushels.
1941-42	355,652,000 "
1940-41	403,052,000 "
Five-year average	306,560,000 "

Supplies and Markets

Wheat - Exports of wheat during April totalled 5,589,000 bushels, of which 5,227,000 bushels were grain and 362,000 bushels were flour in terms of grain. This compares with a combined total of 4,345,000 bushels, of which 398,000 bushels were flour, in the preceding month.

The statistical position is now as follows:

Second official estimate 1942-43 crop	235,156,000 bushels
Carry-over from 1941-42 crop	159,875,000 "
Total supplies	<u>395,031,000 "</u>
Deduct for seed and domestic consumption	101,043,000 "
Surplus available for export	293,988,000 "
Shipments to) Wheat	18,981,000 bushels
April 30) Wheat as flour ..	<u>912,000 "</u> 19,893,000 "
Balance still available	<u>274,095,000 "</u>

There was a very dull market during the month, with occasional buying interest on the part of Brazil, Spain and the local millers.

The Grain Board raised its selling price for wheat of the 1941-42 crop for export by 10 centavos per quintal, so that it is now 7.70 pesos in bulk for export to Brazil and Europe, or 9.20 in bags. No prices are yet being quoted for the 1942-43 crop, which is of much superior quality and higher protein content. The difference in quality is such that the local millers are pressing the authorities for permission to use some of the current crop in their mix in order to improve the flour.

Great Britain still remains aloof from the market here.

Linseed - During April 1,025,000 bushels of linseed were exported, which compares with 1,086,000 bushels in the preceding month.

During the month the Government took the decision to greatly increase the quantity of linseed which is to be crushed in the local mills into oil to be used as fuel in substitution for mineral oils, and the official estimate of consumption for seed and local use has been raised from 8,464,000 bushels to 76,177,000 bushels. Hence the following statistical statement is on the new basis.

Second official estimate 1942-43 crop	61,414,000 bushels
Carry-over from 1941-42 crop	60,776,000 "
Total supplies	122,190,000 "
Deduct seed and domestic requirements	<u>76,177,000 "</u>
Surplus available for export	46,013,000 "
Shipments to April 30th	<u>4,648,000 "</u>
Balance still available	<u>41,365,000 "</u>

The available balance shown here is in line with the official figures, but is much higher than grain trade estimates.

The market was quiet during the month. Some sales were made to United States buyers, one cargo being sold by the Grain Board through the medium of exporters.

Prices remain unchanged in the neighbourhood of 20 pesos per quintal for bulk seed, and lower levels are not looked for at the present time in view of the higher price of the competing Indian seed.

The movement from the farms is only small, growers preferring to hold their seed rather than accept the official buying price of 9.25 per 100 kilos.

Maize - Shipments of maize during April were 260,000 bushels, a very low figure, comparing with 845,000 bushels in March.

On the basis of the first official calculation of the new crop the following is now the supply position, it being understood that there is probably much more grain in the country, although possibly of doubtful soundness.

First official estimate 1942-43 crop	74,800,000	bushels
Carry-over from previous crops	53,427,000	"
Total	128,227,000	"
Deduct for seed and domestic requirements	78,736,000	"
Surplus available for export	49,491,000	"
Shipments during April	260,000	"
Balance still available	49,231,000	"

It will be noted that the new crop estimate is below the normal domestic requirement of 78,736,000 bushels for seed and feed, an almost unheard of condition in the Argentine.

More market activity than for some time was to be noted during the month, and prices all round rose by about 10 per cent. Offerings of new crop grain are only small.

One cargo is reported to have been sold to the British Purchasing Board, presumably for shipment to South Africa, and a contract for 4,724,000 bushels of maize has been concluded with a Chilean distillery.

There is still a steady demand for inferior grain for fuel purposes at advancing prices, and for the best qualities the market is firm and animated. For Superior grades the following prices are current: Yellow 7 pesos; Red 7.50; Cuarentino 9.20; and Morochó (White) 12 pesos per 100 kilos.

Oats - Exports during April were 901,000 bushels, bringing the total for four months to 1,659,000 bushels, out of the original exportable surplus of 22,046,000 bushels, leaving still available 20,387,000 bushels.

The market weakened during the month, with the falling off of the demand for seed oats to be planted for winter forage.

There is a steady demand for good quality grain suitable for processing for the manufacture of breakfast foods, the consumption of which has greatly increased in recent years. For this purpose oats are worth 8.80 pesos per 100 kilos, which is about 10 per cent above the general run.

Uruguayan buyers are still in the market for Argentine oats.

Barley - 241,000 bushels were shipped out during the month, bringing the total exports for the first four months of the year to 729,000 bushels, out of the exportable surplus of 3,675,000 bushels, and leaving still on hand 2,946,000 bushels.

There is a steady demand for good grain fit for malting, for which exporters have been offering 9.50 pesos per 100 kilos, without much response. Stocks are not heavy, and could probably be absorbed by local firms as the season advances.

Rye - 82,600 bushels were exported during April, making a total of 82,700 bushels shipped during the expired four months, and leaving still disposable 2,201,000 bushels out of the surplus of 2,283,000 bushels originally available for export.

The market is lifeless, the only transactions being of a local nature at the present time. Nominal quotations are from 10. to 11.50 pesos per 100 kilos.



Argentine Wheat Types

According to information handed out by the Ministry of Agriculture recently, 78 per cent of the area planted with wheat in the Republic grows Semi-Hard wheat; 16 per cent Hard; 4 per cent Soft. Of the balance 1 per cent is seeded with unfit or unsuitable varieties, and 1 per cent with unclassified varieties.

Wheat Growing in Brazil

Reports received from Brazil indicate that the production of wheat in the country in 1941-42 totalled 4,850,000 bushels. The grain weighed 62 1/2 pounds per bushel, which was considered more than satisfactory.

Although production increased 23.4 per cent between 1922 and 1936, it has since fallen off again, in spite of a little improvement which has taken place in the yield per acre.

In an agreement made some months ago between Brazil and the Argentine with regard to commercial interchange, it was provided that after the end of this current year bread sold in Brazil must be made of wheat flour only, in place of the mixtures with starchy products such as mandioca at present in use. But it now appears that Brazil will not have sufficient native wheat to cover her needs. Hence, says the newspaper "Correio da Manhã", there are three solutions possible. One is to consume less, which is hardly recommendable in view of the small quantity per capita now eaten. The second is to import more wheat, which would be very costly seeing that Brazil already spends on wheat 10 per cent of all her outlay on imports. The third is to produce more wheat. This is not so easy as is imagined by optimists, but it is not impossible.

In the year 1941 Brazil imported from the Argentine 35,068,000 bushels of wheat and 242,000 bushels of wheat flour. Last year's figures are not yet available.