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THE GRAIN SITUATION IN ARGENTINA

Ottawa, April 17, 1944 - The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report under date of April 4, 1944.

Crop Conditions

The official report on crop conditions, which failed to make any appearance last month, was issued on April 2, although in somewhat abbreviated form. It has the following to say with regard to the field crops:

Weather conditions during March were not altogether propitious for the maize crop, inasmuch as precipitation in some of the districts was scarce. The zones which suffered in this respect were the south-west of the province of Buenos Aires, the south-east of the Pampa territory, the centre and north of the province of Santa Fe, and the province of Cordoba. In the extreme south of Buenos Aires and the south-east of the Pampa, the losses were considerable, and some of the fields are being used now as pasturage for cattle. In the remainder of the cereal zone of the country the condition of the growing crops continues to be good. A beginning has been made with the picking of the early planted fields of maize, and the work is expected to be intensified as the month advances.

Unofficial reports coming in from the country give less emphasis to abandonment of fields of maize than does the official report, as it is generally recognized that in what may be termed the marginal maize zones much of the acreage is planted with a view to its possible use as forage, and its ultimate fate is merely a matter of which is the more profitable as the season advances, to cut and shell or to turn the cattle in.

All reports agree that the rains were generally beneficial in enabling the farmers to make an early start with the preparation of the land for autumn sowings of wheat and other cereals. The land now is in excellent condition. The handicaps are a scarcity of fuel for the tractors and a shortage of labour.

Prospects are that there will be a greater acreage under wheat than last year, with possibly a smaller area under linseed. This, however, is more or less guesswork at this early stage.

Picking of the corn and sunflowerseed crops is well under way in the northern districts, but the work is not being pressed as yet, partly because of the shortage of labour and partly in order to permit the cobs to dry on the stalks. Another factor is the absence of any export demand which, in normal times, has sometimes been responsible for encouraging unduly early picking in order to secure the premiums obtainable for the first deliveries.

Supplies and Markets

Wheat - Shipments during March were 271,991 short tons in all, composed of 7,591,014 short tons of grain and 451,128 barrels of flour in terms of grain. The February exports totalled 265,084 short tons.

The following statement shows the statistical position:

Second official estimate 1943-44 crop .....		260,876,010 bushels	
Carry-over from previous crops .....		109,688,919	"
		<u>370,564,929</u>	"
Total supplies .....			
Seed and domestic requirements	84,509,130 bushels		
Relief of War Victims .....	7,348,620 "	91,857,750	"
		<u>278,707,179</u>	"
Surplus available for export .....			
Shipments to) Wheat .....	21,297,991 bushels		
March 31 ) Wheat as flour	<u>3,193,747</u> "	24,491,738	"
		<u>254,215,441</u>	"
Balance still available .....			

There was more activity in the wheat market during March than had been the case for some time previously. Brazilian purchases were on an unusually generous scale, and at the present rate it is foreseen that she will absorb a million tons of Argentine wheat this year. Recent purchases by Portugal approximate 100,000 tons, of which half is to be of the new crop and half of 1942-43 grain. Mexico is said to have already bought 125,000 tons, and to be willing to take more if transportation can be secured. Spain on her "barter" deal is absorbing about 60,000 tons of wheat per month, so that altogether much more business is passing than was in evidence a year ago.

Early in March the official Board commenced to offer wheat of the new crop (1943-44) for export at 11.50 pesos per 100 kilos (The price paid to the farmer is 8.0 pesos), but so far only Portugal is known to have bought any. Great Britain does not seem to be interested in it.

The Board's price for wheat of the preceding crop has been raised a little, 10.0 pesos being now quoted. Local millers are picking over parcels of the new crop, and are paying up to 8.0 pesos for the type they require. For Candeal of superior quality, if of good colour, 9.0 pesos is being paid.

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Linseed - Exporting of linseed was a little more active in March when 1,182,109 bushels moved out, as compared with the February figure of 421,161 bushels. Relatively heavy supplies still remain, as will be seen from the following figures:

Second official estimate 1943-44 crop .....		66,729,099 bushels	
Carry-over from previous crops .....		26,620,895	"
		<u>93,349,994</u>	"
Total supplies .....			
Deduct: Seed and domestic use .....	9,920,786 bushels		
Crushing for fuel .....	<u>16,721,092</u> "	26,641,878	"
Surplus available for export .....		66,708,116	"
Shipments to March 31 .....		<u>1,912,310</u>	"
Balance still available .....		<u>64,795,806</u>	"

There was moderate activity in the market during the month, with some good sized lots sold to Great Britain, the United States and Sweden, about 3,543,138 bushels in all.

The official Board has announced that it is prepared to purchase whatever quantities of seed of crops prior to 1942-43 are offered at prices not higher than 9.25 pesos per 100 kilos for grade No. 2. It is believed that there are some fair quantities of old seed being held in country granaries, and it is desirable to get them out of the way.

Seed of the new crop is being acquired from the growers by the Board at a minimum price of 12.0 pesos per quintal (90 cents U.S. per bushel) but as yet deliveries are not being made very freely. The Board's selling prices is 22.50 pesos.

Maize - March exports of maize were only the very low figure of 181,094 bushels, which compares with the February total of 400,375 bushels, and leaves the supply situation as shown hereunder:

Third official estimate 1942-43 crop .....	76,499,656 bushels
Carry-over from previous crops .....	53,427,529 "
Total supplies .....	<u>129,927,185 "</u>
Seed and Fuel requirements .....	<u>118,104,600 "</u>
Exportable surplus .....	11,822,585 "
Shipments April 1, 1943 to March 31, 1944 .....	<u>6,600,394 "</u>
Balance still available .....	<u>5,222,191 "</u>

The market continues to be dull. The little trading which takes place is limited to small lots of old grain for fuel and other local purposes.

All attention is directed to the new crop, which is reported to be in good condition with a prospect of yielding well. No official estimate has yet been published, but the minimum private guess as to the volume of the crop puts it at 10,000,000 tons. The condition is reported to be generally good, but much may happen to it before the crop is gathered and shelled.

Buying of the new grain will commence on April 15, the Board offering the grower a basic price of 5.20 pesos per 100 kilos (39 1/2 cents U.S. per bushel), with no obligation to sell to the Board, the market being left open.

Old maize for fuel has a value of about 42.00 pesos per ton, or 10.50 per ton below the basic price of new crop maize if for fuel, and 13.0 pesos below the price for domestic consumption. The market is weak, buyers estimating that if the new crop is as heavy as is supposed, growers may be willing to cut prices.

Oats - Oats moved out more freely in March, 820,249 bushels being shipped, as compared with 12,968 bushels in the previous month. On the basis of the official calculation of the crop, which may be a little high, the following is now the supply position:

Second official estimate 1943-44 crop .....	77,810,160 bushels
Carry-over from 1942-43 crop .....	4,927,977 "
Total supplies .....	<u>82,738,137 "</u>
Normal seed and domestic consumption .....	<u>29,927,228 "</u>
Surplus available for export .....	52,810,909 "
Shipments to March 31 .....	<u>1,157,426 "</u>
Balance still available .....	<u>51,653,483 "</u>

Generally a quiet market, with little demand and no selling pressure. But late in the month a demand for export developed, and offerings being small prices rose a little, closing the month at 7.0 pesos per 100 kilos, with 7.70 obtainable for heavy oats suitable for industrial use.

Sales to the United States for future shipment are reported to have been over 6,484,180 bushels in recent weeks.



Barley - March shipments were 842,349 bushels, which compares with 252,493 bushels shipped in February, and leaves the supply position as under:

Second official estimate 1943-44 crop .....	37,562,272 bushels
Carry-over from 1942-43 crop .....	1,976,305 "
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Total supplies .....	39,538,577 "
Deduct for seed and domestic needs .....	14,697,472 "
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Exportable surplus .....	24,941,105 "
Shipments to March 31 .....	1,229,306 "
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Balance still available .....	23,711,799 "

A fair amount of interest was displayed by both exporters and local brewers throughout the month, and an unusual event was recorded when Canada purchased some good sized parcels. Sales were also made to United States interests. Not many sellers were in evidence, so that prices held up well, and a little advance was registered, 7.20 being the closing price for Malting and 7.0 pence for Feed barley.

Rye -

Only 1,968 bushels were exported during March, and none the preceding month, so that the statistical position remains practically unchanged, with 32,319,324 bushels still available for shipment, assuming the official crop estimate to be correct. About 799,012 bushels are reported to have been sold for shipment to the United States in May, and there are numerous enquiries from European countries as to the prospects for future shipments if and when boats become available. For Superior rye 6.50 is the current quotation, with business quiet.

Grain Futures Markets to Open

By a recent Decree the Government has authorized the re-opening of the Futures Markets of Buenos Aires and Rosario, after being closed over two years. The actual opening has not yet taken place, publication of the official regulations having to be awaited.

Free trading will be permitted in oats, barley, rye and sunflower seed also in corn other than for export, which will remain in the hands of the official Board representing the Government.

Wheat and linseed trading will remain a government monopoly as at present. The large stocks of those two products are, of course, government property.