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THE GRAIN SITUATION IN ARGENTINA

Ottawa, July 18, 1944 - The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report under date of July 5, 1944.

Crop Conditions

The somewhat brief monthly official report, just issued, says that the rains which fell during June, although inferior to the monthly average quantity, facilitated the work of planting the crops of wheat and linseed, especially in Buenos Aires and Santa Fé, and helped the development of the fields already germinated in the case of wheat. The condition of these is considered good. In other parts of the cereal zone lack of rains has brought about less favourable conditions, and work on the new crops is not so advanced. Attacks of green fly are reported in the wheat in certain zones. Not much linseed has yet been planted, but preparation of the land is going ahead, and some planting has been done in the north. Harvesting of the old crops of maize and rice have been carried on actively. It is virtually terminated in the case of rice, and threshing of the crop is proceeding, with results which are generally satisfactory, exceeding the average in the provinces of Entre Rios and Santa Fé, with the quality of the grain good. The total crop is estimated to reach 161,000 tons, the largest ever garnered in the Republic.

Maize picking is well advanced, and shelling has begun in the zones where the fields are ready.

Supplies and Markets

WHEAT - Exports of wheat during the month of June consisted of 5,514,000 bushels of grain and 983,000 bushels of flour in terms of grain, making 6,498,000 bushels in all, a figure considerably below that of May, when 8,291,000 bushels were shipped.

On the basis of the new official estimate of the crop the following is now the statistical situation:

Third official estimate 1943-44 crop	249,853,000 bushels
Carry-over from previous crops	<u>109,689,000</u> "
Total Supplies	359,542,000 "
Seed and Domestic requirements	102,881,000 "
Relief of War Victims	<u>7,349,000</u> "
Surplus available for export	249,312,000 "
Shipments) Wheat	42,612,000 "
to June 30) Wheat as flour	<u>7,216,000</u> "
Balance still available	<u>199,484,000</u> "

It is to be noted that of the above balance a quantity of 36,743,000 bushels is to be earmarked for Spain under a new trade agreement which has been entered into. This is in addition to a small balance of some 294,000 bushels still to be delivered under an old agreement.

The market during the month was quiet, with buying limited to Brazil, Spain and some other neutral countries on a small scale.

Prices were advanced a little by the Board of Agricultural Produce, which now asks 10.70 pesos per 100 kilos for old wheat and 12.50 pesos for new wheat in the port of Buenos Aires, with higher rates for Rosario and Up-River ports; the grain in bulk.

Use of wheat as fuel has practically ceased, and no more is being sold for that purpose by the official Board. Purchases by the Board from the producers are estimated as being little more than 174,530,000 bushels, leaving a substantial quantity still in farm bins.

The notable falling-off in shipments overseas shown above is attributed to the recurrent scarcity of shipping available to move the grain, even on the short haul to Brazilian ports.

LINSEED - Exports during June were limited to 634,000 bushels which compared with 2,294,000 bushels in the month of May. On the basis of the reduced official estimate, the supply position is now as shown below:

Third official estimate 1943-44 crop	61,926,000 bushels
Carry-over from previous crops	<u>26,621,000</u> "
Total Supplies	88,547,000 "
Deduct: Seed and domestic use	9,921,000 "
Crushing for fuel	<u>16,721,000</u> 26,642,000 "
Surplus available for export	61,905,000 "
Shipments to end of June	<u>6,220,000</u> "
Balance still available	<u>55,685,000</u> "

The available balance shown in the foregoing statement is quite at variance with recently published official figures, in which by a very substantially increased reservation of linseed for crushing into oil for fuel, the balance on hand is made to appear as only 8,277,000 bushels. In trade circles the protest against this change in the figures is unanimous, being based on two principal reasons; (1) Although the crushing capacity of domestic mills has been increased in recent years, there is not believed to be a sufficient capacity to handle 59,052,000 bushels in addition to the quantities of sunflower seed which will require to be converted, plus a record peanut crop; (2) It is not improbable that a modification of the abnormal conditions arising from the war may so change the country's fuel situation as to make such a wholesale crushing of linseed quite unnecessary. Hence there is hesitation about making such a drastic reduction in the apparent available balance for export.

By a recent measure the Government removed restrictions on the export of all oil seeds and edible oils, in view of the promising crops. In the year 1942, when exportation was unrestricted, Argentine shipments of oil for the year totalled 131,736 tons with a valuation of 100,000,000 approximately (pesos).

The principal feature of the linseed market during June was a fair-sized purchase by the United States. Following that the demand was erratic, with no great quantities changing hands. The prices of the official Board were increased for export by 1.00 pesos per 100 kilos, but on June 23 sales for export were suspended, and quotations so far have not been re-opened.

A feature of the situation is that stocks are largely situated in Up-River ports, whence they can only be moved by lightering down to Rosario or Buenos Aires, on account of unusually low water in the river.

MAIZE - About 1,204,000 bushels of Maize were exported during June, as against 978,000 bushels in May. The supply position is now as shown hereunder:

Second official estimate 1943-44 crop	353,645,000 bushels
Carry-over from previous crops	<u>4,897,000</u> "
Total supplies	358,542,000 "
Deduct for seed, feed and fuel	<u>143,300,000</u> "
Exportable surplus	215,242,000 "
Shipments 1:4:44 to 30:6:44	<u>2,182,000</u>
Balance still available	<u><u>213,060,000</u></u> "

There was some limited buying during the month, the principal items reported being 5,905,000 bushels by Mexico and 3,937,000 bushels by the United States. This latter country is credited with buying or being desirous of buying for account of the Allied Nations 17,716,000 bushels; but nothing definite has yet transpired.

The demand for fuel corn has improved somewhat with the arrival of winter weather, and prices have risen a little in line with the increase in the basic price to the producers. Picking is now well advanced, but shelling proceeds only slowly, farmers being in no hurry to make sales.

OATS - The movement of oats in June was the heaviest for some months, reaching 2,177,000 bushels.

On the basis of the new official estimate of the crop, the following is now the statistical situation:

Third official estimate of 1943-44 crop	59,966,000 bushels
Carry-over from the previous crops	<u>4,928,000</u> "
Total supplies	64,894,000 "
Deduct for seed and domestic consumption	<u>29,827,000</u> "
Exportable balance	35,067,000 "
Shipments to end of June	<u>2,369,000</u> "
Balance still available	<u><u>32,698,000</u></u> "

The demand for export is very restricted, and not many sales are being made. The 6,484,000 bushels sold to United States buyers are still held here, awaiting shipments.

Business is confined to the local market, where there is a certain amount of activity, with prices holding fairly firm ranging from 6.70 to 8.40 pesos per 100 kilos, according to sample, good heavy oats being in steady demand. For export 7.15 is quoted, with no pressure to sell.

BARLEY - Approximately 861,000 bushels of barley were shipped out during June, which compared with 1,327,000 bushels in the preceding month. The revised supply position is now as follows:

Third official estimate 1943-44 crop	33,005,000 bushels
Carry-over from previous crops	<u>1,976,000</u> "
Total supplies	34,981,000 "
Seed and domestic consumption	<u>14,697,000</u> "
Exportable balance	20,284,000 "
Shipments to end of June	<u>4,153,000</u> "
Balance still available	<u><u>16,131,000</u></u> "



There was a fair amount of activity in the first half of the month, both exporters and the local brewers showing interest. Spain and Switzerland have been the principal foreign buyers, and may add to their acquisitions.

A price of 7.35 per 100 kilos is about the ruling price for export quality, with malting barley of good weight and colour for the local trade selling according to sample. There is no pressure to sell.

RYE -

Third official estimate 1943-44 crop	21,936,000 bushels
Carry-over from previous crops	827,000 "
Total Supplies	22,763,000 "
Seed and domestic consumption	7,480,000 "
Balance for export	15,283,000 "
Shipments to end of June	152,000 "
Still available	15,131,000 "

Not much of this grain is being offered. Sales were effected at 8 pesos per 100 kilos for September delivery, early in the month, but prices weakened later in spite of the high quality of the grain. Norwegian buyers are understood to have secured 597,000 or 787,000 bushels with a condition that the grain be warehoused until 1945.