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DEPARTMENT OF TRADE AND COMMERCE

DOMINION BUREAU OF STATISTICS

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Vol. 1

No. 1

MONTHLY REVIEW

of

CANADIAN BUSINESS STATISTICS

JANUARY 1926

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Published by Authority of the Hon. J. A. Robb, M. P.,
Acting Minister of Trade and Commerce.

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OTTAWA

1926

TABLE OF CONTENTS

Preface. Chart of Canadian Business Conditions. General Review.	Pages	2 - 7
General Business Factors.		
1. Trend of Business Movements	"	8 - 10
Chart of Business Factors	"	11
2. Employment	"	12 - 13
3. Wholesale Prices	"	14 - 17
Banking and Currency	"	18
Chart of Canadian Banking	"	19
Investment and Speculation	"	20 - 22
Chart of Canadian Investment	"	21
United Kingdom. Significant Statistics	"	24
Chart of British Conditions	"	23
United States. Business and Finance	"	25 - 26
Long Term Movements in Canada	"	27 - 28

PREFACE.

The collection and interpretation of statistics relating to the current trend of production and of general economic conditions has in recent years been greatly extended. Statistics of current business, with forecasts based thereon, are now being published by numerous private agencies throughout the world. Various governments are also issuing periodical reviews of general statistics which give special attention to the problem of business trends.

In recent years Canada has taken its place amongst the leading trading and industrial countries, thus necessitating a broader outlook on the part of those responsible for directing business policy. As the central statistical office of the country, the Dominion Bureau of Statistics has met this requirement as follows:

- (1) Through its various branches it has collected a large amount of information which throws light upon current trends. These data are issued separately to the public immediately they become available.
- (2) In order to give a general conspectus of the situation and to view current developments in their relation to each other, a general summary and review of the more important Canadian statistics is given in the present publication.

In a country so large as Canada the collection of certain information is necessarily slow, but it is generally possible to issue a review like the present within the month following the end of the period to which most of the data relate.

The statistics herein set forth are limited to those which throw light directly on the general economic trend. These are brought together in three main groups as follows:

Group I. Statistics of general business factors, including those which most clearly indicate the conditions prevailing in the country's business, namely (a) wholesale prices, which represent the visible resultant of the contending forces of "supply" and "demand"; (b) employment, or the current activity of what may be called the "industrial army" of Canada; and (c) miscellaneous factors, such as production in representative fields, construction operations, trade movements, also bank debits, bank clearings and business failures.

Group II. Statistics of the most significant banking and currency factors including the amount of demand deposits, the amount of notice deposits as compared with that of current loans, and the note issue in the hands of the general public as compared with the gold and subsidiary coin available for its redemption.

Group III. Statistics relating to investment and speculative factors, including the prices of stocks and bonds, compiled in about 22 groups, the number of shares traded, call loans, etc.

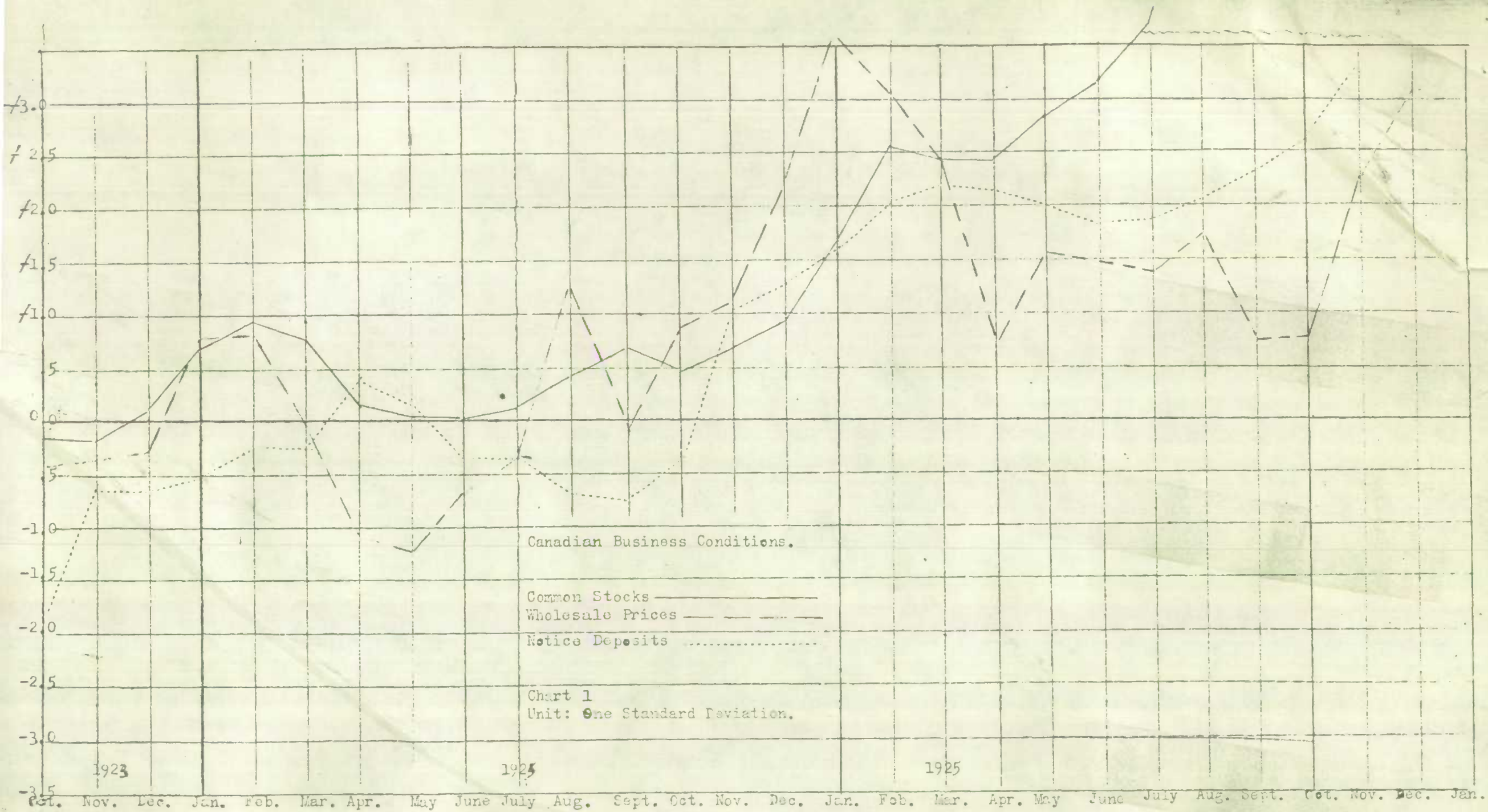
The above presentation is suggested by recent investigation as to the order in which trends of related phenomena in the business world succeed each other, it having been observed that a pronounced trend under Group III is frequently followed by a similar trend under Group I, and that in turn by a similar trend under Group II. The Bureau of Statistics, in view of the undeveloped state of the science of economic forecasting in Canada, makes no attempt at the interpretation of these figures, its object being solely to place the materials required for such interpretation readily at the disposal of the public.

In making such interpretations, the effect of changes due entirely to seasonal conditions must be duly considered. In certain of the charts, accordingly, the effect of seasonal changes has been eliminated by approved formulae. There are also added in Appendix I certain basic figures over a period of years, the purpose of which is to enable the reader to measure the so-called "secular trend" of the country's progress, i.e., the broad development that is taking place from year to year and that affects the relative significance of current records. At the present stage of Canadian development it is difficult if not impossible to subject this trend to accurate analysis, but it should be considered. There are also added in Appendix II certain governing records of the United States and the United Kingdom.

Suggestions are invited as to additional records which might be thought useful.

January 30, 1926.-KH.

R.H.Coats,
Dominion Statistician.



-4-
DOMINION BUREAU OF STATISTICS
GENERAL STATISTICS BRANCH
OTTAWA

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GENERAL FACTORS IN BUSINESS SITUATION OF CANADA, WITH
REFERENCE TO OTHER COUNTRIES, JANUARY, 1925.

The expansion of Canadian business which has been in evidence for some time was very pronounced in the last quarter of 1924. Most of the significant factors were at high levels at the close of the year.

The index of 31 industrials continued the advance which had been in process since June 1924. An important increase was attained throughout 1925, minor reactions only occurring in March and November.

The general level of wholesale prices was influenced by the striking price changes in grain. The index was high during the first quarter of 1925, reacting in April and remaining at a comparatively lower level during the spring and summer. A rally occurred in the last quarter of 1925, large increases being shown in November and December.

Notice deposits were also buoyant during 1925, showing steady increases from July to November. The advance begun in September 1924 was continued during the first quarter of 1925. A moderate reaction was experienced between April and June, but the advance to the end of November resulted in the attainment of a higher level than in any other month since June, 1921.

The three representative factors referred to above, were maintained in 1925 at high and advancing levels, attaining in the case of industrial stocks and notice deposits a maximum position as compared with the last two or three years. Wholesale prices were also at a high level at the end of the year, but averaged slightly lower than in January 1925, when the influence of exceptionally high grain prices was apparent.

Agriculture.- It has now been determined that the principal field crops of 1925 will be worth to the farmers of Canada more than \$1,159,000,000. This amount is an excess of any year since 1920, and has only been exceeded by crop values during the period from 1917 to 1920, when agricultural prices were greatly inflated. The yield per acre was nearly 12.5 p.c. greater than the average for the ten-year period 1915 to 1924. In view of the greater acreage under crop, a weighted index of the production of Canadian crops with the ten year period as a base stood at 125.5 in 1925. In other words, the volume of the crops was 25.5 p.c. greater in 1925 than the average for the preceding ten years. The total acreage devoted to Canadian field crops was 58,225,000 acres, which was the greatest for all time with the single exception of 1921, when 59,635,000 acres were in crop.

The wheat crop, which is the most valuable by a considerable margin, was the largest on record with the single exception of 1923. The final report of estimated production shows a crop of 416,849,700 bushels in 1925, as compared with 474,200,000 bushels in 1923. In the latter year the industry operated under the handicap of low prices, due to bountiful crops in the principal wheat-growing countries. The average price to the producers in 1925 was \$1.12 resulting in a gross value of \$465,116,200 for wheat alone. The price compares with \$0.67 and \$1.22 respectively in 1923 and 1924, leading to values of \$316,994,700 and \$320,362,000 in each of the two years in question. While the yield was greater in 1923 and the price somewhat higher in 1924 than in the year under review, it is evident that on the whole the season of 1925 was more satisfactory from the producers' standpoint.

During the crop year from August 1st 1924 to August 1st 1925 grain marketings in the prairie provinces were much below the average for the preceding six years. The higher prices during the first quarter of 1925 led to somewhat greater receipts than in the remainder of the crop year, due allowance being made for seasonal variation. The early harvest and favourable weather in August and

September resulted during the latter month in record receipts at the head of the Lakes and Vancouver. Harvesting operations were hampered in October by unfavourable weather, so that receipts in October and November were less than in the corresponding months of 1923, but still in excess of the average for the preceding six years. December receipts, however, showed improvement, with the result that the receipts of wheat at the intermediate markets mentioned above during the last four months of 1925 were about 232,990,000 bushels as compared with 123,988,000 bushels and 233,108,000 bushels in the corresponding months of 1924 and 1923 respectively.

Live Stock Marketings.- In view of the high cost of feed the sales of live stock at the stockyards was maintained at high levels during the first half of 1925. Prices strengthened somewhat, but receipts at the stockyards were more restricted in the last quarter due allowance being made for seasonal variation. An exception to this tendency was the heavy sales of cattle in October. The inspected slaughterings of live stock naturally follow the trend of sales and were at a moderate level during the last half of 1925.

Manufactures.- A weighted index of the volume of manufactures indicates that industrial production was in 1925 considerably above the average of the preceding six years. Manufacturing was comparatively active in the first six months of both 1923 and 1924, showing recession during the latter half of the year in each case. The trend was somewhat different in 1925 as manufacturing production was at a moderate level from January to April, and advanced in May to a somewhat higher level, which was maintained until September. During the last quarter new records were established especially in October. Of the eleven commodities listed in the attached table pages 8 and 9, the manufacture of sugar made the greatest gain in 1925 over the preceding year. The product was 1,182,000,000 pounds as compared with 856,740,000 pounds in the preceding year, an increase of 38 p.c. The importation of crude rubber also showed an increase nearly as great, the quantity being 44,407,421 pounds in 1925. The imports of raw cotton indicative of the activity in the textile industry was 121,047,597 pounds in 1925, representing an increase of 30 p.c. over 1924. The automobile industry was also more active in 1925, the output of passenger cars increasing 18 p.c. and trucks 26 p.c. The total production in 1925 was 139,311 passenger cars and 22,075 trucks. The pulp and paper industry made a steady advance in output, the total during the first eleven months of 1925 being 1,382,121 short tons, an increase of more than 11 p.c. over the corresponding period of 1924. The primary iron and steel industry showed an increase of 16 p.c. in the output of steel ingots and castings while the production of pig iron declined about 4 p.c. The imports of crude petroleum showed a decline of about 3 p.c. Flour production experienced a drop of about 6 p.c. in the first eleven months of 1925 as compared with the corresponding period of 1924.

Transportation and Trade.- During the first half of 1925 carloadings were continually less than in the corresponding weeks of 1924, but with the heavy movement in grain in the latter half of 1925, a considerable excess was attained. This uneven activity resulted in an increase for the year of more than three per cent, the total number of cars loaded during 1925 being 3,033,683. Of the eleven classes of commodities, coal and lumber only showed declines as compared with the preceding year.

The gross operating revenues of all railways during the first 11 months of 1925 showed a comparatively slight increase, but preliminary estimates of the revenues of the two large railway systems indicate that when the statistics are complete a substantial gain will be recorded. The net operating revenues of all important railways during the first eleven months were \$72,007,504 as compared with \$55,903,049 in the corresponding period of 1924, a gain of 29 p.c.

The external trade of Canada in 1925 showed a marked advance in both divisions but especially in exports, the imports increasing about 10 p.c. and the exports nearly 20 p.c. In view of the greater increase in the exports, the balance of trade while favourable in both years, was nearly 50 p.c. greater in 1925. The total exports in 1925 were \$1,283,090,000, the imports

\$890,000,000, leaving a favourable balance of trade of \$393,000,000. In the preceding year, imports, exports and balance of trade were \$1,071,000,000, \$808,000,000 and \$262,000,000 respectively. It is also noteworthy that in both main divisions consisting of imports and Canadian exports, each of the nine groups showed increases in 1925. The exports of vegetable products/ of animal products each increased about 26.5 p.c. The non-ferrous metal, and wood and paper groups advanced 22 p.c. and 7 p.c. respectively. Referring to imports, increases in the vegetable product, textile and iron and steel groups were most important. The close connection between external trade and the industrial activity of this country is obvious as many of the raw materials are imported from the source of production, while on the other hand, Canadian manufactures are distributed to many countries.

Banking and Currency.- The strength of the credit situation in Canada at the close of 1925 was demonstrated by the high level of both notice and current deposits on the one hand, and the comparatively low level of commercial loans on the other. Notice deposits showed a rising trend from September 30, 1924 to October 31, 1925, a minor reaction only occurring from March to June, 1925. On November 30th, the notice deposits were \$1,298,000,000, the largest amount recorded since June, 1921. Demand deposits followed an erratic course during 1925, but from September to November were at high levels. Current loans declined during the first four months of the year, aside from seasonal variation, and between the end of April and of November were at low levels without significant change. The dull demand for loans reflects the tendency toward hand-to-mouth buying and relatively small inventories characteristic of the present time. The liquid resources of the banks are in the meantime utilized in the purchase of securities in the open market. The investment holdings of 1925 reached a maximum at the end of May. While a steady decline occurred in these holdings from May to November, the present level is high as compared with 1923 and preceding years.

Gold held for the redemption of notes during the last year with the exception of one month was in the excess of the notes in the hands of the general public. In October and November the metallic reserves were increased significantly, amounting at the end of November to \$235,204,000 as compared with notes in the hands of the public totalling \$192,538,000, an excess of 22 p.c. At the end of November 1924, the gold amounted to \$215,379,000 and notes to \$189,799,000, an excess of 13 p.c. The statistics of notes and metallic reserves for 1924 and 1925 are given on page 18.

Investment and Speculation.- The trend of Canadian bond prices was gradually upward from March, 1924 until August last, when a reaction of two months' duration was experienced. The price rallied in November and December, when the previous maximum for the year was reached. The sale of new issues of Canadian bonds in 1925 amounted to \$496,443,290, as compared with \$609,430,407 in 1924, a decline of 18.5 p.c. Aside from February, August and September, sales were at a comparatively low level. Trading in bonds on the Montreal exchange in 1925 showed declines from either 1923 or 1924.

The index of 31 industrial common stocks indicated a rising market during 1925, the reactions of March and November being of a comparatively minor character. The extent of the rise is indicated by the index, which stood at 175.5 in December last as compared with 128.2 in December 1924, an increase of 37 p.c. The "food and allied products" made the largest gain of any of the groups, amounting to 85 p.c. The advance by the "all other" group was 72 p.c., while the textile and milling groups rose 24.5 and 22 p.c. respectively. The index of the common stocks of nine banks was 106.9 in December last, as compared with 96.8 in December 1924, an increase of more than 10 p.c. The gain in the index of ten public service companies was 6.5 p.c., the increases registered by five power companies being partially neutralized by a decline in the steam transportation group and moderate gains by the telephones and municipal railways.

The trading on the Montreal exchange was much more active in 1925 than in the preceding year, the sales of shares amounting to 4,316,636 as compared with 2,686,603 in the preceding year, an increase of nearly 61 p.c.

The Importation of Capital.- During 1925 the total Canadian bond sales, as reported by A.E. Ames & Co. were \$496,443,290 of which \$249,944,957 were placed in Canada, \$218,520,000 in the United States and \$27,978,333 in Great Britain, the great bulk of the bonds sold in the United States and practically the whole of those sold in Great Britain being refunding obligations not involving any new investment of external capital in Canada.

Conditions in Other Countries.

United States.- The spectacular advance of industrial stocks was one of the most significant factors indicating the improvement in the economic situation in the United States during 1925. The average of 25 industrial stocks was 177.74 in December as compared with 134.29 in December 1924, representing an increase of 32 p.c. If comparison were made with May 1924, when the present movement commenced, the increase would amount to 67 p.c. The principal reactions of the year occurred in March and November, but rallies followed in succeeding months with the result that the highest monthly average for the year was recorded in December.

While wholesale prices made some advance during 1925, and judging by Bradstreet's index were higher in December than at any other time since the post-war deflation, it is evident that the upward movement was decidedly moderate and that no undue inflation in commodities has yet taken place. When expressed as a percentage of pre-war prices, the index in December stood at 156 as compared with 147 in December 1924. From March to May a reaction in prices was experienced, due chiefly to the drop in grain prices. From May to August prices rallied and have since been maintained at a moderately high level.

Interest rates during 1925 were maintained at a level considerably higher than in 1924. An extraordinary decline in commercial rates occurred between April and September 1924, and considerable recovery was attained from September 1924 to April 1925. Between the latter date and the end of the year rates were maintained without much fluctuation aside from the usual seasonal variation.

United Kingdom.- Conditions in the United Kingdom at the end of 1925 were decidedly better, as regards unemployment, the number of unemployed on Dec. 28, being 27,000 lower than one month previously, and 135,000 lower than one year previously. The coal industry and the iron and steel industry were both in a better position, while the cotton industry was on a sounder basis of cost and a considerable improvement had been shown in the worsted section of the woollen trade. The sales of the co-operative wholesale society showed increases over last year which indicated increased purchasing power among the masses of the people. Bank clearings reached a maximum of over £40,400,000,000 during the year, and bank profits were larger than in 1924.

On the other hand, the British adverse balance of trade for the year was over £395,000,000 sterling - a figure which shows that, after allowance has been made for "invisible exports", there can have been little or not net export of new capital during the year - a phenomenon which after all was likely enough to happen in the critical first year of the resumption of gold payments. Other somewhat disquieting factors are the approaching crisis in the coal industry in May next at the end of subsidies, and the failure of the French Government up to the present time to stabilize its finances. Finally, the troubles in China are having a serious effect upon British trade with the Far East.

When all deductions have been made, however, it would appear that Great Britain commences the new year under better auspices than in any other year since 1914.

Explanation of Charts.

A uniform method was followed in the preparation of the four charts which appear in this number of the review. The first step where such action was found necessary was the elimination of seasonal variation from the original data. The second step involved the computation of the deviations from the average for the period from January 1922 to February 1925, and these results were expressed as multiples of the standard deviation, ascertained by the most approved mathematical methods.

I. GENERAL BUSINESS FACTORS.

1. Trend of Business Movements.

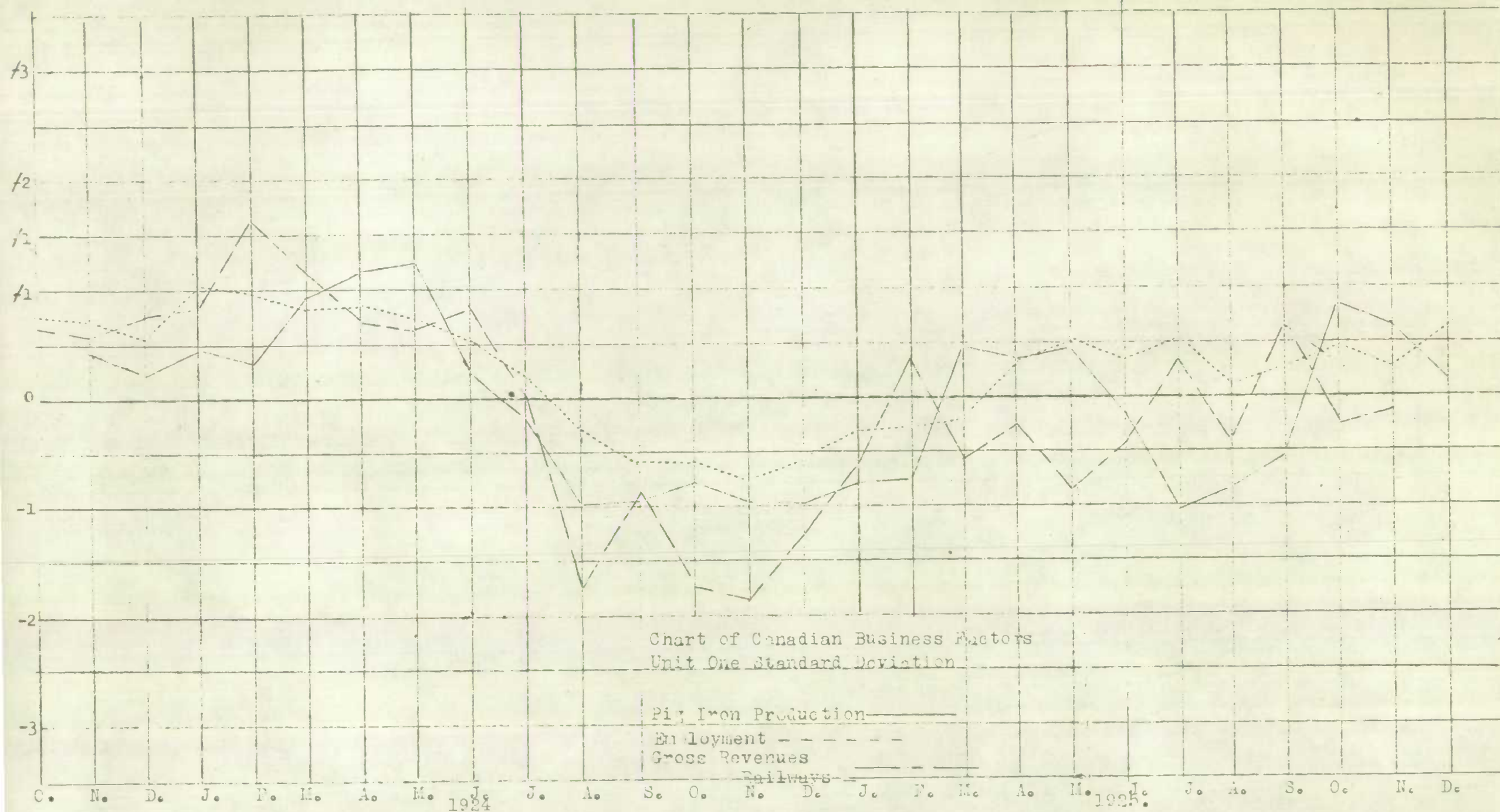
Monthly Average	Building	Construction	Flour	Four	Sugar	Rubber	Cotton	Newsprint	Pig Iron	Steel	Automobile Production	
	Permits	contracts	Production	weeks'	Regined	Imports	Imports	Production	Production	Ingots	Passenger	Trucks
	60 cities	awarded		period							cars	
	Thousand	Thousand	Thousand	ended	Thousand	Thousand	Thousand	Short	Long	Long	Number of	units manu-
	Dollars	Dollars	Barrëls		Pounds	Pounds	Pounds	tons	Tons	tons	factured or	assembled
1924												
January	4,454	6,539	1,850	26	15,586	3,351	13,798	110,529	63,702	41,309	9,841	1,747
February	4,028	21,249	1,811	23	79,720	2,257	8,111	112,318	60,288	70,953	12,072	1,679
March	9,365	11,584	1,719	22	75,534	3,636	8,101	113,192	77,290	94,962	15,194	2,040
April	13,422	30,199	1,449	19	61,670	3,120	5,871	116,283	83,875	104,162	14,448	1,933
May	14,621	32,967	1,881	17	81,223	3,322	5,457	118,500	84,987	108,433	15,291	1,753
June	13,967	26,185	1,413	14	54,758	3,089	2,790	108,321	56,963	68,914	10,757	950
July	11,526	23,818	1,354	12	88,773	1,661	3,628	114,133	45,480	52,237	8,619	1,107
August	9,266	26,665	1,426	9	83,653	1,881	2,510	114,417	23,073	22,736	5,436	880
September	14,883	22,506	1,737	6	55,933	1,840	4,326	108,100	23,202	18,005	6,588	1,351
October	11,817	21,067	2,143	4	56,781	2,115	7,920	113,156	28,626	19,996	6,357	1,270
November	10,047	24,614	1,708	1	75,312	3,020	15,765	111,703	22,994	22,744	5,962	1,081
December	6,334	28,868	1,440	Nov. 29 Dec. 31	74,109 53,681	Dec. 3,007	14,636	112,342	22,544	26,239	7,200	1,690
1925												
January	5,433	8,935	1,698	31	55,542	3,207	14,658	121,420	28,302	27,126	8,301	1,565
February	5,782	11,648	1,557	28	70,351	2,862	10,338	115,624	29,506	37,221	10,779	1,693
March	8,458	13,393	1,668	28	88,552	5,262	12,981	126,267	63,932	107,605	13,014	2,089
April	15,043	24,887	1,244	25	77,214	3,130	8,059	128,911	60,065	88,335	15,515	1,576
May	15,296	34,052	1,015	23	106,938	3,432	8,849	130,013	63,204	100,250	18,351	1,888
June	14,652	33,229	1,239	20	100,437	3,765	6,313	124,209	45,883	63,140	14,249	1,794
July	12,638	22,179	1,340	18	114,822	5,275	4,158	121,664	20,946	22,471	11,155	1,845
August	9,259	31,208	1,029	15	112,808	4,752	4,343	120,656	26,513	25,007	7,430	1,486
September	9,932	29,746	1,601	12	89,326	2,692	5,755	124,704	34,609	37,094	10,360	2,480
October	11,060	29,648	2,308	10	91,913	4,030	10,585	137,506	74,013	108,868	13,921	1,694
November	7,696	46,973	2,127	7	78,581	3,836	15,649	131,147	68,535	73,205	8,741	2,237
December	7,192	12,675	-	5 31	97,171 72,305	5,031	19,371		54,889	62,353	7,498	1,728
1926												
January												

INDICES OF THE PHYSICAL VOLUME OF BUSINESS IN CANADA BASED ON THE SIX YEAR PERIOD FROM 1919-1924 AND WEIGHTED ACCORDING TO
"VALUE ADDED" AND EMPLOYMENT, AND CORRECTED WHERE NECESSARY FOR SEASONAL VARIATION.

	Volume Agricultural Marketings :			Manufacturing :		Industrial Commodity Production :			Physical Volume of Business		
	Total	Crop	Animal	Total	Consumers	Total	Forestry	Construction	Total	Carloadings	Shares
		Marketings	Marketings		Goods						Traded
1924											
January	150.2	164.1	110.4	116.2	123.4	112.8	124.2	70.8	108.9	105.5	137.4
February	178.4	186.3	117.1	126.0	126.2	128.6	136.3	163.4	120.7	115.1	116.4
March	147.0	155.6	122.3	130.6	125.6	129.0	138.6	74.8	112.0	115.6	88.2
April	174.3	188.0	135.0	129.9	127.6	123.1	130.6	111.2	114.9	122.2	66.2
May	155.9	166.8	124.6	133.0	131.5	124.1	122.6	104.7	115.7	120.2	65.8
June	198.4	216.7	126.0	113.1	121.0	114.5	117.0	135.0	107.9	111.1	56.1
July	154.1	171.5	104.9	110.4	117.5	108.8	119.1	100.0	106.2	106.4	54.4
August	56.5	38.8	107.4	100.5	112.5	103.0	117.5	111.4	100.7	96.8	72.1
September	103.9	101.8	109.6	103.5	116.6	105.1	114.6	102.9	102.0	92.4	67.0
October	109.3	113.4	97.5	108.3	120.5	112.5	122.8	101.0	107.4	98.8	116.5
November	127.9	128.0	127.8	111.7	124.9	119.5	121.3	148.9	111.4	97.8	121.5
December	88.0	75.8	123.2	101.2	108.5	115.1	126.9	167.6	109.1	99.0	109.6
1925											
January	91.3	77.3	130.6	117.7	129.0	117.0	132.3	100.4	114.7	112.2	155.5
February	157.8	168.7	123.0	118.7	121.9	117.6	149.3	87.5	115.6	114.6	117.5
March	143.5	149.5	126.4	117.4	135.5	115.9	123.9	89.2	110.7	105.5	104.9
April	140.5	145.9	125.0	118.9	131.9	115.1	137.2	93.4	111.5	113.5	74.7
May	85.3	74.9	115.2	124.7	139.1	116.4	143.2	113.1	115.0	103.0	140.0
June	62.5	48.3	136.1	124.2	129.2	125.2	137.4	115.6	115.1	100.9	106.0
July	97.5	90.0	119.1	124.3	140.0	119.5	132.8	94.0	114.8	113.5	114.7
August	63.2	48.4	105.6	123.4	138.4	125.1	129.7	131.9	118.4	117.1	168.6
September	471.4	596.7	112.5	120.5	131.5	124.4	137.0	135.9	118.4	117.4	157.5
October	171.6	145.9	126.5	150.9	156.7	138.5	133.8	143.6	129.7	103.7	253.5
November	135.0	144.9	107.1	130.6	137.8	147.6	136.6	274.1	119.0	111.8	127.5
December	158.7	173.6	116.2					74.3			
1926											
January											
February											
March											
April											
May											
June											

Commodity Production

Note:- The index for manufacturing is based on 16 principal commodities, industrial is based on Forestry, Mining, Manufacturing and Construction. The index of the Physical Volume of Business is a composite of the indices of Forestry Mining Manufacturing Employment in Wholesale and Retail Trade, Imports, Exports, Carloadings, Shares Traded and Bank Debits.



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1916
January
February
March
April
May
June

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