

WEEKLY BULLETIN

Dominion Bureau of Statistics

Department of Trade and Commerce

Vol. XI - No. 28

Ottawa, Saturday, July 10, 1943

Price \$1.00 per year

Economic Conditions During Five Months of 1943

Each of the six major factors indicating the trend of economic conditions recorded advances in the first five months of 1943 over the same period of the preceding year. Productive operations as indicated by the index of the physical volume of business showed a gain of nearly 20 per cent, reflecting the influence of continued expansion in the operations of war plants. The deposit liabilities of the banks during the first four months averaged \$3,707 million against \$3,211 million in the same period of last year, representing a gain of 15.4 per cent. A marked upward trend has been recorded in deposits since the outbreak of hostilities.

The more confident attitude regarding the outcome of the war was the main influence in the advance of speculative factors. The index of common stock prices averaged 80 in the first five months of 1943 against 63.4 in the same period of last year, a gain of more than 26 per cent. Minor gains were recorded in the prices of commodities at wholesale and of high-grade bonds. The index of wholesale prices on the base of 1926 was 98.2 against 94.8 in the same period last year, a gain of 3.6 per cent. A minor recession was shown in the index of bond yields indicating a slightly higher level in the prices of Dominion bonds.

A tentative computation of the national income was \$752 million in May against \$737 million in the preceding month. The aggregate for the first five months was \$3,603 million compared with \$2,927 million in the same period of 1942, a gain of more than 23 per cent. The index on the base 1935-39 was 221.2 in May compared with 185.1 in the same month last year. The economic expansion in the elapsed portion of the present year resulted in a national income greater than at any other time in Canada's history.

Four of the five main components of the index of the physical volume of business recorded gains in the first five months of the present year over the same period of 1942. The indexes of manufacturing production and mineral production recorded gains of 29.6 and 8.4 per cent, respectively. The electric power industry showed an output of 14.4 billion kilowatt hours against 13.3 billion in the first five months of 1942, the gain having been 8.2 per cent. The factors showing the distribution of commodities indicated gains in the period under review. Wholesale sales and retail sales recorded gains of 7.8 per cent and 5.6 per cent over the first four months of last year. The revenue freight carried by the railways recorded a gain of more than four per cent during the period for which statistics are available.

The general index of employment averaged 181 in the first five months of this year against 165.8 in the same period of 1942, a gain of 9.2 per cent. Advances were recorded in manufacturing and construction, while mining, logging and trade showed reaction.

The total revenues of the Dominion Government showed decline in the first two months of the year due, in part to the timing of income tax payments. Ordinary expenditures mounted from \$66.3 million to \$84.1 million, war expenditures on Canadian account having been at a considerably higher level. Current loans of the chartered banks receded from \$1,119 million to \$964 million, a decline of nearly 14 per cent. The circulating media in the hands of the public rose 35.5 per cent, while the cheque and cash payments in the first five months were more than \$29 billion against \$23.9 billion in the first five months of 1942, a gain of 21.7 per cent.

Employment and Payrolls in 1942

In continuing response to the stimulus provided by the industrial war effort, employment reached unprecedentedly high levels in Canada during 1942. The trend was generally favourable during nine of the twelve months, curtailment having been indicated only during the first quarter of this year; the contractions then were moderate. The extent of the general upswing, however, was not equal to that reported in the earlier phases of the expansive movement, which, dating from the outbreak of hostilities, had received great impetus from the events of the spring and early summer of 1940, climaxed by the collapse of France.

This slowing down in the rate of acceleration during 1942 was an obvious development in view of the magnitude of the expansion since the beginning of the war, with its consequent depletion of the labour market, seriously affected also by the recruitment of some 600,000 persons by the armed forces. In the 1942 stage of the war, the distribution of the workers taken on differed from that indicated in preceding phases. As shortages of labour and materials became increasingly a problem in industrial organization, the shift of workers from the less-essential to the more-essential production and services assumed an ever-growing importance in the industrial pattern -- a transfer which in general was facilitated by relatively high earnings in war plants and other essential industries.

The employers whose returns were included in the Dominion Bureau of Statistics' current surveys of employment and payrolls in 1942 numbered 13,081, and their staffs averaged 1,738,848 per month. In the preceding year, statistics had been received from some 12,589 firms, with an average of 1,514,953 employees. At the 1942 peak at December 1, the number in recorded employment in the eight leading industrial groups was 1,867,597, while the low figure was that of 1,651,757, reported at the first of March. From the minimum to the maximum of employment, there was an increase of 21.4 points, or practically 13 per cent in the index; in 1941, the gain from the low at January 1 to the high at December 1 had amounted to 34.5 points, or almost 26 per cent. Based on the 1926 average as 100, the annual index of employment in 1942 was 173.7, or 14.1 per cent higher than the 1941 average of 152.3, and 57.2 per cent higher than in 1939.

The important increases in the numbers at work in 1942 were accompanied by relatively greater gains in the weekly payrolls disbursed. Those averaged \$49,717,612, representing an earned income of \$28.56 per week for the typical individual in recorded employment in the eight leading industries. The statistics of payrolls are available only from June 1, 1941. On the average there was an increase of 10.7 per cent in employment and of 23.2 per cent in the reported payrolls in the period June 1 - December 1, 1942, as compared with the same period in 1941. The per capita weekly average in the last seven months of 1942 was 11.3 per cent higher than in the period June 1 - December 1, 1941.

Geographically, the expansion in industrial activity in the year under review was widely distributed. Except Prince Edward Island, all provinces reported considerable gains, while employment in the eight leading cities for which data are segregated generally increased in greater-than-average proportions. Industrially, the advance was, in general, confined to a relatively smaller number of groups than in recently-preceding years. Employment in the manufacture of durable goods rose by 32.6 per cent in 1942, whereas that in the production of non-durable goods increased by only 14.1 per cent.

Employment at Beginning of May

Further recession in industrial employment was noted at the beginning of May when the 13,590 establishments furnishing information to the Dominion Bureau of Statistics reported the release of 23,769 persons, reducing their staffs to 1,788,320 from 1,812,089 at the beginning of April. The contraction of 1.3 per cent is particularly noteworthy for the reason that the general trend at May 1 in the preceding 22 years has invariably been favourable. The decline, the second in succession, was substantial, being the largest indicated in any month since the outbreak of war, with the exception of those of a wholly seasonal character at January 1 in the last four years. There was also an important reduction in the payrolls at May 1 this year when they were lowered not only by the curtailment in employment, but also by loss of working time due to the observance of the Easter holidays by many establishments.

To a considerable extent, the shrinkage in employment at May 1 took place in logging, in which it was seasonal; the decrease of 17,100 men, however, was decidedly above average for the time of year, no doubt reflecting the return of unusually large numbers of workers to the farms. There were also important reductions in construction and manufacturing, in both of which they were contra-seasonal; 3,936 workers were released from the former and 7,600 from the latter. A falling-off in manufacturing in the early spring is unusual, but not unique in the 23 years for which statistics of employment are available. Iron and steel, textile, tobacco and chemical factories reported the largest losses in manufacturing. On the other hand, the animal food and a few other divisions of manufacturing showed improvement; there were considerable gains in transportation and retail trade, together with smaller increases in services. Expansion in these industries is customary at the beginning of May; that in trade was greater than average, but in transportation and services it was below normal.

Based on the 1926 average as 100, the general index of employment was 178.2 compared with the revised figure of 180.6 at April 1. As compared with the index of 167.4 at May 1 last year, there was a gain of 6.5 per cent. This is the smallest increase in the 12 months' comparison in a lengthy period. The seasonally-adjusted index fell from 191.3 at April 1 to 185.0 at May 1.

As already indicated, the decline in industrial activity at May 1 was accompanied by a relatively larger falling-off in the payrolls disbursed on or about May 1 for services rendered in the week preceding. The latest reported aggregate of salaries and wages was \$54,663,148 as compared with \$56,421,311 paid at the beginning of April; this decrease of 3.1 per cent was partly due to the curtailment in employment but also reflected a very general loss in working time over the Easter holidays. The per capita average fell from \$31.14 at April 1 to \$30.57. The May 1, 1942, figure was \$28.59.

Condition of Crops at End of June

The effects of a cool, wet spring right across Canada this year are clearly to be noted in the condition of field crops at the end of June. Except for hay and pasture which prospered with the spring rains, mid-season prospects are in sharp contrast with the very favourable outlook at June 30 a year ago, and, in the case of several crops, are not as good as they were in the generally unsatisfactory season of 1941.

Wheat condition figures for the Prairie Provinces, based on an analysis of weather factors and expressed in terms of the long-time average yield per acre, indicate a better outlook in Manitoba than at the same date last year, a moderate recession in Saskatchewan and a sharp decline in Alberta where persistent drought, centering on the south-eastern portion of the province, has contributed substantially to the reduced prospects.

Spring wheat outlook in the other six provinces, indicated by reports from crop correspondents, shows a marked decline from a year ago in Ontario and Quebec and less favourable prospects in the Maritimes and British Columbia. Fall-sown wheat, which comprises the bulk of the wheat grown in Ontario, is substantially lower in condition compared with the end of June 1942, and is several points below the condition figure for June 30 two years ago when the fall wheat harvest was below normal.

Feed grains of which oats and barley are the principal crops, show up better in the Prairie Provinces than they do in Ontario and Quebec where they are quite extensively grown, while in the Maritime provinces, and particularly in Prince Edward Island, conditions this year compare quite favourably with a year ago, and in British Columbia the contrast with 1942 is not very marked. The Ontario-Quebec picture is brightened somewhat by the excellent hay and pasture conditions and by the comparatively favourable outlook for buckwheat which has been substituted for other crops due to the late season. Both Ontario and Quebec show expansion of acreage seeded to this crop compared with 1942.

Not for many years has the seeding season been so extended in Canada as a whole. A large number of farmers in western Canada still had to thresh crops produced in 1942 before they could commence field work on the 1943 crops and in this operation they were persistently held up by rains. Wheat and coarse grain crops were planted considerably beyond the normal seeding dates and the situation was aggravated further by very cool weather during the greater part of May and June. As a result, crop development in the Prairie Provinces shows great variation.

Farmers in eastern Canada were no better served by the weather and many growers were forced to change their seeding plans because of the very unfavourable spring season. The expansion in buckwheat acreage in Ontario and Quebec was one of the results of the delayed sowing.

Farmers' Marketings of Wheat

During the week ending June 30 farmers in western Canada marketed 4,656,914 bushels of wheat as compared with 9,032,623 in the previous week. From the commencement of the crop year to June 30 deliveries totalled 241,264,881 bushels as compared with 200,825,263 in the corresponding period of the previous crop year.

Visible Supply of Wheat

The visible supply of Canadian wheat on June 30 totalled 400,651,857 bushels, including 387,496,714 bushels in Canadian positions and 13,155,143 in United States positions. On the corresponding date last year stocks totalled 406,554,307 bushels.

Production of Flour in May

Flour production in May amounted to 2,099,996 barrels compared with 1,481,449 in the corresponding month last year, bringing the output for the ten months of the current crop year to 19,749,123 barrels. The percentage of output to capacity was 93 compared with 67 for May last year. Total flour stocks amounted to 926,232 barrels compared with 1,159,307 in May a year ago.

During May this year, 9,276,153 bushels of wheat were ground in Canadian mills compared with 6,624,021 in the corresponding month last year. In the coarse grain group, all grains were higher than last year. These were as follows, figures for 1942 being in brackets: oats, 1,248,982 (747,031) bushels; corn, 216,755 (169,082); barley, 427,429 (229,682); buckwheat, 1,156 (600); and mixed grain, 2,367,252 (1,870,743).

Stocks of Butter, Cheese and Eggs in Nine Cities

Stocks of creamery butter in nine of the principal cities of Canada on July 1 were 26,140,423 pounds, an increase of 135.2 per cent over the stocks in the same cities on June 1, and 76.6 per cent heavier than the holdings of a year ago. A different story is revealed in the stocks of cheese. On July 1 there were 24,571,012 pounds which were 15 million pounds lower than the holdings of July 1, 1942. There was a seasonal increase, however, over the stocks of a month ago, the total then having been 10,646,578 pounds.

Cold storage egg stocks were only 1,819,493 dozen on July 1 as compared with 12,116,801 the previous year. There was also a decrease of 400,000 dozen from last month's holdings. Fresh egg holdings are also down from last month by 140,000 dozen, but they are considerably more than a year ago when stocks were only 909,739 dozen. Frozen egg stocks, on the contrary, were decidedly increased over both a year ago and the previous month. Stocks were 14,572,800 pounds as compared with 11,623,678 pounds on July 1 last year and 9,403,773 pounds on June 1 this year.

June Cost of Living Index

The Dominion Bureau of Statistics cost of living index on the base 1935-1939=100 advanced from 118.1 on May 1 to 118.5 on June 1. The greater part of this increase came from foods, but indexes for fuel and light, clothing, and miscellaneous items also registered fractional gains. The food index advanced from 129.9 to 130.9. Prices for eggs, meats, potatoes and oranges were higher, although butter averaged a cent a pound lower. The fuel and light index mounted from 112.7 to 113.0, while scattered increases in men's wear and piece goods advanced the clothing index from 120.2 to 120.4. The miscellaneous group moved from 108.0 to 108.2, following an upward change in motor operating costs. Other group indexes remained unchanged, rents at 111.5 and homefurnishings and services at 117.8.

Indexes of Wholesale Prices

The composite index for 30 industrial materials on the base 1926=100 advanced 0.3 points to 97.1 between May 28 and June 25. Substantial strength in steers coupled with minor increases for hogs, oats and wheat was sufficient to advance the food index 1.7 points to 96.3 during the period under review. A slight reduction in rosin quotations lowered the manufacturing series of 13 commodities 0.1 to 82.6, while the stable group of 12 items remained unchanged at 116.0.

A weekly index for Canadian farm products, after advancing to a new peak of 96.1 in the third week of June, then reacted to 95.3 for a net gain of 0.9 points. Strength in field products, which registered a net advance of 1.6 points to 81.3 on higher prices for wheat, oats, barley, rye, onions and potatoes, accounted for the increase. Hay was slightly easier in this section. Reflecting a sharp seasonal drop in sheepskins and fowl which offset higher prices for livestock, eggs and raw wool the animal products section index moved 0.5 points lower to 118.6 by June 25.

Indexes of Retail Sales in May

Retail sales in Canada averaged two per cent higher in May than in the corresponding month last year and were down three per cent in dollar volume from the April recording. The composite index of retail sales for the 12 lines of business, unadjusted for seasonal movements and on the base 1935-1939=100 stands at 162.8 for May, 167.5 for April and 159.1 for May, 1942. Sales during the five months ended May averaged five per cent heavier than in the corresponding period of 1942.

Indexes of Wholesale Sales in May

The dollar volume of wholesale sales transacted in Canada during May increased three per cent over the level of trading in the corresponding month last year. The general unadjusted index of sales on the base 1935-1939=100 stands at 163.3 for May, 163.8 for April and 158.7 for May, 1942. Cumulative totals for the first five months of this year stand seven per cent above the corresponding period a year ago.

Production of Leather Footwear in May

The production of leather footwear in May amounted to 3,018,911 pairs, an increase over the preceding month of three per cent, and a gain of seven per cent over the May 1942 output. During the first five months of this year production totalled 14,571,910 pairs compared with 13,602,147 in the like period of 1942.

May Production of Iron and Steel

The Canadian production of pig iron in May amounted to 154,746 net tons as compared with 171,386 in the corresponding month last year. The total for May this year included 124,315 tons of basic iron, 15,505 tons of foundry iron and 14,926 tons of malleable iron. Total output during the five months ended May was 719,900 tons compared with 806,039 in the like period of 1942.

The May production of steel ingots and steel castings totalled 271,737 net tons compared with 272,247 in May last year. Output in May this year included 259,289 tons of ingots and 12,448 tons of castings. During the first five months of this year, production of ingots and castings aggregated 1,259,652 net tons compared with 1,305,075 in the same period of 1942.

Output of ferro-alloys in May amounted to 17,971 net tons compared with 18,698 in the previous month and 19,426 in the same month last year. Output during the five months ended May totalled 93,642 tons compared with 93,179 in the corresponding period of last year.

Output of Central Electric Stations in May

The output of central electric stations reached a new high record at 3,502,819,000 kilowatt hours in May, comparing with 3,268,197,000 in the previous month and 3,174,764,000 in the corresponding month last year. The daily average for May this year at 112,994,000 kilowatt hours was 3.7 per cent larger than the average for April, the previous peak, and was 10.4 per cent above that for May 1942. Production during the five months ended May totalled 16,269,363,000 kilowatt hours compared with 15,569,184,000 in the corresponding period of 1942.

Exports to the United States in May amounted to 236,114,000 kilowatt hours. This was an increase of 4.7 per cent over May 1942 exports, all of which was in secondary power. The secondary power for use in Canada declined from 291,739,000 to 263,430,000 kilowatt hours, and the consumption of primary power increased from 2,657,415,000 kilowatt hours to 3,003,275,000. This also was a new high record and was 13 per cent above the consumption for May, 1942.

Loadings of Revenue Freight in March

Revenue freight loaded at Canadian stations and received from foreign connections during March amounted to 12,825,988 tons as compared with 10,603,660 in the corresponding month last year, an increase of 2,222,328 tons. During the first three months of this year the tonnage of freight loaded was 34,171,700, being 5,012,084 tons heavier than in the like period of 1942.

Civil Aviation in January

The number of revenue passengers carried by civil air carriers during January increased to 14,380 from the January 1942 total of 12,773, or by 12.6 per cent. The average passenger journey increased to 384 from 308 miles, and the passenger miles flown increased by 40 per cent. Freight carried declined from 860,059 to 795,701 pounds, but the ton miles increased by 35 per cent. Mail increased from 348,655 to 586,745 pounds, or by 68 per cent, and the mail ton miles flown increased by 66 per cent. Revenues of Canadian licensed companies increased from \$679,489 in January last year to \$941,390, and operating expenses increased from \$774,406 to \$1,033,954, which lessened the operating deficit from \$94,917 to \$92,564.

Births, Deaths and Marriages in May

Births registered in Canadian cities, towns and villages having a population of 10,000 and over numbered 12,047 in May, deaths 5,106 and marriages 5,472 as compared with 10,510 births, 4,503 deaths and 6,550 marriages in May last year, showing increases of 15 per cent in births, 13 per cent in deaths and a decrease of 16 per cent in marriages.

Reports Issued During the Week

1. Advance Preliminary Statement of Stocks of Canadian Butter, Cheese and Eggs in the Principal Cities of Canada, July 1 (10 cents).
 2. Central Electric Stations, May (10 cents).
 3. Civil Aviation, January (10 cents).
 4. Civil Aviation, 1941 (25 cents).
 5. Births, Deaths and Marriages, May (10 cents).
 6. Monthly Report of Railways, March (10 cents).
 7. Car Loadings on Canadian Railways (10 cents).
 8. Canadian Milling Statistics, May (10 cents).
 9. Canadian Grain Statistics (10 cents).
 10. Production of Iron and Steel, May (10 cents).
 11. Economic Conditions in Canada during First Five Months, 1943 (10 cents).
 12. Condition of Field Crops at June 30. Preliminary Estimate of Areas of Late-Sown Crops (10 cents).
 13. Production of Leather Boots and Shoes, May (10 cents).
 14. Live Stock bought, born or hatched, sold alive and slaughtered on Farms, 1940 - Canada (10 cents).
 15. Monthly Indexes of Wholesale Sales, May (10 cents).
 16. Monthly Indexes of Retail Sales, May (10 cents).
 17. Current Trends in Food Distribution, May (10 cents).
 18. The Employment Situation, May (10 cents).
 19. Telegraphic Crop Report, Prairie Provinces (10 cents).
 20. Stocks of Raw Hides and Skins, May (10 cents).
 21. Price Movements, June (10 cents).
 22. Annual Review of Employment and Payrolls, 1942 (\$1.00).
-



1010729801