

WEEKLY BULLETIN

Dominion Bureau of Statistics

Department of Trade and Commerce

Vol. IV - No. 19.

Ottawa, Saturday, May 9, 1936.

Economic Index Was Maintained at the Level
Of the Preceding Week and was nearly 7 per
cent Greater than in the Same Week of 1935

Owing to the marked gain in carloadings, the economic index maintained by the Dominion Bureau of Statistics was unchanged from the week of April 25. Recessions were shown in four of the six major factors but the drop in wholesale prices was of a minor character. High-grade bond prices were practically maintained at the high point for recent years reached in the preceding week. Common stock prices experienced a sharp recession, the index dropping from 120.4 to 115.7. The adjusted decline in bank clearings was nearly 4 per cent, while activity on the stock exchanges showed an increase. The economic index in the week of May 2 was 106.6, unchanged from the preceding week.

While a receding trend was shown in the economic index during March and April, a considerable lead was indicated over the levels of 1935. The advance in the index for the week under review over the same week of last year was 6.8 per cent. The railway freight movement, owing to the recent advance, was nearly 12 per cent greater than in the same week of last year. The index of wholesale prices receded 0.7 per cent. The inverted index of bond yields, which has recently been at a new high point for the post war period, showed a gain of nearly 3 per cent over the standing of twelve months ago. Common stock prices, as measured by the official index, were 29.4 per cent greater in this comparison. The adjusted index of bank clearings was up 12.4 per cent. Five out of the six major factors consequently showed advances over the same period of last year. The index in the week under review was 106.6 against 99.8 in the week of May 4 of last year.

The railway freight movement recorded an excellent advance in the week under review. In the seventeenth week the loadings amounted to 47,228 cars against 44,533 in the preceding week. The index advanced from 76.4 to 80.5, a gain of 5.4 per cent. Grain loading was heavier than last year in both divisions, the total for the week being up 2,577 cars. The lead over the first 17 weeks of 1935 is now 15,467 cars. Seven of the eleven classes are showing important gains over the same period of last year. Deficits were still recorded by pulpwood, other forest products, miscellaneous commodities and l.c.l. merchandise, but the decline from last year was reduced to 4,756 cars.

The index of wholesale prices receded from 72.3 to 72.1. Grain prices showed recession on the Winnipeg exchange, No. 1 Manitoba Northern wheat averaging 79½ cents per bushel against 81½ in the preceding week. Live stock prices were strong at Toronto. On the New York metal market an increase was shown in tin, contrasting with a decline in silver, while copper, lead and zinc prices were steady. The index of non-ferrous metals in Canada moved from 68.9 to 68.6 because of recessions in copper, lead, silver and zinc.

While Canadian bond prices averaged slightly less than in the week ended May 1, final quotations recorded an advance. The bid quotation for the 4½ per cent 1947-57 Dominion government bond was 109½ on May 1 against 109½ on April 24.

A reactionary feature of the week was the marked recession in common stock prices, the index dropping to a lower point than any time since the 2nd week of the year. The index was 115.7 against 120.4 for the preceding week, and each of the sub-groups in the classification participated in the decline. The index of 89 industrials was 186.2 against 193.8. The index for 19 power and traction stocks was 64.6 against 67.0.

Weekly Economic Index with the Six Components
1926=100

Week Ended	Car loadings ¹	Wholesale Prices	Inverted Index of Bond Yields ²	Bank Clearings ³	Prices of Common Stocks	Shares Traded	Economic Index
May 4, 1935	71.9	72.6	140.4	86.4	89.4	137.0	99.8
April 25, 1936	76.4	72.3	144.7	100.8	120.4	126.9	106.6
May 2, 1936	80.5	72.1	144.5	97.1	115.7	147.4	106.6

1. The index of carloadings is projected forward one week to correspond with the practice in computing the economic index. 2. Cost of a fixed net income in perpetuity from Dominion long-term bonds derived by taking the reciprocal of the Bureau's index of bond yields. 3. Bank clearings were smoothed by taking a three weeks moving average for the purpose of eliminating irregular fluctuations. Totals for Ottawa were eliminated for all weeks shown, owing to incomparability introduced by the operations of the Bank of Canada.

Further gains were shown during March
in Security Holdings and Quick Assets

The deposit liabilities of the chartered banks showed a considerable increase during March. The adjusted index of demand deposits advanced from 98.5 on February 29 to 104.0 on March 31, practically offsetting the decline of the preceding month. Notice deposits showed further gain to a new high point for some years, the gain over the same date of last year having been six per cent.

The decline in current loans was continued to a new low point at the end of March. The index of current loans was 78.6 against 80.9, a decline of nearly three per cent. Owing to the greater disparity between notice deposits and current loans, the security holdings of the banks recorded a further increase to a new high point. The total hold at the end of March was no less than \$1,315,000,000. The readily available assets also showed further increase to a new high point in the history of Canadian banking.

Banking Factors in Dollars

	Actual Amounts		P.C.	Indexes 1926-100		P.C.
	March 1935	March 1936	Inc.+ Dec.-	Feb. 1936	March 1936	Inc.+ Dec.-
Demand Deposits	512,504,847	568,918,406	+11.0	98.5	104.0	+ 5.6
Notice Deposits	1,446,595,027	1,532,157,747	+ 5.9	113.0	114.3	+ 1.2
Current Loans	819,133,461	732,657,582	-10.6	80.9	78.6	- 2.8
Security Holdings	970,115,362	1,315,459,729	+35.6	237.5	247.5	+ 4.2
Call Loans, Canada	80,515,080	76,920,514	- 4.5	55.8	55.0	- 1.4
Call Loans, Elsewhere	94,118,143	69,472,594	-26.2	24.1	28.2	+17.0

Canada's Equation of Exchange

The equation of exchange is a device for showing the relation between financial transfers, business operations and prices. The equation was developed from the quantity theory of money which postulated that one of the normal effects of variation in the amount of money in circulation is to produce direct changes in prices. Upon the increase of money in circulation, there is a tendency for the general level of prices to advance, while, in a decline, circulating media leads to a drop in prices. It was found that through the use of cheques bank deposits served the same purpose as money in the payment of accounts.

Bank deposits showed gains in the last two years and notes and coin in the hands of the public have recorded increases since 1932. Bank debits increased in 1933 and 1934 but showed a recession in 1935. Advances were recorded in the general price level and in the physical volume of business since the low point was passed in 1932 and the first quarter of 1933.

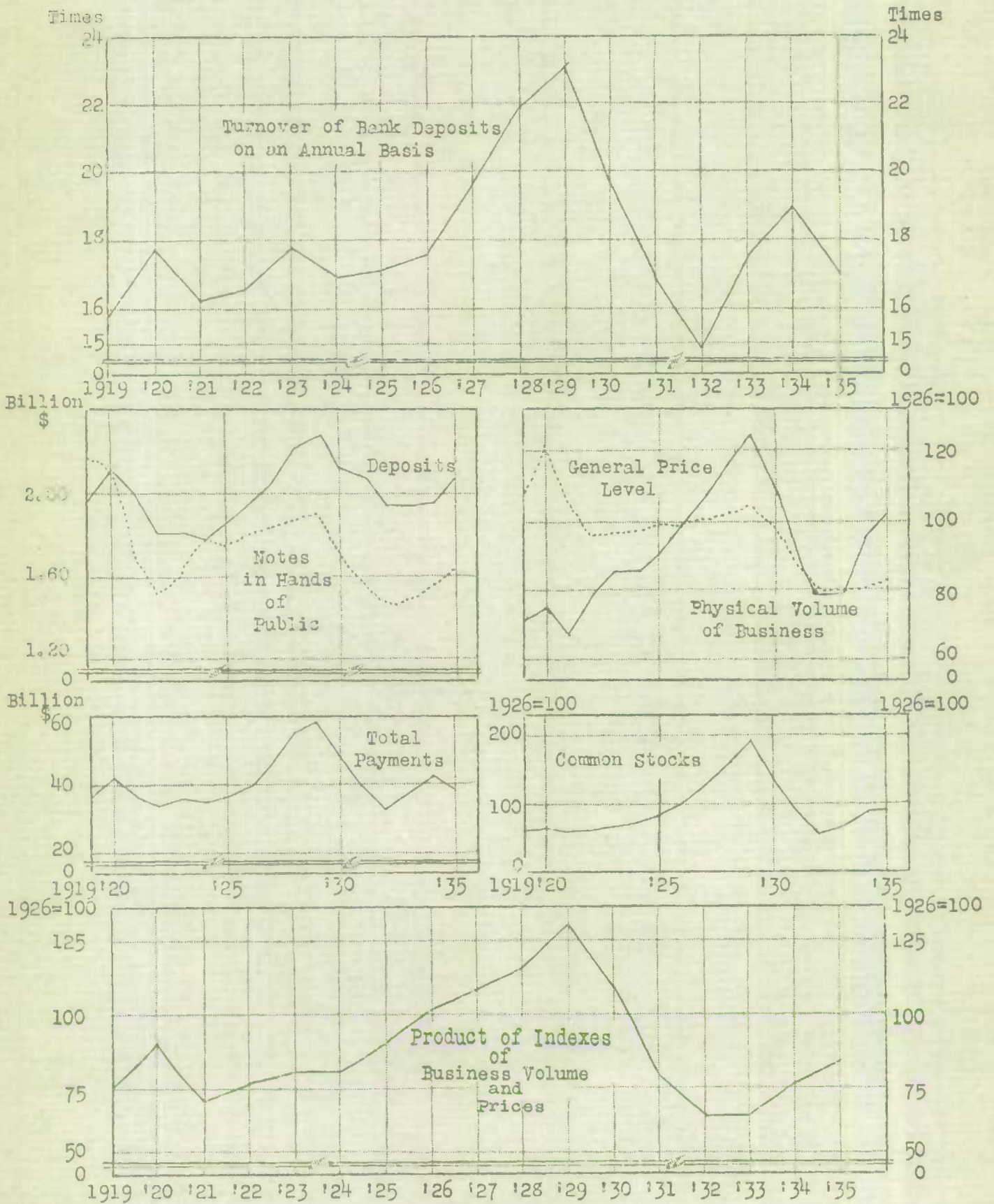
Canada's Equation of Exchange

	Bank Deposits	Bank Debits + 12 $\frac{1}{2}$ p.c. for outside of centres	Circulating media in hands of public	Total payments by cash and cheque	General Price level	Physical Volume of Business
	Million	Million	Dollars		1926 = 100	
1932	1,944.3	29,074.8	176.65	3,077.2	80.2	78.7
1933	1,929.0	33,729.1	177.27	3,612.8	79.6	79.7
1934	1,952.6	36,975.0	183.60	4,052.1	81.5	94.2
1935	2,078.7	35,489.3	194.10	3,860.6	83.0	102.4

Mineral Production in January

The following was the production of leading minerals in January, with the 1935 figures in brackets: asbestos 17,016 (10,506) tons; cement 96,512 (53,479) barrels; clay products \$117,050 (\$79,976); coal 1,381,944 (1,518,857) tons; copper 34,289,634 (33,480,418) pounds; feldspar 901 (730) tons; gold 277,554 (238,651) fine ounces; gypsum 4,887 (3,400) tons; lead 28,105,650 (22,672,565) pounds; lime 30,205 (28,875) tons; natural gas 3,499,092,000 (3,561,990,000) cu.ft; nickel 14,052,702 (9,390,437) pounds; petroleum 121,231 (124,654) barrels; salt 11,013 (11,136) tons; silver 1,213,488 (1,243,545) fine ounces; zinc 27,160,676 (24,847,485) pounds.

CANADA'S EQUATION OF EXCHANGE



For full discription apply for the recent bulletin regarding Annual Bank Debits and the Equation of Exchange published by the Bureau.

Commodities in April

The Dominion Bureau of Statistics index of wholesale commodity prices moved somewhat uncertainly during the month but completed the week ending May 1 at 72.1, the same level as for the week ending April 3. Vegetable Products, Wood, Iron and Chemicals advanced while Animal Products, Textiles, Non-Ferrous Metals and Non-Metallic Minerals moved lower.

Both grains and livestock made moderate gains. A noteworthy increase was reported in the number of cattle exported and shipments to the United States now total approximately 25 p.c. above those for the corresponding period of 1935. Potatoes have come to the fore during the past few weeks and advances of as much as 65% for an 80 pound bag were reported from some eastern points. Near the middle of the month, raw rubber again touched the high for the year, but raw silk dropped 20% per pound, wiping out the gains of the preceding month. Appreciable weakness was apparent in lead, tin and zinc while copper moved up. In general, price movements were upward for the greater part of the month but an easier tone was apparent in the final week.

Cost of Living in April

A substantial reduction in food costs, and a slight recession in the price of fuel, resulted in a decline in the general cost of living for Canada from 80.5 in March to 79.8 in April. Although retail food prices were considerably lower than in the month preceding, current prices remain 3.5 per cent. above the level of a year ago. The index for fuel moved down, a slight increase for coke being more than offset by a decline in the price of coal.

Foreign Exchange in April

The French franc continued to be the centre of interest in exchange markets during April. Although it fluctuated fairly narrowly, the increased stream of gold exports from Paris, and a rise in the official bank discount rate from 3½ p.c. to 5 p.c. revealed the strain which the franc is withstanding. Negotiations by the French government for a short-term loan in Amsterdam were not completed. Announcement was made early in April that the Russian ruble was to be maintained at a value equivalent to three French francs. Only a few weeks later, on April 27, Poland abandoned the gold standard but intimated that the value of the zloty would be maintained at approximately its former gold parity. Strength returned to the Canadian dollar in the last two weeks of April and a considerable fraction of March losses were regained.

Leather Footwear Production

There were 2,110,598 pairs of leather footwear made in Canada during March, the highest production for March since 1926 when monthly statistics on Leather Footwear were first made available. The production during March, 1935, was 1,844,805. Footwear made in sizes for women amounted to 1,050,562 pairs, or 50 per cent of the entire output. Sizes for men accounted for 596,557 pairs, or 28 per cent of the whole.

Imports of Paper

Paper imports into Canada during March were valued at \$579,339 as compared with \$530,955 in March last year. The amount from the United States was worth \$432,534, and from the United Kingdom \$84,528. Paper imports during the fiscal year ending with March amounted to \$5,989,251 as compared with \$5,600,024 in the previous fiscal year.

Imports of Non-Ferrous Ores

Imports of non-ferrous ores and smelter products in March included 188,989 cwt. of alumina from the United States, 100 cwt. of aluminium in pigs from the United Kingdom, along with 79 cwt. of bars and rods from the United Kingdom and 9 from the United States, as well as 1,584 cwt. in sheets from the United Kingdom. The total import was valued at \$347,000 as against \$391,000 a year ago. Imports of tin amounted to \$187,000 as against \$255,000. There were 1,597 cwt. at \$74,201 from the United Kingdom, 1,558 cwt. at \$72,279 from the Straits Settlements and 691 cwt. at \$33,207 from the United States.

Imports of Petroleum

Imports of crude petroleum in March amounted to 65,383,199 gallons at \$2,090,522, of which 51,003,028 gallons came from the United States, 10,028,708 from Peru and 3,951,463 from Colombia. There were other petroleum imports valued at \$96,542 from the United States and Mexico. Gasoline imports were valued at \$380,000, which was slightly less than a year ago. Most of this came from the United States and a smaller quantity at \$159,600 from Peru.

Export of Animals

The export of living animals in March was of the value of \$1,727,146 compared with \$925,804 a year ago. During the past twelve months the export was \$9,577,305 as against \$5,710,296 in the previous fiscal year.

While the largest part of the export of live animals was cattle for food, going mainly to the United States, there were many pure-bred animals sent abroad for the improvement of stock. There were 474 cattle at \$47,695, of which 451 of the animals went to the United States, 22 to Australia and one to Japan. Poultry for the improvement of stock numbered 185, of which 135 went to United States, 24 to Hawaii, 14 to Newfoundland, 8 to Hong Kong and four to the United Kingdom. The export of poultry for food purposes was \$16,721. Then there were 343 cows sent to United States to the value of \$20,383 for dairy purposes. The export of horses, chiefly to United States, was 3,575 at \$421,193. During the past twelve months the number of horses sent abroad was 11,257 at \$1,311,191.

Asbestos Exports

The export of asbestos in March was 9,645 tons valued at \$508,161, compared with 6,579 at \$344,583 a year ago. The chief purchasers were: United States at \$331,419, Japan \$68,851, Germany \$65,937, Belgium \$18,390, United Kingdom \$5,375, Australia \$4,885, France \$4,377 and Spain \$3,930. Asbestos sand and waste at \$156,769 compared with \$83,672 and asbestos manufactures \$14,121 compared with \$16,846. Most of the sand and waste went to United States and the manufactures to the United Kingdom.

Milling in March

Milling of grain, with the exception of buckwheat, was higher in March than a year ago. The following were the amounts, with the 1935 figures in brackets: wheat 5,322,155 (4,675,022) bushels; oats 906,013 (618,422); corn 232,960 (166,872); barley 83,649 (55,826); buckwheat 1,911 (14,659); mixed grain 1,666,692 (1,355,148). Production of flour was 1,171,741 barrels compared with 1,046,087 a year ago.

Sugar

Raw sugar imports in March amounted to 47,313,700 pounds compared with 44,456,300 a year ago. The consigning countries were as follows: Fiji 14,745,000; Trinidad 11,185,200; British Guiana 10,591,700; Australia 6,298,700; British South Africa 1,802,000; Smaller British West Indies 1,384,000; Barbados 933,100; Jamaica 374,000. Imports of refined sugar mainly from the United States, amounted to 423,600 pounds against 197,300 a year ago and exports 131,300 compared with 213,200. Newfoundland and the British West Indies are the chief purchasers.

Bank Debits

Financial transfers in the form of cheques cashed against individual accounts by the branch banks in the thirty-two clearing centres showed a decline of four per cent in 1935 from the preceding year. The total of bank debits was \$31,546,000,000 against \$32,867,000,000 in 1934, a decline of \$1,321,000,000.

Gypsum Production

Gypsum production during February amounted to 2,877 tons, compared with 4,387 in January and 3,289 in February, 1935. Production during the first two months of 1936 totalled 7,764 tons as compared with 6,789 in the same period last year.

Lumber Imports in March

Lumber imports in March were valued at \$325,449, of which \$324,082 came from the United States. A year ago the imports were \$263,465. Imports of mahogany were valued at \$10,889, hickory \$3,703, chestnut \$2,999, oak \$103,127, redwood \$2,796, cedar \$9,892, Douglas fir \$39,990, poplar \$9,334, walnut \$21,933, white ash \$3,636.

Exports of Lumber in March

Exports of Canadian planks and boards in March were valued at \$2,822,307 compared with \$1,821,967 a year ago. The export to the United States in March was \$1,216,044 and to the United Kingdom \$1,119,759. The Douglas fir export totalled \$1,334,914, of which \$687,793 went to the United Kingdom, \$312,276 to the United States, China \$112,234, Portuguese Africa \$47,123, British South Africa \$55,952, Australia \$34,955, Fiji \$27,698. Douglas fir went to 30 countries in March. The export of pine was \$238,887, most of it going to the United States; birch \$154,997, the chief purchaser being the United Kingdom. Most of the spruce, at \$675,571, went to the United States.

Wheat Marketings and Movement

Wheat marketings in the Prairie Provinces for the week ending April 24 amounted to 1,075,119 bushels as compared with 786,477 in the previous week and 1,072,450 in the same week last year. The total from August 1 to April 24 was 197,128,652 as against 200,772,320 in the same period of the previous crop year.

Canadian wheat stocks amounted to 185,172,053 bushels on May 1 as compared with 191,188,560 a week ago and 214,254,584 on the same date of 1935. There were 11,888,396 bushels of Canadian wheat in the United States as compared with 12,446,412 a week ago and 11,918,099 last year. Wheat in transit on the lakes totalled 531,087 bushels compared with 1,417,272 and 1,115,465.

Overseas export clearances of wheat during the week of May 1 amounted to 3,945,663 bushels and imports of Canadian wheat into the United States for consumption and milling in bond for re-export 549,000 bushels. This compared with an overseas export clearance of 1,961,298 bushels and an import into the United States of 332,000 in the same week of 1935. Total overseas export clearances from August 1 to May 1 were 109,563,760 bushels and the United States import 36,992,709. Clearances in the same period of the previous crop year were 91,964,946 bushels and United States import of Canadian wheat 21,030,668.

Operating Revenues, Expenses and Statistics of Railways of Canada for February

Gross earnings for Canadian railways for February increased from \$21,602,949 in 1935 to \$22,597,186 in 1936 and operating expenses from \$19,706,100 to \$21,187,174. The operating income declined from \$924,180 to \$338,904. Freight traffic was higher by 7.6 per cent and passenger traffic by 12.0 per cent. The total pay roll amounted to \$14,149,428 or \$1,690,378 more than in 1935, and the number of employees increased from 113,704 to 131,057.

Processed Cheese

Processed cheese manufactured in 1935 totalled 10,962,000 pounds, a decrease of nine per cent from 1934, but an increase of three per cent over 1933. Processed cheese is made from Cheddar cheese. There were 18 plants engaged in the manufacture in 1935, 10 being in Ontario, six in Quebec, and one each in Manitoba and Alberta.

Wholesale Trade in March

Wholesale trade in March showed a gain of 4.9 per cent in value over the same month last year. Totals for the first three months of 1936 showed a gain of $4\frac{1}{2}$ per cent over the first quarter of 1935.

Imports of Living Animals

Imports of living animals into Canada in March, mainly for the improvement of stock, amounted in value to \$13,460 compared with \$22,586 a year ago. During the fiscal year just ended the amount was \$686,998 compared with \$931,937 in the previous fiscal year.

Reports Issued During the Week

1. Leather Footwear Production, March.
2. Imports of Pulp Wood, Wood Pulp and Paper, March.
3. Price Movements in April.
4. Car Loadings on Canadian Railways.
5. Canadian Grain Statistics.
6. Annual Report of Bank Debits to Individual Accounts, 1935.
7. Sugar Report for the Four Weeks ending April 18, 1936.
8. Canadian Milling Statistics, March.
9. Canada's Imports from Empire and Foreign Countries, March.
10. Asbestos Trade of Canada, March.
11. Exports of Canadian Animals, Living, March.
12. Exports of Petroleum and Its Products, March.
13. Imports of Petroleum and Its Products, March.
14. Exports of Non-Ferrous Ores and Smelter Products, March.
15. Operating Revenues, Expenses and Statistics
of Railways of Canada, February.
16. Gypsum Production, February.
17. Silver, Lead and Zinc Production, January.
18. Cement, Clay Products and Lime Production, January.
19. Feldspar and Salt Production, January.
20. Canada's Leading Mineral Products, January.
21. Weekly Index Numbers of Wholesale Prices.
22. Monthly Trade Trends with Empire, Countries, 1933-36.
23. Monthly Trade Trends with Foreign Countries, 1933-36.
24. Galvanized Sheets, January - March, 1936.
25. Exports of Canadian Lumber, March.
26. Imports of Lumber, March.
27. Wood-Using Industries, 1933.
28. Asbestos Production, January.
29. Index Numbers of Security Prices.
30. Current Trends in Wholesale Trade, March.
31. Production of Processed Cheese, 1935.
32. Imports of Living Animals, March.
33. Index Numbers of 23 Mining Stocks.
34. Butter, Cheese and Eggs in Cold Storage.



1010730156