

The Economic Index showed a slight Gain over the preceding week and an increase of 6.2 p.c. over the same week of 1936.

Owing to the gain in four of the six major factors, the economic index rose from 115.7 to 115.9 in the first week of March. An advance was recorded in the economic index during January to a new high point for the period of observation. Subsequently a declining trend has been shown, the change in the last three weeks having been of exceedingly slight proportions. The net result is that the standing of the economic index is now slightly above the first week of the year and is practically as high as at any time during 1936.

The gain in the economic index over the same week of last year was 6.2 p.c., the standing having been 115.9 against 109.1. Each of the six major factors, except capitalized bond yields, showed gains in this comparison, the rise in common stock prices of nearly 21 p.c. effected the greatest influence in raising the index from the same week of last year. The gain in wholesale prices of 14.7 p.c. was pronounced for an index not normally subject to wide fluctuations. The railway freight movement, after seasonal adjustment, was practically maintained in the eighth week of the year. The index was unchanged at 80.2 and a lead of more than 7 p.c. was shown over the same week of last year. The railway freight movement during the first eight weeks of the year was 371,219 cars, a gain of 49,565 cars over the same period of 1936. Nine of the eleven commodity groups showed gains over the first eight weeks of last year, exceptions being grain and coke. The miscellaneous commodities composed mainly of manufactured goods recorded a gain of 23,382 cars in this comparison. Considerable increases were shown in lumber, pulp wood and pulp and paper. The index of wholesale prices showed a further advance at 83.3 against 83.0 in the preceding week. Owing mainly to the marked gains in grains and non-ferrous metals, wholesale prices have shown a significant advance from the first of the year, supplementing the rise of the last six months of 1936. Grains were strong on the Winnipeg exchange, No. 1 Northern wheat averaging 128 1/8 against 125 1/8. No. 2 C.W. oats were 55 1/2 against 54 1/2, and considerable gains were recorded in barley, flax and rye. The metals were strong on the New York commodity market. Electrolytic copper was maintained at 15 cents per pound, pig lead was unchanged at 7.03 cents per pound while zinc advanced from 6.80 cents to 7. Increases were also recorded in tin and silver. Bar silver was priced at 45 cents against 44.75. Raw sugar and rubber smoked sheets recorded advances in New York and cotton middlings advanced from 12.91 cents per pound to 13.75. The quotation for No. 2, foundry pig iron was \$24.00 against \$22.00, in the preceding week. Steel bars at Pittsburg were at 2.45 cents per pound against 2.20.

The decline in Dominion Government bond prices continued in the week under review. The recession in the index of capitalized bond yields was 1.7 p.c. and the standing was 1.2 p.c. below that of the same week of 1936. A slightly better tone appeared on Tuesday but weakness again set in and declines of 1/4 to 1/2 were general at the end of the week. Prominent amongst the issues to be most affected were the perpetual three's which dipped to a new low of 89 1/8. The average yield of the issues included was 3.39 compared with 3.33 in the preceding week.

The advance in common stock prices was continued in the first week of March, the gain in the general index was 1.3 p.c., and an increase of 20.8 p.c. having been shown over the same week of 1936. Each of the nine industrial groups in the official classification recorded advances over the preceding week. The increase in the index of four oils having been from 237.6 to 249.7. The index of 15 power and traction stocks declined from 99.9 to 97.3. The index of nine bank stocks was maintained at 96.1. Base metals on the mining exchange showed decline from the high level of the preceding week, while a slight gain was recorded in the gold index.

A gain of 7 1/2 p.c. was shown in the adjusted index of bank clearings, while the number of shares traded on the Montreal and Toronto stock exchanges was more than 2 p.c. greater.

Weekly Economic Index with the Six Components
1926 = 100

Week Ended	Car load-ings ¹	Whole-sale Prices	Inverted Index of Bond Yields ²	Bank Clear-ings ³	Prices of Common Stocks	Shares Traded	Economic Index ⁴
March 7, 1936	74.9	72.6	142.9	113.7	122.7	279.6	109.1
Feb. 27, 1937	80.2	83.0	143.7	115.7	146.3	415.0	115.7
March 6, 1937	80.2	83.3	141.2	124.4	148.2	423.7	115.9

Banking

The liquid position of the chartered banks at the end of January continued to show improvement over December 31, and over the same month of last year. All banking factors with the exception of current loans, registered marked gains in comparison with the similar date of 1936. The decrease of 9 p.c. in current loans was due largely to the gradual liquidation of government guaranteed advances made to the Wheat Board, railways and other accounts. Despite the brilliant gains in the business index, total commercial loans in Canada of all banks are only 51 p.c. of the amount outstanding at the end of 1929. The advance in banking assets has been principally in securities which registered a gain of 17.0 p.c. or \$205,000,000 over January 30, 1936, to reach a new high point in banking history. Total loans, however, due to the increase in call loans were up 5.4 p.c. in the year. Notes in the hands of the public rose \$17,000,000 or nearly 11 p.c. at the end of January. Notice and demand deposits in Canada showed an advance of nearly \$118,000,000 or 6 p.c. over 1936. The surplus of notice deposits over current loans increased 16 p.c. over the corresponding date of 1936.

A table and chart showing the percentage change in 18 significant banking factors at the end of January compared with the same date of 1936 follow:

Banking Factors in Dollars

Accounts of Chartered Banks	January 1936	January 1937	Inc. or Dec. P. C.
Bank of Canada Notes	34,579,212	44,011,345	+ 27.3
Chartered Bank Deposits with Bank of Canada	278,739,566	197,040,751	+ 10.2
Dominion and provincial government securities	993,550,755	1,108,732,231	+ 11.6
Call loans abroad	59,401,596	72,433,375	+ 21.9
Total quick assets	1,432,814,287	1,597,905,485	+ 11.5
Canadian call loans	77,490,042	119,409,697	+ 54.1
Current loans	756,418,932	687,349,679	- 9.1
Current loans abroad	144,609,643	162,108,685	+ 12.1
Total loans	1,309,494,478	1,380,259,159	+ 5.4
Grand total assets	3,041,770,832	3,261,624,965	+ 7.2
Notice Deposits	1,498,797,270	1,548,604,580	+ 3.3
Demand deposits	576,299,739	644,267,905	+ 11.8
Total of notice and demand deposits	2,075,097,009	2,192,872,485	+ 5.7
Total public liabilities	2,740,525,949	2,961,122,874	+ 8.0
Grand total liabilities	3,034,398,068	3,253,669,557	+ 7.2
Surplus of Notice deposits over current loans	742,378,338	861,254,901	+ 16.0
All notes in hands of public	165,094,988	182,946,873	+ 10.8
Security holdings	1,206,706,247	1,411,554,042	+ 17.0

Unmanufactured Tobacco

Stocks of unmanufactured tobacco on hand at the end of December amounted to 66,308,692 pounds as against 66,860,361 on the same date of 1935. Total stocks of Canadian unmanufactured tobacco were 56,903,456 pounds as against 56,203,687; imported tobaccos amounted to 9,405,236 lb. compared with 10,656,674.

Gypsum Production

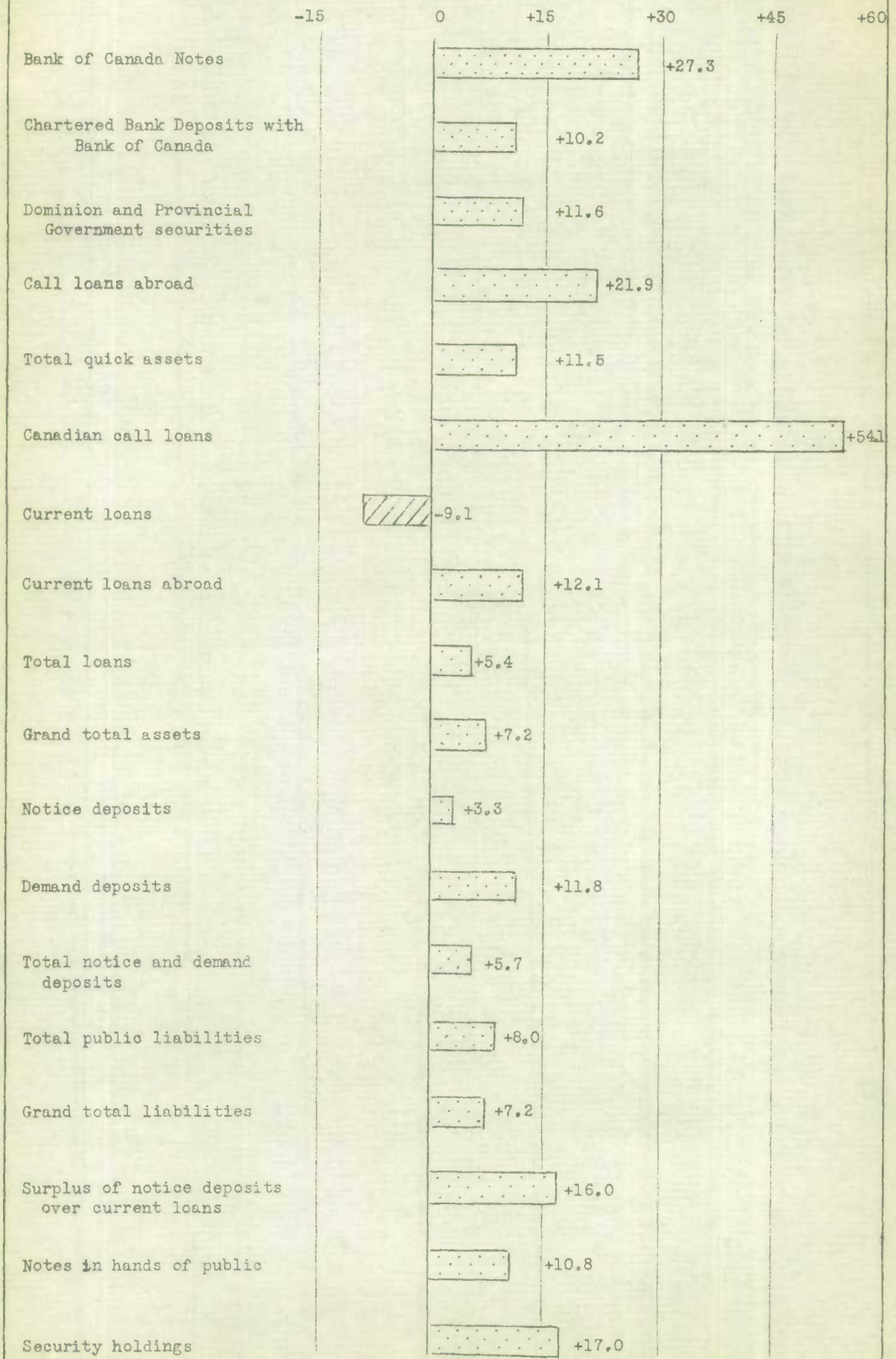
Production of crude gypsum during the calendar year 1936 amounted to 860,592 tons compared with 541,864 in 1935 and 461,237 in 1934. During the final month of the year the output aggregated 59,303 tons against 75,661 in November and 21,267 in the same month of 1935.

Crude Petroleum Production

The production of crude petroleum in Canada during the calendar year 1936 amounted to 1,504,287 barrels compared with 1,447,204 in 1935 and 1,422,869 in 1934. The world production during the year was estimated at 1,780,820,035 barrels or 8.8 per cent above the total for 1935 when it was 1,636,109,904. Production in the United States advanced 10.4 per cent to 1,097,261,150 barrels. The Russian output was up 8.6 per cent to 191,911,200 barrels and the Venezuelan total was 3.8 per cent higher at 189,905,526.

Percentage Change in 18 Banking Factors for January, 1937

Compared with January, 1936



February Export of Wheat and Flour

The February export of wheat was 5,362,031 bushels valued at \$6,926,695, the average export price being \$1.29 per bushel. A year ago the export was 14,241,169 bushels at \$11,946,435 on an average price of about 84 cents.

During the eleven months of the current fiscal year the wheat export was 223,247,914 bushels at \$217,131,537 compared with 165,977,995 at \$138,337,625.

Wheat flour export in February was 347,884 barrels valued at \$1,897,241, on an average price of \$5.45 per barrel, as against 340,102 barrels at \$1,429,595 a year ago, the export average price being \$4.20.

Printing Trades

Total production in the printing trades in Canada during 1935 reached a value of \$105,311,086, an increase of over six million dollars from the output of \$99,171,118 reported in 1934. The 2,160 establishments engaged in this line of manufacture represented a capital investment of \$115,489,459 and gave employment to an average of 34,297 employees. The cost of materials used in these industries amounted to \$27,906,923 as against \$25,781,863 in 1934, and the value added by manufacture was \$76,016,715.

Production of Leather Footwear

The output of leather footwear during the month of January amounted to 1,482,017 pairs compared with 1,513,959 in the same month last year. The footwear made in sizes for women accounted for 45 per cent of the total, those for men 32 per cent, for misses and children 13 per cent and for boys and youths six per cent.

Crop Situation in Argentina

The correspondent of the Dominion Bureau of Statistics at Buenos Aires reports under date March 1 that the first estimate of the acreage seeded for the new crop of maize, which is 16,302,000 acres, is a drop of 13½ per cent from the previous crop year.

Precipitation during February in Argentina was not equal to the country's requirements. Moisture was well distributed as to area but insufficient in quantity.

The record shipments of wheat in January were surpassed by a large margin in February and it is anticipated that exports will continue to be very heavy in March. There is a heavy tonnage under charter. The balance for export on March 1 was 154,670,000 bushels.

Coarse Grains Exported

The export of barley and oats was lower in February than in the same month last year. Barley decreased to 60,040 bushels valued at \$52,914 from 154,879 at \$72,864 and oats to 134,036 worth \$64,990 from 476,567 at \$148,598. Rye exports amounted to 8,518 bushels worth \$9,796 compared with nil a year ago, all of it going to the United Kingdom. Barley sent to the United Kingdom amounted to 24,999 bushels compared with 67,052 and oats 63,579 against 426,368.

During the first seven months of the fiscal year 1936-37 the export of barley amounted to 14,603,455 bushels of the value of \$12,745,277 compared with 3,472,447 at \$1,509,107, of which 1,936,695 bushels went to the United Kingdom and 12,641,208 to the United States. The export of oats totalled 4,346,941 bushels valued at \$1,909,937 as against 7,738,161 bushels worth \$2,590,478, of which 3,463,346 went to the United Kingdom. Total rye exports were 2,169,658 bushels at \$1,510,557 in comparison with 179,935 at \$79,647 in the same period of 1935-36, of which 1,315,691 went to the United States and 779,593 to the United Kingdom.

World Shipments of Wheat

World shipments of wheat during the thirty-one weeks of the present crop year amounted to 371,000,000 bushels compared with 304,000,000 for the same period last year. North American shipments totalled 148,000,000 bushels against 126,000,000 in 1935-36. Shipments from the Argentine were 95,000,000 bushels compared with 50,000,000. Total shipments by world countries during the week of March 6 were 15,973,000 bushels compared with 16,246,000 for the previous week and 10,312,000 a year ago.

Tobacco Manufactures

The output of the tobacco manufacturing industry in 1935, including excise duties was valued at \$69,829,522, representing an increase of \$3,429,029, or over five per cent above 1934. Cigarettes formed the main item of production with an output of 5,324,953,000 valued at \$41,526,276. Smoking tobacco was next in importance with an output of 19,803,023 pounds valued at \$19,662,431. This was followed by cigars with a production of 120,508,000 valued at \$5,158,629, chewing tobacco 2,896,011 pounds at \$2,426,966, and snuff 773,692 pounds at \$1,045,862. The tobacco industry also contributes materially to the agricultural economy of Canada. Of the materials used, amounting to \$19,701,385, raw leaf tobacco accounted for \$15,186,320.

Living Costs in January

A slight upward tendency in foods, fuel and miscellaneous items caused the Dominion Bureau of Statistics cost of living index for Canada to advance from 81.6 in January to 81.8 in February. The food group rose from 75.2 to 75.6, gains for potatoes, beans, flour, lard and meats being of more consequence than declines for eggs and butter. The comparative figures for February of the previous year was 72.9. Increased prices for coal were responsible for an advance in the fuel index from 86.5 to 86.6. An index of miscellaneous items moved up from 92.3 to 92.4, influenced by higher prices for gasoline in a number of important centres.

In June, 1933, the cost of living index had fallen more than 23 per cent below pre-depression levels, and since then it has risen slightly less than seven per cent. Thus for February, 1937, the index was still 18 per cent below the 1929 level.

Foreign Exchange

Although spot rates in foreign exchange markets remained fairly steady during February, evidence of pressure was apparent in several currencies. The pound sterling at Montreal moved slowly but steadily lower during the last two weeks of the month, falling approximately one cent to slightly below \$4.89. The French franc also declined during this period, weakening noticeably on February 27, when charges were made in the French Chamber of Deputies that heavy gold losses had occurred recently. These were denied and an official spokesman stated that France planned to adhere to the tri-partite gold agreement. It was later announced that the franc was to be maintained at present parities with the pound sterling and the United States dollar. The Dutch authorities took an unusual step on February 15 when the Bank of the Netherlands buying price for gold was reduced. The florin which had declined earlier, advanced moderately, but failed to rise in keeping with the new price for gold.

Production of Natural Gas

The output of natural gas during the calendar year 1936 aggregated 27,075,343,000 cubic feet compared with 24,910,786,000 in 1935 and 23,162,324,000 in 1934. Production during the last month of the year was 3,055,635,000 cubic feet against 2,469,043,000 in November and 3,080,782,000 a year ago.

Wheat Stocks and Movement

Wheat marketings in the Prairie Provinces during the week of February 26 showed a decrease of 284,687 bushels from the previous week. The total was 948,834 compared with 1,233,521 in the previous week and 622,543 in the same week last year. Total marketings during the thirty weeks ending February 26 were 144,296,676 bushels compared with 186,015,981 in the same period of the previous crop year.

Overseas export clearances for the week of March 5 amounted to 1,273,716 bushels as against 1,864,848 in the same week last year, while imports into the United States for consumption and milling in bond for re-export were 624,000 bushels compared with 857,000. Total clearances from August 1 to March 5 were 101,590,185 bushels compared with 90,678,631 in the same period of the previous crop year; the import into the United States was 33,558,237 bushels compared with 31,834,464.

Canadian wheat in store on March 5 amounted to 88,100,994 bushels compared with the revised figure of 91,156,000 the week before. The amount in transit by rail was 2,111,484. Canadian wheat in the United States amounted to 18,131,352 bushels compared with 19,064,466. A year ago the visible supply of wheat was 217,883,632 bushels with 21,640,695 in the United States.

Reports Issued During the Week

1. Gypsum Production, December.
 2. Stocks and Consumption of Unmanufactured Tobacco, Quarter ending December 31.
 3. Car Loadings on Canadian Railways.
 4. Petroleum and Natural Gas Production and Gasoline Sales, December.
 5. Price Movements, February.
 6. Electrical Apparatus and Supplies Industry, 1935.
 7. Security Prices and Foreign Exchange.
 8. Leather Footwear Production, January.
 9. The Printing Trades in Canada, 1935.
 10. Meat and Fish in Cold Storage.
 11. Butter and Cheese in Cold Storage.
 12. Apples and Small Fruits in Cold Storage.
 13. The Grain Situation in Argentina.
 14. Index Numbers of Wholesale Prices.
 15. The Tobacco Industries, 1935.
 16. Canadian Grain Statistics.
 17. Sugar Report, February 6 to 27, 1937.
 18. Summary of Exports of Canadian Grains and Flour, February.
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