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Economic Index rose Fractionally over the Pre-
ceding week and 6.8 p.c. over same week of 1936

Owing to the advance in three of the six major factors, the economic index increased from 109.9 in the week of May 29, to 110.6 in the first week of June. The gain of 0.6 p.c. represents the influence of increases in capitalized bond yields, bank clearings and in speculative trading. The business factors consisting of carloadings and wholesale prices receded to somewhat lower levels, while common stock prices showed a reaction of $1\frac{1}{2}$ p.c. The main influence in raising the economic index over the last week of May was the gain in bank clearings. The total was about \$438 million showing a marked increase over the levels of the three preceding weeks. The number of shares traded on the Montreal and Toronto stock exchanges also showed a marked increase, but owing to the minor weight given to this factor, the effect upon the general index was slight.

High-grade bonds advanced further in the week under review, reaching a new high point for about three months. Following the marked decline of the first quarter, bond prices have rallied considerably, the standing of the index of capitalized bond yields in the week under review being only 1.3 p.c. below that of last year. Advances have been recorded for five consecutive weeks and most of the decline from the first of March has been counterbalanced by the rally. The Spanish situation became more tense at the end of May and certain apprehension was reflected in investment markets. The decline was slight and recovery followed quickly. The average yield for the week was 3.32 against 3.36 for the preceding week. The four's of 1947-52 were bid at $105\frac{7}{8}$ on June 5th, against $105\frac{3}{4}$ on May 29. The four and a half's of 1946 remained unchanged at 110. The three's of 1950-55, however, were bid at $95\frac{1}{2}$ against $95\frac{7}{8}$ in the same comparison.

Carloadings have recently shown a reaction following relatively high levels of the early part of May. The index for the twenty-first week was 78.9 against 81.8 in the preceding week. The week under review contained a holiday and consequently direct comparisons are affected. Despite the decline of the last two weeks, the considerable lead of 11.6 p.c. was shown over the same week of 1936. The record since the first of the year has consistently shown advance over the corresponding weeks of last year. The net result is that in the first twenty-one weeks of the year, a gain of 10 p.c. was shown.

The total freight movement this year was nearly 994,000 cars. Grain and coke were the only commodity groups out of the eleven in the official classification to show a decline from the same period of last year. The reaction in wholesale prices in progress since the early weeks of April continued in the week ended June 3. The index was 84.4 against 85.1 in the preceding week, a decline of nearly one p.c.

A rather sharp decline was shown in wheat prices, the average for No. 1 Northern having been $120\frac{5}{8}$ against $128\frac{1}{2}$ in the preceding week. No. 2 C.W. oats was nearly maintained at $56\frac{3}{8}$ against $56\frac{7}{8}$, while considerable reaction was shown in barley, flax and rye. Cattle prices were slightly higher at Toronto extending the advance of the two preceding weeks. Bacon hogs reacted from 9.16 to 8.97. Metal prices were steady on the New York commodity exchange, a minor change being shown in tin from $55\frac{5}{8}$ to $55\frac{7}{8}$.

The advance in commodity prices over the same week of 1936 was no less than 17.2 p.c., the standing of the index at that time having been 72. It was about this time last year that the rally in commodity prices commenced, lasting until about the first part of April. Only a small portion of this advance has been counterbalanced by the relatively moderate recession of the last two months.

Common stock prices were uneven during the week of June 3, the predominant tendency being in a downward direction. The index receded from 133.3 to 131.3.

Minor increases were shown in the machinery and equipment and pulp and paper groups and the textile group was maintained at the same level as in the preceding week. Other groups of the industrial classification recorded decline and the utilities on the whole participated in the reaction. Developments regarding the Spanish civil war and rumours of the reduction in world gold prices were the main influences in precipitating the decline. The low point of one month ago was not duplicated and disregarding minor fluctuations, the level of common stock prices has been fairly well maintained for five or six weeks. The lead over the same week of 1936 was 15.6 p.c., the gap between the levels of the two years having been somewhat narrowed by the considerable reaction of April.

The economic index was 110.6 in the week under review against 103.6 in the same week of last year, a gain of 6.8 p.c. Each of the six major factors, except capitalized bond yields, participated in the advance. While the fluctuation of this year has roughly followed that of 1936, the reaction commenced earlier in the year and has been of greater proportions. A tendency toward a change in trend in an upward direction has been in evidence for the last three weeks.

Weekly Economic Index with the Six Components
1926=100

Week Ended	Car loadings ¹	Whole-sale Prices	Inverted Index of Bond Yields ²	Bank Clearings ³	Prices of Common Stocks	Shares Traded	Economic Index ⁴
June 6, 1936	70.7	72.0	146.0	90.3	113.6	99.5	103.6
May 29, 1937	81.8	85.1	143.1	97.1	133.3	109.0	109.9
June 6, 1937	78.9	84.4	144.1	104.7	131.3	132.5	110.6

1. The index of carloadings is projected forward one week to correspond with the practice in computing the economic index. 2. Present value of a fixed net income in perpetuity from Dominion long-term bonds. 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. 4. The weighting of the six major factors is determined from the standard deviation from the long-term trend of each, based on data for the period from January 1919 to August 1936. The long-term trend determined from half-yearly data in the post-war period was eliminated from the composite and the resulting index expressed as a percentage of the average during 1926.

Advance in External Trade

The external trade showed a buoyant tendency during the first four months of the present year. Advances were general in each of the groups of the component material classification indicating the widespread nature of the acceleration in the flow of goods across the boundaries of the Dominion. The exports of Canadian produce increased more than 21 p.c. in the first four months over the same period of 1936. Crop products owing to diminishing supplies, showed only a slight gain but the outward shipment of animal products was 28 p.c. greater. Large percentage increases were disclosed in most of the component material main groups. The value of wood and paper exported was nearly \$73 million against \$55 million, representing a gain of 31 p.c. The iron group recorded an increase of 17 p.c., while the outward shipment of non-ferrous metals including copper, nickel, lead and zinc was nearly 25 p.c. in excess of the relatively high point of the early months of 1936. Gains of 44 p.c. and 34 p.c. were shown in non-metallics and chemicals, respectively.

The percentage gain in imports was even greater than in exports, although a large active balance of trade was shown during the elapsed portion of the present year. The increase in imports was from \$117 million to \$228 million, amounting to 29 p.c. The iron and animal product groups scored with increases of 48 p.c. and 32 p.c., respectively.

It has long been realized that external trade is particularly vital to the economy of Canada. Abundant natural resources encourage the production of a considerable number of commodities far in excess of normal requirements of the domestic market. There are, inversely, many products, especially industrial raw materials, which may only be produced here at a considerable disadvantage, while the production of others is practically impossible. Indicative of the dependence upon the exchange of goods in international markets, Canada recently reached the fifth place among the trading nations surpassed only by Great Britain, the United States, Germany and France.

Imports and Exports for the First four Months
of 1937 compared with the same period of 1936

	Four Months 1936	Four Months 1937	Increase + Decrease -
	\$	\$	Per Cent
Total imports	177,085,771	228,444,561	+ 29.0
Vegetable products	30,595,481	36,744,268	+ 20.1
Animal products	8,834,179	11,651,271	+ 31.9
Textiles	32,578,686	40,955,823	+ 25.7
Wood and paper	7,961,895	10,331,754	+ 29.8
Iron and its products	40,631,712	60,245,666	+ 48.3
Non-ferrous metals	10,571,989	13,475,300	+ 27.5
Non-metallic minerals	27,560,264	31,235,819	+ 13.3

(continued on page 3)

Imports and Exports for the first four months
of 1937 compared with the same period of 1936

	Four Months 1936	Four Months 1937	Increase + Decrease - Per Cent
Chemicals	8,904,483	10,694,309	+ 20.1
Miscellaneous commodities	9,447,082	13,110,351	+ 38.8
Total exports of Canadian produce	256,807,540	310,876,842	+ 21.1
Vegetable products	62,358,283	63,604,978	+ 2.0
Animal products	36,760,701	47,126,898	+ 28.2
Textiles	2,991,282	3,978,994	+ 33.0
Wood and paper	55,471,853	72,720,337	+ 31.1
Iron and its products	16,887,826	19,756,223	+ 17.0
Non-ferrous metals	66,577,460	82,924,933	+ 24.6
Non-metallic minerals	5,787,904	8,341,833	+ 44.1
Chemicals	5,345,578	7,829,266	+ 33.9
Miscellaneous commodities	4,126,658	4,593,320	+ 11.3

Wheat Stocks and Movement

Stocks of Canadian wheat in store on June 4 decreased 2,773,345 bushels compared with the previous week and 107,584,336 when compared with the corresponding date in 1936. The amount in store was reported as 55,314,699 bushels compared with 58,088,044 a week ago and 162,899,035 last year. Wheat in rail transit amounted to 1,550,107 bushels against 6,158,072 at a comparable date last year; wheat in transit on the lakes totalled 3,239,207 bushels as against 4,313,310. Canadian wheat in store in the United States amounted to 6,456,978 bushels compared with 7,267,355 a week ago and 14,697,265 at the same date in 1936.

Wheat marketings in the Prairie Provinces for the week ending May 28 amounted to 1,155,957 bushels compared with 893,005 in the previous week and 1,973,815 during the corresponding week last year. From August 1 to May 28 there were 158,213,330 bushels of wheat marketed as compared with 203,138,786 during the corresponding period of the previous crop year. Marketings during the week of May 28 were as follows, with the corresponding totals for 1936 in brackets: Manitoba, 111,590 (100,304); Saskatchewan, 705,054 (1,208,691); Alberta, 339,313 (664,820). August 1 to May 28: Manitoba, 19,820,831 (18,905,432); Saskatchewan, 87,300,685 (109,398,117); Alberta, 51,092,314 (76,835,237).

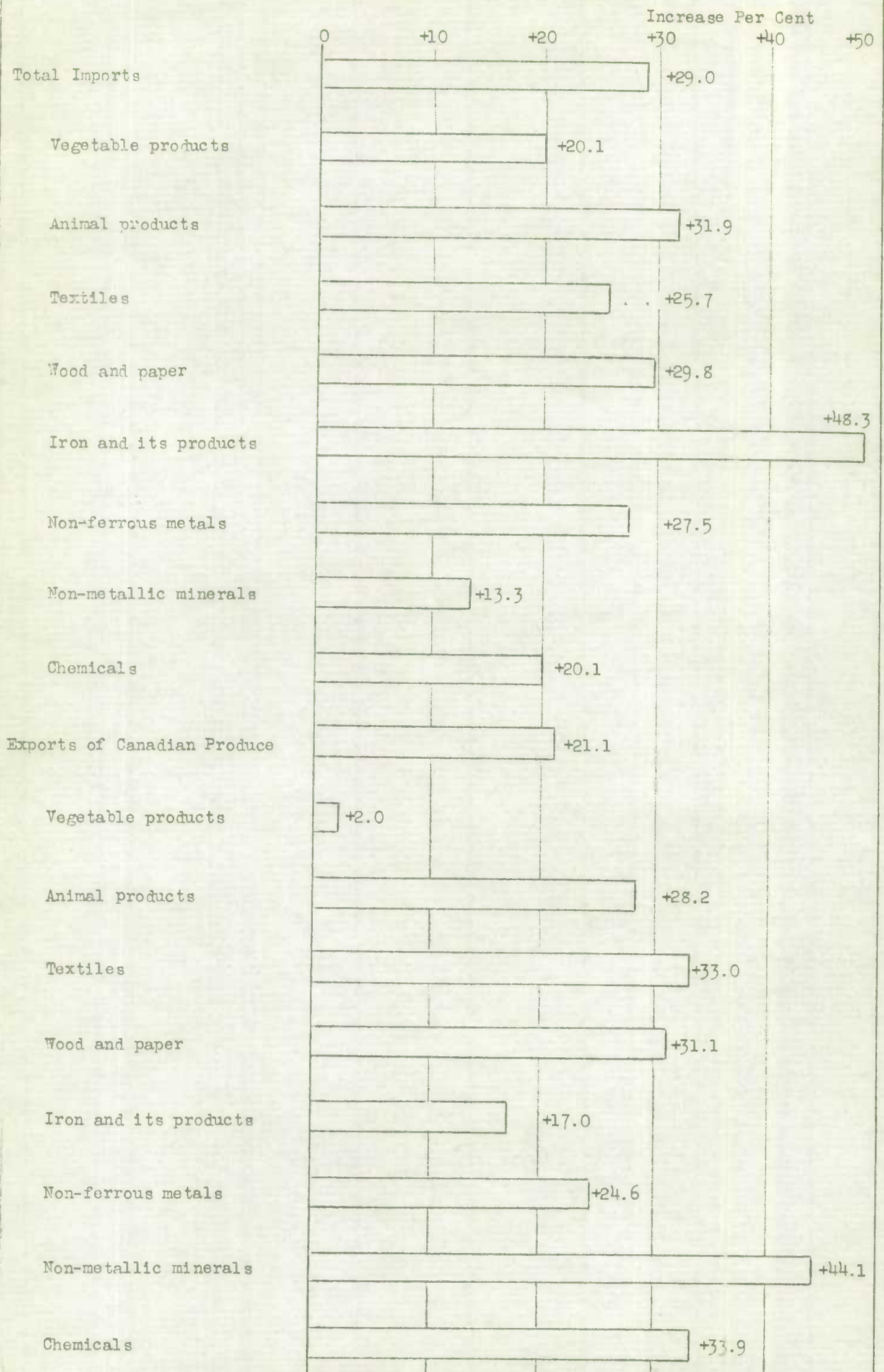
Overseas export clearances of wheat during the week of June 4 amounted to 2,310,863 bushels compared with 2,655,549 the week before and 5,925,396 a year ago. Imports of Canadian wheat into the United States for consumption and milling in bond for re-export in the latest week totalled 474,000 bushels against 298,000 in the previous week and 632,000 in the same week of 1936. Total overseas export clearances from August 1 to June 4 were 127,741,642 bushels as against 140,927,456 during the corresponding period of the previous crop year; United States imports of Canadian wheat aggregated 39,993,641 bushels against 41,473,705.

Clearances during the week of June 4 follow, with corresponding figures for 1936 in brackets: Montreal 1,683,426 (2,573,333) bushels, United States ports 429,000 (90,596), Vancouver-New Westminster 198,437 (1,830,508), Sorol nil (994,336), Quebec nil (273,000), Fort William and Fort Arthur nil (163,623). August 1 to June 4: Montreal 38,037,340 (38,407,857) bushels, Vancouver-New Westminster 30,963,378 (48,925,399), United States Ports 22,435,779 (24,775,998), Sorol 13,143,564 (9,653,984), Saint John 8,375,890 (10,759,824), Three Rivers 5,504,666 (nil), Churchill 4,293,501 (2,407,000), Quebec 1,998,071 (3,642,068), Halifax 1,855,470 (2,077,664), Fort William and Fort Arthur 571,369 (277,662), Prince Rupert 562,614 (nil).

New Brunswick Fisheries

The marketed value of the products of New Brunswick fisheries was \$4,399,420 in 1936, the highest since 1930, and compared with \$3,949,615 in 1935. The sardine fishery has taken the lead of late years, formerly held by the lobster fishery. The value of the output of the sardine fishery was \$1,597,192, an increase over the previous year of \$261,913. The importance of the sardine fishery is based on the canned product, the 1936 pack amounting to 393,854 cases of 25 pounds each, of the value of \$1,381,228. The marketed value of the lobster product was \$916,850 compared with \$818,699 in 1935. Other principal fish include: herring \$506,562, smelts \$478,853, salmon \$256,438 and cod \$178,687.

Percentage Change of Imports and Exports
for the First Four Months of 1937
from the same period of 1936



Pickles, Sauces and Catsups

Canadian pickles, sauces and catsups are popular abroad, more particularly amongst countries of the British Empire. This fact is demonstrated when it is pointed out that during the fiscal year 1925, the first year in which separate statistics on this item were tabulated, the Canadian export was valued at \$572,000; last year it had risen to \$2,061,367; the export to the United Kingdom increased from \$535,000 to \$1,957,000. Not only had the United Kingdom increased her purchases during the interval but the number of other markets had increased greatly. In 1925 the markets abroad numbered 15 and each succeeding year showed an increase, and by 1937 there were 44, for the most part Empire countries. The amount to the Straits Settlements was worth \$18,726, India \$18,447, Newfoundland \$17,434, Hong Kong \$5,572 and South Africa \$4,969.

Asbestos Trade

The importation of asbestos brake and clutch lining during April was valued at \$18,271 as compared with \$37,839 in the corresponding month last year; asbestos packing was worth \$5,495 compared with \$8,803, and asbestos in any form other than crude and manufactures of \$56,334 as against \$34,081. The United States and the United Kingdom were the chief sources.

Exports of Canadian asbestos amounted to 11,529 tons of the value of \$620,953 as against 5,556 valued at \$278,077, of which 7,804 tons went to the United States, 2,105 to Japan and 1,052 to the United Kingdom. Asbestos sand and waste was exported to the value of \$299,512 as compared with \$157,959, of which \$287,730 went to the United States.

Leather Footwear

Leather footwear imports during April increased to \$120,283 from \$89,988 during April, 1936. The purchases in the United States totalled \$43,013 and in the United Kingdom \$41,121. Exports of Canadian-made leather footwear were nearly double those of April, 1936, amounting in value to \$40,445 as against \$21,210. The United Kingdom and Jamaica were the chief buyers with \$14,633 and \$14,482, respectively.

The production of leather footwear during April amounted to 2,219,297 pairs, a decrease of seven per cent from the previous month but an increase of seven per cent over the corresponding month last year. During the four months ended April the output totalled 8,017,938 pairs as against 7,525,384 during the same months of 1936.

Imported Raw Sugar

Raw sugar imports increased 4,444,000 pounds during April in comparison with the same month last year, the amount being 52,460,000 pounds as compared with 48,016,000. The chief supplying countries were as follows: British South Africa 15,748,000 pounds, British Guiana 12,524,700, Fiji 9,864,600, Australia 5,510,100 and Jamaica 5,427,300.

Canada's Trade in April

Canada's aggregate trade during April has shown a substantial increase as compared with the corresponding month last year, advancing 23.6 per cent to \$123,798,330 from \$100,181,180. The step-up in imports was the feature of the month's trade, the increase being \$14,674,068; domestic exports were \$8,092,831 higher, while re-exports of imported produce were \$850,251 in advance of last year. The April imports were of the value of \$56,891,072 in comparison with \$42,217,004; domestic exports were \$65,516,661 against \$57,423,830, and re-exports \$1,390,597 as compared with \$540,346.

The balance of trade in favour of Canada was \$10,016,186. Duties collected were higher than in 1936, amounting to \$7,591,775 as compared with \$6,153,811.

Railways in March

Gross earnings of railways for March increased from \$25,535,156 in 1936 to \$28,690,931, and with an increase in operating expenses of only \$1,837,672 net revenues increased by \$1,268,101 and the operating income by \$1,192,787. Freight traffic was heavier than last year by 7.4 per cent and passenger traffic measured in passenger miles was heavier by 28 per cent. The number of employees was reduced from 119,098 to 118,497 and the pay roll was increased from \$13,955,122 to \$14,726,492.

Weekly Earnings in Merchandising Establishments

The average weekly earnings of full-time male employees in the wholesale trade in 1936 was \$27.78 and of females \$16.82. In the independent retail trade male employees got \$20.45 and females \$13.57, while in the chain stores the average for males was \$21.14 and for females \$12.96. Eighty-six per cent of the employees who were reported were on full-time.

The following were the average weekly earnings of full-time male employees in the independent stores, by provinces: Prince Edward Island \$16.63, Nova Scotia \$18.32, New Brunswick \$19.05, Quebec \$17.93, Ontario \$20.45, Manitoba \$22.54, Saskatchewan \$18.48, Alberta \$21.30, British Columbia \$22.23.

Weekly earnings by female full-time employees in the independent stores were: Prince Edward Island \$10.23, Nova Scotia \$11.37, New Brunswick \$11.05, Ontario \$14.34, Manitoba \$13.01, Saskatchewan \$13.11, Alberta \$14.36, British Columbia \$14.77.

In the chain stores male full-time employees earned as follows on the average: Prince Edward Island \$22.71, Nova Scotia \$19.21, New Brunswick \$21.12, Quebec \$18.98, Ontario \$21.89, Manitoba \$24.04, Saskatchewan \$20.82, Alberta \$22.30, British Columbia \$22.30.

Female full-time employees in the chain stores: Prince Edward Island \$9.58, Nova Scotia \$11.42, New Brunswick \$11.08, Quebec \$12.02, Ontario \$13.31, Manitoba \$13.85, Saskatchewan \$13.99, Alberta \$13.44, British Columbia \$14.04.

Canada's Trade in First Four Months of 1937

Canada's imports during the first four months of 1937 amounted to \$228,444,561, of which \$41,657,363 came from the United Kingdom and \$146,318,029 from the United States. In the corresponding period of 1936 the total was \$177,085,771, of which \$33,736,410 came from the United Kingdom and \$111,284,041 from the United States. The total increase was \$51,358,790 or 29 per cent.

Domestic exports amounted to \$310,876,842, of which \$103,409,622 went to the United Kingdom and \$141,133,886 to the United States. In the same period of 1936 the total was \$256,807,540, of which \$91,009,633 went to the United Kingdom and \$111,827,079 to the United States. The total increase was \$54,069,302 or 21 per cent.

Exports of foreign produce totalled \$4,496,655, of which \$400,803 went to the United Kingdom and \$3,807,613 to the United States. The amount in 1936 was \$3,280,609, of which \$284,165 went to the United Kingdom and \$2,785,685 to the United States.

During the first four months of 1937 the excess of exports over imports was \$86,928,936 of which excess \$62,153,062 was in trade with the United Kingdom but in trade with the United States the excess of imports over exports was \$1,376,530. In 1936 the excess of exports over imports was \$83,002,378, of which excess \$57,557,388 was in trade with the United Kingdom. In trade with the United States, however, the excess of imports over exports was \$3,328,723.

Character of Canada's Imports in April

The increase of \$14,674,000 in Canada's imports in April was due in large measure to textiles, automobiles, machinery, farm implements, iron plates and sheets, electric apparatus and coal. There was a decrease in automobile parts. Leading items were as follows, with the April, 1936, figures in brackets: alcoholic beverages, \$609,000 (\$508,000), coming mainly from the United Kingdom; cocoa and chocolate, \$284,000 (\$111,000); fruits, largely from the United States, \$1,513,000 (\$1,441,000); raw rubber, \$905,000 (\$589,000); sugar, \$1,050,000 (\$977,000); tea, \$742,000 (\$626,000); vegetable oils, \$1,093,000 (\$873,000).

Living animals, \$122,000 (\$84,000); fish, \$110,000 (\$100,000); hides, \$589,000 (\$309,000); artificial silk, \$382,000 (\$144,000); raw cotton, \$1,382,000 (\$921,000); cotton yarn, \$254,000 (\$195,000); manila and sisal grass, \$165,000 (\$91,000); raw silk, \$366,000 (\$293,000); raw wool, \$1,105,000 (\$336,000); noils and tops, \$553,000 (\$426,000). Most of the textiles came from the United Kingdom.

Books and printed matter, \$979,000 (771,000), the large majority coming from the United States; planks and boards, \$378,000 (\$228,000); automobiles, \$1,507,000 (\$818,000); automobile parts, \$1,844,000 (\$2,223,000); farm implements, \$1,748,000 (\$1,100,000); machinery, \$3,601,000 (\$1,951,000), practically all coming from the United States; iron plates and sheets, \$2,623,000 (\$1,574,000); other rolling mill products, \$1,024,000 (\$517,000); electric apparatus, \$1,063,000 (\$850,000); coal, \$2,639,000 (\$1,751,000), the amount from the United States being \$2,281,000 and from the United Kingdom \$272,000, the latter being a decrease from \$406,000.

Economic Expansion in the First Four months of 1937

The receipt of information regarding the first four months of 1937 sheds further light on the extent of the business recovery. The level of productive operations was much higher than in the corresponding months of 1936.

Perhaps the most fundamental change in economic conditions during the last twelve months was the rise in wholesale prices. The five-year price decline apparently reached its end (in terms of gold) towards the close of 1934, and prices turned definitely upward in the middle of the following year. The upturn reflected primarily the improvement in the supply-demand situation for many of the leading commodities, demand being increased by the progress of recovery throughout the world. Supply became better adjusted through artificial measures, as in the case of rubber and tin, and partly through other causes, as in the case of crop products.

To the increasing demand as a result of recovery, was added that from rearmament, and in the commodities most affected the price advance had taken a decidedly speculative character. This was specially true, of course, of the metals group, but a number of others such as rubber and hides attracted a good deal of speculative interest as well.

The setback in speculative commodities occurring in the latter part of April reflected the influence of two outstanding causes. The rapid advance during the latter part of 1936 and the first quarter of the year placed markets in a vulnerable position. In the second place, political announcements of a bearish character from other countries had a marked effect. Wholesale prices have shown recession since the intermediate turning-point was reached in April, but the downward trend has been decidedly moderate considering the rapidity of the advance in the preceding twelve months.

The advance of high-grade bond prices culminated at the beginning of the year. There followed a marked decline during the first quarter more than offsetting the advance of 1936. Dominion bonds recorded considerable recovery during April and May but at the end of the latter month the position of the same date of 1936 had not been recovered.

Cost of Living

Increases in food prices and in rentals resulted in an advance for the Dominion Bureau of Statistics cost of living index for Canada from 82.2 in April to 82.8 in May, the 1926 base equalling 100. The food group recorded a slight rise from 76.3 to 76.6, gains for butter, cheese, flour, beans and meats being of more consequence than declines for eggs and potatoes. The rental survey for May showed rents to be still increasing gradually, the index for this group being 87.3 as compared with 84.9 in October. Single houses showed the greatest advance, although all types of dwellings were firmer. The sundries group remained stationary at 92.6 despite a fractional rise in motor operating costs from 92.0 to 92.1, due to higher prices for tires. Reductions in the price of coal in several cities caused the fuel index to recede from 86.6 to 86.1.

Index Numbers of Wholesale Prices

The Dominion Bureau of Statistics index number of wholesale prices, on the base 1926-100, fell from 85.1 for the week ending May 28 to 84.4 for the week ending June 4. Decreases occurred in Vegetable Products and Non-Ferrous Metals while Animal Products, Textiles and Iron moved higher. Price fluctuations of grains have recently been reacting in very sensitive fashion to weather conditions which have been increasingly favourable. This behaviour of grains, and more particularly of wheat, is a reflection of a more normal relationship between supplies and consumption.

Reports Issued During the Week

1. Advance Report on the Fisheries of New Brunswick, 1936.
 2. Cold Storage Holdings of Small Fruits and Apples, June 1.
 3. Cold Storage Holdings of Meat and Fish, June 1.
 4. Butter, Eggs and Poultry in Cold Storage, June 1.
 5. Production of Butter and Cheese, May.
 6. Summary of Canada's Imports, April.
 7. Price Movements, May (Preliminary).
 8. Weekly Index Numbers of Wholesale Prices.
 9. Business Conditions in Canada, first four months of 1937.
 10. Production of Leather Footwear, April.
 11. Sugar Report, May 1 to May 22, 1937.
 12. Canadian Grain Statistics.
 13. Telegraphic Crop Report, Prairie Provinces.
 14. Condition of Field Crops at May 31, Canada.
 15. Footwear Trade of Canada, April.
 16. Asbestos Trade of Canada, April.
 17. Trade of Canada by Months, April 1934 to April, 1937.
 18. Security Prices and Foreign Exchange.
 19. Operating Revenues, Expenses and Statistics of Railways, March.
 20. Car Loadings on Canadian Railways.
 21. Weekly Earnings of Employees in Merchandising Establishments, 1936.
 22. Monthly Review of Business Statistics, May.
 23. Coal and Coke Statistics, First Quarter, 1937.
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