WEEKLY BULLETIN

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Weekly Review of Economic Statistics

The majority of the major economic factors useful in the measurement of the trend were reactionary during the week ended September 25. Wholesale prices alone of the six factors considered in this connection recorded a gain over the preceding week. The index moved up from 84.8 to 85.0. Declines in carloadings and capitalized bond yields were of a minor character. The index of bank clearings showed the appreciable decline of 9 p.c., the drop having been from 107.5 to 97.8. The decline in common stock prices continued, the index dropping nearly 2 p.c., and speculative trading was less active than in the preceding week.

Business factors consisting of carloadings and wholesale prices were the only major indicators out of the six considered here to show an advance in the week of September 25 from the same week of last year. These indexes recorded advances of 8 p.c. and 11 p.c., respectively, representing improved business conditions over the same period of last year. Common stocks which until recently have shown a considerable lead over the levels of 1936, recorded in the week under review a decline of 3.7 p.c. The index of capitalized bond yields recorded a decline from the high level of September of last year. Considerable drop was shown in the indexes of bank clearings and speculative trading.

The marked increase in carloadings in the 37th week was slightly less than normal for the season. The index consequently dropped from 85.8 to 85.5, the loading of grain being considerably below the levels of last year. The total freight movement in the first 37 weeks of the year was 1,824,000 cars, an advance of 154,000 cars over the same period of 1936. The marked gain in the traffic of miscellaneous commodities consisting mainly of manufactured goods was the chief factor in raising the aggregate. Other important gains were shown in l.c.l. merchandise, ore and forestry products. The decline in grain was nearly 60,000 cars while minor reductions were shown in coal and coke. The other eight of the 11 commodity groups in the classification recorded increases.

Despite unevenness in recent weeks, the Canadian index of wholesale prices has shown minor gains. A reaction was shown for about 7 weeks ending the first of September. Since that time a moderate rally has been in progress. In the week ended September 24 crop and animal products moved up slightly, the index of Canadian farm products advancing from 84.0 to 85.5. The index of non-ferrous metals decline one half point to 82.3, reaction continuing in copper, tin and zinc.

Grains, except flax, moved into higher territory on the Winnipeg grain exchange. The average price of wheat No. 1 Northern was 134½ against 130¼ in the week of September 18. The increase in oats, No. 2 C. W. was from 51 5/8 to 54 3/4 while barley rose from 58 5/8 to 60 7/8. A slight gain was shown in medium steers at Toronto while the price of bacon hogs reacted slightly. Metal prices on the London Exchange were lower, electrolytic copper dropping from £56 10s on Sept. 21 to £56 on Sept. 29. Lead was down from £20 5s to £20 and zinc receded from £20 8s 9d to £19 6s 3d. Electrolytic copper on the New York Metal exchange dropped to 13 cents from 14, a price which had been maintained from the first of May. Export copper was quoted at 12¾ against 12.95 on September 21. Lead was reduced to 6.00-6.05 against 6.50-6.55. Zinc on the other hand was quoted at 7¼, the same as on the 21st of September. A minor recession was shown in raw silk, while spot cocoa dropped from 8.35 to 7.05. The decline in cotton middlings continued at an accelerated pace, the quotation having been 8.09 cents per pound against 8.58. Print cloths were at 5 cents against 5 1/8.

High-grade bond prices have shown recession for two consecutive weeks. The present level, however, is higher than obtained from March to July, inclusive. The price is considerably below the level of last year as indicated by a yield of 3.26 last week against 2.99 a year ago. During October last year, however, bond prices showed a considerable reaction and the present level is not far below the minimum reached in November, 1936. The bid quotation for the 4½'s of 1947-57 was 109 on September 28 against 109½ on the 21st. The 3's of 1950-55 receded one-quarter to 96 1/8 in the same comparison and the 4½'s of 1946 were 109½ against 109¾.

The decline in common stock prices continued in the week of September 23, the index dropping to 117.6 from 119.8. Each of the groups in the industrial classification except the oils recorded declines in this comparison. A slight gain was shown in 15 power and

traction stocks from 78.1 to 78.5. The index of 24 mining stocks showed a rally occasioned by a gain in the golds. The highest point of the recovery in common stock prices was reached in March when the index was nearly 150. The decline to the first of May was relatively severe but a period of consolidation followed. The index rose again to nearly 137 about the middle of August. The decline has since been continued resulting in a drop of 19 points in the index. The level of common stock prices is now below that of the same period of last year, a marked lead having been shown during the first eight months of 1937.

Owing to the decline of five out of the six of the major factors the economic index showed a decline of 2.3 p.c. in the week of September 25. The standing was 110.4 against 113.0 in the preceding week. A temporary peak was reached in the week of September 4, when the index stood at 116.2. During the last 3 weeks the decline has amounted to nearly 5 points. As the economic inddx was relatively high in September last year the present standing is now nearly 5 p.c. below that period. The index was 110.4 in the last week for which statistics are available against 116.0 last year. Four out of the six major factors recorded declines, the exceptions being carloadings and wholesale prices.

Weekly Economic Index with the Six Components
1926=100

Week	Car-loadings[1]	Whole-sale Prices	Inverted Index of Bond Yields[2]	Bank Clear-ings[3]	Prices of Common Stocks	Shares Traded	Economic Index[4]
Sept. 26, 1936	79.1	76.6	158.5	117.4	122.1	230.9	116.0
Sept. 18, 1937	85.8	84.8	146.8	107.5	119.8	234.1	113.0
Sept. 25, 1937	85.5	85.0	146.2	97.8	117.6	119.7	110.4

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.

Births, Deaths and Marriages in August

Births registered in 67 cities and towns of Canada having 10,000 population and over numbered 6,796 in August, deaths 4,021 and marriages 3,916 as compared with 6,947 births, 3,596 deaths and 3,519 marriages in August last year, showing a decline of two per cent in births and increases of 12 per cent and 11 per cent in deaths and marriages, respectively.

Births registered in the same cities and towns during the eight months, January-August of this year totalled 54,226, deaths 36,502 and marriages 24,787, as against 54,338 births, 34,910 deaths and 23,029 marriages during the corresponding eight months of last year. This comparison shows practically no change in births, and increases of 4½ per cent and 7½ per cent in deaths and marriages, respectively.

Silver Production in July

July production of silver advanced to 2,767,983 ounces from the preceding month's total of 1,956,422 ounces and 1,811,959 in July, 1936. During the seven months ended July the output was 11,937,190 ounces as compared with 10,297,633 in the same period of 1936.

Lead Output in August

The output of lead in July amounted to 31,321,744 pounds as compared with 32,785,808 in the previous month and 32,324,511 in July, 1936. During the seven months ended July, production totalled 231,270,104 pounds compared with 213,115,950 in the same period of 1936.

September Employment Situation

A further substantial improvement in the employment situation at the beginning of September is reported, the upward movement extend to all economic areas and to most of the industrial groups. Statements were received from 10,836 employers with an aggregate payroll of 1,174,041 persons or 30,581 more than at the beginning of August. This increase was larger than that recorded at September 1 in any other year of the records. A year ago 9,967 employers reported 1,014,532 employees, the increases, therefore, this year being 14,562.

According to the experience of the years since 1920 the average change between August 1 and September 1 is very slight, increases in a number of these years just about offsetting declines in the remainder. The following are the unadjusted indexes for September 1 in the seventeen years of the record: 1937, 123.2; 1936, 107.1; 1935, 102.7; 1934, 98.8; 1933, 88.5; 1932, 86.0; 1931, 107.1; 1930, 116.6; 1929, 126.8; 1928, 119.1; 1927, 111.0; 1926, 106.2; 1925, 97.8; 1924, 94.2; 1923, 101.2; 1922, 94.8 and 1921, 89.8.

An analysis of the returns by industries shows expansion in manufacturing, in which employment has declined in seven and increased in nine of the previous Septembers for which statistics are available, the average change being a very slight falling-off. The greatest gains occurred in food and in textile factories, while there were moderate, seasonal losses in iron and steel plants. Among the non-manufacturing industries, logging, mining, communications, transportation, construction and services showed heightened activity. On the other hand, employment in trade was quieter.

Firms in all provinces except New Brunswick showed considerable gains, those in Quebec and Ontario being most pronounced. The situation generally in each of the five economic areas was more favourable than at the beginning of September of last year, or of any other year of the record except 1929; indeed, in the Maritime Provinces and Quebec, the index numbers also exceeded those for September 1, 1929.

Births, Deaths and Marriages in First Quarter

Live births in Canada during the first quarter of 1937 numbered 51,623 (preliminary figures) giving an equivalent annual rate of 18.9 per 1,000 population as compared with 55,672 births and a rate of 20.3 for the first quarter of 1936. There were 2,134 illegitimate births forming 4.1 per cent of all live births as compared with 2,412 or 4.3 per cent for the corresponding period of 1936. Stillbirths amounted to 1,563 or 2.9 per cent of all births as against 1,659 and the same rate.

Deaths totalled 31,534 with a rate of 11.5 per 1,000 population as compared with 28,552 and a rate of 10.4.

Deaths under one year of age numbered 4,482 and the infant mortality rate was 87 per 1,000 live births. These figures compared with 3,864 deaths and a rate of 69 in the corresponding period of 1936. Deaths under one month of age numbered 2,031 giving a rate of 39 per 1,000 live births, as against 1,978 and a rate of 36. There were 277 maternal deaths as compared with 345, and the rate was 5.4 as against 6.2 per 1,000 live births.

The number of deaths assigned to certain causes in the first quarter of 1937 was as follows, with corresponding figures for 1936 in brackets: Typhoid and paratyphoid fever, 43 (60); Small-pox, 1 (2); Measles, 290 (135); Scarlet fever, 83 (82); Whooping-cough, 192 (174); Diphtheria, 76 (65); Influenza, 3,300 (1,363); Infantile paralysis, 8 (13); Tuberculosis, 1,719 (1,724); Cancer, 3,887 (2,938); Diseases of the heart, 4,617 (4,452); Diseases of the arteries, 2,659 (2,458); Pneumonia, 2,796 (2,376); Diarrhoea and enteritis, 388 (454); Nephritis, 1,813 (1,747); Suicide, 220 (229); Homicide, 37 (45); Automobile accidents, 223 (147); Other external causes, 935 (907).

There were 12,617 marriages in the first quarter of 1937, giving a rate of 4.6 as against 11,822 or a rate of 4.3 in the first quarter of 1936.

Copper Production

The Canadian output of copper recorded a marked improvement during July as compared with the corresponding month last year, but was lower than in the previous month, the total being 41,710,830 pounds compared with 28,693,176 a year ago and 42,549,292 in the previous month. During the first seven months of the year, 285,315,796 pounds were produced as compared with 234,196,697 in the same period of 1936.

World Wheat Situation

World wheat prices have held up remarkably well during the past month in view of the underlying market factors. It has been evident, even with moderate damage to the Southern Hemisphere crops, that there are ample supplies this season to meet the prospective lower volume of international trade. World import requirements are expected to go below 500 million bushels, and available export supplies, although below normal, are well over 600 million bushels. Consequently European buyers have been quite content to continue purchasing in fulfilment of immediate requirements only, with the result that only modest market support has come from overseas buying. During the month, crop conditions have materially improved in Australia, and the Argentine drought problem appears to be confined to the northern parts of Cordoba and Santa Fe, so that reasonably good outturns in both those countries are at present in prospect.

Despite the "bearish" relation between total supplies and requirements, and the heavy liquidation in the securities markets which might well have invoked sympathetic responses in commodities, Liverpool and Buenos Aires prices have made headway during the past month, while Winnipeg has held its ground and Chicago prices alone have eased a few cents. Part of the Buenos Aires strength has been in the short available supply situation, but the February new-crop future has been firming since it was boarded on August 28.

The key to the Canadian situation is in the unusually short supply of "Manitobas" for which there is still a decided preference in some United Kingdom mills. Although the production estimate of 164 million bushels for the Prairie Provinces was somewhat higher than anticipated, when this total is resolved into the amount available for export it appears that with the exclusion of Durum, not more than 65 million bushels of the Northern grades can be had from this crop. With country deliveries coming forward in small volume, the cash situation is unusually tight, and cash premiums are running between 6 and 7 cents over the October future. On the other hand, Canada has an unusually heavy production of Durum wheat of 30.7 million bushels which is selling at a considerable discount.

Paramount interest is centered in the failure of the United States surplus to move into export as anticipated in some overseas quarters. Export clearances from United States ports have been averaging well under a million bushels weekly and this is the period of year during which United States exports can move at lower cost and with less competition than at any other time. Several reasons are offered for the failure of heavy exports to materialize. One reason is that United Kingdom millers are insisting upon buying on sample, which is to them the safe way of buying types which have been absent from the British market for several years. Another is that importers are finding Russian and Danubian wheats better samples, and more attractively priced. Accordingly they are looking for cheaper offers from the United States. The other side of the shield is that a strong domestic demand exists for American wheat of the best quality and reserve stocks can comfortably be built up out of this year's supplies, so that European importers will have to bid higher if they want United States wheat. The net result of the current export impasse is that United States exports for the crop year are not likely to reach the current estimates being placed upon the American export movement for the crop season.

Bank Debits in August

Financial transfers in the form of bank debits showed a gain of 4½ per cent in August over July after seasonal adjustment. Four of the five economic areas recorded gains, the only exception being the Prairie Provinces. Cheques cashed at the branch banks in August amounted to $2,613,000,000 against $2,619,000,000 in the same month last year, except in the Prairie Provinces gains were shown in each of the economic areas. The Dominion total during the first eight months of 1937 was $23,520,000,000 against $22,760,000,000 in the first eight months of 1936, the increase being 3.3 per cent. Each of the five economic areas, except the Prairie Provinces participated in the gains.

Output of Central Electric Stations

The output of central electric stations in Canada during August increased from 2,188,055,000 kilowatt hours in July and from 2,020,416,000 in August last year to 2,197,725,000. This was less than the usual seasonal rise. The drop, however, was in secondary power, deliveries to boilers decreasing from 513,634,000 kilowatt hours in July to 491,409,000, and exports to the United States also fell off from 164,057,000 in July to 162,612,000.

Financing of Motor Vehicle Sales

The growth of automobile financing in Canada is proceeding at a rapid pace. Better gains over 1936 than have been noted since the first quarter of the year were shown during August, when a 34.4 per cent gain in number and a 45.7 per cent gain in value was recorded. The normal seasonal decline from July was evident. There were 15,321 new and used vehicles financed for $6,352,912 during August, 11,399 vehicles at $4,345,987 for August, 1936, and 19,497 at $8,315,919 for July this year.

During the eight months ended August, 134,730 vehicles were financed at $57,360,959 contrasted with 103,122 vehicles at $41,467,517 in the same period of 1936, indicating improvement of 30.7 per cent in number and 38.3 per cent in amount.

The August total for new vehicles, 4,357, was up 41.1 per cent compared with the 3,087 for August a year ago, while the corresponding amounts, $3,179,696 for August, 1937, and $2,216,705 for August, 1936, marked a gain over 1936 of 45.4 per cent. All provinces showed definite improvement in number compared with last year. The largest percentage gain, 57.7, was noted for Alberta while the smallest, 13.3, was shown for British Columbia. Advances of 44.7 per cent for Quebec and 44.3 per cent for Ontario were registered.

The number of used vehicle sales financed during August was 31.9 per cent ahead of last year while the total financed value advanced 48.1 per cent, revealing a materially higher loan per unit compared with last year. A total of 10,964 used vehicles were financed for $3,153,216, amounting to $288 per vehicle for August this year. Last August the amount for 8,312 used vehicles was $2,129,282 or $256 per unit. All provinces except British Columbia reported increases in number of used vehicles financed compared with last year.

Primary Movement of Wheat

Wheat marketings in the Prairie Provinces for the week ending September 24 amounted to 12,058,677 bushels as compared with 10,786,013 in the previous week and 9,168,632 in the same week last year. From August 1 to September 24 there were 59,033,200 bushels of wheat received from the farms as compared with 93,878,687 in the same period of the previous crop year.

Overseas Export Clearances of Wheat

Overseas export clearances of wheat during the week ending September 24 amounted to 1,280,165 bushels as compared with 3,624,729 in the same week last year; imports of Canadian wheat into the United States for consumption and milling in bond for re-export aggregated 77,000 bushels as compared with 1,216,000. Overseas clearances from August 1 to September 24 aggregated 11,027,989 bushels as compared with 29,351,478 in the same period of the previous crop year, while imports into the United States were 1,285,000 bushels as compared with 12,361,876.

Wheat Stocks in Store

Canadian wheat in store on September 24 amounted to 74,504,169 bushels compared with 67,240,900 for the previous week and 161,833,953 a year ago. Stocks on the latest date include 16,727,747 bushels of Durum wheat. The amount of Canadian wheat in the United States was 2,329,314 bushels compared with 1,874,314 a week ago and 19,007,458 last year. United States wheat in Canada amounted to 1,602,857 bushels, while last year there was none. Canadian wheat in rail transit amounted to 8,484,576 bushels as compared with 12,347,652 a year ago; wheat in transit on the lakes was 3,396,574 bushels compared with 4,412,793.

Zinc Production

There were 36,498,712 pounds of zinc produced in Canada during July in comparison with 35,165,425 the month before and 34,794,466 in the corresponding month last year. Production during the first seven months of the year aggregated 208,201,730 pounds compared with 192,645,893 in the same period of 1936.

Production of Nickel

There was an increase of approximately 3,196,000 pounds in the output of nickel during July as compared with July, 1936, but a decline of about 5,167,000 from the previous month. The total was 15,792,349 pounds against 12,596,376 a year ago and 20,959,736 in June. Production during the first seven months was considerably in advance of the same period of 1936, the amount being 127,178,686 pounds as compared with 95,548,025.

Crude Petroleum Production

The production of crude petroleum and natural gasoline in Canada during July amounted to 241,737 barrels as compared with 209,181 in the previous month and 139,940 in July, 1936. Output for the seven months ended July totalled 1,303,418, an increase of 58.4 per cent over the total for the corresponding period of 1936.

Production of Natural Gas

Production of natural gas in July amounted to 1,223,331,000 cubic feet as compared with 1,340,699,000 in the previous month and 1,210,414,000 in the corresponding month last year. In the seven months ended July, 16,359,618,000 cubic feet were produced as compared with 17,019,169,000 in the same period of 1936.

Balance of International Payments

During the ten year period 1927 to 1936 adjusted figures for commodity trade show a credit balance of $862.4 million, net gold exports gave a credit of $800.2 million, and tourist traffic a credit of $1,421.3 million.

Interest and dividend receipts and payments showed a debit of $2,400.4 million, the freight receipts and payments item a debit of $237.3 million, and immigrant remittances a debit of $137.3 million.

Total credits in current account during the period amounted to $13,423.2 million and total debits to $13,211.9 million. Thus there was a favourable balance during the ten years on all visible and invisible transactions of $211.3 million. Without considering errors and omissions which are inevitable in such estimates, the $211.3 million represents a net export of Canadian capital. During the period Canada received from other countries $1,978.6 million for new issues of bonds sold to them but at the same time paid out for matured or called issues and for sinking fund purchase $1,801.9 million which leaves a net inflow of $176.7 million. Estimated net withdrawals of Canadian Banks from abroad during the period were $263.2 million; $5.4 million were received through Canadian Government loans in other countries; and $23.4 million from reparations. These inflows total in all $468.7 million.

On the other side of the international capital accounts there was a net purchase by Canadians of foreign securities and repurchase of their own securities amounting to $391.3 million. There was a net outflow of capital from international "Branch plants", etc., amounting to $200.2 million and $8 million from insurance transactions, making a total outflow of $599.5 million. Thus, according to capital items which can be traced, Canada exported $130.8 million more capital than was imported. The $130.8 million obtained through the direct estimate of capital movements compares with a difference of $211.3 million between the debits and credits shown in the visible and invisible items in the current account. The difference between $211.3 million and $130.8, that is $80.5 million, represents net untraced capital items or errors and omissions in the estimates.

Canal Traffic in August

Total freight through the locks of the Sault Ste. Marie Canals, Canadian and United States locks, increased from 10,698,836 tons in August last year to 13,937,099 tons in August this year, the big increase being in iron ore. Wheat shipments were reduced by over one-half and other grains also declined. The number of passengers increased from 17,943 to 21,556, or by 20 per cent. Total traffic on the Welland Canal amounted to 1,612,675 tons, or 246,230 above last year, wheat declined by 65,850 tons but all other grains recorded good increases. Gasoline, wood pulp and coke declined but oils, soft coal and iron ore increased. Traffic on the St. Lawrence Canals increased from 1,060,333 tons to 1,332,778. The larger increases were corn, barley, rye, gasoline, iron (pig and bloom) and soft coal, the decreases being wheat, flour, wood pulp, hard coal and iron ore.

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