

Weekly Review of Economic Conditions

Three of the six major factors measuring the trend of economic conditions recorded advances in the week ended October 2. The gain in the railway freight movement was less than normal for the season. The adjusted index consequently showed a decline of 1.3 p.c. Owing mainly to the advance in grain prices, the index of wholesale prices recorded a slight increase to 85.2. Weakness was displayed on the high-grade bond market and quotations showed a greater decline than for some months. The adjusted index of bank clearings recorded a gain of more than 6 p.c., and trading on the stock exchanges was considerably more active than in the preceding week. The reaction in common stock prices continued for the seventh consecutive week, the index receding from 117.6 to 113.7.

The business factors used in this connection remained at a higher level than in the same week of 1936. The rise in the index of carloadings was $6\frac{1}{2}$ p.c. while the level of wholesale prices was more than 11 p.c. over the standing at the same time last year. The recession in high-grade bond prices paralleled a similar movement in 1936, the index of capitalized bond yields recording a decline of about seven per cent. The decline on the stock exchange in progress for nearly two months contrasted with the marked advance in the latter part of last year. The general index of common stock prices showed a deficit of 7.3 p.c. from the same week one year ago. Bank clearings and speculative trading were also at a lower position.

The railway freight movement gave a good account of itself in the 38th week. The gain in the volume, however, was slightly less than normal for the season and the index receded from 85.5 to 85.4. The traffic movement continued at a relatively high level despite the sub-normal grain crop in the western division. The total movement during the first 38 weeks of the year was 1,887,000 cars, a gain of about 9 p.c. over the same period of 1936. The gain in miscellaneous commodities, consisting mainly of manufactured goods, was no less than 113,300 cars and marked gains were recorded in each of the 11 commodity groups except grain, coal and coke.

Owing to the high level of grain prices, the index of wholesale prices has shown moderate gain for the last four weeks. The index advanced from 85.0 to 85.2 in the week under review and was 11 p.c. greater than in the same week of last year. Grain prices were strong in the week ended October 2, No. 1 Manitoba Northern rising from $134\frac{1}{2}$ to 143. Recession was shown in oats while other coarse grains participated in the advance. Barley No. 3 C.W. moved up from $60\frac{7}{8}$ to $63\frac{3}{8}$. The index of crop products was 88.4 against 86.7, while other main groups of the official classification were either maintained or showed recessions. The index of non-ferrous metals declined from 82.3 to 79.3, caused by a sharp break in the more important base metals. On the New York commodity market electrolytic copper was 12.75 against 14 cents on September 25. Lead dropped from $6\frac{1}{4}$ to 6 and zinc was down from $7\frac{1}{4}$ to $6\frac{1}{2}$. An appreciable decline was also shown in tin on the same market. Electrolytic copper in London on October 5 was £54, against £56 on September 28. During this interval lead receded from £20 to £19 1s 3d. Zinc was quoted at £18 7s 6d against £19 6s 3d. The export price of copper in New York on October 5 was 12.38 against $12\frac{3}{4}$ on September 28. Many of the principal commodities were weak on the New York market. Raw sugar dropped from 3.33 to 3.20 and crude rubber was down from 18.38 to 13.75. The decline in cotton middlings was very slight and print cloths were maintained at 5 cents per pound. Wool and worsted yarns receded slightly. The decline in raw silk and cocoa continued reaching \$1.80 and 7 cents, respectively.

The index of capitalized bond yields showed a decline of 1.2 p.c. from the preceding week and 7.1 p.c. from the same week of 1936. The bid quotation for the 3's of 1950-55 was $95\frac{3}{4}$ on October 5 against $96\frac{1}{8}$ on September 28. The $4\frac{1}{2}$'s of 1946 were maintained at $109\frac{1}{2}$, while the 4's of 1949-59 receded from $109\frac{3}{4}$ to $109\frac{5}{8}$.

The weakness in common stock prices continued in the last week of September. The index of 96 common stocks dropped from 117.6 to 113.7, while a decline of 7.3 p.c. was shown from the same week of last year. Each of the groups in the official classification recorded declines. The index of 15 power and traction stocks dropped from 78.5 to 77.1. Gold stocks were maintained, the index remaining at 104.2, but marked decline was shown in the index of three base metals.

The economic index based on the six major factors showed a slight gain in the week of October 2, the standing having been 110.6 against 110.4. This movement reversed the decline of the three preceding weeks. The index was nearly 4 p.c. above the standing of the same week of 1936, two of the six major factors showing an increase in this connection. The index at this time last year, owing to the favourable conditions obtaining, was not far from the highest levels of that year. The deficit at the present time is mainly due to the decline in bonds and common stock prices, while payments by cheque and speculative trading are also at a lower level.

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 ⁴
Oct. 3, 1936	79.2	76.7	155.5	112.6	122.6	362.5	114.9
Sept. 25, 1937	85.5	85.0	146.2	97.8	117.6	119.7	110.4
Oct. 2, 1937	84.4	85.2	144.5	103.8	113.7	172.8	110.6

1. The index of carloadings is projected forward one week to corresponding 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.

Canada's Trade in August

Canadian trade advanced to \$173,304,529 in August from the previous month's total of \$172,138,336 and \$143,787,510 in August, 1936. Imports were of the value of \$69,965,939 compared with \$71,995,940 in July and \$50,257,754 a year ago; domestic exports totalled \$101,471,260 compared with \$99,157,775 the month before and \$92,559,495 a year ago. Re-exports amounted to \$1,867,330 compared with \$984,621 in July and \$970,261.

During the 12 months ending August, Canada's trade aggregated \$1,914,231,435 as compared with \$1,537,993,570 in the same period of 1936-37. Imports amounted in value to \$760,085,011 in comparison with \$589,851,099, while domestic exports totalled \$1,137,419,625 compared with \$935,634,386. The re-export of foreign imports totalled \$16,726,799 as compared with \$12,508,085 during the twelve months ended August, 1936-37.

Sales and Purchases of Securities

Sales and purchases of securities between Canada and other countries in August were higher than in the three previous months and also August, 1936. Sales in August totalled \$33,989,049 compared with \$26,092,966 in July and \$23,876,119 a year ago. The sales to the United States amounted to \$26,549,136 compared with \$18,026,252 in July and \$21,530,362 a year ago; the total to the United Kingdom was \$5,698,755 compared with \$6,387,314 in July and \$1,573,986 in August, 1936.

Purchases during the month aggregated \$34,442,935 as compared with \$29,035,146 in July and \$32,644,013 in August, 1936. Purchases from the United States made up the bulk, totalling \$27,627,666 compared with \$20,865,276 in July and \$29,555,781 in August, 1936; the total from the United Kingdom was \$6,089,667 as compared with \$7,471,971 in the previous month and \$2,648,315 in August, 1936.

Soaps, Washing Compounds and Cleaning Preparations

The value of the output of the soaps, washing compounds and cleaning preparations industry in 1936 was of the value of \$16,313,602 as against \$16,002,048 in 1935; the number of employees was 1,993 against 1,931, while salaries and wages amounted to \$2,540,559 compared with \$2,490,918.

Manufacturing in the Prairie Provinces

Manufacturing production in the Prairie Provinces recorded further advance during 1935. The total value of products made was \$237,838,201, an advance of \$20,829,360 or 9.6 per cent in comparison with 1934. The cost of materials used increased to \$138,808,317 from \$119,390,136. Employees numbered 41,681 with salaries and wages of \$43,729,926 as compared with 39,274 and \$39,890,718 in 1934.

From the standpoint of value of production, slaughtering and meat packing again led all industries with an output valued at \$44,421,578, followed by flour and feed mills with \$31,912,049 and butter and cheese with \$20,472,766. These industries accounted for over 40 per cent of the total production of the Prairie Provinces. Other leading industries, in order of importance were: central electric stations, petroleum products, railway rolling stock, etc.

Manitoba is the most industrialized of the three Prairie Provinces, having a value of products of \$117,734,292. The number of employees was 23,239 with salaries and wages of \$24,701,066. Slaughtering and meat packing was the leading industry with a value of production of \$21,832,403. Railway rolling stock was next with \$9,264,003, butter and cheese \$7,602,065, flour and feed mills \$7,400,427 and central electric stations \$6,729,818.

Production in Saskatchewan reached the highest point since 1930, amounting to \$46,821,302. Employees numbered 6,355 with salaries and wages of \$6,524,411. The flour and feed milling industry again headed the list with an output of \$12,785,321, butter and cheese, slaughtering and meat packing, petroleum products, central electric stations and printing and publishing, etc., follow in the order named.

Manufacturing in Alberta mounted to \$73,282,607 as compared with \$69,389,118 in 1934, being at the highest level since 1930. There were 12,087 persons employed with disbursements of \$12,504,449 in salaries and wages. Slaughtering and meat packing, with an output valued at \$16,088,230 was the leading industry, followed by flour and feed mills with \$11,726,301, petroleum products \$7,791,296, butter and cheese \$6,313,086, central electric stations \$4,776,982. Sugar refining is also a leading industry in Alberta.

Retail Sales in August

Canada's retail trade increased 1.9 per cent during August as compared with August, 1936. The unadjusted general index on the 1930 base as 100 stood at 68.4 as compared with 67.1. Cumulative figures for the first eight months of the year showed advancement of 8.4 per cent over the same period of 1936. The best increase in sales during August compared with last year was shown by furniture stores, sales of which advanced 11.8 per cent. Hardware store sales exceeded those of last August by 8.7 per cent; drugs, 7.4 per cent; music and radio stores, 7.2 per cent, while smaller increases were shown for men's clothing stores, departmental stores and restaurants. Sales of boot and shoe stores, candy stores, women's clothing stores, dyeing and cleaning establishments and variety stores declined.

Production and Sales of Radio Receiving Sets

Production of radio receiving sets in Canada during the second quarter of 1937 numbered 71,237 sets valued at \$2,616,742 at factory prices. This output represented an increase of 74 per cent in number and 81 per cent in value over the corresponding period of a year ago.

Producers sales during April, May and June of this year totalled 46,409 sets worth \$3,022,145 at list prices, the number sold being higher than in any previous second quarter since statistics were commenced in 1931. Sales during the second quarter of 1936 numbered 31,746 sets.

Oiled and Waterproof Clothing

The production of 12 establishments in Canada whose principal output comprised oiled and waterproof clothing amounted in value to \$1,275,526 during 1936, an increase of \$185,439 over the previous year. The principal item was rubberized coats which were made to the extent of 10,410 dozen with a selling value of \$370,094. There were also 6,243 dozen windbreakers and leather jackets valued at \$292,808 and 3,037 dozen waterproofed coats to the value of \$122,950.

Asbestos Production

Shipments of asbestos by producers in Canada during July amounted to 35,194 tons compared with 35,341 in the previous month and 27,749 a year ago. During the seven months ending July, 232,939 tons were shipped compared with 148,130 in the same period of 1936.

New Motor Vehicle Sales in August

There were 9,074 new motor vehicles sold in Canada for \$9,521,833 during August, a gain of 52.8 per cent in number and 52.4 per cent in value as compared with August, 1936, when 5,937 vehicles retailed at \$6,246,100. The number sold during the first eight months of the year exceeded the total number sold during the entire year 1936. There were 118,314 new vehicles sold during the eight-month period, January to August, of this year compared with 89,603 for the same period of 1936, and 115,759 for the year, 1936.

New passenger cars sold during August numbered 6,344 as compared with 4,396 for August, 1936, representing an increase of 44.3 per cent. The best increases were shown for Quebec, 73.1 per cent; the Maritime Provinces, 70.8; Manitoba, 59.9; and Alberta 59.6.

New trucks and buses sold during the month under review totalled 2,730, an increase of 77.2 per cent over the 1,541 sold in August, 1936. Quebec recorded an increase of 223.9 per cent; Manitoba, 104.5; Alberta, 59; the Maritime Provinces, 39.4; British Columbia, 37. The number of commercial vehicles sold in Saskatchewan declined 26.5 per cent compared with last year.

Sugar Imports in August

Raw sugar imports amounted to 104,932,500 pounds valued at \$2,058,504 in August as compared with 84,949,000 at \$1,348,222 a year ago. During the eight months ended August there were 504,884,300 pounds imported to the value of \$9,407,381 as compared with 619,501,900 valued at \$10,675,504 in the same period of 1936. Jamaica was the chief supplying country in August with a total of 31,398,200 pounds, followed by British Guiana at 17,933,700, Trinidad 14,123,400, Barbados 10,369,600 and Fiji 9,237,700. Refined sugar imports during the month amounted to 792,800 pounds valued at \$34,421 compared with 494,900 pounds worth \$22,631, while during the eight months ended August the total was 5,201,100 pounds valued at \$228,148 compared with 2,994,700 pounds worth \$141,029 in the same period of 1936.

Button Industry in 1936

Further improvement was evident in the button industry during 1936. The gross value of the products increased to \$1,467,414, a gain of seven per cent over 1935. There was an increase of 14.4 per cent in the number of persons employed, the number being 800, and the total paid in salaries and wages increased to \$630,576 from \$542,015. The capital investment fell to \$1,364,317 from \$1,429,340, due mainly to charges for depreciation. This industry is centred in the provinces of Quebec and Ontario, each province having nine factories. Pearl buttons to the value of \$328,353 was the most important single item, followed by vegetable ivory buttons worth \$225,540 and celluloid buttons at \$131,065.

Wholesale Trade in August

An improvement of nine per cent was indicated in sales made by 200 wholesale firms in Canada during August as compared with August, 1936. This gain is a continuation of increases recorded for every month since the beginning of this series in January, 1936, and brings the index of sales for August to 98.2 on the basis of the average monthly sales in 1930 as 100. The firms included in this compilation were representative of nine different lines of business.

All groups had increased sales over August last year. The gains were recorded as follows: fruits and vegetables, 0.8 per cent; groceries, 5.2; automotive, 7.4; clothing, 15.4; hardware, 15.8; tobacco and confectionery, 17.3; dry goods, 17.4; drugs, 17.9; footwear, 23.2. British Columbia made the best showing during the month with a gain of 19.5 per cent, followed by Quebec with a gain of 13.6; Maritimes, 14.8; Ontario, 8.7. A decline of 0.9 per cent was shown in the Prairies. Value of inventories for all kinds of business combined was 13.3 per cent higher.

Wheat Stocks in Store

Canadian wheat in store on October 1 amounted to 74,809,661 bushels compared with 74,504,169 a week ago and 162,119,293 on the same date last year. There were 17,886,562 bushels of Durum wheat included in the figures for the latest date. Canadian wheat in the United States amounted to 2,086,314 bushels compared with 2,329,314 in the previous week and 19,009,952 last year. Wheat in transit by rail totalled 7,471,143 bushels compared with 10,354,693 on the same date last year; wheat in transit on the lakes amounted to 2,066,424 bushels compared with 5,582,360. United States wheat in Canada aggregated 1,743,704 bushels, while last year there was none.

Primary Movement of Wheat

Wheat marketings in the Prairie Provinces for the week ending October 1 amounted to 6,544,558 bushels compared with 12,058,677 during the previous week and 6,818,243 a year ago. Receipts were as follows, by provinces, with 1936 figures in brackets: Manitoba, 1,599,869 (444,798) bushels; Saskatchewan, 1,360,901 (3,865,699); Alberta, 3,583,788 (2,507,746).

Total marketings from August 1 to October 1 were 65,577,758 bushels compared with 100,696,930 in the same period of the previous crop year. The totals for the provinces follow: Manitoba, 28,025,937 (16,012,945) bushels; Saskatchewan, 13,729,809 (60,828,680); Alberta, 23,822,012 (23,855,305).

Overseas Export Clearances of Wheat

Overseas export clearances of wheat during the week ending October 1 amounted to 2,774,278 bushels compared with 3,675,033 in the same week last year, while imports into the United States for consumption and milling in bond for re-export totalled 75,000 bushels compared with 1,552,000. Clearances from August 1 to October 1 were 13,802,267 bushels compared with 33,026,511 in the same period of the previous crop year, while imports of Canadian wheat into the United States were 1,360,000 bushels compared with 13,913,876.

Dairy Situation

The June to August quarter of 1937 was a favourable one for dairying, although the severe drought in the prairie section of the west and extreme mid-summer temperatures in the eastern provinces were responsible for a temporary decline in the milk flow, particularly toward the end of August. During this three-month period creamery butter production fell to 105,246,480 pounds from 107,159,670 in the same period of 1936. Factory cheese, on the contrary increased to 70,823,000 pounds from 61,735,000, and concentrated whole milk products as a group advanced 47.5 per cent to 41,938,000 pounds.

Coal and Coke Production

The Canadian production of coal in August advanced to 1,222,976 tons from the preceding month's total of 1,139,840, and the August, 1936, output of 1,056,032 tons. Nova Scotia mines produced 691,321 tons as compared with 565,859 a year ago; Alberta, 350,416 compared with 319,338; British Columbia, 130,010 tons compared with 117,328; Saskatchewan, 25,484 tons compared with 30,526; and New Brunswick 25,745 tons compared with 22,981.

Coal imports amounted to 1,776,400 tons compared with 1,539,189 tons a year ago. Receipts of anthracite during August totalled 321,383, consisting of 138,760 tons from Great Britain, 98,810 from the United States, 42,190 from Russia and 41,622 from Germany. Imports of bituminous amounted to 1,454,972 tons, of which 1,449,029 came from the United States. Exports of Canadian coal were recorded at 32,105 tons compared with 33,689 last year. Coal made available for consumption during the month amounted to 2,967,271 tons, compared with the average during the past five years of 2,329,583 tons.

Production of coke during August totalled 214,408 tons compared with 211,569 in July and 190,853 for August, 1936. During the first eight months of this year, 771,454 tons of Canadian coal and 1,602,501 of imported coal were carbonized to produce 1,705,046 tons of coke. Production of coke during the first eight months of 1936 amounted to 1,585,253 tons.

August Imports

Imports into Canada during August recorded an increase of 39.2 per cent over August, 1935, the total being \$69,965,939 as compared with \$50,257,754. The gain in imports from Empire countries was 36.6 per cent, and from foreign countries 40.5 per cent. The value of commodities bought from Empire countries was \$22,280,729 compared with \$16,312,339, and from other countries \$47,685,210 compared with \$33,945,415.

Imports from the United States were of the value of \$40,179,510 as compared with \$27,609,153, a gain of 45.5 per cent, and from the United Kingdom the total was \$13,141,890 compared with \$11,086,100, increasing 18.5 per cent. Hoavier buying from Australia, British South Africa, Jamaica, New Zealand, Japan, British Guiana, Venezuela and Italy were other features of the month's import trade.

Imports from other leading Empire countries follow, with figures for August, 1936, in brackets: British South Africa, \$1,564,993 (\$85,206); Australia, \$1,083,270 (\$346,705); Jamaica, \$929,881 (\$335,725); New Zealand, \$600,393 (\$75,357); British India, \$677,613 (\$472,002); British Guiana, \$490,036 (\$192,211); Newfoundland, \$419,688 (\$281,512); Ceylon, \$415,349 (\$338,144); Barbados, \$339,041 (\$460,778); Smaller British West Indies, \$278,251 (\$183,148); Fiji, \$197,401 (\$354,200); Gold Coast, \$106,430 (\$118,045); British East Africa, \$77,709 (\$129,856).

Imports from other leading foreign countries were: Germany, \$1,062,388 (\$955,283); France, \$647,130 (\$601,004); Belgium, \$693,755 (\$629,666); Argentina, \$745,282 (\$293,096); Japan, \$530,148 (\$393,153); Colombia, \$508,519 (\$522,970); Peru, \$358,759 (\$742,992); Venezuela, \$394,496 (\$65,793); Italy, \$287,502 (\$74,206); Czechoslovakia, \$254,395 (\$213,978); China, \$247,580 (\$300,235); Switzerland, \$246,530 (\$244,343); Greenland, \$235,545 (\$229,010); Netherlands, \$222,636 (\$280,932); Cuba, \$161,323 (\$5,972); Russia, \$106,541 (\$7,425); Brazil, \$105,516 (\$51,045); Spain, \$51,222 (\$53,649).

Although all main commodity groups were higher, the iron and products and agricultural groups featured, the former increasing to \$17,212,000 from \$9,299,000, and the latter to \$13,243,000 from \$9,062,000.

Automobiles were imported to the value of \$935,000 compared with \$337,000, auto parts \$1,261,000 compared with \$819,000, castings and forgings \$437,000 compared with \$119,000, engines and boilers \$582,000 compared with \$370,000, farm implements \$1,745,000 compared with \$828,000, machinery \$3,915,000 compared with \$2,271,000 and plates and sheets \$3,295,000 compared with \$1,758,000.

Grains and products amounted in value to \$2,176,000 in comparison with \$412,000, fruits \$2,617,000 compared with \$1,990,000, raw rubber \$1,792,000 compared with \$1,524,000, sugar \$2,303,000 compared with \$1,634,000, vegetable oils \$1,233,000 compared with \$1,159,000 and seeds \$433,000 compared with \$26,000. Hides were worth \$466,000 compared with \$283,000 and raw furs \$469,000 against \$354,000. Imports of cotton were of the value of \$2,609,000 (\$2,538,000); Wool, including raw wool, noils and tops, woollen yarn, worsteds and serges and other, \$3,252,000 (\$2,384,000); silk, \$722,000 (\$690,000).

Aluminium advanced to \$828,000 from \$648,000; electrical apparatus to \$1,323,000 from \$979,000; brass to \$239,000 from \$221,000, and copper to \$103,000 from \$40,000. Coal imports were valued at \$3,089,000 against \$2,569,000; glass and glassware, \$651,000 against \$513,000; crude petroleum, \$5,768,000 against \$4,805,000; sulphur, \$431,000 compared with \$249,000.

Telegraph Systems

Gross revenues of all telegraph systems in Canada increased from \$9,741,394 in 1935 to \$10,378,873 in 1936, operating expenses increased from \$8,416,329 to \$8,710,349 and net revenues were increased from \$1,325,065 to \$1,668,524.

The numbers of telegrams originated in Canada and received from the United States for delivery in Canada were 11,001,936 and 1,733,250, respectively, or a total of 12,735,186, and the numbers of cablegrams forwarded and received were 740,170 and 651,733, respectively. The total value of money transferred by telegraph amounted to \$4,296,738 as against \$3,834,458 in 1935.

The number of full time employees increased from 5,903 to 6,064 and salaries and wages increased from \$7,030,330 to \$7,360,193, exclusive of commissions amounting to \$340,284 in 1935 and \$354,343 in 1936.

Reports Issued during the Week

1. Carloadings on Canadian Railways.
 2. Retail Sales in Canada, August.
 3. Trade of Canada by Months.
 4. Manufacturing Industries of the Prairie Provinces, 1935.
 5. Production and Sales of Radio Receiving Sets, Second Quarter, 1937.
 6. The Oiled and Waterproof Clothing Industry, 1936.
 7. Sales and Purchases of Securities Between Canada and other Countries, August.
 8. Security Prices and Foreign Exchange.
 9. Butter, Cheese and Eggs in Cold Storage.
 10. The Dairy Situation in Canada, June - August, 1937.
 11. Occupations and Industries of Gainfully Occupied, Prairie Provinces.
 12. Coal and Coko Statistics, August.
 13. Weekly Index Numbers of Wholesale Prices.
 14. Marketing Structure of the Wholesale Grocery Trade, Canada.
 15. Asbestos Production, July.
 16. New Motor Vehicle Sales, August.
 17. Wholesale Trade, August.
 18. Statistics of Steam Railways in Canada, 1936.
 19. The Button Industry, 1936.
 20. Sugar Report - August 21 to September 11, 1937.
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