

Weekly Review of Economic Conditions

Two of the six major factors measuring the trend of economic conditions showed a gain in the latest week for which statistics are available. After having shown continuous declines for 10 weeks, common stock prices rallied in the week ended October 28. The index advanced from 102.2 to 106.7, amounting to 4.4 p.c. Carloadings after seasonal adjustment also showed a reversal of the downward trend in progress for the preceding six weeks. The index for the 42nd week of the year was 78.7 against 77.6 in the preceding week. Wholesale prices reacted appreciably, the index receding from 84.7 to 84.4. A minor recession was shown in the index of capitalized bond yields, a downward trend having been shown for the last seven weeks. A tender rate of Dominion treasury bills rose from 0.66 p.c. to 0.70 p.c. on October 14 and to 0.78 p.c. on October 29. The recent recession in Canadian bonds was due in part to the anticipation of a Dominion Government loan required to pay off a large portion of the \$122.8 million, 5½ p.c. issue maturing on December 1. The adjusted index of bank clearings dropped 0.7 p.c., while the decline in speculative trading was considerably greater.

Two of the six major factors recorded gains in the latter part of October over the same week of 1936. The index of carloadings was 5.6 p.c. greater and a lead of nearly 10 p.c. was shown in the index of wholesale prices. Owing to the temporary decline in bond prices at this time last year, the deficit in the index of capitalized bond yields from last year was limited to 3.8 p.c. The recent decline in common stock prices contrasted with the marked advance during the last quarter of 1936. Despite the rebound in the week under review, the index was 17.2 p.c. below the same week of 1936, the index having stood at 106.7 against 128.8 one year ago. The recession in the adjusted index of bank clearings was limited to 0.3 p.c. while a much greater decline was shown in speculative trading.

The railway freight movement in the 42nd week of the year showed considerable improvement over the preceding week even after seasonal adjustment. The index stood at 78.7 against 77.6 in the preceding week. Recent gains in the movement of coke have reduced the deficit in the cumulative total for this commodity for the first 42 weeks to slightly more than 1,000 cars. The deficits in the movement of grain and coal amounted to 73,000 and 10,000 cars, respectively. The other 8 groups of the official classification continued to show important gains over the same period of 1936. The aggregate gain in the traffic movement was 164,000 cars. The increase over last year, when the index stood at 74.5, was 5.6 p.c. The adjusted index of carloadings did not fall below the corresponding week of 1936 at any time during the first 42 weeks of the year.

While a recession of 0.4 p.c. was shown in the index of wholesale prices in the week of October 29, a relatively steady performance has been displayed during 1937. During the first quarter of the present year, the advance which had been in progress during the last half of 1936 was continued. The temporary peak reached in the first part of April was slightly exceeded during July. Fluctuations in the last 8 months have been of relatively moderate proportions. The lead in the index over the same week of 1936 was nearly 10 p.c., the standing at that time having been 76.8.

Five of the eight main groups showed recessions in the week of October 29 from the preceding week, while the others remained unchanged. The index of Canadian farm products receded from 86.8 to 85.9, declines having been shown in crop and animal products. Wheat, oats and barley recorded declines on the Winnipeg exchange, while advances were shown in flax and rye. The price of No. 1 Manitoba wheat declined from 147 7/8 to 143 1/8. Cattle and hogs recorded declines on the Toronto stockyards, medium steers being down from 6.17 to 5.79, and bacon hogs from 8.49 to 8.04. Declines were shown in copper, tin and zinc on the New York market, while lead was maintained. Electrolytic copper dropped from 12 to 11 3/4 and the export price was reduced from 11.05 to 10.95-11.05. The price of lead and zinc remained unchanged at 5.50-55 and 5.75, respectively. Electrolytic copper on the London metal exchange was £48 10s per ton, on November 2, against £49 on October 26. Lead receded from £18 5s to £17 6s 3d, while zinc was down from £17 to £16 8s 9d. Raw silk was maintained on the New York market and cocoa beans advanced from 5.95 to 6.45. The price of raw cotton dropped from 8 cents to 7.92, while print cloths were maintained at 4 7/8.

Quotations for Canadian Government bonds were somewhat uneven during the last week, the average yield of the issues used in this index changing from 3.54 to 3.36. The bid quotation for the 4½'s of 1947-57 advanced from 108½ to 109 on November 2. The 4½'s of 1947-52 on the other hand, declined from 105 to 104¾. British Consols rallied in the week under review mounting from 74 1/8 to 74 5/8, recovering a large part of the preceding week's loss. The average of 40 high-grade United States bonds, however, dropped from 95.29 to 94.32. Capitalized bond yields based on Dominion issues receded 0.3 p.c. from the preceding week and were 3.8 p.c. lower than in the same week of last year.

Following the marked declines lasting for more than two months, common stock prices rebounded in the week of October 28. The index advanced from 102.2 to 106.7, the weekly average a year ago having been 128.8. A slight gain was shown over the levels of 1935 when stock markets were strong. Each of the 13 groups showed advances over the preceding week. The index of 15 power and traction stocks moved up from 67.6 to 71.7, and that of nine banks recorded a slight increase from 80.5 to 80.9. The mining market participated in the rally, the index of 24 stocks advancing from 115.8 to 123.7.

Following a decline for seven weeks, the index of economic conditions based on the six above-mentioned major factors showed an advance of 0.4 p.c., the standing of the index in the last week of October was 105.7 against 105.6 in the preceding week. A decline of 3.4 p.c., however, was shown from the same week of 1936, when the standing was 109.4.

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. 31, 1936	74.5	76.8	148.8	88.4	128.8	447.1	109.4
Oct. 23, 1937	77.6	84.7	143.5	88.7	102.2	216.2	105.6
Oct. 30, 1937	78.7	84.4	143.1	88.1	106.7	170.6	105.7

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.

Imports in September

Imports into Canada during September increased 32.6 per cent in comparison with September, 1936, the total being \$70,240,465 compared with \$52,982,972. The amount from Foreign countries increased 34.7 per cent to \$48,586,554 from \$36,073,625; the gain in the total from Empire countries was 28.1 per cent to \$21,653,911 from \$16,909,347. The United States was the chief source of supply, the amount from that country being \$41,631,462 compared with \$29,753,881, an advance of nearly 30 per cent. The amount from the United Kingdom was \$12,686,817 compared with \$10,905,743, increasing 16.3 per cent. Imports from Australia were worth \$2,269,485 compared with \$1,425,620, and from British South Africa \$1,770,749 compared with \$363,185.

Crude petroleum led the commodities with a value of \$5,620,000 compared with \$4,246,000; machinery, \$3,887,000 (\$2,535,000); plates and sheets, \$3,167,000 (\$1,633,000); coal, \$3,413,000 (\$3,082,000); automobile parts, \$2,245,000 (\$1,125,000); fruits, \$2,515,000 (\$2,480,000); grains and products, \$2,452,000 (\$409,000); sugar, \$2,648,000 (\$2,118,000); cotton, \$2,539,000 (\$2,764,000); wool, \$2,654,000 (\$2,209,000); rubber, \$1,374,000 (\$1,044,000); vegetable oils, \$1,286,000 (\$753,000); books and printed matter, \$1,352,000 (\$1,111,000); farm implements, \$1,739,000 (\$801,000); electric apparatus, \$1,137,000 (\$855,000); clay and products, \$715,000 (\$564,000); engines and boilers, \$818,000 (\$427,000); flax, hemp and jute, \$832,000 (\$774,000); tea, \$846,000 (\$656,000); alcoholic beverages, \$609,000 (\$683,000).

Canada's Imports during Six Months

Canada's imports during the six months ended September advanced 33.4 per cent over those of the same period of 1936, the total being \$421,464,544 compared with \$315,997,606. Imports from countries of the British Empire increased 27.6 per cent to \$127,647,199; the total from Foreign countries was \$293,817,345, a gain of 36 per cent.

The United States was the chief source of supply, the total being \$251,918,277, a gain of 39.4 per cent. The United Kingdom was in second place with \$78,418,364, increasing 21.5 per cent. Other leading sources were as follows, with 1936 figures in brackets: British West Indies, \$8,394,162 (\$9,426,603); Australia, \$7,536,881 (\$5,065,060); Germany, \$5,811,186 (\$5,766,446); British South Africa, \$4,746,619 (\$847,429); British India, \$4,691,867 (\$3,935,588); New Zealand, \$4,122,645 (\$2,184,021).

Belgium, \$3,989,272 (\$3,115,007); France, \$3,559,193 (\$3,298,418); Japan, \$2,919,905 (\$2,087,737); Colombia, \$2,790,083 (\$2,508,757); British Guiana, \$2,639,892 (\$2,380,659); China, \$2,036,671 (\$1,899,862); Peru, \$2,411,972 (\$2,639,581); Italy, \$1,744,472 (\$288,867); Netherlands, \$1,689,456 (\$2,476,869); Newfoundland, \$1,554,176 (\$1,387,902); Switzerland, \$1,482,468 (\$1,305,744); Sweden, \$1,258,867 (\$852,317).

Retail Sales in September

The value of retail sales in Canada advanced 7.7 per cent during September compared with September, 1936. The general index was 81.0 as compared with 75.2. In August the index was 68.8, the increase in September being 17.7 per cent. During the nine-month period, January to September, the value of retail sales in Canada was 8.3 per cent greater than in the same period of last year.

Wheat Stocks in Store

Canadian wheat in store for the week ending October 29 amounted to 74,483,913 bushels compared with 73,067,012 in the previous week and 153,508,840 a year ago. Stocks on the latest date included 16,991,376 bushels of Durum. The amount of Canadian wheat in the United States was 2,524,000 bushels compared with 1,905,849 a week ago and 22,282,462 last year. Wheat in rail transit totalled 5,758,414 bushels compared with 10,010,729 in 1936; wheat in transit on the lakes was 2,838,063 bushels compared with 4,291,688. United States wheat in Canada amounted to 2,443,368 bushels; last year there was none.

Overseas Export Clearances of Wheat

Overseas export clearances of wheat during the week ending October 29 amounted to 2,712,257 bushels as compared with 4,806,989 in the same week last year, while imports of Canadian wheat into the United States for consumption and milling in bond for re-export were 96,000 bushels compared with 1,128,000. Total overseas clearances from August 1 to October 29 were 23,416,319 bushels as compared with 47,810,807 in the same period of the previous crop year; imports into the United States were 1,861,691 bushels compared with 17,712,412.

Raw Sugar Imports

September imports of raw sugar amounted to 126,942,700 pounds of the value of \$2,283,111 as compared with 108,585,300 valued at \$2,381,373 in the same month last year. Australia led the contributing countries with 51,225,400 pounds, British Guiana 26,123,300, Cuba 10,461,700, Fiji 6,728,600, Barbados 2,715,200 and Peru 212,000.

July Traffic of Railways

Revenue freight loaded at Canadian stations and received from foreign connections during July increased to 6,717,776 tons from the total for the corresponding month last year of 6,038,592. Agricultural products fell to 710,910 tons from 1,281,105; animal products were up to 204,138 tons from 189,852; mine products to 2,784,399 tons from 2,112,078; forest products to 867,641 tons from 685,648. Manufactures and miscellaneous products increased to 2,150,688 tons from 1,769,909.

Retail Merchandise Trade in 1936

The gradual but steady upward movement which has characterized the trend in consumer purchasing in Canada since the spring of 1933 was continued throughout 1936 when the dollar value of retail trade reached a total of \$2,202,202,000, exceeding by 7.2 per cent the amount recorded for 1935. This compares with \$2,755,569,900 for 1930, the first year for which data are available. The three years following 1930 witnessed successive declines of 15.8 per cent in 1931, 17.2 per cent in 1932 and 7.1 per cent in 1933, sales for the latter year totalling \$1,785,768,000 or 35.2 per cent below the 1930 figure. An improvement of 9.7 per cent over the mid-depression year was recorded in 1934 and was followed by a further gain of 4.8 per cent in 1935. The more substantial improvement of 7.2 per cent in 1936 as compared with that in the preceding year may be attributed partly to an exceptionally good Christmas trade, partly to a more rapid rise in retail prices and partly to an extension of the trade revival to lines of business which had been slower in responding to the upward movement. A direct comparison between 1936 and 1933 indicates an improvement of 23.3 per cent although dollar sales were still about 20 per cent below the 1930 level.

Retail Merchandise Trade in Ontario

Retail sales in Ontario for 1936 reached a total of \$913,223,000, exceeding by 6.4 per cent the amount recorded for 1935, and bringing the dollar value of retail trade about 23 per cent above the 1933 figure. Sales for 1936 were still 17 per cent below the level of 1930, the first year for which these statistics are available. Total sales by groups follow, with 1935 figures in brackets: Food, \$204,575,000 (\$196,444,000); automotive, \$167,843,000 (\$154,097,000); generalmerchandise, \$142,675,000 (\$134,876,000); other retail stores, \$182,428,000 (\$172,246,000); apparel, \$79,107,000 (\$74,291,000); building materials, \$45,698,000 (\$40,677,000); country general stores, \$39,302,000 (\$37,359,000); furniture, \$31,716,000 (\$29,471,000); restaurants, \$19,879,000 (\$18,879,000).

Retail Sales in Country General Stores

Country general store sales averaged 5 per cent higher in September this year than in the corresponding month of 1936, according to comparative sales figures reported by 500 of these general merchandise stores located in the smaller towns and rural areas of the country. In contrast with the improvement of 5 per cent for the country as a whole, a sharp drop in sales amounting to almost 19 per cent was recorded in Saskatchewan, both the northern and southern parts of the province reporting similar declines from last year. All other sections of the country reported increased sales. Quebec sales were up by 13 per cent and British Columbia was second with 11 per cent. Increases over September last year for other divisions are: Maritime Provinces, 10.6 per cent; Manitoba, 8.5; Ontario 8, and Alberta 6.

Production of Coal and Coke

Coal production in Canada during September amounted to 1,415,219 tons as compared with 1,448,051 in September, 1936, and 1,189,443, the average for the month during the past five years. Nova Scotia producers reported an output of 690,678 tons against 653,918; Alberta, 472,114 (568,829); British Columbia, 138,870 (115,084); Saskatchewan, 84,264 (80,956); New Brunswick, 29,393 (28,843).

Imports of coal advanced to 1,627,592 tons from the total for last year of 1,394,911. Anthracite imports were 323,734 tons and bituminous 1,303,857. Coal exported was 31,553 tons compared with 34,374. Coal made available for consumption in Canada during the month amounted to 3,011,258 tons compared with 2,808,588.

Production of coke totalled 208,086 tons during September compared with 214,408 in the previous month and 188,991 a year ago. During the first nine months of the year, 870,377 tons of Canadian coal and 1,793,275 tons of imported coal were carbonized to produce 1,913,132 tons of coke as compared with a production of 1,774,246 a year ago.

Living Animals Imported

Living animals were imported to the value of \$129,598 during September as compared with \$87,942 a year ago, the bulk coming from the United States. Animals for exhibition purposes were imported to the value of \$99,158 as compared with \$63,665, and animals for the improvement of stock, \$16,132 compared with \$14,233.

Milling in September

There were 6,418,235 bushels of wheat ground in Canadian mills during September as compared with 6,866,806 a year ago. Other grains follow, with 1936 figures in brackets: oats, 1,128,172 (1,107,886) bushels; corn, 219,842 (273,700); barley, 130,936 (104,696); buckwheat, 10,336 (9,751); and mixed grain, 1,241,096 (1,269,421). Production of flour amounted to 1,437,586 barrels compared with 1,516,123.

Imports of Rubber

Raw rubber imported in September amounted to 5,367,536 pounds, of which 3,333,191 came direct from the Straits Settlements, 1,207,324 from the United States, 645,435 from Ceylon, 181,361 from the Dutch East Indies and 225 from British India. In August, the import was 7,852,589 pounds and in September, 1936, 5,361,220. The amount of rubber substitute imported was 38,200 pounds, of which 16,400 came from the United Kingdom, 11,300 from the United States and 10,500 from Estonia.

Asbestos

Exports of asbestos in September amounted to 18,784 tons valued at \$967,789, of which 8,938 tons went to the United States, 3,765 to Japan, 2,319 to Belgium, 1,625 to Germany, and 902 to the United Kingdom. The export of asbestos sand and waste amounted to 15,285 tons at \$243,909, of which 14,273 tons went to the United States, and comparatively small amounts to the United Kingdom, Belgium, Germany, Japan, Netherlands and Poland. In August the export of asbestos was 19,808 tons valued at \$1,143,232 and of asbestos sand and waste 16,733 tons at \$272,547, while in September, 1936, the amount of asbestos was 10,028 tons at \$552,442 and sand and waste 16,702 tons worth \$268,760. During the past six months the export of asbestos has risen from 62,257 tons at \$3,312,087 to 106,289 tons at \$5,900,360, and sand and waste from 79,317 tons at \$1,285,950 to 101,052 tons at \$1,688,979.

Cheese Imports in September

C Imports of cheese in September amounted to 79,617 pounds compared with 65,973 in August and 117,149 a year ago. The following were the countries of origin: France, 22,967 pounds; Switzerland, 16,719; Italy, 13,524; Netherlands, 10,201; United States, 5,160; Norway, 5,033; United Kingdom, 3,747; Denmark, 1,586.

Imports of Petroleum in September

Imports of crude petroleum in September amounted to 153,314,465 gallons at \$5,581,105, of which 115,646,002 gallons came from the United States, 17,083,405 from Colombia, 11,281,383 from Peru, and 9,303,675 from Venezuela. In August the imports amounted to 157,777,730 gallons and a year ago 134,048,064.

Imports of Farm Implements and Machinery

The bulk of the September imports of farm implements and machinery came from the United States; the aggregate was \$1,738,849, more than double those of September, 1936. The amount from the United States was \$1,638,048. Internal combustion traction engines for farm purposes valued up to \$1,400 each were valued at \$1,227,114 as compared with \$486,669, largely accounting for the gain in the grand total imports of farm implements.

Imported Meats

Meats were imported to the value of \$142,520 during September as compared with \$127,644 a year ago. Argentina led the supplying countries with a value of \$52,605, followed by the United States at \$43,514 and the United Kingdom \$25,765. Canned beef was the chief item with a value of \$71,508, coming largely from Argentina. Barrelled pork in brine was worth \$33,069, all from the United States.

September Imports of Green Coffee

Imports of green coffee in September amounted to 2,669,868 pounds, of which 935,291 came from British East Africa, Colombia 637,286, Jamaica 337,505, Brazil 405,855, with smaller amounts from the United Kingdom, Aden, British Guiana, Trinidad, Abyssinia, Costa Rica, Dutch East Indies, Guatemala, Mexico and Venezuela. In August the import was 2,214,718 pounds and a year ago 2,939,256.

Tea Imports in September

Imports of tea in September totalled 3,219,320 pounds compared with 3,044,018 in August and 2,889,791 in September, 1936. The imports included 1,028,286 pounds of black tea from Ceylon, 59,278 of black tea of China, 1,784,398 of black of India, 190,307 of green tea of Japan, 5,815 of green tea of India and 41,501 of green tea of China. There were 76,322 pounds of black tea from Japan and 6,100 from British East Africa.

Reports Issued during the Week

1. Weekly Index Numbers of Wholesale Prices.
 2. Retail Sales in Canada, September.
 3. Monthly Trade Trends with Empire Countries.
 4. Imports from Empire and Foreign Countries, September.
 5. Monthly Bulletin of Agricultural Statistics, September.
 6. The Silver Mining Industry in Canada, 1936.
 7. Monthly Traffic Report of Railways of Canada, July.
 8. Carloadings on Canadian Railways.
 9. Sugar Report - September 18 to October 9, 1937.
 10. Macaroni and Kindred Products Industry, 1936.
 11. Unemployment and Earnings among Wage-Earners on Relief and not on Relief for Cities of 30,000 Population and Over, Prairie Provinces, 1936 (Census).
 12. Summary of Imports, September.
 13. Monthly Retail Sales in Country General Stores, September.
 14. Retail Merchandise Trade in Ontario, 1936.
 15. Security Prices and Foreign Exchange.
 16. Imports of Living Animals, September.
 17. Imports of Paints and Varnishes, September.
 18. Imports and Exports of Soap, September.
 19. Imports and Exports of Tanned Preparations, September.
 20. Imports of Farm Implements and Machinery, September.
 21. Imports of Meats, Lard and Sausage Casings, September.
 22. Imports and Exports of Pipes, Tubes and Fittings, September.
 23. Retail Merchandise Trade, 1936.
 24. Canadian Milling Statistics, September.
 25. Coal and Coke Statistics, September.
 26. Canadian Grain Statistics.
 27. Imports of Coffee and Tea, September.
 28. Imports of Petroleum and Its Products, September.
 29. Imports of Milk and Its Products and Eggs, September.
 30. Imports of Rubber into Canada, September.
 31. The Asbestos Trade, September.
 32. The Use of Radios and Phonographs in Canadian Schools.
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