

WEEKLY BULLETIN

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Weekly Review of Economic Conditions

Four of the six major factors showing the trend of economic conditions moved into lower positions in the latest week for which statistics are available. The index of common stock prices averaged more than 1 p.c. higher than in the preceding week but reaction was resumed in the later part of the period. High-grade bond prices were fully maintained during the week and have since moved into higher territory. The railway freight movement showed a sharp decline of 5 p.c. Weakness on the grain exchanges contributed to the decline in the general index of wholesale prices which receded from 84.4 to 83.6. The gain in bank clearings was less than normal for the season, the adjusted index showing a considerable decline from the preceding week. Speculative trading was also at a considerably lower level.

Five of the six major factors showed decline from the same week of 1936. The exception was the index of wholesale prices which still showed a lead of nearly 9 p.c. Carloadings for the first time this year dipped below the corresponding week of 1936. Capitalized bond yields were 6 p.c. below the high levels of 12 months ago. The decline in common stock prices was nearly 18 p.c., while the deficit in bank clearings and shares traded were of considerably greater proportions.

The low level of the grain movement during the last month had an adverse influence on the record of carloadings. The grain movement is normally heavy during the last quarter of the year but the subnormal crop in the central portion of the western provinces has adversely affected the traffic. The index of carloadings adjusted for seasonal tendencies was 74.6 in the 43rd week ended October 30 against 78.7 in the preceding week. As the index stood at 74.9 in the 43rd week of 1936, the present standing is slightly below that of 12 months ago.

A reaction was shown in wholesale prices in the week ended November 5, the general index receding from 84.4 to 83.6. Each of the eight groups in the official classification, except animal products, failed to show an advance over the preceding week. The index of animal products moved up from 80.6 to 80.8. Non-ferrous metals were weak but the main factor in depressing the general index was the decline in grain prices. No. 1 Manitoba wheat receded from 143 $\frac{1}{8}$ in the week of October 30 to 135 $\frac{3}{4}$ in the week of November 6. Considerable declines were also recorded in coarse grains, oats being down from 52 $\frac{3}{4}$ to 49 $\frac{1}{8}$.

Marked reaction was shown in metal prices on the London exchange, the price of electrolytic copper dropping from £48 10s to £43 10s. Lead was down from £17 6s 3d on November 2 to £16 6s 3d on November 9, and zinc receded from £16 8s 9d to £15 12s 6d. The domestic price of electrolytic copper at New York was 11 cents per pound against 11.75 on November 2. The export price receded from 10.95-11.05 to 10.18. Lead dropped from 5.50-5.55 to 5.00-5.05, while zinc was maintained at 5.75. The Canadian index of non-ferrous metals dropped from 76.4 to 74.1. Due to weakness in the four principal base metals, the copper price index at 77.2 was 35.8 points below the high for the year of 113.0 in the latter part of March and it was announced that the quota for members of the copper cartel will be reduced 10-15 p.c. at the end of November. Many independent producers are also voluntarily restricting output.

Textile prices on the New York market showed further declines, cotton middlings having been 7.54 on November 6, against 7.92 on October 30. Gasoline in tank cars at New York dropped from 7.63 cents per gallon to 7.50. Minor decline was shown in Japanese raw silk while Accra cocoa declined from 6.45 to 6.00.

Interest centred in the flotation on Wednesday, of the Dominion refunding loan and by noon the three maturities were heavily over-subscribed. The bid quotation for the 4 $\frac{1}{2}$'s of 1947-57 advanced from 109 on November 2, to 109 $\frac{1}{8}$ on November 9. The 4 $\frac{1}{2}$'s of 1946 rose from 108 $\frac{1}{2}$ to 109 $\frac{3}{8}$ and the 4's of 1947-52 were up from 104 $\frac{3}{4}$ to 105 $\frac{1}{8}$. The index of capitalized bond yields in the week under review, however, remained steady at 143.1, the average yield of the issues having been unchanged at 3.36 p.c.

The price index of 96 common stocks averaged 108.0 in the week of November 4, against 106.7 in the preceding week. Gains were shown in each of the groups in the classification except pulp and paper which remained unchanged. Toward the latter part of the week, a pronounced reaction developed offsetting a part of the preceding rally. The index of 21 gold stocks advanced from 110.0 on October 29 to 115.3 on November 4, while base metals showed recession.

The economic index was 102.0 in the week of November 6, against 105.7 in the preceding week, a decline of $3\frac{1}{2}$ p.c. As explained above, four of the six major factors upon which the economic index is based showed decline, the exceptions being common stock prices which advanced 1.2 p.c. and the index of capitalized bond yields which was fully maintained. The economic index showed a decline of 7.8 p.c. from the same week of 1936 when the standing of the index was 110.7. Five of the six major factors showed declines from the same week of last year, the exception being wholesale prices which still recorded a lead of nearly 9 p.c.

Weekly Economic Index with the Six Components
1926-100

Week Ended	Car loadings ¹	Wholesale Prices	Capitalized Bond Yields ²	Bank Clearings ³	Prices of Common Stocks	Shares Traded	Economic Index ⁴
Nov. 7, 1936	74.9	76.8	152.0	84.0	131.6	337.6	110.7
Oct. 30, 1937	78.7	84.4	143.1	88.1	106.7	170.6	105.7
Nov. 6, 1937	74.6	83.6	143.1	72.4	108.0	134.6	102.0

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.

Wheat Stocks in Store

Canadian wheat in store for the week ending November 5 amounted to 74,244,392 bushels as compared with 74,483,913 in the previous week and 148,226,026 in the same week last year. Stocks on the latest date included 17,269,689 bushels of Durum. Canadian wheat in the United States aggregated 2,478,000 bushels compared with 2,524,000 a week ago and 22,579,157 on November 7, 1936. There were 2,322,820 bushels of United States wheat in Canada, while last year there was none. Canadian wheat in rail transit amounted to 4,948,719 bushels compared with 7,708,887 in the corresponding week last year; wheat in transit on the lakes totalled 3,465,581 bushels compared with 6,753,667.

Wheat stocks in the elevators in Canada were 71,756,490 bushels compared with 71,950,011 for the previous week and 125,646,869 a year ago. The location was as follows: Western Country Elevators, 19,900,000 bushels; Interior Terminals, 6,086,483; Vancouver-New Westminster, 2,425,374; Prince Rupert, 911,340; Churchill, 11,820; Fort William and Port Arthur, 19,667,807; Eastern Elevators Lake and Seaboard Ports, 9,402,333 and 4,937,033 bushels, respectively.

Overseas Export Clearances of Wheat

Overseas export clearances of wheat during the week ending November 5 amounted to 1,848,320 bushels as compared with 5,398,539 bushels during the corresponding week last year; imports into the United States for consumption and milling in bond for re-export totalled 39,000 bushels compared with 959,000. Total overseas export clearances from August 1 to November 5 were 25,264,639 bushels as compared with 53,209,346 in the same period of the previous crop year, while United States imports were 1,900,690 bushels compared with 19,505,751.

Business Conditions in First Nine Months

A marked betterment in Canadian economic conditions in the first nine months of the present year was indicated by the trend of major factors. A decline in prices of common stocks and speculative commodities developed in September, clouding the outlook for the immediate future. But most of the economic factors averaged considerably higher than in the first nine months of 1936, and despite reversal in the last quarter of the year, it is evident that a fair measure of prosperity will characterize the year taken as a whole.

The index of the physical volume of business averaged 121.8 in the first nine months of 1937, a gain of 10.8 per cent over 109.9, the standing in the same period of 1936. The business index is based on 46 factors relating to the trend in mineral production, manufacturing, construction, electric power and distribution. The factors are individually adjusted for seasonal tendencies and expressed as a percentage of the monthly average for the base year of 1926. The markedly higher level of this index during the present year indicates the extent of the acceleration in business and productive operations.

The index of common stock prices averaged 134.7 in the first nine months, compared with 115.8 in the same period of 1936. The gain in this comparison was consequently 16.3 per cent. Mining stock prices averaged 0.7 per cent higher, the index having been 152.3 compared with 151.3.

The index of mineral production based on the nine factors was 188.6 in the elapsed portion of 1937, compared with 162.8 in the same period of 1936. The gain of nearly 16 per cent indicates widespread gain in operations contingent in large measure upon the expansion of demand in external markets. The index of manufacturing production based on 30 factors averaged 11 per cent higher than in 1936.

The construction industry was more active, the amount of new contracts awarded being \$178 million compared with \$128 million. Building permits at \$43 million compared with \$31 million, showed an increase of 39 per cent.

The production of electric power was at a much higher level in the first part of 1937, the demand for firm power showing an important increase over the same period of 1936. Total output reached a new high point at 20.3 billion kilowatt hours as against 18.5 billion, a gain of nearly 10 per cent.

Carloadings showed appreciable increase during the first nine months, the total being 1.9 million cars compared with 1.8 million, a gain of 7.2 per cent. The gross operating revenue of the Canadian National on Canadian lines gained 8.8 per cent at \$120.5 million, compared with \$110.7. The gross revenue from railway operations of the Canadian Pacific at \$105.2 million, as against nearly \$100 million, showed a gain of 5.2 per cent.

The general index of employment averaged 9.7 per cent greater in the first ten months of 1937 than in the same period of 1936. The average on the 1926 base was 112.2 compared with 102.3. The index of manufacturing, practically unaffected by unemployment relief, showed a gain of 10.8 per cent, the average being 113.8 compared with 102.7. The index of mining employment was 151.5 compared with 133.6, a gain of 13.4 per cent. The gain in the index of retail and wholesale trade was 3.7 per cent.

Cost of Living

Higher prices for foods, fuel and clothing, together with increased rentals were responsible for an upward movement in the Dominion Bureau of Statistics cost of living index from 83.6 in September to 84.1 in October. The comparative figure for September, 1936, was 81.3. The food index rose from 78.3 to 78.9, influenced by higher quotations for eggs, milk, tea, dairy butter, bacon and salt pork. Beans, onions, potatoes and most meats recorded declines for the same period. Seasonal advances for coal and coke resulted in an increase in the fuel index from 84.5 to 85.3. Rentals were somewhat firmer, being 89.0 as compared with 87.3 in the month of May. Moderate increases in woollen goods and women's shoes caused a slight advance in the general index for clothing.

Extent of Language Study in High Schools

The predominant second language in the high schools of every one of the provinces other than Quebec is French, and considering them all together, more than three-fourths as many high school students are studying French as English. The proportion is as high as two-thirds in every province. That this situation is essentially Canadian, influenced in large measure by the place of the French language in the life of the Dominion, is suggested by the fact that in the United States less than one-eighth of high school students study French, and that only in one-fifth of the individual states in French the second language.

With Latin as with French, the proportion of pupils studying it has always been higher in Canada than in the United States. The most recent records show that almost exactly 50 p.c. of Canadian high school students study Latin. This was about the proportion in the United States between 1900 and 1910, but a steady reduction since then has brought the percentage down to less than 20 p.c. It has been declining in Canada too, during this time, but obviously not at as fast a rate.

German easily comes next in number of students after French and Latin, but is far below either of them. It forms an optional part of high school programme in six provinces - Prince Edward Island, New Brunswick and Quebec excepted - and claims its highest percentage, 6.85, in Nova Scotia. In Ontario, Manitoba and Saskatchewan the percentage is between four and five; in Alberta and British Columbia it is less than one. For the eight mainly English-language provinces as a whole, students of German represent slightly less than 4 p.c. of the enrolment in English, as compared with 2.6 p.c. in the United States.

Spanish is a subject of long standing on high school courses of the United States, but not in Canada. It made its first appearance here in Ontario in 1919; was authorized in Nova Scotia in the 1920's; and is now offered also in British Columbia. It has not yet found a large following in any of the three provinces.

Classical Greek still appears on the high school programme of all except two provinces, but its total enrolment amounts only to some 500 students. Nearly all of these are in Ontario. Most of the universities make provision for beginning the study of classical Greek after matriculation, and the affiliated theological colleges do similarly for Biblical Greek.

Electric Railways in 1936

Electric railways carried 614,890,897 passengers during 1936 which was an increase of 14,162,584 passengers, or 2.4 per cent over the 1935 traffic and was the third increase since the low point reached in 1933. Revenues increased from \$40,442,320 in 1935 to \$41,391,927 and net income available for dividends and reserves increased from \$6,932,715 to \$7,480,451.

There were thirty-seven electric railways in Canada carrying passengers and nine of them in the larger cities carried 88 per cent of the traffic. The Montreal system carried 32.3 per cent of the total and the Toronto system carried 25.1 per cent. All of these large systems showed increases in passengers carried over 1935, ranging from 1.1 per cent for the Calgary railway to 6.6 per cent for the Hamilton railway.

Brewing Industry in 1936

The output of the brewing industry in 1936 was valued at \$44,047,794, which represents an increase of \$3,348,754 or over 8 per cent as compared with the previous year. Beer, ale, stout and porter were the main items of production with an output of 56,916,859 gallons at \$43,344,707. This compares with an output of 54,656,923 gallons valued at \$40,070,826 in 1935. There was thus an increase of 2,259,936 in the number of gallons and \$3,273,881 in the value. Other products manufactured were aerated beverages \$392,554, wet and dry grains \$207,622 and yeast \$35,648.

New Motor Vehicle Sales in September

The number of new motor vehicles sold in Canada during September was 6,140, an increase of 9.8 per cent over the 5,592 units sold in September, 1935. Corresponding retail values were \$6,613,587 in the latest month as compared with \$5,964,496, reflecting a gain of nearly 11 per cent. Total new motor vehicle sales for the first nine months were 121,729 units compared with 94,313 for the same period of 1935, increasing 29.1 p.c.

Wholesale Trade in 1936

Aggregate sales for wholesale trading houses in Canada during 1936 were \$1,181,543,000 or 9.3 per cent in excess of the \$1,080,742,000 recorded for 1935. Wholesale sales have shown an upward trend continually since 1933; they are now above the total reported for 1931 and are within 14 per cent of the 1930 figure, the index for 1936 on the 1930 base standing at 86.2. Indexes on the same base for earlier years are 81.6 for 1931, 68.7 for 1932, 65.7 for 1933, 74.7 for 1934 and 78.9 for 1935.

All five economic divisions of the country shared about equally in the improvement in wholesale trade in 1936. In each case, a substantial gain is reported over the 1931 figures as well. Ontario reported the largest 1935 to 1936 increase at 9.9 per cent. The Maritimes follow with 9.6 per cent, British Columbia 9.2, Quebec 9.0, and the Prairie Provinces 8.8 per cent. In order of total amount of business, Ontario leads with sales of \$431,477,000, Quebec \$327,034,000, and the Prairies \$230,228,000. British Columbia and the Maritimes complete the picture with sales of \$111,532,000 and \$81,212,000, respectively.

International Trade in Securities

Canada's international trade in securities increased somewhat during September in comparison with September, 1936, the total being \$70,401,610 against \$64,694,606. Sales increased to \$36,667,535 from \$30,482,313, while purchases declined to \$33,734,075 from \$34,212,293. A marked expansion was indicated in sales to the United Kingdom, increasing to \$11,397,782 from \$5,331,130, while purchases declined to \$5,942,375 from \$6,175,718. Sales to the United States were slightly lower at \$23,837,702 against \$24,080,465; purchases were at approximately the same level as last year, the total being \$27,242,252.

The trade in securities during the nine months ending September was considerably in advance of the same period of 1936, the total being \$802,176,028 as compared with \$511,405,065. Both sales and purchases were higher. Total sales were of the value of \$398,442,086 compared with \$261,931,320, while purchases were \$403,735,942 compared with \$249,503,745. Sales to the United States were \$287,354,028 compared with \$216,593,034; purchases were \$325,890,577 compared with \$209,529,501. Sales to the United Kingdom were \$91,064,543 compared with \$39,624,258, while purchases were \$68,363,936 compared with \$35,052,827.

Domestic Exports of Wheat and Wheat Flour

Domestic exports of wheat were low in October, amounting to 10,055,102 bushels valued at \$13,273,397 compared with 26,917,096 at \$28,949,549 in October, 1936. The average export price was \$1.32 compared with \$1.08. During the seven months ended October, wheat exports totalled 54,930,196 bushels worth \$73,153,200 compared with 154,360,100 at \$138,716,451 in the same period of 1936, the average export price being \$1.33 compared with 89 cents.

Wheat flour exports during October were also smaller than in 1936, the amount being 336,478 barrels of the value of \$2,024,618 compared with 464,013 at \$2,108,920. The average export price was \$6.02 compared with \$4.54. Although there was a decline in the volume of flour exported during the seven months ending October there was an increase recorded in the total value in comparison with the same period of 1936. The amount was 2,291,290 barrels valued at \$13,794,638 compared with 2,834,950 valued at \$11,604,577, the average export price advancing to \$6.02 from \$4.09.

Primary Movement of Wheat

Wheat marketings in the Prairie Provinces for the week ending October 29 amounted to 4,930,385 bushels compared with 3,850,186 in the previous week and 3,413,006 a year ago. During the thirteen weeks ending October 29 there were 81,481,869 bushels of wheat received from the farms as compared with 120,593,749 bushels in the same period of the previous crop year.

Imports of Alumina

There was a large gain recorded in the imports of alumina during September as compared with September last year, the total being 1,236,575 cwt. of the value of \$477,184 compared with 558,177 cwt. worth \$257,185. British Guiana supplied the bulk at 1,022,805 cwt.

Wholesale Trade in September

Comparison of wholesale sales reported for September this year and last, shows that increases of approximately 17 per cent for the Maritime Provinces, Quebec and British Columbia were modified by lesser gains of 12 per cent for Ontario and 6 per cent for the Prairie Provinces resulting in an average improvement of 12 per cent for the Dominion as a whole. Indexes of sales for Canada on the base average monthly sales in 1930 equals 100 stand at 113.3 for September, 1937; 98.2 for August, and 101.2 for September a year ago. These figures are based on returns submitted by approximately 200 wholesale trading firms covering nine different lines of business.

Railway Statistics for August

Canadian railways earned \$29,210,772 in August as compared with \$28,636,552 last year. This was a gain of \$574,220, or 2 per cent, but operating expenses increased by \$911,856, or 3.5 per cent, and the operating income was reduced from \$1,614,769 to \$1,092,450, or by \$522,319. Freight revenue decreased but increases in passenger revenues of \$434,255, or 12.5 per cent, and from other services more than offset it. The number of employees was reduced from 134,015 to 132,120, but the pay roll was increased from \$14,644,350 to \$15,390,853.

Production of Leather Footwear

The output of Canadian-made leather footwear during September amounted to 2,256,289 pairs compared with 2,106,801 a year ago. Total production during the nine months ending September amounted to 19,116,522 pairs compared with 16,818,358 in the same period of 1936.

Reports Issued During the Week

1. Production of Leather Footwear, September.
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 3. Operating Revenues, Expenses and Statistics of Railways, August.
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 9. Weekly Index Numbers of Wholesale Prices.
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 22. Cold Storage Holdings of Meat and Fish, November 1.
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