WEEKLY BULLETIN

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Weekly Review of Economic Conditions

Five of the six factors showing the trend of economic conditions recorded decline in the last week of November. The exception was trading on the stock exchanges which showed considerable gain over the preceding week. The business factors consisting of carloadings and wholesale prices showed gains of about 2 p.c. and 1 p.c., respectively. The index of capitalized bond yields recorded a slight recession for the week, but recent quotations indicate a reversal in the trend. The most reactionary development of the week was the sharp decline in common stock prices to a new low point on the present movement. The index receded from 104.5 to 99.0. The adjusted index of bank clearings showed a moderate decline of 4 p.c.

Each of the six major factors, except wholesale prices, showed decline from the last week of November, 1936. The gain in the index of wholesale prices during the 12 months was 7 p.c., the index advancing from 77.2 to 82.6. The index of carloadings, due mainly to the deficit in grain traffic, was slightly more than 5 p.c. below the level of last year. The index of capitalized bond yields was only 6 p.c. below the extremely high level of 1936. Common stock prices, due to the declining trend since the middle of August, were about 24.5 p.c. below the standing one year ago. Declines were also registered in bank clearings and the number of shares traded on the stock exchanges.

The decline in railway traffic movement, in progress since the middle of September, was continued in the 46th week of the year ended November 20. The index receded from 72.6 in the preceding week to 71.1. After seasonal adjustment, the index was at a lower point than at any other time during the present year. A decline of more than 5 p.c. was also shown from the same week of 1936. The deficit in coal from the first 46 weeks of last year rose to more than 21,000 cars while the grain deficit now amounts to more than 76,000. The aggregate for the eleven commodity classes, however, recorded a gain of 161,000 at 2,354,000 cars. The largest increase was recorded in miscellaneous commodities consisting mainly of manufactured goods.

Owing to a decline in six out of eight major groups, the index of commodity prices receded from 83.5 to 82.6 in the week of November 26. Grain prices were particularly weak on the Winnipeg exchange, the index of crop products receding from 85.5 to 83.6. The non-metallics and chemicals were unchanged while the other main groups declined to lower levels. The drop in No. 1 Northern wheat was from 137 3/8 to 127 7/8. Marked decline was also shown in the coarse grains. Prices were weak on the Toronto stockyards, medium steers receding from 5.93 to 5.61 and bacon hogs from 8.25 to 8.16. Metal prices were stronger on the London exchange, electrolytic copper rising from £41 10s on November 23 to £43 on November 30. Advances were recorded in lead and zinc, the latter having been up from £14 17s 6d to £15 8s 9d. Copper prices also rallied on the New York metal exchange, the price advancing from 10.75 to 10.75-11.00. Lead quotations were fully maintained while zinc dropped off from 5.50 to 5.25. The recession in wholesale prices in progress since the latter part of July was accelerated in the week under review narrowing the gap over the levels of one year ago. The lead was reduced to 7 p.c. compared with 8.3 p.c. in the preceding week.

The index of capitalized bond yields showed a recession in the week ended November 25. For the first few days of the week, prices were well maintained in light trading, but at mid-week, moderate losses were shown in scattered issues. The average yield was 3.30 as compared with 3.07 of the same week of last year. For the last day of the month, bid quotations showed some advance over the 23rd. The 4½'s of 1947-57 were quoted at 109 3/8 against 109 1/8 while the 3's of 1950-55 advanced from 95¾ to 96 1/8. The deficit in the index of capitalized bond yields from the same week of last year remained moderate at slightly more than 6 p.c. The extremely high levels of bond prices were reached during September of last year, and in the last quarter quotations were somewhat below the maximum.

The reaction in common stock prices was continued in the week under review, a new low point since October 1935 having been reached. Each of the groups in the official classification, except milling, recorded declines from the preceding week. The drop in 15 power and traction stocks was from 66.6 to 63.8. The reaction extended to the mining market, the gold index dropping from 113.2 to 112.4. Common stocks were about 24½ p.c. below the same week of 1936. A deficit was also shown below the corresponding week of 1935. Stock markets displayed strength during the last quarter of 1935 and 1936, contrasting with the decline during the last three months.

Owing to the decline of five out of six components, the economic index receded from 105.1 in the 3rd week of November to 103.6 in the fourth. The decline in wholesale prices was accelerated by recession on the grain exchange, while common stock prices were particularly weak. The decline from the same week of 1936 in the economic index was 8.3 p.c., the standing at that time having been 112.9. Wholesale prices showed a gain of 7 p.c. over one year ago, while declines were shown in the five other factors used in this connection.

Weekly Economic Index with the Six Components
1926=100

Week Ended	Car load-ings	Whole-sale Prices	Inverted Index of Bond Yields	Bank Clear ings	Prices of Common Stocks	Shares Traded	Economic Index
Nov. 28, 1936	75.0	77.2	154.8	94.4	131.3	671.9	112.9
Nov. 20, 1937	72.6	83.5	145.6	90.6	104.5	160.2	105.1
Nov. 27, 1937	71.1	82.6	145.3	87.0	99.0	204.9	103.6

1. The index of carloadings is projected forward one week to correspond with the practice in computing the economic index. 2. Present value of a fixed net income in perpetuity from Dominion long-term bonds. 3. Bank clearings were smoothed by taking a three weeks moving average for the purpose of eliminating irregular fluctuations. Totals for Ottawa were eliminated for all weeks shown, owing to incomparability introduced by the operations of the Bank of Canada. 4. The weighting of the six major factors is determined from the standard deviation from the long-term trend of each, based on data for the period from January 1919 to August 1936. The long-term trend determined from half-yearly data in the post-war period was eliminated from the composite and the resulting index expressed as a percentage of the average during 1926.

Imports during Seven Months

Total value of imports into Canada during the seven months ending October was $503,577,295, an increase of $122,421,126 or 32.1 per cent over the same period of last year. Imports from Foreign countries showed the greatest improvement, the percentage gain being 34.2 per cent; the gain in imports from Empire countries was 27.7 per cent. The total value from Foreign countries was $350,564,055 compared with $261,320,248, and from Empire countries $153,013,238 compared with $119,835,919.

The United States supplied the bulk of the imports from Foreign countries, the amount from that country being $299,667,629, an increase of $82,877,463, or 38.2 per cent. The United Kingdom was in second place with a value of $92,195,994, increasing $15,117,100 or 19.6 per cent. British West Indies supplied to the value of $9,271,607, decreasing $1,049,900. Australia was fourth in value with $8,780,737, a gain of 32.6 per cent.

Other leading sources follow, with figures for 1936 in brackets: Germany, $7,153,747 ($7,077,805); British South Africa, $6,842,085 ($1,247,581); British India, $5,502,934 ($4,742,378); Belgium, $4,961,190 ($3,714,451); New Zealand, $4,914,652 ($2,547,866); France, $4,177,310 ($3,896,072); Argentina, $3,811,229 ($4,263,043); Japan, $3,522,862 ($2,562,934); Colombia, $3,429,057 ($3,101,600); British Guiana, $3,394,717 ($2,921,315); Peru, $2,817,442 ($3,336,023); Netherlands, $2,151,601 ($2,954,334); China, $2,365,628 ($2,133,088); Italy, $2,071,261 ($542,515).

Milling In October

There were 6,626,888 bushels of wheat ground in Canadian mills in October as compared with 7,681,108 in the corresponding month last year. Coarse grains, with the exception of barley, were ground in lesser quantities. The totals were as follows, with figures for 1936 in brackets: oats, 1,291,496 (1,334,687) bushels; corn, 306,272 (306,503); barley, 135,337 (129,864); buckwheat, 25,383 (52,313); mixed grain, 1,460,519 (1,597,656). Flour production in October amounted to 1,489,185 barrels compared with 1,701,267.

November Employment Situation

There was a slight slackening in employment at the beginning of November, but the loss was rather smaller than the average decline at Nov. 1 in the experience of the years, 1921-1936. The 10,463 firms making returns reported payrolls aggregating 1,194,137, compared with 1,198,058 at Oct. 1, 1937. For Nov. 1 of last year, 10,054 employers had reported staffs aggregating 1,052,985, an increase of 8,600 persons as compared with their Oct. 1, 1936, returns.

Since the reduction from the previous month was less than usual at the time of year, the seasonally-adjusted index showed a slight increase, rising from 119.8 at Oct. 1, 1937, to 120.3 at the beginning of November, when it was higher than in any other month since September, 1929.

In the seventeen years of the record, the unadjusted indexes at Nov. 1 have been as follows: 1937, 125.2; 1936, 111.0; 1935, 107.7; 1934, 100.2; 1933, 91.3; 1932, 84.7; 1931, 103.0; 1930, 112.9; 1929, 124.6; 1928, 118.9; 1927, 108.8; 1926, 104.0; 1925, 98.3; 1924, 94.1; 1923, 100.0; 1922, 97.0 and 1921, 91.3.

Paticularly marked seasonal improvement was noted at the beginning of November in logging in which the number added to the payrolls was greater than in any other month for which data are available. There were also important increases in retail trade. On the other hand, mining, communications, transportation, services, construction and manufacturing showed declines that in most cases were of a seasonal character, the losses in construction and manufacturing were most extensive. Within the latter division, food, lumber and leather factories recorded the largest reductions in personnel, while automobile and some other iron and steel plants reported heightened activity.

The tendency was seasonally downward in the Maritime and Prairie Provinces and British Columbia; no general change occurred in Ontario, while heightened activity was indicated in Quebec. Employment in four of the five economic areas continued at an exceptionally high level as compared with the other autumns of the record; in the Prairie Provinces, however, the situation was reported by leading employers was not so favourable, the index being below the average for Nov. 1 in the years since 1921.

Wheat Stocks in Store

Canadian wheat in store for the week ending November 26 decreased 2,720,798 bushels from the previous week and 61,562,252 from the corresponding week last year. The amount in store was 67,097,578 bushels on the latest date compared with 69,818,376 the week before and 128,659,830 a year ago. There were 4,460,000 bushels of Canadian wheat in the United States compared with 3,331,000 in the previous week and 23,952,666 last year. Wheat in rail transit amounted to 5,785,754 bushels compared with 5,270,258 a year ago; wheat in transit on the lakes totalled 2,027,369 bushels compared with 4,719,265. American wheat in store in Canada totalled 1,816,267 bushels; a year ago there was none.

Primary Movement of Wheat

There were 1,537,677 bushels of wheat received from the farms in the Prairie Provinces during the week ending November 26 as compared with 1,981,693 in the previous week and 1,486,222 last year. Total receipts from August 1 to November 26 were 92,026,891 bushels compared with 129,499,005 in the same period of last year.

Overseas Export Clearances of Wheat

Overseas export clearances of wheat during the week ending November 26 amounted to 2,874,436 bushels compared with 4,808,522 in the same week last year. Imports of Canadian wheat into the United States for consumption and milling in bond for re-export totalled 50,000 bushels compared with 612,000. Total clearances from August 1 to November 26 were 34,023,988 bushels compared with 68,365,340 in the same period of 1936, while imports into the United States were 1,906,069 bushels and 21,838,751, respectively.

Asbestos Trade

The export of Canadian asbestos recorded a considerable gain during October in comparison with the same month last year, the total being 19,195 tons of the value of $1,139,939 as compared with 13,587 valued at $729,346. The United States was the chief purchaser with 9,311 tons, Belgium 2,970 tons, the United Kingdom 2,420, Germany 1,799 and France 1,726 tons.

Asbestos sand and waste exports amounted to 17,734 tons valued at $289,113 compared with 21,127 tons valued at $347,187 last year. The United States took a large part, amounting to 15,670 tons. Asbestos manufactures were worth $32,372 as compared with $30,176, largely to the United Kingdom.

The imports during the month included asbestos brake and clutch lining to the value of $25,341 compared with $36,005, asbestos packing valued at $3,923 compared with $4,393, and other asbestos $73,165 compared with $54,585. In the first two items the United States was the leading source, while the United Kingdom supplied most of the latter.

Retail Sales in October

The value of Canadian retail sales for October exceeded that for October, 1936, by 3.5 per cent, according to the unadjusted series of index numbers compiled on the basis of the average for 1930 as 100. The general index at 90.6 was the highest for any October since 1931, when 91.8 was shown. October indexes for intervening years are 75.8 for 1932, 73.7 for 1933, 77.7 for 1934, 80.9 for 1935 and 87.5 for 1936. Sales in October this year were 23 per cent above the amount recorded for the corresponding month in 1933.

For the ten-month period, January to October, retail sales as a whole increased 7.8 per cent compared with a year ago and gains are shown for twelve out of thirteen kinds of business covered. Furniture and hardware stores led with improvements over last year of 15.6 per cent and 12.9 per cent, respectively. Music and radio store sales increased 10.5 per cent and men's clothing stores showed an advance of 10.2 per cent for the year to date. Grocery and meat store sales were up 9.5 per cent; women's clothing, 7.4 per cent; variety, 7; drugs, 6.1; departmental, 5.9; boots and shoes, 5; restaurants, 4.1, and dyeing and cleaning receipts, 0.1 per cent. Candy sales declined 2.4 per cent for the ten-month period.

Charcoal Industry

There were 68 firms in Canada which produced charcoal by burning in 1936, with a value of production of $58,069 as compared with 71 firms with an output of $50,661 in 1935. The capital invested was $166,276 as compared with $161,157.

Adhesives Industry

The output of nineteen firms in Canada which made glue, paste and other like products as their main products, had a total value of $1,799,300, an increase of 25 per cent over 1935. Output of animal glue increased 17 per cent in quantity and 37 per cent in value to 2,428 tons worth $691,926 from 2,073 tons at $503,900 in 1935. Other glues also advanced in value to $544,160 from $354,086, but mucilage and paste declined to $140,060 from $203,871. Mucilage and past were made also in other industries, particularly by the manufacturers of writing inks; the total production from all sources was about $228,897 in 1936 compared with $269,525 in 1935.

Retail Sales in Country General Stores

Substantial increases in country general store sales in October compared with October, 1935, amounting to 14 per cent in Quebec, 9 per cent in British Columbia and 7 per cent in Ontario were modified by lesser gains of 5 per cent in the Maritimes and in Manitoba, no change in Alberta and a 10 per cent decline in Saskatchewan, resulting in a net increase of 5 per cent for the country as a whole.

Character of October Imports

Increased imports in all main groups of commodities resulted in a gain in the total value in October to $82,113,000 from the total for October, 1936, of $65,159,000. Although gains were general throughout, agricultural and vegetable products, iron and products and non-metallic mineral products made particularly impressive gains.

Crude petroleum was the leading commidity imported in point of value, the total being $5,668,000 compared with $5,027,000; machinery was next with a total of $4,623,000 compared with $2,870,000, coal $4,111,000 compared with $3,716,000, plates and sheets $3,380,000 compared with $2,146,000, auto parts $3,288,000 compared with $1,826,000, grains and products $3,285,000 compared with $2,592,000, raw sugar $2,956,000 compared with $2,327,000, raw rubber $2,870,000 compared with $1,350,000 and fruits $1,932,000 compared with $2,721,000.

Other chief commodities were as follows, with figures for October, 1936, in brackets: tea, $1,093,000 ($856,000); vegetable oils, $1,803,000 ($962,000); raw cotton, $1,889,000 ($2,258,000); books and printed matter, $1,499,000 ($1,279,000); engines and boilers, $1,147,000 ($639,000); farm implements, $1,235,000 ($503,000); electric apparatus, $1,538,000 ($1,103,000); stone and products, $1,001,000 ($449,000).

Alcoholic beverages were worth $697,000 compared with $814,000, hides $829,000 ($561,000); raw silk, $496,000 ($426,000); raw wool, $596,000 ($309,000); noils and tops, $410,000 ($641,000); woollen yarn, $338,000 ($275,000); worsteds and serges, $405,000 ($282,000); aluminium, $904,000 ($339,000); clay and products, $911,000 ($657,000); glass and glassware, $748,000 ($718,000); sulphur, $662,000 ($502,000); fertilizers, $496,000 ($418,000).

Copper Production

A new high monthly record was set up in copper production in Canada during September when 48,045,881 pounds were produced compared with 44,583,629 in the previous month, while in September, 1936, the output was 36,152,444 pounds. Quotations for electrolytic copper on the London market averaged 13.014 cents per pound during September at which price the Canadian output was worth $6,252,691. Output during the nine months ending September totalled 377,945,306 pounds, a gain of 23.6 per cent over the same period of 1936.

Nickel Production

Nickel production in Canada during September amounted to 19,022,019 pounds as compared with 20,662,233 in the previous month and 15,905,474 a year ago. During the nine months ended September, 166,862,938 pounds were produced as compared with 123,832,594 in the same period of 1936.

Stocks of Unmanufactured Tobacco

Stocks of unmanufactured tobacco on hand at the end of September amounted to 57,283,782 standard pounds as compared with 69,055,953 pounds at the end of June and 66,170,341 at the end of September, 1936. Stocks of Canadian tobaccos on the date under review aggregated 50,553,603 pounds.

Production of Coal and Coke

The production of coal in Canada during October totalled 1,694,210 tons compared with 1,402,496 in the previous month and 1,808,166 last year. The average output for October during the past five years was 1,555,429 tons. Included in the production during the latest month were 1,064,084 tons of bituminous, 61,165 tons of sub-bituminous and 568,961 of lignite coal.

There were 1,837,501 tons of coal imported during the month as compared with 1,633,744 last year. Receipts of anthracite amounted to 408,238 tons, including 187,528 from the United States, 168,528 from Great Britain, 29,874 from Germany and 22,308 from Russia. Imports of bituminous from the United States totalled 1,417,884 tons, from Germany 8,041, from Great Britain 3,013 tons and from Norway 30.

Production of coke in Canada totalled 218,077 tons during October compared with 208,086 tons in the previous month and 212,344 in October, 1936. During the first ten months of the year, 965,895 tons of Canadian coal and 2,001,281 tons of imported coal were cabonized to produce 2,131,209 tons of coke compared with 1,986,590 in the same period of 1936.

New Motor Vehicle Sales in October

The marked increase in new motor vehicle sales in Canada which has characterized the corresponding-month comparisons for 1936 and 1937 but which declined in September compared with earlier months was resumed in October when 5,847 new vehicles sold for $6,552,261. The increase over October, 1936, when 4,021 vehicles retailed at $4,590,475, was 45.4 per cent in number and 42.7 per cent in value. Passenger car sales accounted for the bulk of the increase, 4,356 cars being sold for $4,730,961, an advance of 54.2 per cent in number and 47.5 per cent in value over the 2,825 cars which sold for $3,207,900 in October, 1936. Total sales of new motor vehicles for the first ten months of 1937 were 127,576, a gain of 29.7 per cent over the 98,334 vehicles sold in the same period of 1936.

Bank Debits to Individual Accounts

Owing to the decline in the amount of cheques cashed against individual accounts to $2,905,802,514 in October from $3,328,225,661 a year ago, the cumulative total for the first ten mojths of 1937 showed a slight decline to $29,159,030,526 from $29,221,453,212 in the same period of 1936. The ten-month totals follow by economic areas, with the corresponding figures for 1936 in brackets: Maritimes, $603,952,903 ($510,601,141); Quebec, $9,602,822,081 ($8,791,709,977); Ontario, $13,159,709,548 ($12,633,945,223); Prairie Provinces, $4,039,028,763 ($5,580,702,215); British Columbia, $1,753,517,224 ($1,704,494,656).

Reports Issued during the Week

1. Security Prices and Foreign Exchange.
2. Bank Debits to Individual Accounts, October.
3. Sugar Report - October 16 to November 6, 1937.
4. Sales of Manufacturers Outlets, 1936.
5. Weekly Index Numbers of Wholesale Prices.
6. Retail Sales in Canada, October.
7. Changes in Single Track Mileage Operated by Steam Railways of Canada, 1936.
8. Meaning, Purpose and Construction of Index Numbers.
9. The Adhesives Industry, 1936.
10. Retail Sales in Country General Stores, October.
11. The Charcoal Industry, 1936.
12. Talc and Soapstone, 1936.
13. November Employment Situation.
14. Carloadings on Canadian Railways.
15. Stocks and Consumption of Unmanufactured Tobacco, September 30.
16. Copper and Nickel Production, September.
17. Canada's Imports from Empire and Foreign Countries, October.
18. Summary of Canada's Imports, October.
19. Trade Trends with Empire Countries, October.
20. The Woodenware Industry, 1936.
21. Canadian Grain Statistics.
22. Butter, Cheese and Eggs in Cold Storage.
23. Canadian Milling Statistics, October.
24. New Motor Vehicle Sales, October.
25. Earnings and Employment Among Wage-Earners for the Provinces of Manitoba, Saskatchewan and Alberta, Census, 1936.
26. Coal and Coke Statistics, October.
27. The Asbestos Trade of Canada, October.
28. Imports of Milk and Its Products and Eggs, October.
