

Weekly Review of Economic Conditions

Four of the six significant factors showing the trend of economic conditions recorded advances in the first week of December. The exceptions were wholesale prices and speculative trading but the recession in prices was of a minor character. The trend of the major factors has been reactionary since the early part of September and the rebound last week was significant. Carloadings showed a gain of $2\frac{1}{2}$ p.c. and the index of capitalized bond yields also showed an appreciable gain. Common stocks rallied nearly $2\frac{1}{2}$ p.c. A marked gain was also shown in bank clearings, the adjusted index of which moved up from 87 to 100.6.

Compared with one year ago, half of the six major factors recorded gains while the other three were at a somewhat lower level. The business factors consisting of carloadings and wholesale prices recorded gains of 2.2 p.c. and 6.6 p.c., respectively, and the index of bank clearings was 6 p.c. higher. The decline in the index of capitalized bond yields was limited to 5.8 p.c. while common stock prices showed a reaction of more than 21 p.c. A marked decline was shown in speculative trading.

Owing to a considerable gain in the eastern division, the index of carloadings advanced from 71.1 to 72.8 in the 47th week of the year ended November 27. The index for the western division showed a further decline of slightly more than 2 points but a marked increase was recorded over the same week of last year. The surplus of 162,000 cars of traffic moved this year mainly reflected the heavy volume of miscellaneous commodities consisting chiefly of manufactured goods. The latter class showed a gain of nearly 138,000 cars. The movement of l.c.l. merchandise was also a factor, the gain having been more than 26,000.

The wholesale price level was nearly maintained in the week of December 3, the index receding from 82.6 to 82.5. Gains were recorded in crop products and non-ferrous metals. Wheat showed a rally following the marked declines of the preceding week. The price of No. 1 Northern wheat having been $133\frac{1}{8}$ against $127\frac{7}{8}$. The trend in coarse grains was not conclusive, a slight increase having been shown in rye. Oats were unchanged while barley and flax recorded recessions. Owing to decline in animal products, the index of Canadian farm products receded from 82.3 to 82.1. Livestock prices at Toronto showed recessions from the preceding week.

Metals were stronger on the London exchange, electrolytic copper moving up from £43 on November 30 to £44 10s on December 7. The gain in zinc was from £15 8s 9d to £15 11s 3d, while lead receded from £16 18s 9d to £16 5s. Electrolytic copper was slightly lower on the New York market, the quotation having been 10.50 - 11.00 on December 7 against 10.75 - 11.00 on November 30. Lead was unchanged at 5.00-5.05, while zinc showed further decline from 5.25 to 5.00. The Canadian index of non-ferrous metals rose from 72.3 to 72.9. Price movements in lead, tin and zinc were reversed. The recession in wholesale prices has continued from the latter part of July but considerable resistance has recently developed against this movement.

An interesting development of the week was the rally in high-grade bond prices. The yield of the issues used in this connection was 3.35 for the first week of December 1937. Increases of from $\frac{1}{2}$ to 1 point were common and among the issues showing the greatest improvement were the 3 p.c. perpetuals, the $3\frac{1}{4}$'s of '66 and $3\frac{1}{4}$'s of '49 and the $3\frac{1}{2}$'s of 1949. The bid quotation for the $4\frac{1}{2}$'s of 1946 was $109\frac{7}{8}$ on December 7, against $109\frac{5}{8}$ on November 30. While some fluctuation has been shown since the first week of June, the net result is a very slight increase in bond prices.

A rally in common stock prices served only to counterbalance a portion of the decline of the preceding week. The index advanced from 99 in the week of November 25 to 101.4 in the week of December 2. Each of the groups in the official classification recorded increases except textiles. The increase in the index of 15 power and traction stocks was from 63.8 to 64.2. The mining market followed a parallel course, the index of 24 stocks advancing from 126.4 to 130.1. Owing to the marked advance in the last quarter of 1936 and the decline since the middle of last August, a considerable deficit is now shown in the index from the same week of last year. The standing of one year ago was 128.7 or 21.2 p.c. above the present.

The economic index based on the six above-mentioned factors which had shown a marked decline subsequent to the first part of September shows signs of a rebound. The index in the week under review was 106.1 against 103.6 in the preceding week. The gain of 2.4 p.c. represents advances in four out of the six major factors. The gain in the index during the first week of December was of greater proportions than in any other week since the decline commenced three months ago. Owing to the recession in three of the six factors, the index was 5.3 p.c. below the corresponding week of 1936. The business factors including the freight movement and wholesale prices in addition to bank clearings, recorded gains over the week of December 5, last year.

Weekly Economic Index with the Six Components
1926=100

Week Ended	Car load-ings ¹	Wholesale Prices	Capitalized Bond Yields ²	Bank Clear-ings ³	Prices of Common Stocks	Shares Traded	Economic Index ⁴
Dec. 5, 1936	71.3	77.4	154.8	94.9	128.7	536.0	112.0
Nov. 27, 1937	71.1	82.6	145.3	87.0	99.0	204.9	103.6
Dec. 4, 1937	72.8	82.5	145.8	100.6	101.4	164.3	106.1

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.

International Trade in Securities Between Canada and other Countries

The trade in securities between Canada and other countries recorded a decline of \$12,334,000 during October as compared with October, 1936. The totals were \$76,918,861 and \$89,252,508, respectively. Both sales and purchases were lower, although the decline in purchases was most pronounced. Total sales abroad were \$35,787,883 compared with \$38,882,640, and total purchases \$41,130,978 compared with \$50,369,868. The trade with the United States fell to \$61,125,862 from \$68,629,828, and with the United Kingdom to \$13,061,683 from \$17,056,903. Sales to the United States increased to \$27,028,044 from \$25,829,499, while purchases declined to \$34,097,818 from \$42,800,329.

Total transactions during the ten months of this year were \$880,034,000 as compared with \$600,688,000 in the same period of 1936. Purchases amounted to \$445,420,688 in the ten months as compared with \$299,873,613; total sales were \$434,613,000 compared with \$300,813,960. Trade with the United States totalled \$675,307,276 as compared with \$494,752,363, made up of \$314,765,113 (\$242,422,533) in sales and \$360,542,163 (\$252,329,830) in purchases. The trade with the United Kingdom was \$172,490,162 compared with \$111,733,988. Total purchases were \$74,326,988 (\$41,223,712), and total sales \$98,163,174 (\$70,510,276).

Overseas Export Clearances of Wheat

Overseas export clearances of wheat during the week ending December 3 amounted to 2,537,945 bushels compared with 5,337,355 in the same week last year; imports into the United States for consumption and milling in bond for re-export totalled 6,000 bushels compared with 1,278,000. Aggregate clearances from August 1 to December 3 were 36,561,933 bushels compared with 73,702,695 in the same period of 1936; imports into the United States totalled 1,912,069 bushels compared with 24,350,847, respectively.

Primary Movement of Wheat

Wheat marketings in the Prairie Provinces for the week ending December 3 amounted to 1,655,250 bushels compared with 1,537,677 in the previous week and 1,912,236 for the corresponding week last year. From August 1 to December 3, the amount of wheat received from the farms was 93,682,141 bushels as compared with 131,411,241 in the same period of the previous crop year.

Production of Silver

The Canadian production of silver in September declined to 2,357,798 ounces as compared with 3,129,097 ounces in the previous month and 1,352,420 in September, 1936. Production during the first nine months of the year aggregated 17,424,085 ounces as compared with 13,217,411 in the same period of 1936. Silver quotations on the New York market averaged 44.752 cents per ounce in Canadian funds during September; valued at this price the output during the month was worth \$1,055,162.

Lead Production

A new high monthly record was set up in the production of lead in Canada in September when 40,875,577 pounds were produced, as compared with the total for the preceding month of 40,590,985. In September, 1936, the output totalled 29,128,356 pounds. During the first nine months of the year, production aggregated 312,736,866 pounds as compared with 276,231,332 in the same period of 1936. On the London market lead quotations averaged 4.623 cents per pound during September, at which price the month's output was worth \$1,889,678.

Zinc Production

Canadian producers reported an output of 30,769,562 pounds of zinc in September as compared with 39,849,770 in the previous month and 31,169,138 in September, 1936. Production during the nine months ended September totalled 278,821,062 pounds as compared with 257,359,421 in the same period of 1936. The average price of zinc on the London market in September was 4.71 cents per pound, in Canadian funds; based on this price the estimated return to Canadian producers during the month was \$1,449,246.

Fertilizer Industry

Production by establishments in Canada engaged principally in the manufacture of fertilizers was valued at \$7,075,831 in 1936, an improvement of 16 per cent over the total for 1935 of \$6,075,616. In addition there was a production of 198,342 tons of fertilizer materials valued at \$4,290,404 in 1936 and 175,071 tons at \$3,914,621 in 1935 by establishments which were classified to other industrial groups.

Wholesale Trade in October

October sales of wholesale trading houses in Canada declined 5.4 per cent from the high level reached in September but was still 3.3 per cent above the amount recorded for October a year ago, according to returns submitted by some 200 wholesale firms covering nine different lines of trade. The index for October on the base average monthly sales in 1930 equal 100 stands at 107.2 compared with 113.3 for September and 103.8 for October, 1936. Trade in the Prairie Provinces declined 6.7 per cent from October, 1936. All other divisions reported increases, while less marked than for earlier corresponding-month comparisons, were still substantial. Cumulative figures for the first ten months of the year show an increase of 11.4 per cent over the same period of last year.

Food Chains in Canada

The proportion of the total food store business in Canada which is transacted by chains, after declining slightly from 28.9 per cent in 1934 to 28.5 per cent in 1935, increased again to 28.9 per cent in 1936 when 89 different chain store companies with 2,334 stores had \$111,511,900 sales. In 1935 there were 86 food chain companies with 2,309 stores and \$105,635,900 sales while in 1930, the first year for which statistics are available, there were 87 chains with 2,352 stores and \$127,582,500 sales.

Five of the nine provinces report minor increases in the relative importance of chains in the food retailing field in 1936 compared with 1935. In British Columbia the ratio of chain sales to the total was 37.0 per cent for 1936 compared with 36.2 per cent for 1935. Corresponding chain ratios for other provinces for 1936 with the 1935 figures in brackets are as follows: Ontario, 36.9 per cent (36.1); Saskatchewan, 33.2 per cent (33); Alberta, 29.9 per cent (29.0); Manitoba 28.3 per cent (29.1); Nova Scotia, 21.7 per cent (22.8); Quebec, 17.5 per cent (17.5); and New Brunswick, 14.1 per cent (12.7).

Accidental Deaths

There were 6,351 accidental deaths in Canada during 1936, of which 2,760 occurred in the home, 2,590 in public places and 980 in industry. The number of males meeting an accidental death was 4,406 and females 1,945. The largest number of deaths occurred in the age-group 70 years and over, the number being 1,674. The age group 30-49 years was second with 1,253 deaths; 50-69 years was third with 1,250 and 15-29 years, 1,054 deaths. The deaths between ages of 5 and 14 numbered 519, between 1 and 4 years, 443, and under one year, 158.

Areas Sown to Principal Field Crops - Numbers of Farm Live Stock

The total area estimated as sown to the principal field crops for 1937 is 56,678,900 acres, as compared with 57,101,850 reported for the same crops in 1936. Wheat occupied 25,570,200 acres, as compared with 25,604,800 in 1936. For fall wheat, the area harvested was 718,800 acres, as compared with 509,300. The area under spring wheat was 24,851,400 acres, as against 25,095,500. Oats occupied 13,048,500 acres, as against 13,287,700; barley, 4,331,400 acres as against 4,437,600; rye, 893,700 acres, as against 625,300, and flaxseed 241,300 acres, as against 477,150.

For the remaining crops, the acreages for 1937 are estimated as follows, with the figures for 1936 within brackets: Peas, 84,000 (92,500); beans, 67,600 (64,000); buck-wheat, 395,500 (396,700); mixed grains, 1,128,200 (1,171,600); corn for husking, 165,600 (164,400); potatoes, 531,200 (502,100); turnips, mangolds, etc., 185,700 (182,500); hay and clover, 8,693,300 (8,784,100); alfalfa, 848,900 (854,200); fodder corn, 447,300 (401,600); sugar beets, 46,500 (55,600).

The total numbers of farm live stock in Canada as in June last are estimated as follows, with the corresponding numbers for 1936 within brackets: Horses, 2,882,990 (2,891,540); total cattle, 8,840,500 (8,840,600); sheep, 3,339,900 (3,327,100); hogs, 3,963,300 (4,145,000); hens and chickens, 53,982,900 (55,769,300); turkeys, 1,997,900 (2,044,700); geese, 874,900 (854,900); ducks, 654,400 (670,500); total poultry, 57,510,100 (59,339,400).

Cost of Living

The Dominion Bureau of Statistics cost of living index for Canada was unchanged for November at 84.2, a minor reduction in foods being offset by seasonal advances in fuel prices. Retail food prices fell from 78.9 in October to 78.8 in November. This was slightly more than 5 per cent above the level of the corresponding month of last year. Food costs have risen more than 30 per cent since March 1933 when price levels started to recover, but were still more than 25 per cent lower than at the beginning of 1930 when the preceding decline commenced. Decreases were reported in November for flour, granulated sugar, potatoes, beans, and meats, while moderate gains occurred in eggs, butter, onions, tea and canned salmon.

Seasonal increases in coal and coke prices caused the fuel index to rise 0.5 per cent to 85.7 in November. The advance in coal was mainly attributable to increases in anthracite prices, since bituminous quotations recorded very little movement. Coke prices were higher in two or three of the larger cities of the Dominion. No changes of any consequence were reported for other budgetary groups.

Wheat Stocks in Store

Canadian wheat in store on December 3 amounted to 63,573,462 bushels compared with 67,097,578 the week before and 120,053,464 a year ago. The stocks on December 3 included 14,868,559 bushels of Durum wheat. Canadian wheat in the United States amounted to 5,176,000 bushels compared with 1,853,568 the week before and 24,911,035 a year ago. Wheat in transit on the lakes amounted to 1,797,689 bushels against 4,816,472 last year. Wheat stocks in the elevators in Canada on December 3 amounted to 57,397,463 bushels compared with 62,637,578 the week before and 95,142,429 last year.

Imports of Vegetable Oils

Imports of vegetable oils in October were valued at \$1,803,826 compared with \$1,286,598 in September and \$962,773 in October, 1936. Amongst the leading items were Chinawood oil from the United States to the value of \$146,582, non-edible cocoanut oil from Ceylon at \$152,915 and edible cocoanut oil from the same country at \$86,890. Cottonseed oil valued at \$155,716 came from the United Kingdom, with a smaller quantity at \$15,724 refined for canning fish.

Olive oil from Italy was valued at \$32,385, and peanut oil at \$402,299, of which \$210,302 came from the United Kingdom, \$119,674 from China and \$72,323 from the Netherlands. There was a large shipment of palm oil from the Straits Settlements at \$345,375. Peanut oil for canning fish at \$38,335 came entirely from the United Kingdom. The export of Canadian vegetable oil was valued at \$9,092, going mainly to the United States. In September the value was \$15,355 and a year ago \$17,203.

Footwear

Imports of footwear, except rubber, were valued at \$133,295 in October, of which \$71,378 came from the United Kingdom and \$41,433 from the United States. The leading item was men's leather boots and shoes from the United Kingdom at \$30,188. In September the imports were \$143,374 and a year ago \$105,204. The exports of Canadian-made leather footwear amounted to \$104,685 compared with \$70,546 in September and \$77,716 in October last year. The chief purchasers were Jamaica at \$33,826, United Kingdom \$28,396 and Australia \$19,309.

Imports of Coffee and Tea

Green coffee imported in October amounted to 2,299,196 pounds, the leading countries of origin being British East Africa 836,480 pounds, Colombia 631,038, Brazil 358,187, Jamaica 277,327. The total imports of chicory and coffee were valued at \$260,991 compared with \$295,140 in September and \$297,792 a year ago.

Imports of tea amounted to 4,067,989 pounds compared with 3,219,320 in September and 3,912,547 last year. Black tea of Ceylon amounted to 1,489,049 pounds, black tea of China 46,481, black tea of India 2,050,113. Green tea of China amounted to 11,153 pounds and green tea of Japan 296,946.

Imports of Living Animals

Imports of living animals in October were of the value of \$39,337 as against \$129,598 in September and \$54,207 last year. There were seven cattle for the improvement of stock from the United States at \$985, 1,000 chickens from the same country at \$110, 11 dogs at \$1,470 from the United States and eight at \$706 from the United Kingdom. There was one horse at \$600 from the United Kingdom and eight at \$2,960 from the United States.

Imports of Petroleum

Imports of crude petroleum in October amounted to 58,839,605 gallons, of which 23,156,639 came from the United States, 18,129,234 from Colombia, 11,465,799 from Venezuela and 6,087,933 from Peru. The October imports were not much more than one-third of those of the previous month and October last year. Imports of natural casinghead gasoline amounted to 4,629,519 gallons compared with 6,345,224 in September and 6,033,478 a year ago.

Imports of Alumina and Tin

Imports of alumina, including bauxite, in October amounted to 754,066 cwt., of which 523,431 came from British Guiana and 230,635 from the United States. In September the amount was 1,236,575 cwt. and a year ago, 228,851. Imports of tin in blocks, pigs, etc., amounted to 3,811 cwt., of which 2,240 came from the Straits Settlements, 1,505 from the United Kingdom and 66 from the United States.

Artificial Abrasives

The value of products made by abrasives manufacturers during 1936 was 23 per cent greater than in 1935 and was higher than in any other year on record. The gross factory value was \$10,631,533 in 1936 compared with \$8,643,930 in 1935 and \$7,414,853 in 1934. The output of artificial abrasives was valued at \$8,891,114 including 23,805 tons of crude silicon carbide at \$2,299,602, 59,533 tons of crude fused alumina at \$5,762,217. Abrasive products such as wheels, paper, cloth, pulpstones and sharpening stones were made to the value of \$1,740,419.

Value of Canadian Field Crops

The gross value of the principal field crops produced in Canada in 1937 is estimated at \$556,382,000 which is \$65,098,400 or 10 per cent below the estimated value of the 1936 harvest, but is higher than that of any previous year since 1930. Sharply lower production of wheat and reduced prices for potatoes were mainly responsible for the decrease in the value of 1937 production below that of 1936. The gross value of wheat production in 1937 is estimated at \$179,810,000, which is a decrease of \$34,697,000 or 16 per cent from 1936.

The average farm price of the oat crop is the same as in 1936, and the slightly higher production this year renders the gross value of the crop correspondingly higher at \$117,534,000. Barley prices are averaging 18 cents less for the 1937 crop than in 1936, and although barley production is 14 million bushels larger, the value of the 1937 crop is \$5,712,000 less, standing at \$43,800,000. Rye production and prices are both higher this year, and the total value was \$4,252,000.

Potato production is somewhat larger this year, and averages at the farm in Canada 48 cents per bushel lower, so that the value of the 1937 crop is reduced to \$28,143,000 from \$45,125,000. The values of most other crops including peas, beans, buckwheat, mixed grains, flaxseed, corn for husking, turnips, hay and clover, alfalfa and sugar beets show small reductions from their 1936 levels. Fodder corn and grain hay alone among the minor crops show increased values.

Reports Issued During the Week

1. Canadian Grain Statistics.
 2. The Abrasives Industry, 1936.
 3. The Bed, Spring and Mattress Industry, 1936.
 4. First Estimate of Value of Field Crops.
 5. The Fertilizer Industry, 1936.
 6. Silver, Lead and Zinc Production, September.
 7. Security Prices and Foreign Exchange.
 8. Monthly Review of Business Statistics, November.
 9. Monthly Bulletin of Agricultural Statistics, October.
 10. Monthly Wholesale Trade, October.
 11. Preliminary Report on the Paper Box and Bag Industry, 1936.
 12. Circumstances of Accidental Deaths, 1935.
 13. Food Chains in Canada, 1936.
 14. Price Movements, November.
 15. Weekly Index Numbers of Wholesale Prices.
 16. Field Crops and Live Stock of Canada, 1937.
 17. Imports of Rubber, October.
 18. Imports of Non-Ferrous Ores and Smelter Products, October.
 19. Imports of Paints and Varnishes, October.
 20. Imports of Petroleum and Its Products, October.
 21. Imports of Living Animals, October.
 22. Imports of Coffee and Tea, October.
 23. Imports and Exports of Vegetable Oils, October.
 24. Imports and Exports of Toilet Preparations, October.
 25. The Footwear Trade, October.
 26. Petroleum Products Industry, 1936.
 27. The Biscuit, Confectionery, Cocoa and Chocolate Industries, 1936.
 28. Sales and Purchases of Securities Between Canada and other Countries, October.
 29. Carloadings on Canadian Railways.
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