

Weekly Review of Economic Conditions

Five of the six factors indicating the trend of economic conditions showed reaction in the second week of March. The index of capitalized bond yields advanced sharply while other factors recorded declines following the advance of the preceding week. Indexes of carloadings and wholesale prices declined 3.4 p.c. and 0.4 p.c., respectively. Common stock prices showed reaction following the increase of the preceding week, the index being 107.4 against 109.3.

Only one of the six major factors recorded a gain over the same week of 1937. Dominion bond prices were at a much higher level. Common stock prices, on the other hand, recorded a decline of 28.2 p.c. Bank clearings and speculative trading recorded considerable decline from last year.

The railway freight movement slackened in the ninth week of the year ended March 5. The adjusted index for Canada dropped from 79.6 to 76.9, declines being shown in both western and eastern divisions. The drop in the index practically counterbalanced the advance of the preceding week. During the first nine weeks of the year, the freight movement consisted of 405,000 cars, a decline of 13,530 from the same period of last year. Gains of 10,500 and 5,700 cars were shown in pulpwood and ore, respectively. The other nine classes showed a deficit from last year.

Wholesale prices declined 0.4 p.c. from the preceding week, the index receding from 83.5 to 83.2. Wholesale prices have shown for nearly two years a favourable comparison over the same week of the preceding 12 months. Prices have been relatively stable since the beginning of the year, the advance in the first quarter of 1937 accounting for the reactionary t. as far as comparisons with the corresponding weeks of 1937 are concerned. The decline in grain prices was the main factor in the recession during the week of March 12. No. 1 Northern wheat declined from 140 $\frac{1}{2}$ to 136 $\frac{5}{8}$ and declines were general among the coarse grains. Metals were strong on the London exchange, electrolytic copper advancing from £43 12s 6d to £44 10s. Advances were also shown in lead and zinc, while tin recorded a slight recession. Export copper on the New York metal exchange was 10.11 cents against 9.95 on the 9th. The price of zinc receded from 4.75 on the 9th to 4.25 on the 15th, while lead was maintained. The Canadian index of non-ferrous metals receded from 71.2 to 70.9, reductions in copper and tin accounting for the downward movement.

A constructive feature was the advance in high-grade bond prices, the index of capitalized yields advancing 1.1 p.c. over the preceding week and 12.9 p.c. over the same week of 1937. While principal issues were strong during the week, recessions were shown on the 15th. The 4 $\frac{1}{2}$'s of 1947-57 were 111 on the 15th, against 111 $\frac{1}{4}$ on the 8th, and the 4 $\frac{1}{2}$'s of 1946 receded from 112 to 111 $\frac{3}{4}$.

A portion of the advance in common stock prices recorded in the preceding week was counterbalanced by the decline during the week of March 10. Each of the groups in the official classification showed declines in this comparison, the general index receding from 109.3 to 107.4. The index of 15 power and traction stocks declined one point to 62.9.

The economic index based on the six above-mentioned factors showed a decline of 1.1 p.c. in the week under review. The standing was 109.7 against 110.9 in the preceding week. The deficit from the same week of last year was 7.4 p.c. when the standing was 118.5. The index of capitalized bond yields was the only factor recording an increase over the preceding week or over the same week of 1937.

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
Mar. 13, 1937	79.95	83.8	138.5	124.3	149.5	645.7	118.5
Mar. 5, 1938	79.60	83.5	154.6	100.4	109.3	98.4	110.9
Mar. 12, 1938	76.92	83.2	156.3	95.8	107.4	57.1	109.7

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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.

February Exports

Domestic exports in February totalled \$60,155,402 compared with \$74,791,596 in February, 1937, a decline of \$14,636,194. The amount to the United Kingdom was \$27,344,537 compared with \$23,583,575, an increase of \$3,760,962, while exports to the United States aggregated \$17,303,798 compared with \$36,046,030, a decrease of \$18,742,232. Purchases by Australia increased to \$2,429,068 from \$1,992,428; Germany to \$1,142,364 from \$1,026,109; British South Africa to \$1,668,403 from \$968,617; to New Zealand \$951,845 from \$485,360; and the Netherlands to \$600,983 from \$367,989.

Other leading export markets were as follows, with figures for February, 1937, in brackets: Argentina, \$450,560 (\$145,252); France, \$436,322 (\$805,862); Jamaica, \$431,452 (\$238,837); British India, \$401,014 (\$242,354); Belgium, \$365,483 (\$1,195,767); Newfoundland, \$359,288 (\$270,591); Norway, \$325,444 (\$262,153); Straits Settlements, \$320,516 (\$345,633); Mexico, \$208,840 (\$234,122); Irish Free State, \$206,002 (\$592,824); Sweden, \$282,676 (\$342,632); Brazil, \$241,785 (\$298,981); Trinidad and Tobago, \$231,435 (\$312,626); Czechoslovakia, \$163,346 (\$14,502); Russia, \$168,369 (\$169,277); Italy, \$17,257 (\$162,477); Portuguese Africa, \$109,152 (\$152,678).

During the twelve months ending February total domestic exports were \$1,084,335,730 compared with \$1,046,300,851 in the previous twelve months; to the United Kingdom \$411,665,474 compared with \$404,734,678; and to the United States \$438,463,619 compared with \$424,406,241.

The most pronounced decline in the February export was in gold bullion, of which there was none, whereas a year ago the amount was \$10,181,000. Wheat dropped from \$6,927,000 to \$3,690,000, meats from \$3,274,000 to \$2,901,000, paper from \$8,638,000 to \$6,690,000, whiskey from \$1,464,000 to \$702,000 and planks and boards from \$2,815,000 to \$2,300,000.

On the other hand the export of nickel rose from \$4,290,000 to \$5,475,000, the major portion of the supply going to the United Kingdom at \$3,317,000, which was about double the amount a year ago. Nickel to the value of \$808,000 went to the United States which was less than half. The export of copper rose from \$2,899,000 to \$3,145,000, of which \$1,493,000 went to the United Kingdom. Automobiles increased from \$1,688,000 to \$2,787,000.

Domestic Exports to the United States

Canada's domestic exports to the United States in February were of the value of \$17,303,798 compared with \$36,046,030 in February, 1937. During January and February this year total domestic exports to the United States were \$38,036,038 compared with \$69,753,465 in the same period of 1937.

The export in February of commodities affected by the Canada-United States trade agreement totalled \$11,792,156 compared with \$17,191,031 a year ago. During the first two months of the year the total was \$25,753,465 compared with \$37,301,873 in the two months of 1937.

The leading commodities exported to the United States under the agreement in February were as follows, with comparable figures for 1937 in brackets: newsprint, \$4,655,604 (\$6,453,102); wood pulp, \$1,601,524 (\$2,373,902); softwood planks and boards, \$727,698 (\$932,204); whiskey, \$673,826 (\$1,438,678); pulp wood, \$561,828 (\$407,347); cyanamid, \$523,976 (\$493,024); shingles, \$521,724 (\$283,821); artificial crude abrasives, \$245,559 (\$372,531); cattle, 6,461 head at \$200,585 (20,690 at \$975,634).

Wheat Stocks in Store

Canadian wheat in store for the week ending March 11 amounted to 47,010,971 bushels compared with 47,361,685 in the previous week and 86,319,381 in the corresponding week last year. Stocks of Canadian wheat in the United States aggregated 1,888,900 bushels compared with 1,946,000 the week before and 17,117,763 a year ago. Wheat in rail transit totalled 1,551,425 bushels compared with 1,448,745 in the previous week and 1,701,269 a year ago. United States wheat in Canada amounted to 1,191,307 bushels compared with nil last year.

The wheat stocks in the elevators in Canada for the week ending March 11 were 45,122,071 bushels compared with 45,415,685 for the previous week and 69,201,618 for the corresponding week last year. The location was as follows on the latest date: Western Country Elevators, 15,355,000 bushels; Interior Terminals, 5,267,144; Vancouver-New Westminster, 1,698,528; Prince Rupert, 292,279; Churchill, 11,820; Fort William and Port Arthur, 12,220,459; Eastern Elevators Lake and Seaboard Ports, 6,347,260 and 2,398,156 bushels, respectively.

Primary Movement of Wheat

Wheat marketings in the Prairie Provinces during the week ended March 11 amounted to 1,203,523 bushels compared with 1,398,779 in the previous week and 1,394,396 in the corresponding week last year. Total marketings during the period, August 1 to March 11, were 108,856,980 bushels compared with 146,629,517 in the corresponding period of the previous crop year. The totals follow by provinces, with 1937 figures in brackets: Manitoba, 34,173,864 (18,906,121) bushels; Saskatchewan, 23,100,878 (81,297,985); Alberta, 51,582,238 (46,425,411).

Overseas Export Clearances of Wheat

Overseas export clearances of wheat during the week ending March 11 amounted to 801,457 bushels compared with 825,351 the week before and 953,396 in the same week last year. Imports of Canadian wheat into the United States for consumption and milling in bond for re-export totalled 1,000 bushels compared with 4,000 in the previous week and 462,000 in the corresponding week of 1937. Aggregate clearances from August 1 to March 11 were 54,245,100 bushels compared with 102,515,083 in the corresponding period of the previous crop year, while imports into the United States for consumption and milling in bond were 1,960,426 bushels compared with 35,019,218.

Canadian Mineral Production

Canadian mineral production in 1937 at \$456,793,260 surpassed all previous records. Nearly every item in the entire mining list showed gain over 1936, the total value for that year being \$361,919,372. The value of gold produced at \$143,314,561 represented 43 per cent of the total of all metals and 31 per cent of the grand total of all mine products.

Nickel production at \$59,407,176 was 32 per cent higher than in 1936; copper at \$69,049,734 was up 75 per cent; lead and zinc at \$21,013,404 and \$18,157,894 were higher than ever before; silver at \$10,180,371 increased 23 per cent; asbestos at 410,026 tons was a new high record; salt, sulphur, sodium sulphate and nepheline were also high records. Platinum metals were worth \$9,933,709 compared with \$7,803,806.

Production of coal stood at 15,775,432 tons compared with 15,229,182; output of crude petroleum at 2,978,268 barrels was double that of 1936, while natural gas production was 29,599,198,000 cubic feet, a gain of 5.3 per cent.

Construction operations improved in 1937 and this is reflected in the increase in total value of the production of structural materials such as brick, lime, cement, and stone which stood at \$34,401,669 compared with \$25,770,741.

January Gold Production

January gold production totalled 361,086 ounces compared with 361,671 in December and 328,545 in January, 1937. The following was the production by provinces with the December figures in brackets: Ontario, 222,867 (229,562); Quebec, 76,865 (68,032); British Columbia, 40,684 (43,044); Manitoba and Saskatchewan, 18,110 (17,008); Nova Scotia, 2,116 (1,948); Yukon, 442 (223).

January gold averaged \$34.90 per ounce on the London market in Canadian funds, making the output worth \$12,601,901. The December average price was \$34.93, making value of production \$12,633,168.

World Output of Gold

The world output of gold, exclusive of Russia, in January was estimated at 2,494,000 ounces; the December production was higher at 2,534,000. South Africa's output amounted to 982,000 ounces compared with 991,000 in December. Production in the United States aggregated 360,501 ounces.

International Trade in Securities

The value of the international trade in securities between Canada and other countries in January declined to the lowest point since July, 1937. Total sales were \$32,633,278 compared with \$59,148,982 a year ago, while purchases were \$28,691,361 compared with \$65,051,353.

Sales to the United States aggregated \$26,158,514 compared with \$42,881,080 in January, 1937; purchases from the United States were \$21,250,206 compared with \$54,739,139. Sales to the United Kingdom totalled \$4,458,753 compared with \$12,984,543, while purchases were \$6,535,435 compared with \$8,783,183.

Building Permits

The value of the building represented by the permits issued by 58 cities during February stood at \$2,361,957, an increase of \$515,856 over the total for the previous month and a gain of \$223,071 in the more significant comparison with February last year. In comparison with February a year ago, Ontario, Manitoba, Alberta and British Columbia recorded increases, that of \$394,625 or 156.2 per cent in British Columbia being most noteworthy. The largest decrease was that of \$141,363 or 25.8 per cent in Quebec.

Departmental Store Sales

Sales of department stores in February averaged 1.7 per cent lower than in February last year, according to preliminary compilations of monthly returns submitted by all the larger departmental firms. The preliminary unadjusted index, on the base, average monthly sales for 1930 equals 100, stood at 57.6 for February compared with 56.6 in January and 58.6 for February, 1937. The gain over the previous month was less than normal for the season.

Concentrated Milk Production

Concentrated milk production in February totalled 7,973,569 pounds compared with 8,705,083 in January and 6,306,948 in February, 1937. Unsweetened evaporated milk in January accounted for 5,320,376 pounds.

Consumption of Leather Footwear

The per capita consumption of leather footwear in Canada during 1936 was 2.01 pairs compared with 2.05 in 1935. Production in 1936 amounted to 21,882,586 pairs compared with 22,258,410, imports 560,683 pairs compared with 388,039 and exports 239,907 pairs compared with 160,180. Calculated on this basis, 22,203,362 pairs of leather footwear were consumed during 1936 compared with 22,486,269.

Shipments of Rigid Insulating Board

Domestic shipments of rigid insulating board during February amounted to 3,097,934 square feet as compared with 2,482,802 in the previous month and 3,006,292 in February, 1937.

Wine Industry

The wine industry in Canada is confined to a few localities such as the Niagara Peninsula in Ontario and the Okanagan Valley in British Columbia where climatic conditions for the cultivation of grapes and berries suitable for wine are favourable. There were 48 establishments included in this industry during 1936 with a net value of production amounting to \$2,761,900. Wines produced during the year and placed in storage for maturing totalled 1,630,393 gallons compared with 2,559,505 in 1935, while the fermented wines bottled or sold in bulk during the year totalled 2,750,293 gallons compared with 2,666,524.

Rubber Industry

The rubber industry of Canada is of considerable importance in the industrial life of the country. Canada now ranks among the leading countries of the world as a manufacturer of rubber goods. In 1936 Canada was the seventh largest importer of raw rubber in the world, ranking after the United States, the United Kingdom, Japan, Germany, France and Russia.

The value of production in 1936 was considerably higher than that of 1935, the total being \$62,054,808 compared with \$55,949,570. The value of production of tires and inner tubes rose to \$29,134,845 from \$27,341,939; footwear \$19,273,181 from \$16,001,738; rubber heels and soles, rubber belting, hose, medic. and druggists' supplies, mechanical rubber goods, etc., increased from \$12,605,893 to \$13,646,782.

Reports Issued during the Week

1. The Rubber Industry, 1936.
2. Sales and Purchases of Securities between Canada and Other Countries, January.
3. Summary of the Trade of Canada, January.
4. Coal and Coke Statistics for Canada, Oct., Nov. and December, 1937.
5. Mineral Production of Canada, 1937.
6. Building Permits, February.
7. The Miscellaneous Non-Ferrous Metal Products Industry, 1936.
8. The Sand-Lime Brick Industry, 1936.
9. Rigid Insulating Board Industry, February.
10. Sugar Report - February 5 to 26, 1938.
11. Preliminary Report on Departmental Store Sales, February.
12. Weekly Index Numbers of Wholesale Prices.
13. The Wine Industry, 1936.
14. The Hat and Cap Industry, 1936.
15. Car Loadings on Canadian Railways.
16. The Leather Footwear Industry, 1936.
17. Canadian Grain Statistics.
18. Production of Concentrated Milk, February.
19. Gold Production, January.
20. Summary of Canada's Domestic Exports, February.
21. Grain Situation in the Argentine.
22. Security Prices and Foreign Exchange.



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