

WEEKLY BULLETIN

Dominion Bureau of Statistics

Department of Trade and Commerce

Vol. VI - No. 15 Ottawa, Saturday, April 9, 1938 Price \$1.00 per year

Weekly Review of Economic Conditions

Three of the six factors showing the trend of economic conditions recorded an increase in the week ended April 2. Owing mainly to the rise in wheat, the composite of wholesale prices rose nearly $\frac{1}{2}$ point. Capitalized bond yields recovered and a considerable gain was shown in the adjusted index of bank clearings. Appreciable declines were recorded in carloadings and in common stock prices.

Only one of the six major factors recorded a gain over the same week of 1937, the index of capitalized bond yields rising 12.6 p.c. Other important indexes were at a much lower level, common stock prices being down about 36 p.c.

The railway freight movement was disappointing in the 12th week ended March 26, the general index retreating from 74.3 to 71.5. Declines were general in both the eastern and western divisions. The traffic movement dropped below the corresponding period of 1936, for the first time this year. Gains were shown for pulpwood and ore in the period for the first 12 weeks of 1938 compared with the same period of last year. The other nine groups recorded declines, the drop in miscellaneous commodities consisting mostly of manufactured goods being limited to 601 cars.

The index of commodity prices rose from 83.0 to 83.3 in the week ended April 1. A gain was shown in crop products while textiles and non-ferrous metals reached a lower level. Wheat was strong on the Winnipeg exchange, No. 1 Northern averaging 146 7-8 against 136 in the week of March 26. Barley showed a gain while declines were recorded in oats, flax and rye.

Metals were weak on the London exchange, electrolytic copper dropping from £42 15s on the 29th to £42 10s on April 5. Tin showed a sharp decline while lead and zinc dropped to lowest levels for some time. Lead was quoted at £15 12s 6d against £16 1s 3d on the 29th of March, while zinc dropped from £14 1s 3d to £13 10s on April 5. Lead was unchanged in New York while export copper, tin and zinc showed recession. Export copper was quoted at 9.60 against 9.70 one week before. General weakness in nearly all non-ferrous metals in Canada depressed the index from 71.4 to 70.5. Bacon hogs were strong in Toronto advancing to 10.15 from 10.10, but a recession was shown in medium steers at 5.36 against 5.49.

Dominion Government bonds recovered slightly following the recession of the two preceding weeks. As bonds showed marked decline during the first quarter of 1937, the present level is much above that of the same week of last year. The index of capitalized bond yields was 153.8 in the week under review against 136.6 one year ago. The present standing of Dominion bonds is considerably higher than during the latter part of 1937. The 4½'s of 1947-57 were bid at 110 3-4 against 110 1-2. The 4's of 1947-52 advanced from 107 on the 29th of March to 107 1-2 on April 5.

The most reactionary feature of the week was the further decline in common stock prices, consecutive declines having been shown for four weeks. The index was below that of the corresponding week of either 1937 or 1936, and only slightly above the standing of 1934 and 1935. The decline in the index during the week was nearly 7 p.c. while the deficit from the same week of last year was nearly 36 p.c. A decline was shown following the middle of March last year, but relative to the recent deflation the drop was moderate. Each of the groups in the official classification recorded declines in the last week of March. The index of 15 power and traction stocks dropped two points to 55.1.

The economic index showed further moderate decline in the week ended April 2, the standing having been 106.0 against 106.3 in the preceding week. A rebound was shown in three of the economic factors, the net result being a recession of 0.3 p.c. in the composite. As five out of the six major factors recorded declines from the same week of last year, the index fell off from 113.8 to 106.0 in the week under review. The deficit of 6.8 p.c.

indicates a less favourable situation than at this time last year, although during 1937 the index recorded a declining trend between the end of January and the first of July.

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
April 3, 1937	84.52	86.9	136.6	117.0	144.4	207.2	113.8
Mar. 26, 1938	74.28	83.0	152.2	86.8	99.4	179.9	106.3
April 2, 1938	71.51	83.3	153.8	90.4	92.5	136.4	106.0

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.

Business Conditions

The receipt of information regarding the first two months of 1938 sheds further light on current economic conditions. The level of productive operations was somewhat lower than in the corresponding months of 1937, the index of the physical volume of business based on 46 factors averaging 109.3 in the elapsed period of 1938, compared with 116.0 in the same period of last year. The recession of 5.8 p.c. in a representative index of this kind is evidence of a moderate slackening in business and productive enterprise from the levels in the first two months of 1937.

The continued resistance to reaction shown by general wholesale prices was one of the constructive factors during the early months of the year. The weekly index has shown a remarkably steady performance since the beginning of 1938. This contrasts with the advance of ten months which culminated temporarily in April, 1937. The weekly index is consequently showing a deficit from the same period of last year. While world stocks of commodities have shown some increase in recent months, a marked reduction has occurred since the peak was reached in 1932.

The index of mineral production recorded a gain of 12.5 p.c. to 184.0 in the first two months of this year. The export of copper was up 37.3 p.c., nickel exports 26 p.c., zinc nearly 73 p.c., while production of lead in January was about 10 p.c. greater than in the same month of 1937. Slight gains were shown in the shipments of gold and silver from Canadian mines. The increase in coal production was 2.5 p.c. The manufacturing group was less active this year, the index receding from 119.6 to 105.0.

The new business obtained by the construction industry was slightly in excess of the same months of 1937. A gain of 2.2 p.c. was shown in contracts awarded and the increase in building permits placed in principal cities was 10.3 p.c. While some decline has been shown in employment, after seasonal adjustment, from the high level of the fall months, the twelve month comparisons remain favourable. Basing calculations on the average for the first three reporting dates, the general index showed a gain of 6.8 p.c. over the same period of 1937.

Production of Steel Ingots

Production of steel ingots in Canada during March totalled 113,897 long tons compared with 95,025 in February and 118,451 in March last year.

Wheat Stocks in Store

Canadian wheat in store on April 1 amounted to 44,508,510 bushels compared with 44,814,360 a week ago and 82,555,779 on the corresponding date last year. Stocks on the latest date included 14,493,068 bushels of Durum wheat. The amount of Canadian wheat in store in the United States was 1,110,000 bushels on April 1 compared with 1,235,185 on March 25 and 14,149,802 on the corresponding date of 1937. Wheat in rail transit totalled 1,351,702 bushels compared with 1,132,393 on March 25 and 4,591,534 on April 1, 1937. United States wheat in Canada was reported at 993,937 bushels compared with 1,020,486 a week ago and nil last year.

Primary Movement of Wheat

Wheat marketings in the Prairie Provinces for the week ending April 1 were recorded at 606,965 bushels compared with 742,323 in the previous week and 1,327,371 in the corresponding week last year. Total marketings during the thirty-five weeks ended April were 111,220,866 bushels compared with 150,766,255 in the corresponding period of the previous crop year.

Overseas Export Clearances of Wheat

Overseas export clearances of wheat during the week ending April 1 amounted to 399,104 bushels compared with 960,804 in the previous week and 1,275,402 in the corresponding week last year. There was no Canadian wheat imported into the United States for consumption and milling in bond for re-export. In the previous week there were 3,000 bushels imported and in the week of April 2, 1937, 432,000 bushels were imported. Total overseas export clearances from August 1 to April 1 were 56,463,982 bushels compared with 106,208,256 in the corresponding period of the previous crop year, while the imports into the United States were 2,013,871 bushels compared with 56,206,303.

Sales and Purchases of Securities Between Canada and Other Countries

The trade in securities between Canada and other countries was considerably reduced in February, amounting to \$45,105,288 compared with \$125,374,460 in February, 1937. Sales to other countries were of the value of \$24,823,311 compared with \$69,162,591, and purchases from other countries \$20,281,977 compared with \$56,211,869.

The trade in securities with the United States aggregated \$33,857,521 compared with \$94,960,769 a year ago, sales amounting to \$18,807,277 compared with \$49,310,107, and purchases \$15,050,244 compared with \$45,650,662. Transactions with the United Kingdom totalled \$8,164,746 compared with \$25,858,331, sales amounting to \$4,104,263 compared with \$16,510,801 and purchases \$4,060,483 compared with \$9,347,580.

Retail Sales in February

Dollar volume of retail sales averaged one per cent greater in February this year than in the corresponding month last year. The index for 13 lines of business included in this survey stood at 62.1 compared with 62.4 in January and 61.7 in February, 1937. The slight decrease from January was contra-seasonal, the index, when adjusted for differences in number of business days and normal seasonal variations declining to 76.1 for February compared with 78.2 in the previous month. Results for individual lines of business reveal substantial increases over February last year for two groups, declines for eight and changes of less than one per cent for three. Hardware store sales increased 12 per cent and grocery and meat stores 7 per cent.

Economic Fluctuations

The bulletin on "Economic Fluctuations in Canada during the Post-war Period" published by the Dominion Bureau of Statistics presents a comprehensive survey of about 350 statistical series pertinent to the interpretation of current conditions.

An upward trend for most business factors indicated a fair measure of national progress during the last 18 years. Business operations showed acceleration in volume, most of the forty-six components of the official index recording an upward long-term trend. As a growing proportion of Canadian enterprise was devoted, especially in the prosperous period from 1923 to 1929, to the production of plant and equipment, as opposed to that of consumption goods, the Dominion became more susceptible to wide fluctuations. Short-term fluctuations were more extreme than in any other period in Canada's history. The deflation of commodity prices was one of the main elements in the first depression after the war, while marked decline in speculative values characterized the second. The advance and decline of production was accompanied in large part by a parallel movement in prices.

In a special sense, prosperity and depression are closely correlated in a profit economy with the fluctuations in the volume of production, and prosperity is regarded as a function of the proportion in which personnel and industrial equipment are employed. The increment in the index of the physical volume of business during the post-war period was 1.71 points per year. Through an examination of the relationship of the business index with other fundamental economic factors, historical sequences are established which prove of great value in the interpretation of current conditions. Among the factors that are comparable in this connection, are wholesale prices, capitalized bond yields, bank deposits and common stock prices.

The bulletin is now ready for distribution at 25 cents per copy.

Wholesale Trade in February

The dollar value of wholesale trade in Canada was up 5 per cent in February over the January total but was about 3 per cent lower than in February last year, according to monthly statements of sales received from some 200 wholesale firms comprising nine different lines of business. The increase over January was only slightly less than the average seasonal improvement for this period, as recorded in the experience of the last four years, while the 5 per cent decline from February last year was similar in extent to that noted in the corresponding January comparison. The 3 per cent decline in February this year compared with last must be attributed in part to a considerable reduction in the wholesale clothing trades, a reduction occasioned by the earlier date of Easter a year ago.

World Wholesale Price Movements

A definite recessionary movement was apparent in world wholesale price levels during the fourth quarter of 1937. Declines were most pronounced in the United States and Australia, but reached considerable proportions also in Belgium, Canada, Czechoslovakia, Poland, Sweden and the United Kingdom. Wholesale price index numbers for these countries showed decreases of from 2.5 per cent to 7.3 per cent. Index numbers for Italy rose sharply by 5 per cent while series for Japan and France were also slightly higher. Wholesale price levels in France have advanced by less than one per cent during this period while the franc depreciated by approximately 3 per cent.

Cost of Living

Moderate increases in the price of foodstuffs and fuel were responsible for a rise in the Dominion Bureau of Statistics cost of living index from 83.9 in February to 84.2 in March. The comparative figure for March, 1937, was 82.2. The retail food index advanced from 77.9 to 78.6, easier quotations for sirloin beef, veal, lard and pepper being of less consequence than gains for butter, onions, fresh pork, mutton and canned salmon. The fuel index moved up from 86.0 to 86.3, influenced by sub-index increases as follows: Coal from 86.6 to 86.9, coke from 87.0 to 87.4, and wood 79.0 to 79.9. A slight advance in hardware prices was not of sufficient importance to affect the miscellaneous index.

World Cost of Living Movements

Living costs in most countries moved gradually higher during the fourth quarter of 1937 by amounts which seldom exceeded 4 per cent. The majority of increases were less than this amount and occasional declines were registered. These appeared in the United States, Poland and Germany. In many countries showing advances, wholesale price levels had turned downward in the fourth quarter, while in a few others including France, Italy and Japan both wholesale prices and living costs moved upward. Living costs were higher at the end of 1937 than at the end of 1936 almost without exception. For several countries including Belgium, Czechoslovakia and Poland the increase was greater than for wholesale prices. Only in the case of Italy, did the rise in wholesale prices exceed the rise in living costs by an appreciable extent. In the United States living costs rose slightly while wholesale prices declined.

Stocks and Bonds

Common stock prices in March suffered the most severe decline since last September and October. Moderate advances registered since that time were completely wiped out as price averages plunged to the lowest levels reached since April 1935. With the exception of a brief recovery between March 18 and 21, markets moved steadily lower, still pointing downward as the month closed. The extent of losses may be judged from the following price index numbers for February 28 and March 31: industrials 181.4 and 142.0, utilities 47.2 and 39.8, and the general investors' index 108.9 and 87.9 respectively. Liquidation was heavy during the sharp break which terminated March 18.

Mining stock prices suffered correspondingly severe deflation with an index for golds dropping from 121.9 on February 28 to 103.4 on March 31, and base metals from 250.2 to 198.1. The general mining stock price index fell from 147.0 to 122.0. An index of Dominion of Canada long-term bond prices advanced during the first two weeks of March from 116.8 to 117.9 before declining to 114.9 on the 18th. It had recovered to 116.6 however, by the end of the month.

Imported Automobiles and Parts

There were 891 automobiles imported during February, the appraised value being \$716,387. The total in the previous month was 1,290 valued at \$1,060,749 and in February, 1937, 1,387 were imported to the value of \$976,304. The number of autos brought in from the United States in the latest month was 859. Automobile parts were imported to the value of \$2,077,000 during February compared with \$2,560,000 in January and \$2,708,000 in February, 1937.

Imported Refrigerators

A considerable gain was shown in the imports of refrigerators during February compared with the previous month. The total in February this year was also higher than in the corresponding month last year. The number imported during the latest month was 1,693 of the value of \$97,501 compared with 835 at \$48,522 the month before and 1,475 at \$73,514 a year ago. Most of these were electric models.

Imports of Paper

Imports of paper during February were appraised at \$591,556 compared with \$542,722 in the previous month and \$529,337 in February, 1937. Total imports of paper during the 11 months ended February were worth \$7,202,026 compared with \$6,268,977 in the same period of the previous fiscal year.

Imports of wood pulp in Feb. consisting mainly of unbleached sulphite pulp, amounted to 20,294 cwt. valued at \$35,166 compared with 29,079 cwt at \$49,363 in January and 32,760 at \$52,876 in February, 1937. The total during the 11 months ended February was 374,732 cwt. valued at \$624,762 compared with 370,143 at \$596,516 in the same period of 1936-37.

Production of Copper

A new high monthly record was established in the production of copper in Canada during January, the total being 52,454,135 pounds compared with 49,240,080 in the previous month and 37,282,247 in January, 1937. Blister copper production in the latest month amounted to 43,463,442 pounds. London copper quotations in January averaged 10.131 cents per pound in Canadian funds; based on this price the output was worth \$5,314,128. The value of the output in the previous month was \$4,822,081, the average price being 9.793 cents per pound.

Production of Nickel

Nickel production in Canada during January amounted to 20,270,680 pounds compared with 19,695,880 in the previous month and 16,173,486 in January, 1937.

Silver Production

The Canadian output of silver in January amounted to 1,571,052 ounces compared with 1,366,034 in the previous month and 1,390,476 in January, 1937. New York quotations averaged 44.754 cents per ounce in Canadian funds during January, at which price the output was worth \$703,109. In the previous month the total value was \$611,560, based on an average price of 44.769 cents.

Production of Lead

The production of lead in Canada during January rose to 37,522,125 pounds from the total for the previous month of 26,373,673, and the output for January last year of 34,112,307 pounds. Quotations on the London market averaged 3.592 cents per pound during January, in Canadian funds; the December average was 3.54 cents. Based on these prices the Canadian production during January and December was worth \$1,347,795 and \$933,628, respectively.

Asbestos Production

Canadian producers shipped 16,845 tons of asbestos during January compared with 28,686 in December and 22,454 in January, 1937.

Production of Zinc

The output of zinc during January was recorded at 34,865,607 pounds compared with 29,911,751 in the previous month and 19,316,188 in January, 1937. Prices at London averaged 3.338 cents per pound in January compared with 3.404 in December, the total value in the latest month being computed at \$1,163,814 compared with \$1,048,187 in the previous month.

Production of Poultry and Eggs

The number of farm poultry in the Dominion on December 1, 1937, was estimated at 43,190,100 compared with 57,510,100 at June 1. The number of hens and chickens was 39,564,000 compared with 53,982,900 at June 1; turkeys, 2,184,100 compared with 1,997,900; geese, 835,100 compared with 874,900; ducks, 606,900 compared with 654,400. The value of farm poultry at June 1, based on average prices estimated by crop correspondents reached a total of \$42,954,000, of which hens and chickens accounted for \$37,335,000, turkeys \$3,804,000, geese \$1,259,000 and ducks \$556,000. The total value in 1936 was \$40,366,000. The production of farm eggs in 1937 was estimated to be 219,443,000 dozen compared with 219,494,000 in 1936. The estimated number of egg-laying hens in 1937 was 23,861,000 compared with 23,798,000 in 1936. The value of farm eggs was placed at \$38,480,000 compared with \$40,776,000 in 1936.

Reports Issued Today

1. Weekly Index Numbers of Wholesale Prices.
 2. Production of Poultry and Eggs, 1937.
 3. The Dyeing, Cleaning and Laundry Industry, 1936.
 4. Retail Sales, February.
 5. Sales and Purchases of Securities Between Canada and Other Countries, February.
 6. Business Conditions in Canada during the two Months ended February.
 7. Canadian Grain Statistics.
 8. Price Movements, March.
 9. World Price Movements, Fourth Quarter of 1937.
 10. Wholesale Trade, February.
 11. Butter, Cheese and Eggs in Cold Storage.
 12. Security Prices and Foreign Exchange.
 13. Imports of Vehicles of Iron, February.
 14. Imports and Exports of Pipes, Tubes and Fittings, February.
 15. Imports of Stoves, Sheet Metal Products and Refrigerators, February.
 16. Imports and Exports of Wire, February.
 17. Imports and Exports of Soap, February.
 18. Imports of Pulp Wood, Wood Pulp and Paper, February.
 19. Leather Footwear Trade, February.
 20. Car Loadings
 21. Automobile Parts Industry, 1936.
 22. Copper and Nickel Production, January.
 23. Silver, Lead and Zinc Production, January.
 24. Asbestos Production, January.
-

STATISTICS CANADA LIBRARY
BIBLIOTHÈQUE STATISTIQUE CANADA



1010730047