

WEEKLY BULLETIN

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Weekly Review of Economic Conditions

Two of the six major factors recorded gains in the week of June 4, while three moved to lower levels. The index of wholesale prices remained unchanged at 80.3. Gains were recorded in bank clearings and in shares traded on the stock exchanges. Minor declines were shown in carloadings and capitalized bond yields while the index of common stocks receded 2.3 p.c. Capitalized bond yields recorded a gain over the same week of 1937, while the other five factors reached a lower position. The decline in carloadings and wholesale prices in the 12-month comparison was 8.6 p.c. and 4.9 p.c., respectively.

Declines in the railway freight movement were shown in both the eastern and western divisions during the 21st week ended May 28. The drop in the index was one point to 72.2. A seasonally adjusted decline was shown for the second consecutive week. The deficit in the freight movement during the first twenty-one weeks of the present year from the same period of last year was 66,887 cars.

Gains in prices of crop products and non-ferrous metals offset the recession in textiles and chemicals. The index of 567 commodities consequently remained unchanged in the week of June 3 from that of May 27. The composite of wholesale prices has been steady for two consecutive weeks. A rebound was shown in wheat prices on the Winnipeg grain exchange while coarse grains have shown a continuance of the decline. The price of No. 1 Northern wheat was 118 1/8 against 111. Further gains were recorded in medium steers and bacon hogs on the Toronto stockyards. Metal prices showed some recovery on the London market, electrolytic copper advancing from £38 to £39. Lead was maintained while an increase was shown in zinc. The export price of copper on the New York market was 8.84 on June 7, against 8.62 on May 31. Lead and zinc were maintained at the same price as one week ago.

Bond prices showed recession from the high level of the preceding week. The bid quotation for the 4 1/2's of 1947-57 receded from 111 7/8 on May 31, to 111 3/4 on June 7. A slight recession was also shown in the 3's of 1950-55. Despite the recession of the last two weeks, high-grade bond prices are only slightly below the maximum for recent years.

The index of 96 common stocks receded from 98.4 in the week of May 26 to 96.1 in the week of June 2. Each of the industrial groups, except beverages, participated in the reaction. The index of 15 power and traction stocks declined from 59.8 to 59.2.

The economic index was 108.5 in the week of June 4, against 106.3 in the preceding week. The gain of slightly more than 2 p.c. was due to gains in bank clearings and speculative trading. Wholesale prices were maintained while the other factors recorded decline. The index showed a drop of 2 p.c. from the same week of 1937, when the standing was 110.7. The index of capitalized bond yields reached a higher position, while declines were shown in the other factors.

Weekly Economic Index with the Six Components
1926=100

Week Ended	Car load-ings ¹	Whole-sale Prices	Capitalized Bond Yields ²	Bank Clear-ings ³	Prices of Common Stocks	Shares Traded	Economic Index ⁴
June 5, 1937	78.94	84.4	144.1	105.1	131.3	132.5	110.7
May 28, 1938	73.18	80.3	162.1	78.2	98.4	66.0	106.3
June 4, 1938	72.19	80.3	161.6	95.2	96.1	70.0	108.5

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.

Economic Conditions During First Four Months

While economic conditions as measured by the fluctuations in major factors were less favourable in the first four months of 1938 than in the same period of last year, it was encouraging to find that the level of the first of the year was fairly well maintained from month to month. Business operations dropped sharply in January and February but recovered slightly in the last two months. The trend of common stock prices was downward after the first month of the year and commodity prices reacted in April after having been well maintained during the first quarter. Counterbalancing factors were the gain in high-grade bond prices and the continued increase in the deposit liabilities of the chartered banks.

Business operations made an excellent showing during 1937, the advance having continued during the first eleven months. The index of the physical volume of business in November reached a new high point since July, 1929. A reaction was shown in December following the marked decline in industrial production in the United States initiated in September. The decline continued in January and February of the present year, a marked reaction having been shown by the index. Minor recovery was shown in March and April but the net result was that the index of the physical volume of business averaged 110.4 during the four months this year compared with 117.8 in the corresponding period of 1937.

One phase of productive operations showed marked expansion during the elapsed portion of 1938. The volume of mineral production exceeded all previous records during the period under review. The gains over the first four months of 1937 were outstanding. Copper exports rose nearly 42 p.c., while the outward shipments of zinc were $59\frac{1}{2}$ p.c. greater. Shipments of gold from Canadian mines reached a new high point in March and were more than maintained in April after seasonal adjustment. The gain over the same period of last year was nearly 12 p.c. The rise in silver shipments was of much larger proportions amounting to no less than 85 p.c., the total in the four months of 1938 having been 10.6 million fine ounces. Coal production was 4.9 million tons, a gain of $1\frac{1}{2}$ p.c.

Manufacturing production was at a considerably lower level than in the early part of 1937. Flour and sugar production showed a decline of 11 and 23 p.c., respectively. Releases of tobacco were at a higher level and cattle slaughterings rose nearly 1 p.c. The decline in newsprint production was 27 p.c. and exports of planks and boards dropped off nearly 12 p.c.

The operations of the primary iron and steel industry were well maintained, although the steel ingot output dropped nearly 7 p.c. A slight gain was shown in pig iron production. The decline in the output of automobiles was nearly 15 p.c. Petroleum exports were in excess of 200 million gallons and a large increase was shown in petroleum production. Crude rubber imports used mainly in the manufacture of tires showed a decline of 8.6 p.c.

The new business obtained by the construction industry was at a lower level this year, contracts awarded dropping 26 p.c., while a decline of nearly 24 p.c. was shown in building permits.

The decline in electric power production was nearly 6 p.c., partly reflecting the influence of the inactivity in the newsprint industry. Recalling the subnormal grain crops of last year, it is not surprising to find that exports showed a reaction of 16 p.c. The railway freight movement reached a lower level during the elapsed portion of this year, the total having been 751,000 cars against 800,000. The gross revenues of the Canadian lines of the Canadian National Railways and the Canadian Pacific dropped 5.6 p.c. and 6.4 p.c., respectively.

While employment showed a declining trend, after seasonal adjustment, during the first four months of the present year, the index for the first five reporting dates showed a somewhat better position than obtained one year ago. The gain in the general index on this basis was 4.6 p.c.

Primary Movement of Wheat

Wheat marketings in the Prairie Provinces for the week ending June 3 amounted to 843,205 bushels compared with 754,758 in the previous week and 1,395,125 in the corresponding week last year. Total marketings during the period, August 1 to June 3, were 119,208,096 bushels compared with 159,608,955 in the corresponding period of the previous crop year.

Marketings during the week of June 3 were as follows, with figures for the corresponding week last year in brackets: Manitoba, 299,299 (168,743) bushels; Saskatchewan, 176,000 (779,544); Alberta, 367,906 (446,838). August 1 - June 3: Manitoba, 37,148,817 (19,989,574) bushels; Saskatchewan, 25,539,817 (88,080,229); Alberta, 56,520,092 (51,539,152).

Overseas Export Clearances of Wheat

Overseas export clearances of wheat during the week ended June 3 amounted to 1,932,728 bushels compared with 2,819,443 in the previous week and 2,157,484 in the corresponding week last year; imports of Canadian wheat into the United States for consumption and milling in bond for re-export totalled 32,000 bushels compared with 18,000 the week before and 474,000 a year ago. Aggregate overseas clearances during the period August 1 - June 3 were 66,123,484 bushels compared with 127,166,799 in the corresponding period of the previous crop year, while imports into the United States were 2,093,249 bushels compared with 40,166,806.

Clearances during the week of June 3 follow by ports, with comparable figures for 1937 in brackets: Montreal, 1,738,309 (1,683,427) bushels; Three Rivers, 73,763 (nil); Quebec, 49,905 (nil); United States Ports, 31,750 (275,620); West Saint John, 27,718 (nil); Vancouver-New Westminster, 11,283 (198,437). August 1 - June 3: Montreal, 28,455,878 (38,037,352) bushels; United States Ports, 13,271,927 (21,861,896); Vancouver-New Westminster, 9,496,979 (30,962,382); Saint John, 8,712,712 (8,375,898); Sorel, 3,255,289 (13,143,571); Three Rivers, 904,000 (5,504,672); Prince Rupert, 762,794 (562,613); Churchill, 603,982 (4,293,501); Quebec, 385,580 (1,998,072); Halifax, 159,968 (1,855,471); Fort William and Port Arthur, 114,375 (571,371).

Wheat Stocks in Store

Canadian wheat in store decreased 2,749,168 bushels during the week ending June 3 compared with the previous week and 25,712,055 compared with the corresponding week last year. The amount in store was reported as 29,602,244 bushels compared with 32,351,412 the week before and 55,314,299 during the week of June 4, 1937. The amount of Canadian wheat in the United States was 681,000 bushels compared with 661,000 in the previous week and 6,456,978 a year ago.

The amount of wheat in rail transit was 580,090 bushels compared with 1,956,357 the week before and 1,550,107 in 1937. Wheat in lake transit amounted to 3,246,428 bushels compared with 1,587,350 in the previous week and 3,239,207 in 1937. Stocks of American wheat in Canada amounted to 1,056,646 bushels compared with 1,271,017 the week previous and nil a year ago.

Production of Leather Footwear

The output of leather footwear in April amounted to 1,959,385 pairs, a decline of 149,571 from the previous month's total and 259,412 from the output in the corresponding month last year. This is the fourth consecutive month of 1938 to record a decrease in comparison with the corresponding month of 1937. The total production during the four months ended April was 7,308,310 pairs compared with 8,017,938 in the same period of 1937.

Revenues and Expenses of Railways

The gross revenues of Canadian railways for March amounted to \$25,925,250 compared with \$28,690,931 in March 1937, a decline of 9.6 per cent. Operating expenses increased to \$25,164,782 from \$24,349,042, so that operating income was reduced from a credit of \$3,107,783 to a debit of \$374,190. Freight traffic declined by 9.5 per cent and passenger traffic by 8.0 per cent. The number of employees increased by 314 and the pay roll by \$1,071,381, or 7.3 per cent. Restorations of reductions in basic rates of pay were largely responsible for the gain.

For the three months gross revenues declined from \$78,542,078 in 1937 to \$73,603,834; operating expenses increased from \$69,437,991 to \$72,813,061, and the operating income was reduced from \$5,703,106 to a debit of \$2,698,123.

Cost of Living

Moderate reductions in the prices of foods and fuel, partially offset by a fairly substantial advance in rentals resulted in a decline in the general cost of living index for Canada from 84.3 in April to 84.2 in May. The food group receded from 78.8 to 77.7, influenced by declines for eggs, butter and potatoes. Meat prices generally averaged higher than in April. A reduction in the coal sub-index from 86.9 to 86.4, and in that for coke from 87.4 to 85.7 reduced the fuel index from 86.2 to 85.9. The rental survey for May showed rents to be still increasing gradually, the index for this group being 90.3 as compared with 89.0 in October.

Sales of New Motor Vehicles

After running 20 to 25 per cent below last year's levels during the first quarter of 1938, new motor vehicle sales in Canada showed a sharp upswing during April and were only one per cent below April, 1937. The number of new motor vehicles sold in Canada during April numbered 20,772 compared with 21,020 for April, 1937. Corresponding retail values were \$23,070,476 and \$21,112,715, respectively.

Passenger cars numbering 16,810 retailed at \$18,534,990 in April this year, showing a decline of two per cent in number and a gain of eight per cent in value over last year. Sales of trucks and buses increased two per cent during the month, while the retail value up 16 per cent. Sales of trucks and buses totalled 3,962 valued at \$4,535,486.

Vegetable Oils

Vegetable oils were imported to the value of \$1,405,937 during April compared with \$1,494,073 in the previous month and \$1,093,804 in April last year. Imports of palm and palm kernel oil were valued at \$571,528, and peanut oil \$461,835. The former came chiefly from Nigeria and the Straits Settlements and the latter mainly from the United Kingdom and China.

Imports of Tea

April imports of tea amounted to 2,213,471 pounds compared with 3,584,798 in the previous month and 3,125,152 in April, 1937. The amount from British India was 846,723 pounds, United Kingdom 714,134, Ceylon 442,481 and Japan 183,691.

Imported Green Coffee

Imports of green coffee during April amounted to 2,763,084 pounds compared with 5,091,090 in March and 2,422,115 in April, 1937. British East Africa supplied 875,371 pounds, Jamaica 581,427, Colombia 539,188, Brazil 322,808, Costa Rica 143,218, Guatemala 90,977, United Kingdom 51,917, and Trinidad and Tobago 45,717 pounds.

Farm Implements and Machinery

Farm implements and machinery were imported to the value of \$2,116,284 during April compared with \$2,475,286 in the previous month and \$1,747,788 in April, 1937. The total from the United States was \$2,036,559. Internal combustion traction engines for farm purposes accounted for a large part, totalling in value \$1,348,948 compared with \$1,131,491 a year ago.

Imports of Alumina

April imports of alumina, including bauxite, amounted to 96,555 owt. compared with 155,828 in the previous month and 196,473 in April last year. The amount from the United States was 96,645, the small balance coming from the United Kingdom.

April Imports of Paper

April imports of paper and manufactures were valued at \$577,000 compared with \$783,000 in the previous month and \$586,000 in April last year. The total from the United States was \$426,598 and from the United Kingdom \$91,635. The imports of wood pulp, all of which came from the United States, amounted in value to \$40,860 compared with \$32,655 in March and \$52,567 last year.

Imports and Exports of Fruit

April imports of fruit were valued at \$1,018,047 compared with \$1,128,726 in March and \$1,247,060 in April last year. The amount from the United States was \$859,273 and from Jamaica \$95,083. Imported oranges, mandarines and tangerines were of the value of \$542,805, grapefruit \$112,475, bananas \$154,281, pineapples \$25,552, strawberries \$67,905. Total exports of fresh fruits were valued at \$165,393 against \$281,016 in March and \$65,289 a year ago. Fresh apples accounted for \$164,898, of which Germany took \$106,376 and the United Kingdom \$56,398.

The imports of canned and preserved fruits were worth \$85,845 compared with \$102,170 the month before and \$75,243 in April a year ago. Spain was the leading source of supply with a total of \$19,757, followed by the United States at \$18,124, Straits Settlements \$12,267 and Australia \$10,957. The leading exports were as follows: canned pears, \$35,835; canned apples, \$10,882; peaches, \$4,812.

Imports and Exports of Vegetables

The United States supplied a large part of the April imports of fresh vegetables, the amount from that country being \$651,086 out of a total of \$811,292. In the previous month the total was \$851,441, and in April last year, \$791,953. Fresh tomatoes were imported to the value of \$155,357, lettuce \$158,495, onions \$94,688, celery \$78,311, cabbage \$56,036, carrots \$48,079 and green beans \$29,258.

Exports of fresh vegetables, excluding seed potatoes, were valued at \$70,659 compared with \$132,630 in March and \$145,321 in April, 1937. The United States took more than half of the total, turnips accounting for \$37,457. Government certified seed potatoes were exported to the value of \$19,445 compared with \$56,586 in March and \$62,358 last year. The amount to the United States was \$17,464.

Imported Automobiles

There were 2,344 automobiles imported during April appraised at \$1,926,000 compared with 2,096 units valued at \$1,507,000 in the corresponding month last year. All but 51 of these autos were imported from the United States. Parts for automobiles were imported to the value of \$1,928,000 compared with \$1,844,000 in April, 1937.

Marriages, Births, Deaths and Natural Increase in Canada

Preliminary figures compiled by the Dominion Bureau of Statistics show that there were 87,726 marriages performed in the nine provinces of Canada during 1937, giving a rate of 7.9 per thousand population, as against a final figure of 80,904 marriages and a rate of 7.3 in 1936. This was the highest marriage rate since 1921 when the figure was 8.0 per thousand, although the number of marriages was then only 69,732.

The birth returns for 1937 show 219,320 live births as compared with a final total of 220,371 in 1936. The returns up to the present would give a birth rate of 19.7 per thousand for 1937 as compared with 20.0 for the preceding year. It is expected that complete returns will show about the same number of births in 1937 as in 1936, but with a slightly lower rate.

Returns of deaths for 1937 number 113,507 as against a final figure of 107,050 for 1936, an increase of nearly 6,500. The death rate for 1937 based on the present figures was 10.2 as compared with 9.7 in 1936.

As a result mainly of the considerable increase in the number of deaths, the natural increase for 1937 from the figures available to date was only 105,813 as compared with 113,321 (final) for 1936. The provisional rate of natural increase for 1937 was 9.5 per thousand population as compared with 10.3 in the preceding year.

Over the period 1921 - 36 the rate of natural increase in Canada showed a general downward trend of considerable extent, due to the decline in the birth rate, the effect of which was mitigated to some extent by the general improvement over the period in the death rate. In spite of this decline in the rate of natural increase, the Canadian rate of 1936 compared favourable with those of a number of other countries.

Rates for certain countries were as follows: Japan, 14.8; Union of South Africa (Whites) 14.6; Netherlands 11.5; Canada 10.3; Italy 8.8; New Zealand 7.8; Australia 7.7; Germany 7.2; Denmark 6.8; Northern Ireland 5.8; Irish Free State 5.2; United States 5.2; Scotland 4.5; Norway 4.5; England and Wales 2.7; Sweden 2.2. Preliminary figures for France showed a very slight natural decrease of 0.3 per thousand.

Reports Issued Today

1. Imports and Exports of Pipes, Tubes and Fittings, April (10 cents).
 2. Imports and Exports of Wire, April (10 cents).
 3. Imports from Principal Countries, April (10 cents).
 4. Imports of Non-Ferrous Ores and Smelter Products, April (10 cents).
 5. Imports of Farm Implements and Machinery, April (10 cents).
 6. Imports of Coffee and Tea, April (10 cents).
 7. Imports and Exports of Vegetable Oils, April (10 cents).
 8. Imports of Rubber, April (10 cents).
 9. Trade Trends with Empire Countries, (10 cents).
 10. Sugar Report - April 30 to May 21 (10 cents).
 11. New Motor Vehicle Sales, April (10 cents).
 12. Car Loadings (10 cents).
 13. Imports of Vehicles of Iron, April (10 cents).
 14. Imports and Exports of Pickles and Preserved Vegetables, April (10 cents).
 15. Imports of Wood Pulp, Pulp Wood and Paper, April (10 cents).
 16. Imports and Exports of Canned and Preserved Fruits, April (10 cents).
 17. Imports and Exports of Fresh Fruits, April (10 cents).
 18. Imports and Exports of Fresh Vegetables, April (10 cents).
 19. Imports of Stoves, Sheet Metal Products, Refrigerators, April (10 cents).
 20. Operating Revenues, Expenses and Statistics of Railways, March (10 cents).
 21. Production of Leather Footwear, April (10 cents).
 22. Business Conditions in Canada during the four months ended April (10 cents).
 23. Index Numbers of Security Prices (10 cents).
 24. Price Movements, May (10 cents).
 25. Weekly Index Numbers of Wholesale Prices (10 cents).
 26. Telegraphic Crop Report, Canada (10 cents).
 27. Condition of Field Crops at May 31, Canada (10 cents).
 28. Distribution of Occupations by Industry (25 cents).
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