

WEEKLY BULLETIN

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Weekly Review of Economic Conditions

Four of the six factors indicating the trend of economic conditions declined to a lower position in the week ended June 11. Capitalized bond yields were slightly higher while wholesale prices were unchanged for the fourth consecutive week. The four other factors showed reaction from the week of June 4, the most significant of these being a decline of 5.2 p.c. in the adjusted index of carloadings.

Two of the six major factors recorded gains in the week under review over the same period of 1937. Capitalized bond yields and bank clearings were at a higher position than one year ago, while the other factors showed a deficit. The railway freight movement recorded decline after seasonal adjustment, the index of carloadings retreating from 72.2 to 68.4. Declines were shown in both the western and eastern divisions. Pulpwood and ore were the only groups of the eleven recording gains in the first twenty-two weeks of the present year over the same period of 1937.

A hopeful sign was the steadiness of wholesale prices, the index remaining at 80.3 for the past month. The decline from the same week of 1937 was nearly 5 p.c. Crop products was the only group showing a decline from the week of June 3. Gains were recorded in animal products while non-ferrous metals were unchanged. Prices of wheat and oats were lower on the Winnipeg grain exchange for the week, while gains were recorded in other coarse grains. The price of No. 1 Northern wheat averaged 113½ against 118 1-8 in the preceding week. Medium steers and bacon hogs showed recession on the Toronto stockyards from the relatively high level of the preceding week. Metal prices were reactionary on the London exchange, electrolytic copper dropping £1 to £38. Lead and zinc were also lower on June 14 than on the 7th. A decline was shown in tin while lead and zinc remained unchanged.

The price of high-grade bonds averaged slightly higher in the week ended June 9, the average weekly yield declining from 3.01 to 3.00. Recession was shown in high-grade United States bonds on the New York market, while British Consols in London were maintained. A recession in Dominion bonds was shown on June 14, the 3's of 1950-55 having been bid at 98½ against 98 7-8. Dominion bonds have now been at a high level for seven weeks and are at present not greatly below the maximum for recent years.

The reaction in common stocks was slight during the week of June 9. Seven of the nine industrial groups of the official classification showed gains, and the utility issues rose to a higher point. The index of common stocks was 95.9 against 96.1 in the preceding week, a drop of 27 p.c. having been shown from the same week of 1937.

The economic index based on the above-mentioned factors was 107.1 in the week of June 11, against 108.5 in the preceding week. Recessions were shown in four of the six major factors, resulting in a drop of 1.3 p.c. in the composite. Owing to the gains in capitalized bond yields and bank clearings, the index was only slightly below the standing of one year ago. The position at that time was 107.6.

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 12, 1937	76.58	84.1	144.3	90.0	131.8	104.5	107.6
June 3, 1938	72.19	80.3	161.6	95.2	96.1	70.0	108.5
June 11, 1938	68.41	80.3	161.8	91.4	95.9	60.3	107.1

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.

Prairie Crop Conditions

General precipitation over west-central and north-western Manitoba, southern and central Saskatchewan and southern and central Alberta during the last three days of the week greatly aided crop prospects in the main wheat producing areas. Moisture is most urgently needed in northern Alberta, and north-eastern Saskatchewan. Rains in southern Manitoba are required to ensure an average crop. Crops over the Prairies are making good progress although they are somewhat later than last year. Western Saskatchewan, central and northern Alberta have suffered some damage from cutworms and wireworms. Grasshoppers are hatching and active in Saskatchewan and Alberta but have caused little damage to date. Hay crops in southern Manitoba will be light, but good hay yields are in evidence in north-western Manitoba. Range conditions are reported to be very good. Summerfallowing, which is now under way on the Prairies, has been started somewhat later than usual.

Wheat Stocks in Store

The amount of Canadian wheat in store on June 10 decreased 427,552 bushels from the total for the previous week and 22,144,134 from the corresponding date in 1937. The total on the latest date was 29,174,692 bushels compared with 29,602,244 the week before and 51,318,826 a year ago. Stocks of Canadian wheat in the United States amounted to 892,000 bushels compared with 681,000 in the previous week and 6,028,978 a year ago.

Wheat in rail transit amounted to 1,067,095 bushels compared with 580,090 in the previous week and 1,827,065 in 1937. Lake transit wheat totalled 1,380,782 bushels compared with 3,246,428 in the previous week and 2,105,670 in 1937. Stocks of American wheat in Canada on June 10 amounted to 787,122 bushels compared with 1,056,646 the week before and 91,637 a year ago.

Overseas Export Clearances of Wheat

Overseas export clearances of wheat during the week ended June 10 amounted to 1,131,485 bushels, while imports into the United States for consumption and milling in bond were 10,000 bushels. Clearances in the previous week totalled 1,932,728 bushels and United States imports, 32,000. During the week ended June 11, 1937, overseas clearances aggregated 3,591,304 bushels and United States imports 444,000. Overseas export clearances during the period August 1 - June 10 totalled 67,254,969 bushels compared with 130,758,103 in the corresponding period last year, while imports into the United States were 2,103,249 bushels compared with 40,610,806.

Primary Movement of Wheat

Marketings of wheat in the Prairie Provinces during the week ended June 10 totalled 743,591 bushels compared with 843,205 the week before and 891,268 in the corresponding week last year. Total marketings from August 1 to June 10 were 119,951,687 bushels compared with 160,500,223 in the same period of the previous crop year.

Grain Situation in Argentina

According to information received by the Dominion Bureau of Statistics from its correspondent in Buenos Aires under date of June 3, the third official estimate of the principal grains crops of Argentina, excluding maize, shows decreases of 25.8 per cent in the volume of wheat, 20.5 per cent in linseed, 13 per cent in oats, 21 per cent in barley and 52.9 per cent in rye from the corresponding estimate made last year.

May Export of Wheat and Flour

The May export of wheat amounted to 3,370,545 bushels valued at \$3,713,697 compared with 8,026,607 valued at \$10,529,311 in May, 1937. Wheat flour exports totalled 297,126 barrels valued at \$1,623,454 compared with 348,866 at \$2,130,325 in May last year.

May Export of Coarse Grain

May export shipments of barley were considerably lower than in May last year, amounting to 700,317 bushels valued at \$449,758 compared with 1,615,973 at \$1,548,261. The United Kingdom took 699,245 bushels. Shipments of oats were higher, totalling 304,642 bushels valued at \$139,391 compared with 146,352 at \$79,018. Rye exports amounted to 8,571 bushels worth \$5,657 compared with 608,534 at \$726,997 in May last year.

Gold Production in April

Canadian mines produced 368,439 ounces of gold during April compared with 376,023 in the previous month and 323,337 in April, 1937. Production during the first four months this year totalled 1,446,386 ounces compared with 1,288,231 in the corresponding period of 1937. The April average price of gold was \$35.15 cents per ounce at which price the month's output was worth \$12,950,631; in the previous month the average price was \$35.05 and the value of the month's production was \$13,179,606.

Ontario operators reported an output of 227,091 ounces, made up of 100,438 ounces from the Porcupine camp, 83,631 from the Kirkland Lake Field and 43,022 from other sources. During March the Porcupine camp produced 102,587 ounces, the Kirkland Lake Field 86,000 and other sources 46,648. Quebec produced 71,969 ounces compared with 72,376 in March and 56,606 in April, 1937.

British Columbia producers reported an output of 46,781 ounces compared with 46,773 in the previous month. An advance of 4.2 per cent was recorded in the output from Manitoba and Saskatchewan, totalling 19,957 ounces compared with 19,153 in March. Nova Scotia producers shipped 2,115 ounces of gold to the Royal Canadian Mint in April compared with 2,486 in the previous month. The gold content of jewellery and scrap receipts at the Royal Canadian Mint in April was 1,629 ounces compared with 2,357 a year ago.

April Output of Copper

The April output of copper amounted to 47,750,255 pounds compared with 48,089,283 in March and 41,989,288 in April, 1937. London copper prices averaged 9.701 cents per pound in April, at which price the month's output was worth \$4,632,252; in the previous month the average price was 9.725 cents, and the value of the month's production was \$4,674,226. Total output during the four months ended April was 195,129,628 pounds compared with 159,493,890 in the corresponding period of 1937.

Nickel Production in April

The Canadian production of nickel in April advanced to 20,469,463 pounds from the total for the previous month of 17,298,398, and the April, 1937, output of 20,266,884 pounds. During the first four months of 1938 the Canadian output totalled 74,047,064 pounds compared with 71,964,212 pounds a year ago.

April Asbestos Production

Shipments of Canadian asbestos amounted to 24,642 tons in April compared with 22,281 in the previous month and 42,267 in April, 1937. During the first four months of 1938 producers in Canada shipped 75,945 tons compared with 124,768 a year ago. Exports of asbestos in April totalled 21,176 tons compared with 17,013 in March. Imports of asbestos products were valued at \$78,952 in April, a decline of 17.4 per cent from the March valuation.

Zinc Output in April

The April output of zinc in Canada amounted to 33,724,256 pounds compared with 33,515,602 in the previous month and 32,502,061 in April, 1937. Output from January to April this year aggregated 131,130,489 pounds compared with 102,831,136 in the same period of 1937.

Average price of zinc on the London market in April was 3.06 cents per pound in Canadian funds; valued at this price the month's output was worth \$1,031,962. March quotations averaged 3.196 cents per pound and the value of the month's production was \$1,071,159.

Production of Silver

Silver production during April amounted to 1,606,723 ounces compared with 1,698,215 in the previous month and 1,488,350 in April, 1937. The Canadian output during the first four months of 1938 totalled 6,306,838 ounces, a gain of 7.6 per cent over the production last year.

New York silver quotations averaged 42.983 cents per ounce during April in Canadian funds; at this price the April output was worth \$690,618. In the previous month the average was 44.569 cents and the value of the month's production was \$756,877.

April Lead Output

The Canadian production of lead in April rose to 35,406,758 pounds from the total for the previous month of 35,176,663 pounds, and the April 1937 output of 35,154,985. During the first four months of 1938 Canada produced 134,892,105 pounds compared with 132,979,502 a year ago.

Lead quotations on the London market averaged 3.474 cents per pound in Canadian funds during April; valued at this price the April output was worth \$1,230,031; in March the average was 3.559 cents, and the value of the month's output was \$1,251,937.

Feldspar and Salt Production

April shipments of feldspar by Canadian producers amounted to 586 tons compared with 818 in the previous month and 1,048 in April, 1937. The total for the four months ended April was 3,450 tons compared with 5,824 in the corresponding period of 1937.

Shipments of commercial salt during April totalled 27,419 tons compared with 13,650 in March and 26,101 in April last year. Total shipments during January, February, March and April were 64,849 tons compared with 62,221 in 1937.

Output of Crude Petroleum

Operators in the Turner Valley field reported an output of 443,183 barrels of crude petroleum and natural gasoline in April; the total output in Canada during April was 464,316 barrels compared with 480,803 in the previous month and 188,014 in April, 1937. During the four months this year Canada produced 1,815,685 barrels compared with 659,655 in the corresponding period of 1937 and 452,949 in 1936.

Natural Gas Production

The output of natural gas in Canada during April totalled 2,928,521,000 cubic feet compared with 3,175,266,000 in the previous month and 2,390,000,000 in April, 1937. Total output during the first four months this year amounted to 14,140,495,000 cubic feet, a 10.8 per cent gain over the corresponding period of 1937.

Chemicals and Allied Products

Preliminary statistics for 1937 give the output of chemicals and allied products at \$144,993,105, the highest ever reported for this group of plants. The advance over the 1936 value was 14.3 per cent and the gain over the 1929 value, formerly the record, was 4.7 per cent. Only one industry, wood distillation, failed to show an advance over 1936, the percentage gains in the other groups being as follows: coal tar distillation, 15.5; acids, alkalies and salts, 17.8; compressed gases, 16.9; fertilizers, 36.6; medicinals and pharmaceuticals, 8.9; paints, 6.6; soaps and cleaning preparations, 20.3; toilet preparations, 3.8; inks, 5.5; adhesives, 5.9; polishes, 6.6; and miscellaneous, 20.2. Wood distillation declined 12.9 per cent.

Production of Soap in 1937

According to preliminary figures released by the Dominion Bureau of Statistics, the production of soap in Canada during 1937 amounted to 94,105 tons valued at \$16,035,434 compared with 85,998 tons valued at \$13,257,448 in 1936. Bar laundry and household soap constituted the leading item, amounting to 33,619 tons, followed by soap chips and flakes at 18,760 tons, toilet soap 18,698 tons, soap powders 16,734, textile and mill soap 2,129, castile soap 1,767, soft soap 1,090, liquid soap 576, shaving soap 475, and polishing and scouring soap 91 tons.

Production of Automobiles

May production of automobiles stands at 18,115 units compared with 18,819 in the previous month and 23,458 in May, 1937. This month's production included 13,641 passenger cars and 4,474 trucks, of which 3,407 passenger models and 1,309 trucks were made for export, the balance in each case being intended for sale in Canada.

Cumulative figures for the five months ending May show that 87,426 motor vehicles were made as against 104,730 and 89,548 for the first five months of 1937 and 1936, respectively.

Departmental Store Sales

Departmental store sales in Canada during May were eight per cent lower than in May last year and approximately eight per cent below the figure for April. The unadjusted index on the base 1930=100 was 73.3 compared with 79.9 for May, 1937, and 79.5 for April, 1938. After adjustments for differences in number of business days and for seasonal variations, sales were seven per cent lower than in May last year and about three per cent below April this year.

Production of Butter and Cheese

Creamery butter production in May increased approximately 18 per cent from the May 1937 make and 77 per cent from the previous month. The May production increased in all provinces, the total being 29,095,028 pounds compared with 24,756,556 in May last year and 16,397,918 in the previous month. May production of cheese declined slightly from last year's output, but increased markedly over the previous month. The total in the latest month was 11,471,559 pounds compared with 11,509,686 last year and 1,721,077 a year ago.

Survey of Production

Measured by a gain of twelve and one-half per cent in the net value of production from that of the preceding twelve months, the year 1936 registered a considerable advance on the recovery movement. The net value of commodities produced at \$2,666 millions against \$2,369 millions in 1935, indicates that on the whole Canadians were more prosperous than in any year since 1931. As the level of commodity prices advanced from 72.1 to 74.6, an adjusted gain of about 9 p.c. in volume is denoted, roughly confirming the rise of nearly 10 p.c. in the index of industrial production. The rise was dominated by pronounced increases in the price of farm products and greatly improved the relationship between such prices and those of goods which the farmer must buy.

Sales and Purchases of Securities

The volume of Canada's international trade in securities was lower in April, approximating that of February. Total sales were \$20,319,370 and total purchases \$25,112,641. Purchases exceeded sales for the first time in six months. Over 67 per cent of all transactions were in Canadian securities, in which securities the bulk of net purchases was concentrated.

Security transactions with the United States during the month aggregated \$33,176,166, of which sales totalled \$14,832,673 and purchases \$18,343,493, resulting in a net outflow of capital of over \$3½ million. This outflow of capital represents a change in direction, as transactions with the United States in each of the preceding five months showed a moderate net inflow of capital.

The trade in securities between Canada and the United Kingdom showed little change in volume. Purchases totalled \$6,076,180 and sales \$3,954,319, or a net outflow of capital to the extent of over \$2 million.

During the first four months this year the volume of Canada's international trade in securities exceeded \$221 million. Total sales were \$112,899,655 and total purchases \$108,647,826. Net sales to all countries were more than \$4 million; net sales of Canadian common and preference stocks were about \$9 million; sales of United States stocks exceeded purchases by over \$1.8 million.

Reports Issued during the Week

1. Sales and Purchases of Securities Between Canada and other Countries, April (10 cents).
 2. Canada's Leading Mineral Products, March (10 cents).
 3. Preliminary Report on Departmental Store Sales, May (10 cents).
 4. Weekly Index Numbers of Wholesale Prices (10 cents).
 5. Telegraphic Crop Report, Prairie Provinces (10 cents).
 6. Butter, Cheese and Eggs in Cold Storage, June 1 (10 cents).
 7. Meat and Fish in Cold Storage, June 1 (10 cents).
 8. Fruits and Vegetables in Cold Storage, June 1 (10 cents).
 9. Dairy Production, May (10 cents).
 10. Car Loadings (10 cents).
 11. Survey of Production, 1936 (25 cents).
 12. Chemicals and Allied Products, 1937 (10 cents).
 13. Automobile Production, May (10 cents).
 14. Grain Situation in Argentina (10 cents).
 15. Canadian Grain Statistics (10 cents).
 16. Silver, Lead and Zinc Production, April (10 cents).
 17. Production of Feldspar and Salt, April (10 cents).
 18. Petroleum and Natural Gas Production; Gasoline Sales, April (10 cents).
 19. Asbestos Production, April (10 cents).
 20. Copper and Nickel Production, April (10 cents).
 21. Gold Production, April (10 cents).
 22. Summary of Exports of Grains and Flour, May (10 cents).
 23. Security Prices and Foreign Exchange (10 cents).
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