

Weekly Review of Economic Conditions

Four of the six factors used in the compilation of the weekly index recorded gains in the last week of June. Wholesale prices averaged lower due mainly to the reaction in grain. High-grade bond prices were maintained at the high level of the preceding week. The adjusted index of bank clearings advanced 13 p.c., and a marked gain was shown in the number of industrial shares traded on the stock markets. Three of the factors recorded gains over the same week of 1937, an improved position appearing in high-grade bonds, bank clearings and speculative trading. Carloadings and wholesale prices were lower than one year ago and the deficit in common stock prices was 19 p.c.

The railway freight movement showed a slight improvement for the second consecutive week. While traffic was at a relatively low point, it is interesting to find that some improvement was shown over the low point reached in the twenty-third week of the year. The total traffic movement during the first twenty-five weeks was 1,098,000, a decline of slightly more than 90,000 cars from the same period of 1937. Pulpwood and ore showed gains of about 11,000 and 13,000 cars, respectively, while other commodity groups declined.

Construction contracts amounted to nearly \$80,700,000 during the first half of the present year against \$110.4 million in the same period of 1937. While a considerable decline was shown in this comparison the total was greater than for any comparable period of any other year since 1931. Although new business in June was better than in any other month during the present year the total was almost \$10 million below June, 1937.

Aside from grain prices affected by favourable crop reports, most speculative commodities recorded considerable gain in the week ended July 2. Metals were strong on the London exchange, electrolytic copper advancing from £41 15s on June 28 to £44 5s on July 5. Large percentage advances were also recorded in lead and zinc. The price of domestic copper was advanced from 9 cents to 9.50 in New York, while export copper advanced from 9.30 to slightly more than 10 cents. Lead was quoted at 4.75-4.80 against 4.50-4.55, and zinc advanced 25 cents per 100 pounds to 4.75. The decline in grains was the main influence in depressing the official index of wholesale prices which receded from 80.4 to 79.9. No. 1 Northern wheat declined from 113 $\frac{3}{4}$ to 105 $\frac{1}{2}$. Coarse grains, except flax, participated in the reaction.

High-grade bonds were practically maintained at the same level as in the preceding week, the average yield standing at 2.99. The 3's of 1950-55 remained unchanged at 99 $\frac{1}{8}$. Gains were recorded in British Consols in London and in the Dow-Jones average of 40 high-grade bonds.

Common stock prices advanced sharply for the second consecutive week reaching a higher point than at any time since about the middle of March. The index of 96 common stocks stood at 103.4 against 99.3 in the preceding week. Each of the groups, except communications, recorded advances, the index of 15 power and traction stocks rising from 60.9 to 63.1.

The upward movement in the latter part of June was reflected in a sharp gain in valuations of stocks listed on the Toronto exchange. The valuation of all stocks on June 30 was \$4.7 billion, a gain of \$345 million during the month. The advance from the low point of March 31, amounted to \$648 million. Dividend payments, according to an unofficial compilation will show a reduction of about 5 p.c. during July. A distribution of \$26.8 million was scheduled by 157 companies, the comparable total for July 1937 having been \$28.2 million. An unofficial index of dividend payments recorded a decline from 147.3 in May to 146.7 in June. The latter standing, however, compares with 133.8 in the same month of 1937.

The weekly index compiled from the six above-mentioned factors rose nearly 3 p.c. in the week of July 2, the standing having been 109.1 against 106.0 in the preceding week. Due to the advance in three of the six major factors, the index rose above the corresponding week of 1937 for the first time this year. The index at that time was 108.3, an advance of 0.7 p.c. having been indicated.

THE HISTORY OF THE UNITED STATES

The first part of the book is devoted to the early history of the United States, from the discovery of the continent by Christopher Columbus in 1492 to the establishment of the first permanent English colonies in the early 17th century.

The second part of the book covers the period from the mid-17th century to the American Revolution, including the struggle for independence and the formation of the new nation.

The third part of the book deals with the early years of the United States, from the signing of the Declaration of Independence in 1776 to the end of the Revolutionary War in 1783.

The fourth part of the book discusses the period from the end of the Revolutionary War to the beginning of the 19th century, including the War of 1812 and the expansion of the United States.

The fifth part of the book covers the period from the beginning of the 19th century to the Civil War, including the struggle for slavery and the formation of the Union.

The sixth part of the book deals with the period from the end of the Civil War to the beginning of the 20th century, including Reconstruction and the Gilded Age.

The seventh part of the book covers the period from the beginning of the 20th century to the end of the 19th century, including the Progressive Era and the First World War.

The eighth part of the book discusses the period from the end of the First World War to the present, including the Great Depression, the Second World War, and the Cold War.

Weekly Weekly 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	Weekly Index ⁴
July 3, 1937	78.50	86.2	144.7	90.6	127.7	73.2	108.3
June 25, 1938	68.18	80.4	162.3	82.4	99.3	56.5	106.0
July 2, 1938	69.01	79.9	162.3	93.0	103.4	235.8	109.1

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 weighting therefore represents, not an attempt to give the relative importance of the factors, but to place them on an equal footing by equating the tendency toward fluctuation. 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 the First Five Months

Measured by the records recently made available, economic reaction in Canada characterized the first five months of 1938. Most of the major factors declined to a position considerably below the levels of the same period of last year. Conditions continued quiet during the first five months and the early part of June, but in the week of June 25, a considerable betterment was shown in the trend of speculation and other lines. A constructive factor during the early part of 1938 was the strength of the high-grade bond market, prices recently being at a maximum since the first of the century. A marked advance occurred in bank deposits from the middle of 1934 to the end of 1936, and the high position gained at that time has been well maintained.

The volume of business operations showed a decline from the relatively high levels of the early part of 1937. The index of the physical volume of business based on 46 factors averaged 110.4 against 119.3 in the same period of last year, a decline of 7½ per cent. Of the five main branches included in the survey of business operations, mineral production alone recorded a gain in this comparison. The index of mineral production on the basis of volume was nearly 184 against 173 one year ago. The increase of more than 6 per cent was in part due to marked gains in the movement of copper, zinc, silver and gold.

Manufacturing production reflected the influences of depression in the first five months of the present year, the index dropping to 104 from 119. The decline of 13 per cent represented less active conditions in a considerable variety of industries, the reaction in the forestry group having an important influence. Newsprint production dropped 28 per cent from the high level of 1937. A decline of 13 per cent was shown in the export trade of lumber.

The primary iron and steel industry continued active although the output of steel ingots recorded a decline of about 6 per cent. The automobile industry was less successful in disposing of new cars, the output having been reduced from 104,730 units to 87,426. The imports of crude petroleum, indicating the activity in the oil industry, were about 4 per cent less than in the first five months last year.

The construction industry was less successful in obtaining new business during the elapsed portion of the present year. Contract awards dropped 25 per cent while building permits were down nearly 13 per cent. The power industry was adversely affected by the recession in newsprint production. The drop in electric output was about 6½ per cent. The decline in the export trade of Canada reacted on the internal situation. A portion of the decline in exports was due to lower prices, the values having been nearly 20 per cent below the same period of 1937.

A constructive factor was the higher level of employment, the increase in the general index averaging 3.4 per cent for the first six reporting dates. The gain in manufacturing was less than one per cent, while an increase of nearly four per cent was shown in mining.

The notice and demand deposits continued to show an upward trend over the same period of 1937. The five-month's average for the present year was \$2,273 million compared with \$2,259 million. Current loans showed an advance of 7.1 per cent in this comparison with an average of nearly \$752 million for the elapsed portion of the present year. Call loans, on the other hand, have dropped perceptibly, both here and abroad. The security portfolios of the banks showed an appreciation of 1.1 per cent over the five months of 1937 and are presently in the neighbourhood of \$1,444 million.

Wheat Stocks in Store

Canadian wheat in store for the week ending July 1 decreased 659,922 bushels from the previous week and 17,125,851 from the corresponding week last year. The amount in store was reported at 25,884,383 bushels compared with 26,544,305 the week before and 43,010,234 a year ago.

Canadian wheat in the United States amounted to 841,000 bushels compared with 840,000 in the previous week and 5,314,614 in 1937. American wheat in Canada totalled 690,171 bushels compared with 716,874 the week before and 59,140 last year.

Wheat in rail transit aggregated 1,347,196 bushels compared with 1,267,963 in the previous week and 2,627,720 in 1937. The amount of wheat in transit on the lakes was 466,611 bushels compared with 1,882,506 the week before and 1,144,277 a year ago.

Primary Movement of Wheat

Wheat marketings in the Prairie Provinces for the week ending July 1 amounted to 697,371 bushels compared with 1,017,121 in the previous week and 510,865 in the corresponding week last year. Total marketings from August 1 to July 1 amounted to 122,472,624 bushels compared with 162,435,351 in the corresponding period of the previous crop year.

Marketings were as follows in the latest week, with figures for 1937 in brackets: Manitoba, 159,815 (84,132) bushels; Saskatchewan, 260,747 (237,874); Alberta, 276,809 (188,859). August 1 - July 1: Manitoba, 37,731,669 (20,347,292) bushels; Saskatchewan, 26,732,235 (90,050,619); Alberta, 58,008,720 (52,483,607).

Overseas Clearances of Wheat

Overseas export clearances of wheat during the week ended July 1 amounted to 1,022,315 bushels compared with 867,578 in the previous week and 2,575,714 in the same week last year; imports of Canadian wheat into the United States for consumption and milling in bond for re-export during the latest week were 20,000 bushels compared with 32,000 the week before and 329,000 a year ago. Total clearances during the period August 1 - July 1 were 70,957,020 bushels compared with 138,000,127 in the corresponding period of the previous crop year; imports into the United States totalled 2,174,387 bushels compared with 42,398,397 in 1937.

The port of Montreal cleared 1,002,798 bushels during the week of July 1 compared with 1,340,321 in the same week last year; the balance of 19,517 was cleared from United States Ports, compared with 192,699 a year ago. Clearances from August 1 to July 1 were as follows, with figures for 1937 in brackets: Montreal, 32,793,744 (44,060,558) bushels; United States Ports, 13,446,542 (22,961,002); Vancouver-New Westminster, 9,506,312 (31,871,453); Saint John, 8,712,712 (8,375,898); Sorel, 3,290,062 (14,328,389); Three Rivers, 922,297 (6,637,299); Prince Rupert, 910,939 (562,613); Churchill, 603,982 (4,293,501); Quebec, 496,087 (2,482,572); Halifax, 159,968 (1,855,471); Fort William and Port Arthur, 114,375 (571,371).

Wholesale Trade in May

Dollar value of wholesale sales in May increased seven per cent compared with April and was about one per cent below the level of May last year. The gain from April was somewhat more than the usual seasonal amount while the decline of only 0.9 per cent from May last year was a narrowing of the spread which has characterized earlier corresponding month comparisons thus far. The composite index for the nine lines of business included in this survey, on the base 1930 equals 100, stands at 95.6 for May, 89.4 for April and 96.5 for May last year.

Hardwood Distillation Industry

Products made in 1937 from the distillation of hardwoods were valued at \$749,084 compared with \$857,647 in 1936, a decline of 12.7 per cent. Charcoal, grey acetate of lime and crude methyl hydrate were the chief products. Most of the crude methyl hydrate was shipped to Montreal for refining and for making columnian spirits and formaldehyde.

Imports of Rubber

Although the imports of raw rubber during May were considerably lower than in the corresponding month last year, a substantial gain was shown when compared with the previous month. The total was 5,700,660 pounds valued at \$863,921 in May this year compared with 2,238,834 at \$325,759 in the previous month and 9,452,674 at \$1,971,270 in May, 1937. The Straits Settlements supplied the bulk at 4,474,050 pounds, followed by the United States with 822,076, Ceylon 336,000 and Liberia 68,534 pounds.

May Imports of Meat

May imports of meat were valued at \$96,558 compared with \$80,522 in the previous month and \$118,245 in May, 1937. Canned beef, largely from Argentina and Uruguay, amounted in value to \$33,098 compared with \$51,023 a year ago. Barrelled pork in brine totalled \$26,736 compared with \$40,390, all of which came from the United States. A large gain was recorded in the imports of fresh mutton and lamb, the total being 125,339 pounds valued at \$15,321 compared with 1,207 at \$319 a year ago. The import came largely from New Zealand.

Imported Alumina

Alumina, including bauxite ore, was imported in May to the amount of 785,108 cwt. valued at \$197,800 compared with 96,553 at \$133,811 in the previous month and 259,839 cwt. at \$266,682 in May last year. The amount from British Guiana was 718,477 cwt., United States 66,587 and the balance from the United Kingdom.

Production of Leather Footwear

The output of leather footwear in May amounted to 1,923,773 pairs compared with 1,959,885 in the previous month and 2,239,211 in May last year. Total output during the five months this year was 9,232,083 pairs compared with 10,257,149 in the corresponding period of 1937.

Output of Steel Ingots

Production of steel ingots in June was recorded at 103,729 long tons compared with 108,827 in the previous month and 112,080 in June, 1937. Output during the latest month included 99,617 tons of basic open hearth ingots and 4,112 tons of electric ingots. Production during the six months ended June totalled 645,691 tons compared with 677,561 in the corresponding period last year.

Quebec Fisheries

The value of production of the Quebec fisheries in 1937 was \$1,892,036, the lowest since 1932 and shows a decrease of \$216,368 from the total for 1936. The sea fisheries accounted for a total of \$1,308,224 and the inland fisheries \$583,812. These values apply to the fish as marketed, whether sold for consumption fresh or canned, cured or otherwise prepared. The most important fisheries in 1937 were the following, in order: cod, \$431,557; herring, \$281,381; and lobster, \$247,755.

Production and Sales of Radio Receiving Sets

Production of radio receiving sets in Canada during the first quarter of 1938 was reported at 16,648 sets with a factory selling value of \$524,972. This output compares with 82,629 sets made in the previous quarter and 40,434 in the same period a year ago.

Producers' sales during the quarter under review totalled 33,076 sets listed at \$2,695,723 compared with 36,356 receivers at \$3,144,832 in the first quarter of 1937. Quebec sales showed little change at 7,793 against 7,792 in 1937, while Ontario dropped to 16,291 from 19,534, British Columbia to 2,363 from 2,497, and Saskatchewan and Alberta to 897 from 2,051. Manitoba sales were up to 3,677 from 2,309.

Coal Tar Distillation Industry

An increase of 15.5 per cent was recorded in the output of the Coal Tar Distillation Industry during the year 1937, total value being \$3,399,541 compared with \$2,942,255 in 1936. The quantity of crude tar used during the year was given as 27,284,969 imperial gallons valued at \$1,663,243 compared with 22,361,619 gallons at \$1,278,283 in 1936. Creosote oils, pitch, refined tar, tarred felts and sheathings, pitch coke, protective paints, and tar derivatives such as phenol, cresol, cresylic acid were the chief products.

Revenues, Expenses and Statistics of Railways

Canadian railways earned \$25,191,527 during April against \$29,458,432 in April last year, a decrease of \$4,266,905, or 14.5 per cent. Operating expenses declined from \$24,479,387 to \$24,111,737, making the reduction in the operating income \$3,992,724, or from a credit of \$3,856,580 to a debit of \$136,143. Freight traffic was lighter than in 1937 by 22.1 per cent, but passenger traffic was heavier by 5.2 per cent. For January - April, gross revenues declined from \$108,000,511 in 1937 to \$98,793,361, and with an increase in operating expenses from \$93,917,379 to \$96,929,799, the operating income was reduced from \$9,559,686 to a debit of \$2,834,267.

Reports Issued During the Week

1. Operating Revenues, Expenses and Statistics of Railways, April (10 cents).
 2. Wholesale Trade, May (10 cents).
 3. Business Conditions in Canada during First Five Months, 1938 (10 cents).
 4. Sugar Report - May 28 to June 18, 1938 (10 cents).
 5. Tobacco Crop Report (10 cents).
 6. Advance Report on the Fisheries of Quebec, 1937 (10 cents).
 7. Canadian Grain Statistics (10 cents).
 8. Report on Steel Ingots, June (10 cents).
 9. Production of Leather Footwear, May (10 cents).
 10. Coal Tar Distillation Industry, 1937 (10 cents).
 11. Hardwood Distillation Industry, 1937 (10 cents).
 12. Production and Sales of Radio Receiving Sets, January, February and March, 1938 (15 cents).
 13. Security Prices and Foreign Exchange (10 cents).
 14. Monthly Review of Business Statistics, June (10 cents).
 15. Weekly Index Numbers of Wholesale Prices (10 cents).
 16. Telegraphic Crop Report, Canada (10 cents).
 17. Imports and Exports of Wire, May (10 cents).
 18. Imports and Exports of Pipes, Tubes and Fittings, May (10 cents).
 19. Imports of Paints and Varnishes, May (10 cents).
 20. Imports of Meats, Lard and Sausage Casings, May (10 cents).
 21. Imports and Exports of Soap, May (10 cents).
 22. Imports of Non-Ferrous Ores and Smelter Products, May (10 cents).
 23. Imports of Rubber, May (10 cents).
 24. Butter, Cheese and Eggs in Cold Storage.
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