WEEKLY BULLETIN

Dominion Bureau of Statistics

Department of Trade and Commerce

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Weekly Review of Economic Conditions

Economic conditions showed improvement during the first week of the year according to the prevailing trend of the six major factors. Only bank clearings of the factors used in this connection recorded a decline from the preceding week. Marked increases were shown in carloadings and in speculative trading. The gain in the index of wholesale prices was 0.6 p.c. resulting mainly from advances in grain. The high-grade bond market was slightly stronger and prices are now at a relatively high point. Stock markets reflected the optimism of the new year, the index advancing from 102.3 to 105.0.

Carloadings and wholesale prices alone out of six major factors showed an increase in the week under review over the same week 12 months ago. The gain in carloadings was 0.8 p.c. while wholesale prices are still showing a lead of 3.2 p.c. Bond prices were exceptionally high at the beginning of 1936 and the index of capitalized bond yields showed a deficit of 3.3 p.c. from that standing. Owing to the declining trend in common stock prices, from the middle of March until the end of the year, a considerable deficit was shown in the week under review from the same week of 1937. The index was nearly 23 p.c. below the standing one year ago. A considerable decline was shown in the number of shares traded on the two principal Canadian stock exchanges.

The railway freight movement was considerably greater after seasonal adjustment in the 52nd week of the year than in the preceding week, the index having moved up from 68.6 to 82.1. Marked gains were reported in both the Eastern and Western divisions. The records for 1937 are now complete and it is revealed that the railway freight movement was 6 p.c. greater than in the preceding year. The movement of ore showed the greatest percentage increase, the total moving up from 84,900 cars to 115,600. The pulpwood traffic was much greater than in 1936, a gain of 29½ p.c. having been recorded. The largest absolute improvement was shown in miscellaneous commodities consisting mainly of manufactured goods, the loadings increasing from 572,000 cars to 711,000. Owing to subnormal crops, the grain movement was 78,000 cars or 23 p.c. less than in the preceding year. The movement of coal and coke showed declines of 7.5 and 6.2 p.c., respectively. Eight of the eleven groups in the official classification recorded gains in the year just ended.

Speculative commodities which had shown considerable decline in the latter part of 1937 recorded recovery in the first week of the year, the general index advancing from 83.0 to 83.5. Crop products and non-ferrous metals recorded gains over the preceding week. The only group of the eight in the official classification showing a decline was animal products. The index of wholesale prices showed a gain of 0.6 p.c. in the preceding week and was 3.2 p.c over the same week of 1937.

Grains were particularly strong on the Winnipeg exchange in the first week of the year, wheat No. 1 Northern advancing from 142¾ to 150 7/8. Oats moved up from 52 1/8 to 55 3/8, while appreciable advances were recorded in barley, flax and rye. Live stock prices on the Toronto stockyards showed recessions, bacon hogs being down from 8.62 to 8.51. Metal prices recovered smartly during the week ended January 11, on the London metal exchange. Electrolytic copper advanced from £43 10s to £48. Important increases were shown in lead and zinc, the latter advancing between January 4 and January 11 from £14 15s to £15 17s 6d. Owing to revival in demand, copper prices moved up on the New York metal market, the smelters' quotation advancing from 10.12½ to 10.87½. The increase in the export price was from 9.95 to 10.94. An increase was shown in lead while zinc remained unchanged at 5.00.

The intermediate advance in bonds in progress for 8 weeks was continued in the week of January 11. Owing to advances subsequent to last April, bond prices have now reached a very high level not greatly below the extreme position at the beginning of 1937. The bid quotation on the 4½'s of 1947-57 advanced from 110 1/8 to 110¼ on January 11. The 4's of 1947-52 moved up from 106 5/8 to 106¾.

The advancing trend in common stock prices in evidence for five weeks was extended in the week ended January 6. The index of 96 common stocks advanced from 102.3 in the preceding week to 105.0. Each of the nine groups in the industrial classification, except textiles and foods, recorded advances. The index of 15 power and traction stocks receded from 65.6 to 65.5. The general index recorded the greatest net rise since last October.

During the first week of the year, the economic index broke away from the narrow range in evidence for the last two months of 1937, and entered new high territory since the early part of October. The index was 109.4 against 106.6 in the preceding week, a gain of 2.6 p.c. As noted above, each of the six major factors, except bank clearings, recorded gains over the preceding week. During January, 1937, the economic index rose to the highest point for the period of observation from the beginning of 1933 to the present time. The standing in the week under review was consequently 6.8 p.c. below that of last year. This deficit was shown despite the advances of 0.8 p.c. in carloadings and 3.3 p.c. in wholesale prices.

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]
Jan. 9, 1937	81.45	80.9	156.5	102.6	136.1	460.6	117.3
Jan. 1, 1938	68.63	83.0	151.1	99.5	102.3	78.4	106.6
Jan. 8, 1938	82.08	83.5	151.3	96.2	105.0	93.9	109.4

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 during the First Eleven Months

The economic situation of Canada during the first half of the year just ended showed unmistakable improvement over 1936. Despite deflation in speculative factors toward the close of the year, 1937 will rank high in the records of Canadian economic activity. Productive operations as measured by the index of the physical volume of business were 10 per cent greater than in the first eleven months of 1936.

Mineral production was much greater than in 1936 which up to that time was a record year. The production of gold, silver, copper, lead and nickel all showed gains. The industry employed more men, paid more in salaries and wages and dividends, spent more for supplies and equipment and used more electric power than in any previous year.

Operations in the forstry group were greatly expanded in the year just ended. The production of newsprint reached a new high point in history, having been not far from the practical limit of capacity. Production in the first eleven months was a gain of nearly 16 per cent over the same period of 1936. The forestry industry is one of the largest employers of labour and it is gratifying to know that working forces in logging recorded a gain of 36.5 per cent, while sawmilling and paper industries recorded advances of 11 per cent and 35 per cent, respectively.

Manufacturing operations gathered momentum during the year, the output having been practically equivalent to that of 1929. The gain over the preceding year was 9.6 per cent. The iron and steel industries reflecting revival in the domestic demand for industrial equipment and durable goods showed further gains over the first eleven months of 1936. The recovery of the steel industry from the low levels of the early part of 1933 was one of the striking features of the last five years.

The automobile and allied industries were favoured by the marked gain in purchasing power of the public during 1937. The output of motor cars in the first eleven months at 186,348 recorded a gain of 31 per cent. The imports of crude rubber showed an increase of 26 per cent. The imports of crude petroleum were 9.5 per cent greater while the domestic production was tripled in 1937.

New business obtained by the construction industry was more than 36 per cent greater than in the preceding year. The use of hydro-electric power has grown rapidly in Canada playing a prominent part in the industrial development. The year 1937 recorded a maximum of production, the output showing a gain of nearly 9 per cent over the preceding year.

The substantial gain in external trade was one of the chief constructive developments of the year. Total exports of merchandise were $1,036 million in the first eleven months against $928 million last year, an increase of 11.6 per cent. A gain of 29.8 per cent was shown in imports, the total in the eleven months having been $756 million.

Owing to the marked degree of mutual dependence existing between industry and the railways, the operating and financial records of the latter present a measure of industrial activity. Railway traffic showed a modest increase of 6.2 per cent. The figures for the first eleven months indicate a gain of 8.1 per cent for the internal lines of the Canadian National and of 5.2 per cent for the Canadian Pacific.

In industries other than agriculture, during the last quarter of 1937, there were more people at work in Canada than at any other time during the period of observation from 1921 to the present except for two or three months of 1929.

Despite the bright picture presented by the records of production, external trade and employment, the reaction in speculative factors during 1937 should not be overlooked when appraising business prospects for the new year. High-grade bond prices declined steadily during the first quarter of the year from the high level reached at the end of 1936. A part of the decline was erased in later months.

The reaction in common stock prices commenced in the second quarter and marked deflation occurred after themiddle of August. The standing at the end of 1937 was about 20 per cent below that of one year ago.

Trade in Securities Between Canada and Other Countries during November

The trade in securities between Canada and other countries during the 11 months ended November had a value of $948,558,711 as compared with $726,447,136 in the same period of 1936. Sales to other countries were $471,652,340 as compared with $370,396,273; purchases from other countries totalled $476,906,371 compared with $356,050,863.

Trade with the United States increased to $730,953,996 from $599,186,861 in the eleven months ended November, 1936, and with the United Kingdom to $182,824,616 from $109,445,317. Sales to the United States were $346,505,361 ($299,240,465); purchases, $384,448,635 ($299,946,396). Sales to the United Kingdom totalled $102,189,543 ($60,741,810); purchases, $80,635,073 ($48,703,507).

Trade in securities declined in November, the total being $68,227,991 as compared with $125,789,563 in November, 1936. The value of the trade with the United States fell appreciably to $55,356,085 from $104,434,498; both purchases and sales were lower. The trade with the United Kingdom was $10,328,982 as compared with $17,711,329.

October Revenues of Railways

Gross revenues of Canadian railways during October were $34,780,542 as compared with $33,839,758 a year ago. Operating expenses increased to $26,062,776 from $24,700,214, and the operating income was reduced from $8,255,179 to $7,577,461. Gross revenues during the ten months ended October increased to $291,788,269 from the corresponding total for last year of $272,367,731.

Production of Leather Footwear

The output of leather footwear during the 11 months ended November amounted to 22,723,399 pairs as compared with 20,348,589 in the same period of 1936. Output during November totalled 1,622,765 pairs, a decrease from the preceding month of 18 per cent, but an increase over November last year of one per cent. Winter, in this industry, is the period of least production, January being the low month in each year.

Production of Toilet Preparations

Total production of toilet preparations in Canada during 1936 was valued at $7,415,522 at factory prices compared with $7,120,716 in 1935 and $6,745,513 in 1934.

Wheat Stocks in Store

Canadian wheat in store for the week ending January 7 amounted to 56,666,351 bushels as compared with 57,377,667 in the previous week and 110,114,798 during the week ended January 8, 1937. Stocks of Canadian wheat in the United States in the week under review were 4,526,000 bushels compared with 4,704,000 the week before and 26,522,437 a year ago. United States wheat in Canada totalled 1,757,541 bushels against 1,858,276 last week and nil a year ago. Wheat in rail transit amounted to 3,398,912 bushels compared with 1,858,276 a week ago and 2,394,912 in the same week last year.

Primary Movement of Wheat

Wheat marketings in the Prairie Provinces during the week ended January 7 amounted to 886,353 bushels compared with 608,963 in the previous week and 1,199,855 in the corresponding week last year. Total marketings during the period August 1 to January 7 were 99,161,599 bushels as compared with 139,314,465 in the same period of 1936.

Overseas Export Clearances of Wheat

Overseas export clearances of wheat during the week ending January 7 amounted to 929,058 bushels as compared with 1,982,047 in the corresponding week last year; imports of Canadian wheat into the United States for consumption and milling in bond for re-export totalled 16,000 bushels as compared with 464,000. Aggregate overseas clearances from August 1 to January 7 were 43,930,978 bushels as compared with 86,969,117 in the same period of the previous crop year, while United States imports were 1,946,839 bushels compared with 28,360,847.

Leather Industry

The production of leather in 1936 had a value of $23,294,210, an increase of $2,796,657 over the preceding year. The principal kinds of leather produced during the year were as follows, with values in brackets: oak tanned sole, 18,914,575 lb. ($5,861,507); calf skin upper, 16,826,211 sq.ft. ($4,137,264); cattle and horse hide upper, 23,974,437 ($4,023,343); patent and enamelled shoe leather, 11,476,107 sq.ft.($1,910,726); glove and coat leather, 16,416,249 sq.ft.($1,910,266).

Export of Wheat and Wheat Flour

The export of wheat was low in December, the amount being 6,636,261 bushels of the value of $8,155,138 as compared with 20,427,916 valued at $22,893,086 in the same month of 1936. During the twelve months ended December, total exports of wheat were 96,008,341 bushels valued at $124,439,579 as compared with 243,041,530 valued at $226,913,763 in 1936.

Wheat flour exports during December amounted to 337,678 barrels of the value of $1,966,283 as compared with 475,282 worth $2,362,644 in December, 1936. The average export price was $5.82 compared with $4.97. Total exports of wheat flour during the 12 months ended December were 4,087,011 barrels valued at $23,872,495 as compared with 4,850,071 worth $20,638,718 in the previous twelve months.

Cost of Living

A slight upward tendency in foods and fuel caused the Dominion Bureau of Statistics cost of living index for Canada to advance from 84.2 in November to 84.3 in December. The comparative figure for December, 1936, was 81.8. A retail prices index for foods rose from 78.8 to 79.1, gains for butter, eggs, onions and canned salmon being of more consequence than a lengthier list of declines which included lard, beans, canned, vegetables, finnan haddie and most meats. Commencing with the fall months of 1936, the advance in wholesale food prices was much more marked than that exhibited by retail food prices. Wholesale prices have tended to react noticeably in the last four months, although no reaction of consequence has been apparent in retail price levels. They have tended to level off, however, after a protracted advance dating from 1933. Moderate increases for coal, coke and wood caused the fuel index to rise from 85.7 in November to 86.1 in December. The clothing index was slightly higher for the quarter ended in December, mainly owing to advances in woollen ready-to-wear garments.

Employment during 1937

Employment as reported by leading employers in Canada was unusually active in 1937, reaching a level only surpassed by that of the boom year 1929. According to data received from 10,210 individual employers, the average number of persons they employed during the year was 1,085,831 per month as compared with an average of 979,741 persons employed by 9,717 firms during 1936.

The index in the year under review based on the 1926 average as 100 averaged 114.1 as compared with 103.7 in 1936. This was an increase of ten per cent, which was decidedly larger than the gain recorded between any other consecutive years with the exception of that reported between 1934 and 1933. In the seventeen years of the record, the 1937 average index was only exceeded by that of 119.0 in 1929.

The improvement recorded during 1937 as compared with 1936 extended to all geographical divisions with the exception of the Prairie Provinces. Industrial activity in the Maritimes and Quebec was higher than in any other year of the record, while in Ontario, 1929, only was higher. The average indexes during 1937 follow, with those for 1936 in brackets: Maritime Provinces, 121.0 (109.4); Quebec, 115.4 (100.7); Ontario, 118.3 (106.7); Prairie Provinces, 99.3 (99.3); British Columbia, 106.8 (101.1).

Employment in manufacturing logging, mining, communications, services and trade reported considerable advances during the year. In transportation, employment was in much the same volume as in 1936. Construction, which for several years has lagged behind other classes, showed a measure of recovery in 1937, although it continued below normal.

Canada 1938

The Official Handbook of Canada, which is just off the press, covers the present situation in the Dominion from Atlantic to Pacific, the weight of emphasis being placed on those aspects which are currently of most importance. All phases of the country's economic organization are dealt with and statistics are brought up to the latest possible moment. The text is accompanied by a wealth of illustrative matter which adds to the interest of the subjects treated. There are also two photogravure inserts.

The economic survey is covered in nineteen chapters dealing with population, production, internal and external trade, transportation, education, etc., and an introduction which reviews succinctly the world situation and conditions in Canada up to the time of going to press.

The feature article this year deals with the Trans-Canada Airway and its relation to the world's airway system. It is accompanied by a carefully prepared insert map printed in colour which adequately illustrates the subject. There is also a special section on the progress of prairie farm rehabilitation.

The price of the publication is 25 cents per copy, which charge covers merely the cost of paper and actual press work. A special price concession has been authorized in the case of teachers, bona fide students, and ministers of religion, since past experience has shown that considerable use has been made of this publication for educational purposes, and it is the policy of the Minister to encourage such use. To such individuals, therefore, the price is set at 10 cents for one copy. Postage stamps are not acceptable, and applications must be accompanied by a postal note or by the appropriate coin enclosed between two squares of thin cardboard gummed together at the edges.

Applications should be addressed to the King's Printer, Government Printing Bureau, Ottawa, Canada, and, since the supply is strictly limited for both the 25-cent and 10-cent classes, early application is suggested.

Export of Coarse Grains

The export of barley in December was approximately half the amount reported for December, 1936; the total was 1,310,673 bushels valued at $879,177 as compared with 2,645,557 bushels worth $2,175,465. The amount to the United Kingdom was 1,223,577 bushels compared with 252,757. The United States took no Canadian barley during the month, whereas, last year 2,390,948 bushels went to that country. The amount of oats exported was 416,714 bushels valued at $210,994 as compared with 1,105,714 of the value of $490,349. There was no rye exported during the month; a year ago the total was 180,034 bushels valued at $143,867.

Production of Leather Gloves and Mittens

The production of leather gloves and mittens in Canada has shown a steady increase since 1932, reaching a value of $4,024,590 in 1936. The number of pairs made was 601,973 dozen, an increase of 62,862 dozen over 1935. The production of working gloves amounted to 421,280 dozen pairs, and dress gloves 180,693 dozen. Gloves made in sizes for men totalled 488,857 dozen pairs, boys 52,530 dozen and for women and children 60,586 dozen. Quebec is the province of largest production, accounting for 56 per cent of the total value for the whole of Canada.

Production of Leading Minerals

Production of leading minerals in Canada during the 10 months ended October was as follows, with figures for the same period of 1936 in brackets: Asbestos, 342,502 (242,556) tons; cement, 5,540,425 (4,088,830) tons; clay products, $3,559,322 ($2,959,805); coal, 12,487,794 (12,264,946) tons; copper, 429,798,377 (340,411,948) pounds; feldspar, 17,258 (14,944) tons; gold, 3,376,121 (3,095,435) fine ounces; gypsum, 881,383 (698,852) tons; lead, 353,997,620 (304,491,458) pounds; lime, 448,722 (380,197) tons; natural gas, 21,402,082,000 (22,207,939,000) cubic feet; nickel, 185,354,527 (136,601,748) pounds; petroleum, 2,233,557 (1,239,051) barrels; commercial salt, 209,953 (181,011) tons; silver, 19,781,075 (14,810,428) fine ounces; zinc, 316,977,107 (289,083,889) pounds.

Production of Lime during 1936

Sales of lime in 1936 by Canadian producers amounted to 468,401 short tons valued at $3,335,970 compared with 405,419 tons worth $2,925,791 in 1935. Of the 1936 output, 391,499 tons valued at $2,789,972 comprised quicklime and 76,902 tons at $545,998 represented production of the material in the hydrated form. Ontario and Quebec are Canada's two principal lime producing provinces; production in the province first referred to totalled 246,593 short tons valued at $1,946,060 during 1936 while that in Quebec amounted to 133,254 short tons appraised at $718,585.

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