

WEEKLY BULLETIN

Dominion Bureau of Statistics

Department of Trade and Commerce

Vol. VI - No. 4

Ottawa, Saturday, January 22, 1938

Price \$1.00 per year

Weekly Review of Economic Conditions

Economic conditions as measured by the movement of six major factors showed further improvement in the second week of the year. Three of the six factors recorded gains over the preceding week. These included carloadings, common stock prices and the number of shares traded on the Canadian exchanges. Bank clearings showed recession and a slight weakness developed in commodity and high-grade bond prices.

While considerable betterment was indicated by the six major factors used in this connection, the situation was less favourable than in the same period of 1937. During January last year, these indicators averaged higher than at any other time during the period of observation from the beginning of 1933 to the present. Only one of the six major factors recorded an advance over the second week of 1937. The lead of the index of wholesale prices was 1.8 p.c. while a decline of 2.2 p.c. was shown in carloadings. The deficit in the index of capitalized bond yields was reduced to 3 p.c., while considerable declines were shown in bank clearings and in the speculative factors.

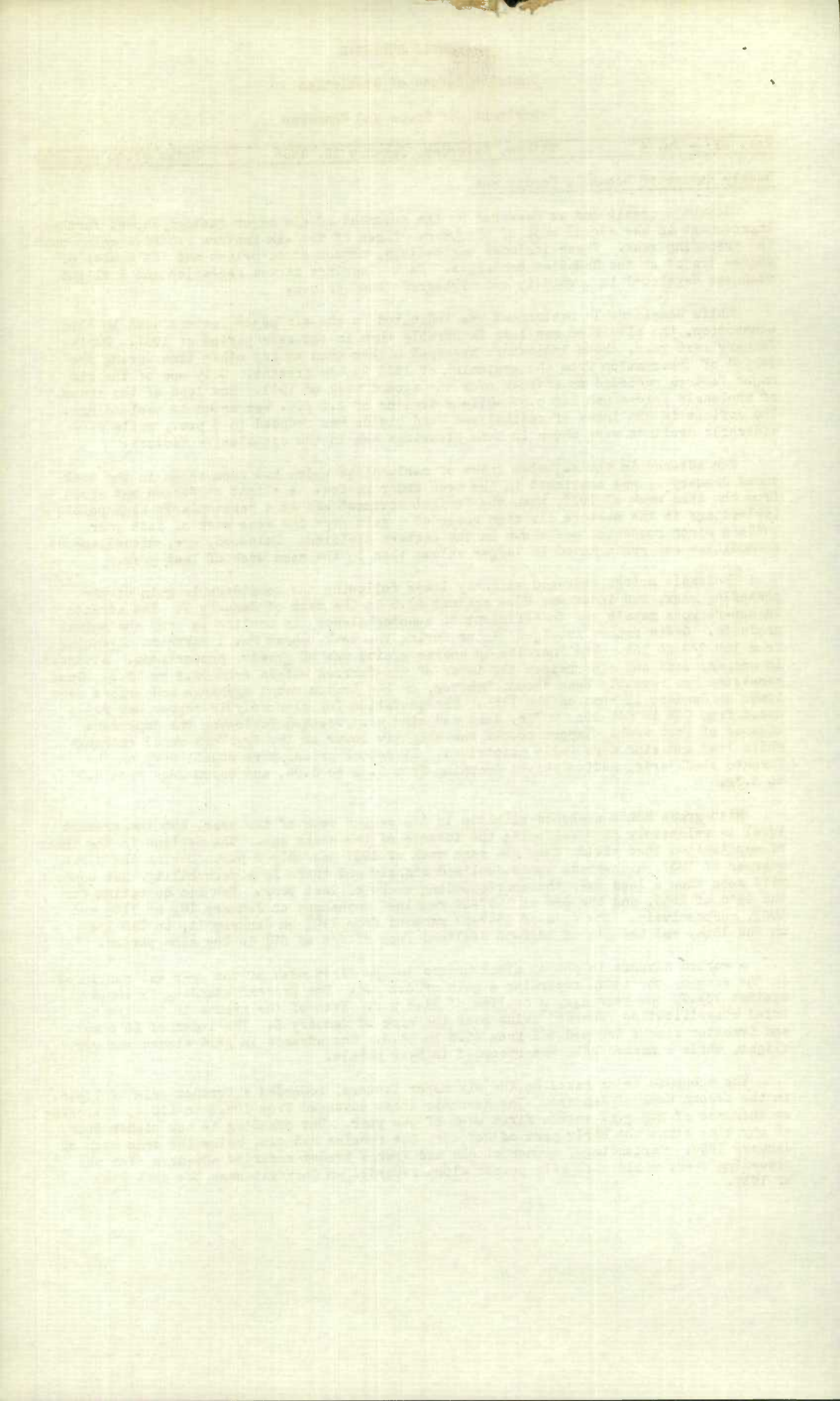
The advance in the adjusted index of carloadings which had been shown in the week ended January 1, was continued in the week under review. A slight recession was shown from the same week of 1937, when the freight movement was at a particularly high point. Carloadings in the western division recorded a gain over the same week of last year while a minor recession was shown in the eastern division. Pulpwood, ore, miscellaneous commodities and grain moved in larger volume than in the same week of last year.

Wholesale prices averaged slightly lower following the considerable gain of the preceding week, the index was 83.4 against 83.5 in the week of January 7. The advance in non-ferrous metals was insufficient to counterbalance the decline in crop and animal products. Grain prices averaged higher during the week, wheat No. 1 Northern advancing from 150 $\frac{7}{8}$ to 151. The increase in coarse grains was of greater proportions. Advances in copper, lead and zinc raised the index of non-ferrous metals from 72.1 to 73.3. Some recession has recently been shown, however, on the London metal exchange and prices were lower on January 18 than on the 11th. The quotation for electrolytic copper was reduced from £48 to £47 10s. Tin, lead and zinc also reacted following the important advance of last week. Export copper was slightly lower on the New York metal exchange while lead and zinc were fully maintained. Livestock prices were reactionary on the Toronto stockyards, medium steers dropping from 5.35 to 5.26, and bacon hogs from 8.51 to 8.32.

High-grade bonds weakened slightly in the second week of the year, but the present level is relatively high following the advance of two weeks ago. The decline in the index of capitalized bond yields from the same week of 1937 was only 3 p.c. During the first quarter of 1937, high-grade bonds declined sharply and there is a probability that bonds will soon show a lead over the corresponding weeks of last year. The bid quotation for the 4 $\frac{1}{2}$'s of 1946, and the 4's of 1947-52 remained unchanged on January 18, at 110 $\frac{1}{2}$ and 106 $\frac{3}{4}$, respectively. The 4 $\frac{1}{2}$'s of 1947-57 receded from 110 $\frac{1}{4}$ on January 11, to 110 $\frac{1}{8}$ on the 18th, and the 3's of 1950-55 declined from 97 $\frac{3}{8}$ to 97 $\frac{1}{4}$ in the same period.

A marked advance in common stock prices in the first week of the year was continued in the second, the index recording a gain of 3.2 p.c. The present standing is 108.4 against 137.7, one year ago, a decline of 21.3 p.c. Each of the groups in the industrial classification recorded gains over the week of January 6. The index of 15 power and traction stocks dropped off from 65.5 to 64.0. The advance in gold stocks was very slight, while a marked gain was recorded in base metals.

The economic index based on the six major factors, recorded a further gain of 1 p.c. in the second week of January. The economic index advanced from 109.3 to 110.4, following an increase of 2.6 p.c. in the first week of the year. The standing is now higher than at any time since the early part of October, but remains 8.3 p.c. below the same week of January 1937. Carloadings, common stocks and shares traded recorded advances over the preceding week, while wholesale prices alone recorded an increase over the same week of 1937.



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
Jan. 16, 1937	90.8	81.9	155.5	101.2	137.7	839.0	120.4
Jan. 8, 1938	82.1	83.5	151.3	95.7	105.0	93.9	109.3
Jan. 15, 1938	88.9	83.4	150.8	91.7	108.4	129.8	110.4

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.

Domestic Exports

Canada's domestic exports in December were worth \$77,681,780 as compared with \$98,074,320 in the corresponding month last year. Declines were recorded in the total to both Empire and Foreign Countries, the total to the former being \$39,297,066 compared with \$44,733,282, and to the latter \$38,384,714 compared with \$53,341,038.

The United Kingdom was Canada's best customer during the month, making purchases to the value of \$31,162,031 as compared with \$37,319,890. The United States was in second place with a value of \$28,212,371 compared with \$39,671,895. Australia followed with a total of \$2,596,770 compared with \$2,575,405, Japan \$1,772,667 compared with \$2,004,137, Belgium \$1,214,883 compared with \$2,678,268 and France \$1,085,634 compared with \$1,359,475.

Other leading purchasers were as follows, with figures for December 1936 in brackets: Argentina, \$892,294 (\$145,694); British South Africa, \$836,261 (\$941,927); Newfoundland, \$848,048 (\$624,024); New Zealand, \$816,908 (\$1,379,323); Germany, \$760,281 (\$1,150,586); Netherlands, \$755,967 (\$1,034,464); Irish Free State, \$692,812 (\$351,644); Brazil, \$580,680 (\$256,863); Norway, \$443,513 (\$820,990); Trinidad and Tobago, \$381,012 (\$255,601); Jamaica, \$372,285 (\$216,602); Greece, \$318,742 (\$1,492); Italy, \$227,724 (\$747,838).

Leading commodities follow, with December, 1936, figures in brackets: newsprint, \$12,110,000 (\$10,593,000); wheat, \$8,155,000 (\$22,893,000); nickel, \$5,022,000 (\$4,069,000); copper, \$3,884,000 (\$3,349,000); wood pulp, \$3,360,000 (\$2,604,000); meats, \$3,351,000 (\$3,918,000); planks and boards, \$3,091,000 (\$4,001,000); fish, \$2,278,000 (\$2,046,000); wheat flour, \$1,966,000 (\$2,363,000); gold bullion other than monetary, \$1,886,000 (\$4,085,000); automobiles, \$1,388,000 (\$1,626,000); furs, \$1,471,000 (\$3,276,000); asbestos, \$1,278,000 (\$1,306,000); fruits, \$1,863,000 (\$1,230,000); rubber, \$938,000 (\$1,076,000); barley, \$879,000 (\$2,175,000); farm implements, \$900,000 (\$365,000); machinery, \$868,000 (\$723,000); vegetables, \$642,000 (\$811,000); pulp wood, \$650,000 (\$440,000); pigs and ingots, \$686,000 (\$467,000); raw gold, \$703,000 (\$645,000); lead, \$744,000 (\$961,000); silver, \$568,000 (\$402,000); aluminium, \$1,203,000 (\$250,000).

Domestic Exports to the United States

The year 1937 witnessed a marked increase in the value of Canada's domestic exports to the United States as compared with 1936, the value being \$459,713,646 as compared with \$406,664,567, an increase of \$53,048,979. The value of commodities affected by the Canada-United States trade agreement was \$256,678,638 as compared with \$216,806,892, a gain of \$39,869,746. The value of all Canadian commodities exported to the United States during December was \$28,212,371 compared with \$39,671,895 a year ago; commodities exported under the agreement during the latest month were appraised at \$19,292,664 compared with \$22,145,642.

Newsprint paper was far in advance of any other commodity exported to the United States under the agreement, with a value of \$105,699,202 as compared with \$83,545,931 in 1936. Wood pulp was next with a value of \$32,764,641 compared with \$26,504,449, whiskey \$20,655,082 compared with \$22,028,849. The number of cattle sent to the United States was 296,155 valued at \$13,553,064 compared with 232,500 worth \$8,606,149; soft-wood planks and boards \$13,209,574 compared with \$11,284,090; pulpwood \$11,437,463

compared with \$8,141,231; shingles \$5,998,521 compared with \$6,027,596; asbestos \$5,347,488 compared with \$4,052,187; artificial crude abrasives \$5,238,546 compared with \$4,033,761; cyanamid \$3,003,831 compared with \$2,586,198; asbestos sand and waste \$2,913,183 compared with \$2,350,527.

Other leading commodities affected by the agreement were as follows, with figures for the calendar year 1936 in brackets: nickel in matte or speiss, \$2,545,000 (\$2,206,013); fresh lobsters, \$2,438,400 (\$2,100,742); hardwood planks and boards, \$2,172,227 (\$1,457,090); bran, shorts and middlings, \$2,171,719 (\$3,861,961); acetic acid, \$1,727,055 (\$1,549,049); whitefish, \$1,605,801 (\$1,458,827); mink skins, \$1,151,081 (\$2,152,363); logs, \$1,526,777 (\$790,937); horses, 10,295 head at \$1,309,535 (17,358 at \$2,096,754); laths, \$1,004,816 (\$930,895).

Retail Prices, Rents and Costs of Services

The Dominion Bureau of Statistics index number of retail prices, rents and costs of services on the base 1926=100, rose from 84.2 in November to 84.3 in December, principally owing to slight increases in the food and fuel groups. The comparative figure for December, 1936, was 81.8. An index for retail prices alone, including foods, coal, coke, clothing, household requirements, etc., advanced from 79.5 to 79.7. When foods were removed from this index it was 80.3 in December as compared with 80.2 in the previous month.

An index for 46 food items moved up from 78.8 to 79.1, reductions for meats, canned goods, evaporated apples and beans being more than offset by higher prices for eggs, milk, butter and onions. Foods during 1937 were highest in August and December at 79.1 and lowest in January at 75.2. The fuel and lighting index registered a moderate increase from 85.7 to 86.1, which compared with 86.4 for December, 1936. The sub-index for coal rose from 85.9 to 86.6, while that for coke moved up from 87.0 to 87.2. Other indexes remained unchanged.

Wheat Stocks in Store

Canadian wheat in store for the week ended January 14 amounted to 55,817,438 bushels compared with 56,662,351 in the previous week and 107,043,811 in the same week last year. Canadian wheat in the United States amounted to 4,370,000 bushels compared with 4,526,000 the week before and 25,213,615 a year ago. Wheat in rail transit totalled 2,796,385 bushels against 3,398,912 in the previous week and 2,951,135 a year ago. American wheat in Canada amounted to 1,670,818 bushels against 1,757,541 last week and nil a year ago.

Primary Movement of Wheat

Wheat marketings in the Prairie Provinces during the week ended January 14 amounted to 2,132,273 bushels as compared with 886,353 in the previous week and 809,201 in the corresponding week last year. Total marketings during the twenty-four weeks ended January 14 were 101,293,872 bushels as compared with 140,125,666 in the same period of the previous crop year.

Overseas Export Clearances of Wheat

Overseas export clearances of wheat during the week ended January 15 amounted to 1,156,343 bushels as compared with 2,244,109 in the corresponding week last year. Imports of Canadian wheat into the United States for consumption and milling in bond for re-export during the latest week totalled 2,000 bushels compared with 992,000 a year ago. Overseas clearances from August 1 to January 14 amounted to 44,957,953 bushels compared with 89,213,226 in the corresponding period of the previous crop year; imports into the United States were 1,949,426 bushels compared with 29,352,847.

Associated Woollen Industries

The associated woollen industries reported a gross value of production of \$91,859,405 in 1936 as compared with \$83,298,889 in 1935, an increase of \$8,562,516. The hosiery and knitted goods section of the industry reported a production of \$49,469,140 compared with \$46,390,103, woollen cloth section \$21,610,301 compared with \$19,343,305, woollen yarn \$10,100,629 compared with \$8,647,741, and carpets, mats and rugs \$4,133,325 compared with \$3,389,999.

Nickel Production

Canada produced 19,733,115 pounds of nickel in November compared with 18,491,589 in the previous month and 15,087,856 in November, 1936. Production during the eleven months ending November advanced 35.2 per cent to 205,087,642 pounds in comparison with the same period of 1936.

Copper Production

Copper production in Canada during November amounted to 50,735,281 pounds compared with 51,853,071 in the previous month and 37,007,475 in November, 1936. Total output during the eleven months ended November was 480,533,658 pounds compared with 377,419,423 in the corresponding period of 1936.

Electrolytic copper prices averaged 9.79 cents per pound on the London market during November; valued at this price the output was worth \$4,965,462. During October the average price was 11.17 cents and the value of the production, \$5,791,469.

Gold Production in November

Gold production in November amounted to 352,829 ounces compared with 358,836 in October and 320,835 in November, 1936. During the eleven months ending November, the production was 3,728,950 ounces or 9.2 per cent above the output a year ago. Gold averaged \$34.98 per ounce on the London market in Canadian funds in November; valued at this price the Canadian output in November was worth \$12,341,958. In October the average price was \$34.99 and the value of the production \$12,555,672.

The November production, by provinces was as follows, with the previous month's figures in brackets: Ontario, 218,792 (217,118) ounces; Quebec, 61,460 (64,268); British Columbia, 46,765 (47,614); Manitoba and Saskatchewan, 17,589 (17,663); Yukon, 6,569 (7,975); Nova Scotia, 1,641 (2,132).

Receipts of jewellery and scrap at the Royal Canadian Mint in November contained 1,560 ounces of gold; during the eleven months ending November, the gold content of these receipts amounted to 20,817 ounces.

Building Permits

The value of the building permits taken out by 58 cities in Canada during 1937 was \$55,634,610; this was 34.6 p.c. higher than the aggregate of \$41,325,693 reported in 1936, and was also decidedly higher than in any other year since 1931. The cumulative total in each of the last six years has been very much lower than in earlier years of the record; while the wholesale prices of building materials have recently advanced, the preliminary index for 1937 was below the average for the years since 1919.

Construction Industry

The total value of work performed in the construction industry in 1936 amounted to \$258,040,400, or an increase of \$42,491,527 over the 1935 value. New construction accounted for \$170,645,824, and alterations, maintenance and repairs for \$87,394,576, increases over the corresponding 1935 figures of \$29,657,596 and \$12,833,931, respectively. The percentage increases are: Total value, 19.7; new construction, 21.0; alterations, maintenance and repairs, 17.2.

An encouraging factor in these figures is that work performed by general and trade contractors, builders, etc. amounted to \$196,737,443 in 1936, as against a value of \$147,530,111 in 1935, thereby showing an increase of \$49,207,332 or 33.4 per cent. The 1936 value was made up of \$141,802,644 for new construction, with \$54,934,799 credited to alterations, maintenance and repairs, increases over the 1935 figures of \$36,932,403 or 35.2 per cent and \$12,274,929 or 28.7 per cent, respectively.

This aspect of the report is exceedingly encouraging, for private and residential construction is the most important force in the well-being of a community. An upturn in building and construction is invariably followed by business and industrial expansion, and as the construction industry affects, directly and indirectly, the greater number of the industries of Canada, any notable increase in construction transmits this effect to industrial life generally.

This statement is authenticated when it is observed that the consumption of materials by contractors, builders, etc. in 1936 amounted to \$122,189,238, an increase of \$27,455,654 or 28.9 per cent over the 1935 cost, which was \$94,733,584. As these materials represent, in practically every case, the finished production of manufacturers, it can readily be seen that this increase represents greatly increased employment in numerous other industries and would apparently support the contention of leading contractors that their industry, directly or indirectly, supplies employment to one person out of every three employed in Canada.

Domestic Exports during the Calendar Year

Canada's domestic exports during the calendar year 1937 increased substantially over those of 1936, the total being \$1,099,724,651 compared with \$1,015,205,435. The total in 1935 was \$825,284,114. Domestic exports to the United States were worth \$459,713,546 compared with \$406,664,567 in 1936, and to the United Kingdom \$404,524,876 compared with \$399,830,985.

Freight Traffic on Railways

Revenue freight originated at Canadian stations and received from foreign connections during October increased to 8,414,658 tons from 8,196,151 in September and 8,153,996 tons in October, 1936, despite the heavy decline in grain traffic in 1937. Agricultural products declined to 1,717,273 tons from 2,140,972 in October, 1936, and animal products to 239,662 from 249,473. Mine products, forest products and manufactures and miscellaneous recorded increases.

Stocks of Foreign Grain

Stocks of United States grain in Canada on January 14 were as follows, with figures for the corresponding date last year in brackets: wheat, 1,670,818 (nil) bushels; oats, 3,461,879 (25,567); rye, 616,706 (nil); corn, 618,365 (690); soya beans, 39,625 (nil); Argentine corn, 385,225 (5,175,768); South African corn, 3,181,613 (651,303); Argentine flaxseed, 379,914 (11,002).

Estimated Grain Crops in Argentina

Variable weather conditions during the development of the crops in Argentina, including first a prolonged drought and finally extensive frosts during the month of November, together with depredations of flying locusts in the north and centre of the cereal region have caused serious losses in the probable production of the principal grain crops, according to an official report received by the Dominion Bureau of Statistics from its correspondent in Buenos Aires under date of January 3.

In comparison with crops harvested last year, the first estimate of the yields this year shows the following decreases: wheat 23 per cent; linseed, 18.1; oats, 10.3; barley, 16.9 and rye 39.5. The forecast of production of the various crops follows, with 1936-37 figures in brackets: Wheat, 191,986,000 (249,196,000) bushels; linseed, 62,399,000 (76,201,000); oats, 46,038,000 (51,355,000); barley, 24,802,000 (29,854,000); rye, 4,527,000 (7,480,000).

The report stated further that the general condition of wheat, linseed and maize crops was from average to good, wheat and linseed having improved as a result of the beneficial rains which fell on December 6.

Cement Industry

Producers' sales of Portland cement in Canada during 1936 totalled 4,508,718 barrels valued at \$6,908,192 compared with 3,648,086 barrels worth \$5,580,043 in 1935. The apparent consumption during the year was 4,479,656 barrels. Both the amount sold by producers and the apparent consumption were the largest since 1931 in which year sales totalled 10,161,658 barrels and apparent consumption was 10,085,986. The high selling price per barrel was \$2.68 in 1936 and the low \$1.25. Quebec accounted for 46.4 per cent of the total output for Canada in 1936 and Ontario 34.2 per cent, with quantities also from Manitoba, Alberta and British Columbia.

Feldspar and Quartz Mining Industry

The gross value of production by the Canadian feldspar and quartz mining industry totalled \$789,682 in 1936 compared with \$569,212 in 1935 and \$901,998 in 1929. The number of properties reported as active was 34, of which 18 were located in Quebec and 12 in Ontario.

Production of Asphalt Roofing

The production in Canada of asphalt roofing during the year 1937 increased to 1,762,460 squares from the total for 1936 of 1,450,648 squares.

Boatbuilding

There were 128 establishments included in the Canadian boatbuilding industry during 1936 with a production value of \$1,159,739 compared with \$1,024,450 in 1935. These firms were engaged wholly or principally in the manufacture of small wooden vessels and pleasure craft, such as row boats, canoes, sailboats, motor boats, etc.

Reports Issued During the Week

1. Weekly Index Numbers of Wholesale Prices.
 2. Hosiery, Knitted Goods and Fabric Glove and Mitten Industries, 1936.
 3. Production of Asphalt Roofing, December.
 4. Sales of Asphalt Roofing, December.
 5. Summary of Canada's Domestic Exports, December.
 6. The Feldspar and Quartz Mining Industry, 1936.
 7. The Cement Industry, 1936.
 8. Prices and Price Indexes, December.
 9. The Construction Industry, 1936.
 10. Gold Production, November.
 11. Copper and Nickel Production, November.
 12. Building Permits, December.
 13. Motion Picture Theatres, 1936.
 14. The Boatbuilding Industry, 1936.
 15. The Aluminium Products Industry, 1936.
 16. Traffic Report on Railways, October.
 17. The Grain Situation in Argentina.
 18. Miscellaneous Paper Goods, 1936.
 19. Lasts, Trees and Wooden Shoefindings, 1936.
 20. Security Prices and Foreign Exchange.
 21. Summary of the Trade of Canada, November.
 22. Miscellaneous Statistics on Wholesale Trade, 1936.
 23. Carriages, Sleighs and Vehicle Supplies, 1936.
 24. Carloadings.
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