WEEKLY BULLETIN

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Weekly Review of Economic Conditions

Continuing the relatively steady performance of the last twelve months, the average of six major factors indicating the trend of economic conditions showed a slight reaction in the first week of November. Carloadings reacted considerably while minor declines were shown in prices of commodities and common stocks. Gains were recorded in capitalized bond yields, bank clearings and the number of shares traded. Four of the six factors recorded gains over the same week of 1937, the exceptions being carloadings and wholesale prices. Common stock prices were 2½ p.c. higher than in the same week twelve months ago and Dominion bonds were at a considerably higher position.

A decided reaction in grain shipments was the main factor in the decline of the carloadings index. All other commodities, except coal, coke and lumber, recorded decreases. A gain over the same week of 1937 was shown in the Western division, while the Eastern division recorded a decline.

A minor recession was shown in the index of wholesale prices although Canadian farm products recorded a contrary tendency. The general index dropped from 73.9 to 73.6, three of the eight major groups recording a reaction. Wholesale prices have been relatively stable in the last ten weeks following the considerable decline of July and August.

The price of No. I Northern wheat declined on the Winnipeg exchange from 61 in the week of October 29 to 58¼ in the week of November 5 and reactions were recorded in each of the coarse grains. Following the marked gain during October, metal prices declined in London. Electrolytic copper was £51 15s on November 8 against £52 5s on November 1. Lead was maintained at £16 2s 6d, while a minor reaction was shown in zinc. Export copper was 11.20 on the New York commodity exchange against 11.19. Lead and zinc were fully maintained, while tin showed a minor reaction.

Dominion bonds were strong in the week of November 3. The average yield of the issues used in the index was reduced from 3.04 to 3.02. Dominion issues averaged higher in price than in the same week of any year since the early part of the century. The 4½'s of 1947-57 advanced from 111 on November 1 to 111¼ on the 8th. The adjusted index of bank clearings rose from 88.2 to 93.4, a gain of nearly 6 p.c. The increase over the same week of 1937 was 1.1 p.c. The gain in the number of shares traded on the Canadian stock exchanges was of greater proportions.

A slight reaction was shown on the stock exchanges, the index of prices of 95 stocks dropping from 111.3 to 110.7. Food, beverages and building materials recorded advances, while the other six industrial groups were either maintained or showed reaction. The index of 15 power and traction stocks dropped from 66.3 to 66.1.

The weekly index based on the above-mentioned factors declined from 108.6 to 108.2, a drop of 0.4 p.c. The index has remained fairly steady for the last twelve months, the fluctuations being within relatively narrow limits. The index has fluctuated, for the most part, within a range of 105 to 110 and no important trend either in an upward or downward direction has developed. The index in the first week of November was 2.8 p.c. above the level of the same week of 1937, the standing at that time having been 105.2.

Weekly 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	Weekly Index[4]
Nov. 6, 1937	74.6	83.6	143.1	92.4	108.0	134.6	105.2
Oct. 29, 1938	79.5	73.9	159.7	88.2	111.3	172.4	108.6
Nov. 5, 1938	72.3	73.6	160.5	93.4	110.7	192.2	108.2

1. The index of carloadings is projected forward one week to correspond with the practice in computing the weekly 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.

Wheat Stocks in Store

Canadian wheat in store for the week ending November 4 increased to 180,183,612 bushels from the previous week's total of 178,441,780 bushels and the total for the corresponding week last year of 74,399,125 bushels. The amount of Canadian wheat in the United States was 5,068,000 bushels compared with 4,900,000 in the previous week and 2,487,902 in the same week last year. Wheat in rail transit amounted to 11,451,891 bushels and the amount in lake transit 5,803,830 bushels for the latest week compared with 3,465,581 and 4,948,719 bushels, respectively, for the corresponding week last year.

Primary Movement of Wheat

Wheat receipts in the Prairie Provinces for the week ending November 4 amounted to 9,345,934 bushels compared with 12,989,083 in the previous week and 4,331,575 in the corresponding week last year. The totals follow by provinces, with those for the same week of 1937 in brackets: Manitoba, 493,745 (747,113) bushels; Saskatchewan, 3,638,522 (714,248); Alberta, 5,213,667 (2,870,214).

Marketings in the fourteen weeks ended November 4 aggregated 228,990,145 bushels compared with 85,813,444 in the corresponding period of the previous crop year. The totals were as follows: Manitoba, 39,282,761 (30,706,133) bushels; Saskatchewan, 91,443,115 (18,222,093); Alberta, 98,264,269 (36,885,218).

Overseas Export Clearances of Wheat

During the week ending November 4, the overseas export clearances of wheat amounted to 4,280,160 bushels compared with 2,293,999 in the corresponding week last year, while imports into the United States for consumption and milling in bond for re-export totalled 280,000 bushels compared with 39,000. Overseas clearances follow by ports, with figures for 1937 in brackets: Montreal, 2,067,788 (1,383,630) bushels; Vancouver-New Westminster, 1,219,541 (234,512); Sorel, 459,967 (nil); United States Ports, 476,940 (564,344); Three Rivers, 55,934 (53,980); Fort William and Port Arthur, nil (57,533).

Total overseas clearances during the period August 1 to November 4 were 45,514,494 bushels compared with 25,343,298 in the corresponding period of the previous crop year, while imports into the United States for consumption and milling in bond for re-export were 2,328,694 bushels compared with 1,763,069. Clearances were as follows: Montreal, 24,542,501 (16,919,427) bushels; Sorel, 6,312,476 (770,000); Vancouver-New Westminster, 5,331,630 (1,909,646); United States Ports, 4,350,071 (4,987,652); Three Rivers, 3,948,848 (95,058); Churchill, 916,913 (603,982); Fort William and Port Arthur, 112,066 (57,533).

Cost of Living

Moderate recessions in foods and rentals, offset to some extent by moderately higher prices for fuels, resulted in a decline in the general cost of living index for Canada from 84.1 in September to 83.9 in October. In October, 1937, the index was 84.2.

Production of Butter and Cheese

October production of creamery butter increased approximately six per cent over the make of October 1937, but decreased 23 per cent from the September output. The total in October this year was 23,376,615 pounds compared with 22,144,824 in October, 1937, and 30,252,520 in September, 1937. During the ten months ended October, 241,261,709 pounds of creamery butter were produced compared with 223,299,862 in the corresponding period of 1937.

Cheese production in October increased nearly one per cent over October 1937, but fell 20 per cent from the output in the preceding month. The total this year was 14,613,822 pounds compared with 14,513,355 a year ago and 18,318,431 in the previous month. Total output during the ten months ended October was 111,293,360 pounds compared with 122,927,357 in the same period last year.

Canada's Place Amongst Exporting Nations

Canada, according to the League of Nations comparative table bringing the trade of all nations to a gold basis in terms of the former gold dollar of the United States, was the fourth largest exporter in the world in the first nine months of 1938. The three countries leading in exports in this period were the United States, the United Kingdom and Germany, each of them with several times Canada's population. French exports used to be larger than those of Canada, but in the years 1936 and 1937 were distinctly less in value than those of Canada.

Imports of Paper in September

September imports of paper were valued at $659,754 compared with $582,362 in the previous month and $622,856 in the corresponding month last year. The United States contributed to the value of $465,478, and the United Kingdom $100,826. During the six months ended September, the value of imported paper was $3,647,479 compared with $3,925,782 in the corresponding period of the previous fiscal year.

Wood pulp imports in September totalled 30,655 cwt. compared with 27,904 in August and 33,646 in September, 1937. Unbleached sulphite pulp accounted for most of the import in September. Wood pulp imports during the six months ended September totalled 176,792 cwt. compared with 224,151 a year ago.

Imports and Exports of Fruit

Canada's import of fresh fruit was considerably lower in September, amounting to $887,036 compared with $1,275,870 in the previous month and $1,195,578 in September, 1937. The contribution from the United States was valued at $712,975. Oranges, mandarines and tangerines, the leading importation, declined to $309,015 from $402,891 in August and $482,066 in September, 1937.

Domestic exports of fresh fruits recorded a sharp increase, totalling $1,015,639 compared with $159,350 in August and $473,139 in September, 1937. The large gain was accounted for mainly by the increase in the export of apples, the total being valued at $674,139 compared with $6,502 in August and $216,970 in September, 1937. Frozen blueberries were worth $30,106 compared with $6,461 in August and nil last year.

Canned and preserved fruits were imported to the value of $143,710 in September compared with $172,303 in August and $177,635 in September last year. Domestic exports of canned and preserved fruits were worth $69,728 in September compared with $172,529 in August and $101,298 in the corresponding month last year.

Imports and Exports of Fresh Vegetables

Fresh vegetables were imported to the value of $65,095 in September compared with $33,486 in August and $65,860 in September, 1937. Domestic exports during the month, consisting largely of turnips and potatoes, other than government certified seed potatoes, were valued at $204,111 compared with $28,656 in August and $121,124 in August, 1937.

Canned vegetables imported during the month were valued at $25,449 compared with $27,976 in August and $16,293 in September, 1937. Domestic exports of canned vegetables increased somewhat, totalling $383,386 in September compared with $103,673 in August and $270,057 in September, 1937.

Imported Automobiles

There were 396 automobiles imported to the value of $328,000 in September compared with 620 at $464,000 in August and 741 at $576,000 in September, 1937. The United States supplied all but 32 units during the latest month. Parts for automobiles were imported to the value of $1,520,000 in September compared with $2,245,000 in September last year.

Acids, Alkalies and Salts Industry

Twenty-one plants in Canada made heavy chemicals as their chief products in 1937 and were classified to the acids, alkalies and salts industry. Production amounted to $22,410,168 or 18 per cent more than in 1936. The investment in these works totalled

$35,094,008 and the number of employees was 3,363.

Steady expansion has been the outstanding feature of this industry during the past decade, and scarcely a year has passed without the appearance of new plants and new products. In 1937 reports were received for the first time for the new trichlorethylene plant of Canadian Industries Limited at Shawinigan Falls, P. Q., and for the new elemental sulphur works of the Consolidated Mining and Smelting Company of Canada, Ltd., at Trail, B. C. Both of these establishments are producing chemicals which previously were not made in Canada. Another large works -- a caustic soda-chlorine unit -- is being constructed at Shawinigan Falls by Canadian Industries Limited.

Merchandise Trade in 1937

Notwithstanding a leveling off in the upward trend of consumer purchasing in the last half of the year, dollar value of retail sales in Canada gained 11 p.c. in 1937 over 1936, reaching a total of almost two and one-half billions of dollars, and coming within 11 p.c. of the 1930 level, according to final tabulations for the annual Census of Merchandising Establishments. Sales totalled $2,453,715,000 in 1937 compared with $2,208,142,000 in 1936 and $1,785,768,000 in 1933. The 11 p.c. increase in total retail sales in 1937 over 1936 is in excess of that recorded for any consecutive year comparison since 1933.

Excepting only Saskatchewan where a two p.c. decline was recorded, gains in dollar sales in 1937 over 1936 extended to all sections of the country. Sales in Prince Edward Island were up by four p.c.; Manitoba gained nine p.c. and Alberta 10 p.c. while increases for the other provinces ranged from 11 to 15 p.c. Comparison of provincial indexes on the 1930 base shows that sales in Nova Scotia, New Brunswick, Ontario and British Columbia had returned in 1937 to within 10 p.c. of the 1930 level. The index for 1937 stood highest in Nova Scotia at 99.8, Prince Edward Island, Quebec, Manitoba and Alberta had indexes for 1937 lying between 85 and 87 while sales in Saskatchewan still stood 24 p.c. below 1930.

Asbestos Mining Industry in 1937

Canadian asbestos production during 1937 totalled 410,026 short tons valued at $14,505,791 compared with 301,287 short tons and $9,958,183 in the preceding year. The output of the mineral in 1937 was the greatest ever recorded in the history of the Canadian asbestos mining industry and, as in former years, came almost entirely from the Eastern Townships in the Province of Quebec. An interesting feature of the industry in 1937 was the recording of a relatively small production of asbestos in Northern Ontario; this was the first commercial output of the mineral to be credited to this province in several years.

World production of asbestos has realized a continuous increase from 203,000 metric tons in 1932 to 503,000 metric tons in 1936, the most recent year for which complete data are made available by the League of Nations. As an asbestos producer Canada retains a premier world position, the output of the three principal producing countries in 1936 being: Canada, 273,300 metric tons; Russia, 125,100 metric tons, and Southern Rhodesia, 51,100 metric tons.

The average value for all grades of asbestos shipped from Canadian mines in 1937 was $35.38 per ton compared with $33.05 in 1936. The average value for fibres increased from $48.65 per ton in 1936 to $51.11 in 1937; the average value of shorts at $16.13 was practically the same as in 1936 while the average value per ton of the relatively small tonnage of crudes sold declined from $299.93 in 1936 to $246.47 in 1937.

Asbestos Products Industry in 1937

Production in the asbestos products industry during 1937 was valued at $1,896,677, an increase of 47 p.c. over the total of $1,293,909 reported for the previous year. Among the principal products made were: brake lining at $580,487; boiler and pipe covering at $212,341; packings at $131,213; clutch facings at $126,124; paper at $85,437; gaskets at $23,167; cloth at $6,795, and other asbestos lines made by one or two firms such as dryer felt, shingles and yarn. Other products made by firms in this industry included rock-wool, hydraulic brake hose and packings of rubber, duck and flax.

In 1937 there were 13 plants in this industry, six being located in Quebec, six in Ontario, and one in Nova Scotia. Capital employed amounted to $2,003,659 and employment was afforded to a monthly average of 451 people who received $464,882 in salaries and wages. These firms also expended $812,639 for materials used in manufacturing processes and $91,252 for fuel and electricity.

Coke and Gas Production in 1937

Production from coke and gas plants during 1937 amounted to $41,702,929 at factory prices. This value exceeded by 4.5 per cent the former record of $39,910,443 established in 1929 and it was 4.6 p.c. above the 1936 total of $39,871,898. Output during the year under review included 2,570,385 tons of coke with a factory selling value of $18,466,068; 46,131,322 M. cubic feet of gas valued at $19,922,809, and other products worth $3,314,052.

Data on the distribution of coke (except petroleum coke) by the producers show that 974,274 tons were sold for domestic use, 892,609 tons were used in metallurgical works operated by the producing companies, 245,393 tons were used in the producing coke plants for fuel or for making water gas, and 517,519 tons were sold for other uses. The total distribution of 2,629,795 tons included about 39,000 tons drawn from stock.

Imports of coke made from coal dropped to 417,733 tons in 1937 from 612,858 tons in 1936, while exports advanced to 36,959 tons from 18,215 tons. Imports of petroleum coke during this period advanced to 119,503 tons from 88,602 tons and exports (including re-exports) declined to 35,663 tons from 49,957 tons.

Farm Implements and Machinery Industry

Manufacturers of farm implements in 1937 reported the highest output since 1930, but it was still considerably less than the total for 1929. The total factory value in 1937 was $18,961,394 compared with $15,957,460 in 1936 and $40,659,479 in 1929. Imports of agricultural machinery increased to $17,233,658 in 1937 from $9,373,876, a gain of 84 per cent. Farm tractors and parts alone rose to $13,487,264 from $6,507,788. Exports and re-exports of farm implements were valued at $10,000,033 or 65 per cent more than in 1936 when the total was $6,068,155.

Canadian Railways in August

Canadian railways earned $28,438,616 in August as against $29,210,772 in August 1937. Operating expenses were reduced from $26,938,339 in 1937 to $26,102,718, and the operating income increased from $1,092,450 to $1,095,062, which is the first increase recorded in twelve months. For the period January to August, gross revenues declined from $224,126,290 in 1937 to $203,029,172, operating expenses from $198,094,656 to $195,548,978, and the operating income from $16,827,933 to a debit of $2,145,670.

Stocks of Unmanufactured Tobacco

Stocks of unmanufactured tobacco on hand at the end of September totalled 63,020,298 pounds compared with 74,466,730 at the end of June and 57,283,782 on September 30, 1937. The amount of Canadian tobacco on hand was 57,027,579 pounds compared with 67,827,731 at June 30, and 50,553,603 at September 30, 1937. Imported tobacco on hand amounted to 5,992,719 pounds against 6,638,999 at June 30 and 6,730,179 a year ago.

Output of Leather Footwear

Continuing the decline noted in comparison with corresponding months of 1937, the output of leather footwear fell in September to 2,069,929 pairs from 2,253,289 in September last year. In the previous month the total was 2,178,202 pairs. The total output of the factories in the nine months ended September 30 was 16,821,756 pairs compared with 19,116,522 in the corresponding period of 1937.

August Output of Silver, Lead and Zinc

The August output of silver amounted to 2,139,043 ounces compared with 2,584,296 in July and 3,059,196 in August, 1937. Based on average prices reported during the month, the August output was worth $917,500 compared with $1,110,524 in July. Total output during the eight months ended August was 15,422,832 ounces compared with 15,553,009 in the corresponding period last year.

Lead production in August totalled 39,826,892 pounds compared with 38,724,783 in July and 40,566,787 in August, 1937. On the base of average prices reported in August, the output was valued at $1,246,980 compared with $1,274,045 in July. Aggregate output for the first eight months this year was 283,787,318 pounds compared with 270,563,827 in the same period of 1937.

August output of zinc was recorded at 29,591,363 pounds compared with 28,367,785 in July and 37,867,371 in August last year. Computed on the basis of average prices reported during the month, the August output was valued at $867,915 compared with $884,791 in July. Total output during the eight months ended August was 255,802,245 pounds compared with 243,092,215 in the corresponding period last year.

Reports Issued During the Week

1. Weekly Grain Statistics (10 cents).
2. Car Loadings on Canadian Railways (10 cents).
3. Cold Storage Holdings of Meat and Fish (10 cents).
4. Stocks of Dairy and Poultry Products (10 cents).
5. Stocks of Canadian Fruit and Vegetables (10 cents).
6. Second Estimate of Yield of Grain Crop in Canada (10 cents).
7. Car Loadings (10 cents).
8. The Farm Implements and Machinery Industry, 1937 (15 cents).
9. Railway Statistics, August (10 cents).
10. Stocks and Consumption of Unmanufactured Tobacco, September 30 (10 cents).
11. Production of Leather Footwear, September (10 cents).
12. Silver, Lead and Zinc Production, August (10 cents).
13. Monthly Review of Dairy Production, October (10 cents).
14. Price Movements, October (10 cents).
15. Security Prices and Foreign Exchange (10 cents).
16. Acids, Alkalies and Salts Industry, 1937 (10 cents).
17. The Coke and Gas Industry, 1937 (15 cents).
18. The Asbestos Industry, 1937 (15 cents).
19. Retail Merchandise Trade in Canada, 1937 (25 cents).
20. Index Numbers of Wholesale Prices (10 cents).
21. Imports and Exports of Pickles and Preserved Vegetables, September (10 cents).
22. Imports and Exports of Fresh Vegetables, September (10 cents).
23. Imports and Exports of Canned and Preserved Fruits, September (10 cents).
24. Imports and Exports of Fresh Fruits, September (10 cents).
25. Imports of Pulp Wood, Wood Pulp and Paper, September (10 cents).
26. Imports and Exports of Wire, September (10 cents).
27. Imports of Stoves, Sheet Metal Products, Refrigerators, September (10 cents).
28. Imports of Vehicles of Iron, September (10 cents).
