WEEKLY BULLETIN

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Weekly Quotation

Though a little one, the master-word (Work) looms large in meaning. It is the open sesame to every portal, the great equalizer in the world, the true philosopher's stone which transmutes all the base metal of humanity into gold. - Sir William Osler (1849-1919).

Weekly Review of Economic Conditions

Three of the six important factors indicative of economic conditions in Canada registered advances in the week of December 24 over the preceding week. The significant and encouraging gains were in carloadings, up 3.3 p.c., the index rising from 65.5 to 67.6, and in bank clearings, which rose 7.4 p.c. over the previous week. Wholesale and common stock prices were relatively unchanged, while the index of capitalized bond yields declined 1.3 p.c.

In the comparison with the same week of 1937, it is evident that the present year ends on a more optimistic note. Common stock prices, an excellent barometer of future outlook, are now ruling 6 p.c. above the standing of the closing weeks of last year, while the index of capitalized bond yields is over 11 p.c. in advance, reflecting the strong credit position Canada enjoys. Bank clearings were also more active. The most serious adverse factor is wholesale prices, which have declined gradually since the first of July, at first in anticipation of bumper crops and now in the realization of that anticipation. The railway freight movement in the 50th week of the year ended December 17th showed a less than seasonal decline at 42,078 cars compared with 43,024 in the previous week, but the seasonally adjusted index rose over 2 points to 67.6. The cumulative total for the elapsed portion of the year shows considerable gains in grain and grain products, pulpwood and ore, but heavy declines in coal, pulp and paper, and miscellaneous commodities, the latter classification reflecting activity in manufacturing. Total cars loaded in the 50-week period were 2,359,084 compared with 2,552,054 in the same weeks of 1937, a drop of 192,970 cars or 7.6 p.c.

The index of wholesale prices at 73.2 registered a minor decline from the previous week. Recessions predominated in vegetable products, animals, wood and chemicals. The only forward movement was in the textile group. Wheat No. 1 Northern showed reaction, dropping below 60 cents to 59 5/8. Oats, barley and rye were stronger, while flax showed decline. Bacon hogs advanced to $9.23 at Toronto from $8.81 in the week of December 17th, while medium steers were up 22 cents to $5.84 per cwt. Cotton prices were firm. London metal markets opened strong after the Christmas recess, copper advancing to £44. Tin showed a gain of 12s 6d from the previous closing. Lead was off 2s 6d and zinc remained unchanged on the 27th. The price of export copper at New York rose from 10.43 to 10.46 on the week. Tin was higher at $46.50, while electrolytic copper, lead and zinc were unchanged.

Domestic high-grade bond markets were softer in the week ending December 22nd but have since recovered most of the decline. The 3's of 1950-55 dropped to 99¼ on the 22nd but recovered to 99 5/8 on the 27th. The 4½'s of 1946 likewise regained their previous standing at 112 3/8. Price changes in provincials for the week ending the 22nd were usually downward, with Manitoba and Saskatchewan issues suffering the most serious discounts from one year ago. Some interest has developed on the future course of sterling, which had declined to $4.7123 on December 22nd, but a declaration from the Exchequer that restrictions relaxed earlier in the year would again be applied to foreign loans was expected to relieve the pressure.

Common stock prices retreated moderately in the third week of December as interest turned towards the holiday season. The index at 106.4 is well above the same week one year ago, when a pronounced reaction was under way. Six of the nine industrial groups record gains over the 1937 standing, the only declines being in milling, oils and textiles. The index of mining stock prices averaged 158.2 in the week ending December 22nd, compared with 136.2 one year ago, an increase of over 16 p.c., base metal stocks registering the largest increase among the mining stocks. Bank stocks were firmer, up nearly half a point on the week and 1½ points above the 1937 level.

The year 1938 has been remarkable for the steady level of economic activity which has been maintained throughout most of the year. The weekly index has fluctuated within a relatively narrow range of eight points in the last fifteen months without developing any significant trend. The index at 105.4 in the week of Dec. 24 registered a gain of one p.c. over the previous week but remains 0.5 p.c. below the level for the same period of 1937 when the index stood at 106.0, the declines in carloadings and wholesale prices more than offsetting gains in the other four factors.

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]
Dec. 25, 1937	76.6	82.8	149.3	87.7	104.9	87.2	106.0
Dec. 17, 1938	65.5	73.4	162.6	82.0	106.8	77.1	104.5
Dec. 24, 1938	67.6	73.2	160.5	88.1	106.4	116.0	105.4

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.

Business Conditions in First Eleven Months

Economic conditions were relatively steady during the early part of 1938. The outlook was altered by improvement in recent months. Business operations declined about the first of the year, subsequently showing resistance to influences of depression. An advance general in the five main groups was recorded in September and the improvement was confirmed by further gain in November.

The index of the physical volume of business averaged 112.7 during the first eleven months against 122.9 in the same period of 1937. Business operations averaged higher last year than in any other year on record except 1929, and a reduction of only 9.2 per cent from 1937 indicates that conditions in 1938 were favourable relative to most other years of the post-war period.

The strength in financial factors presented a favourable background for the recent betterment in industrial operations. Dominion Government bond prices rose to a new high level in 1938 and the average during the first eleven months was higher than in any other year during the period of observation. Capitalized bond yields have shown an upward long-term trend during the last twenty years, and in 1938 the fluctuation was considerably above the post-war trend.

Supplementing the favourable record of the bond market, the banking position continued particularly strong throughout 1938. The deposit liabilities of the chartered banks have shown an upward trend since mid-year of 1934, and a new maximum was reached in the latest month for which statistics are available.

The decline in wholesale prices since July 1937, has been a reactionary factor. The drop in prices has occurred against a condition of increasing world stocks of commodities tradedon international markets. The decline in the prices of manufactured goods was of a relatively moderate character while raw materials, especially farm products, dropped off sharply.

A majority of the forty-six factors used in the compilation of the index of the physical volume of business recorded decline in the first eleven months of 1938 from the same period of the preceding year. The unfavourable comparison, however, should not be taken as a sign of further decline in the coming year. Considerable readjustment has taken place during 1938 and the outlook from economic considerations alone appears more favourable than at the same time last year.

Business Expansion in November

Extending the advance initiated in September, business operations in Canada recorded a gain during November over the preceding month. After remaining on an even keel during the first eight months of 1938, considerable expansion occurred toward the end of the year. The index of the physical volume of business moved up from 118.6 in October to 123.4 in the month under review. The comparison was unfavourable, however, with November 1937, when the highest point in recent years was reached.

Manufacturing, mining and electric power recorded gains over October, while recessions were shown in construction and distribution. Shipments of nickel, copper and asbestos recorded gains and marked improvement was shown in the output of automobiles. The acceleration in the production of steel ingots was a significant development of the month.

Business Conditions in Canada in November compared with the preceding month

	Seasonally Adjusted Business Indexes, 1926=100	
	October, 1938	November, 1938
Physical Volume of Business	118.6	123.4
Industrial Production	121.1	128.3
Mineral Production	201.4	206.6
Copper exports	381.9	551.9
Nickel exports	403.2	427.2
Lead production	160.0	-
Zinc exports	194.5	130.9
Gold shipments	262.7	278.5
Silver shipments	99.4	77.9
Asbestos exports	116.6	206.4
Bauxite imports	1021.7	229.3
Coal production	80.5	83.9
Manufacturing	113.2	125.3
Foodstuffs	109.7	118.4
Flour production	90.5	-
Sugar manufactured	92.9	123.2
Inspected slaughterings	133.3	142.6
Creamery butter	152.4	154.1
Factory cheese	65.3	84.1
Salmon exports	88.3	124.6
Tobacco	178.0	190.1
Cigar releases	56.2	71.7
Cigarette releases	229.4	241.7
Rubber imports	193.1	174.8
Boots and shoes production	87.4	-
Textiles	122.7	95.1
Forestry	107.1	112.8
Newsprint	152.6	149.6
Wood pulp exports	57.0	59.0
Planks and boards exports	70.7	90.3
Shingles exported	11.2	7.5
Iron and steel	84.1	130.0
Steel production	125.0	146.9
Pig iron production	99.5	78.1
Iron and steel imports	82.8	84.3
Automobile production	72.1	144.9
Coke production 1	113.1	110.1
Crude petroleum imports	221.0	227.2
Construction	62.5	48.4
Electric power	220.9	226.4
Distribution	111.5	109.2
Trade employment	133.7	132.5
Car loadings	76.0	74.2
Imports	89.1	85.7
Exports	132.0	122.7
Producers' Goods	109.1	116.2
Consumers' Goods	122.9	125.3
Grain marketings	162.7	106.6
Livestock marketings	69.0	79.1
Cold storage holdings	138.8	148.3

December Employment Situation

The customary seasonal curtailment in industrial employment was indicated at December 1st, 11,173 employers reporting a total of 1,096,434 workers as compared with 1,102,679 in the preceding month. The decrease of 6,245 persons lowered the index number to 114.0 per cent of the 1926 average from 114.6, involving a percentage loss in personnel below the average in the experience of the last seventeen years, while the number laid off was decidedly smaller than at December 1, 1937. The staffs of 10,459 firms making returns in December last year aggregated 1,159,727.

Manufacturing as a whole, notably of food, lumber and textile products, communications, transportation and construction showed seasonal recessions at December 1st, those in construction anf maintenance being most pronounced; the shrinkage in factory employment was less-than-average, according to the experience of the years 1921-1937. On the other hand, substantial improvement was recorded in tobacco and iron and steel works, and in logging, coal-mining and retail trade. The gains in the last three were seasonal in character.

The number of workers reported by firms in the Maritime Provinces was 80,560 compared with 82,592 on November 1; Quebec, 344,421 compared with 338,857; Ontario, 448,275 against 450,703; Prairie Provinces, 128,315 against 135,549; British Columbia, 90,767 against 92,201.

Lessened activity was indicated in Montreal, Toronto, Ottawa and Hamilton; in Quebec City and Winnipeg little change on the whole was shown, while firms in Windsor and Vancouver reported increased employment, the gain in the former being considerable. The indexes for Montreal, Quebec and Vancouver were higher than at December 1, 1937; in Ottawa the situation was practically unchanged, while in the other centres above enumerated, employment was at a lower level.

Production of Silver

The Canadian output of silver in October amounted to 1,774,446 ounces compared with 1,680,722 in the previous month and 2,042,044 in the corresponding month last year. Based on the average price reported during the month, the October production was valued at $765,656 compared with $723,080 in September. Total Canadian output during the ten months ended October was 18,878,000 ounces, a gain of 5.4 per cent over the same period last year.

October Output of Lead

Lead production in October totalled 38,556,576 pounds compared with 35,680,581 in the previous month and 40,632,503 in the corresponding month in 1937. Quotations for lead during October averaged 3.462 cents per pound at which price the output was valued at $1,534,822 compared with $1,174,962 in the previous month. Total output during the ten months ended October was 358,024,275 pounds compared with 351,985,133 in the corresponding period of 1937.

Zinc Output in October

October production of zinc amounted to 29,188,430 pounds compared with 29,415,685 in the previous month and 37,251,611 in the corresponding month last year. The average price reported during October was 3.228 cents per pound at which price the output was valued at $942,203. Production during the ten months ending October aggregated 314,406,360 pounds, a gain of 1.3 per cent over the same period of 1937.

October Shipments of Lime

October shipments of lime from Canadian kilns rose to 46,595 tons from the September total of 40,474. In October last year, shipments totalled 48,586 tons. During the first ten months of 1938, producers in Canada shipped 392,162 tons compared with 464,678 tons in the corresponding period of 1937.

Feldspar Shipments in October

Canadian producers shipped 1,217 tons of feldspar in October compared with 1,477 in the previous month and 1,693 in the corresponding month last year. The total during the ten months ending October was 10,672 tons compared with 17,802 in the corresponding period of 1937.

Commercial Salt in October

Commercial salt shipments by Canadian producers in October totalled 33,169 tons compared with 25,939 in the previous month and 27,475 in October, 1937. During the first ten months this year, 221,214 tons were shipped compared with 207,977 in the corresponding months last year.

October Shipments of Asbestos

Shipments of asbestos by producers in Canada advanced to 34,246 tons in October from the September total of 28,297 tons and the October, 1937, total of 33,570 tons. October exports of asbestos totalled 32,000 tons compared with 24,563 in September, while the imports of asbestos products were valued at $101,140 or 24.4 per cent above September. Total shipments of asbestos in Canada during the ten months ended October amounted to 242,878 tons compared with 343,518 in the corresponding period of 1937.

Cement Production in October

October shipments of Portland cement amounted to 710,135 barrels compared with 701,327 in the previous month and 774,385 in the corresponding month last year. Shipments during the first ten months of 1938 amounted to 4,935,100 barrels compared with 5,566,702 in the corresponding months of 1937 and 4,088,830 in 1936.

Production of Iron and Steel

The production in November of pig iron was the lowest reported for any month since August, 1936, amounting to 46,216 tons compared with 50,657 in the previous month and 81,463 in November, 1937. Total output during the eleven months ended November was 651,718 tons compared with 816,823 in the corresponding period of 1937.

November production of steel ingots and castings amounted to 90,120 tons compared with 76,256 in October and 110,688 in November last year. For the eleven months ending November the cumulative production was 1,077,381 tons compared with 1,302,677 in the eleven months of 1937.

Output of ferro-alloys at 5,999 tons in November compares with 2,194 in October and 6,302 in November, 1937. The tonnage for November this year was composed of spiegeleisen and ferrosilicon.

November Imports

The value of Canada's November imports was 21.5 per cent lower than in the corresponding month last year, totalling $63,304,000 compared with $80,641,000. Purchases from the United States were valued at $37,658,000 against $46,393,000, a drop of 18.8 per cent, and those from the United Kingdom $11,020,000 against $14,997,000, a decline of 26.5 per cent.

Commodities brought from Germany totalled $1,444,000 against $1,609,000, Straits Settlements $1,285,000 against $1,795,000, Australia $1,162,000 against $1,263,000 and Colombia $1,010,000 against $932,000. Imports from Egypt were up 900 per cent, the value being $110,000 against $11,000.

The value of commodities imported during the eight months ending November was $471,438,000 compared with $548,218,000 in the corresponding period last year, a decline of 19.3 per cent. The United States was the leading contributor with a total of $289,158,000 compared with $346,044,000, followed by the United Kingdom at $83,089,000 against $107,191,000.

The British West Indies contributed the next largest amount at $11,558,000 against $10,301,000, followed by Germany, Straits Settlements, Australia, British Guiana, British India, Belgium, France, Japan, Netherlands, Ceylon, New Zealand, Switzerland and Peru in the order named.

Exports of Aluminium

The export of aluminium in November amounted to 111,736 cwt. of the value of $1,973,574 compared with 188,441 worth $3,206,767 in the previous month and 114,470 at $2,193,268 in the corresponding month last year. The amount sent to Japan was 66,589 cwt. and to the United Kingdom 27,414. Exports during the eight months ended November totalled 964,110 cwt. worth $16,279,125 compared with 811,320 valued at $14,783,819 in the same period last year.

Exports of Fine Nickel

November exports of fine nickel were valued at $3,822,580 compared with $3,825,042 in the previous month and $4,014,909 in the corresponding month last year. The amount to the United States totalled $1,420,133, Japan $1,378,407 and the United Kingdom $991,660. The value of fine nickel exported during the eight months ended November was $18,475,167 compared with $28,135,873 in the corresponding period of the previous fiscal year.

November Exports of Rubber

The export of rubber in November amounted to $1,284,730 compared with $1,607,618 in October and $1,537,079 in the corresponding month last year. The total during the eight months ending November was $10,369,800 compared with $12,765,483 in the corresponding period of the previous fiscal year.

Pneumatic tire casings accounted for approximately half of the total exports in November, amounting to $601,003 compared with $822,861 in October and $749,224 in the corresponding month last year. Shoes of rubber or part rubber were exported to the value of $419,311 against $466,702 in October and $447,437 a year ago. The United Kingdom was the leading purchaser.

November Export of Cheese

The November export of Canadian cheese amounted to 125,357 cwt. valued at $1,801,104 compared with 121,653 worth $1,779,844 in the previous month and 147,612 at $2,158,655 in the corresponding month last year. The total to the United Kingdom was 120,332 cwt. The imports of cheese in November totalled 189,774 cwt. at $45,575 against 146,442 worth $34,139 in October and 223,806 at $54,847 in November, 1937. The amount from France was 54,365 cwt., Italy 39,251, Switzerland 39,120, Denmark 14,664 and the United States 13,846.

Wheat Stocks in Store

Canadian wheat in store for the week ending December 23 amounted to 179,272,315 bushels compared with 170,668,870 in the previous week and 58,838,944 in the corresponding week last year. The amount in rail transit was 4,146,804 bushels against 5,353,002 the week before and 4,112,782 a year ago. Canadian wheat in the United States totalled 8,137,000 bushels compared with 8,502,000 in the previous week and 4,834,000 in the same week last year.

Primary Movement of Wheat

Receipts of wheat in the Prairie Provinces during the week ending December 23 totalled 2,058,449 bushels compared with 2,860,832 in the previous week and 1,494,284 in the corresponding week last year. The totals follow by provinces, with figures for 1937 in brackets: Manitoba, 148,497 (146,911) bushels; Saskatchewan, 810,232 (363,122); Alberta, 1,099,720 (984,251).

Marketings during the twenty-one weeks ended December 23 aggregated 253,251,783 bushels compared with 97,666,283 in the corresponding period of the previous crop year. The amounts followed by provinces: Manitoba, 40,963,206 (32,278,654) bushels; Saskatchewan, 100,649,694 (20,439,271); Alberta, 111,638,883 (44,948,358).

Overseas Export Clearances of Wheat

Overseas export clearances of wheat during the week ending December 23 amounted to 1,975,300 bushels compared with 753,707 in the previous week and 1,996,523 in the corresponding week last year. Imports of Canadian wheat into the United States in the latest week totalled 40,000 bushels against 98,000 the week before and 23,000 a year ago. The clearances follow by ports, with figures for 1937 in brackets: Vancouver-New Westminster, 1,635,515 (660,853) bushels; United States Ports, 276,288 (446,941); Saint John, 63,497 (840,746); Halifax, nil (47,983).

Total overseas export clearances during the period August 1 - December 23 were 67,225,326 bushels compared with 41,385,112 in the corresponding period of the previous crop year, while imports into the United States were 3,459,617 bushels compared with 1,914,839. The clearances follow by ports: Montreal, 31,176,898 (22,541,611) bushels; Vancouver-New Westminster, 13,951,406 (4,727,266); Sorel, 9,414,308 (2,476,039); Three Rivers, 6,022,221 (420,811); United States Ports, 5,535,658 (7,774,403); Churchill, 916,913 (603,982); Fort William and Port Arthur, 112,066 (114,375); Saint John, 95,956 (2,678,642); Halifax, nil (47,983).

November Exports of Lumber

November exports of Canadian planks and boards totalled 156,875,000 feet valued at $3,475,130 compared with 144,296,000 at $3,339,519 in the previous month and 148,112,000 at $3,739,996 in November, 1937. Douglas fir, spruce and hemlock were the chief varieties. The United Kingdom was the leading purchaser with a total of 91,163,000 feet, followed by the United States with 47,357,000. Total exports of planks and boards during the eight months ending November were 1,135,846,000 feet compared with 1,298,452,000 in the corresponding period last year.

Export of Paints

Canadian paints were exported to the value of $70,289 in November compared with $67,934 in the previous month and $92,530 in the corresponding month last year. Purchases by the United Kingdom amounted to $26,024. The total during the eight months ending November was worth $500,502 compared with $621,244 in the corresponding period of the previous fiscal year.

Advance in Motor Vehicle Sales

The advance in sales of new motor vehicles shown in October in comparison with the corresponding month last year, was continued in November, the total being 8,646 units for a total of $9,725,496 compared with 6,516 at $7,161,483 in the previous month and 8,152 for $8,989,170 in the corresponding month last year. There were 7,586 new passenger cars sold in November with a retail value of $8,390,758 and 1,060 trucks and buses for $1,334,738.

Total sales of new motor vehicles during the first eleven months of 1938 numbered 112,958 with a retail value of $125,806,324 compared with 136,149 units for $140,127,353 in the same period last year, a decline of 17 per cent in number and 10 per cent in value. Sales of 88,630 new passenger cars were 17.6 per cent lower and trucks and buses at 24,328 were 14.8 per cent lower.

Bank Debits in November

Bank debits in November showed an increase of 1.4 per cent over the corresponding month last year, totalling $2,965,000,000 compared with $2,926,000,000. Increases were recorded in each of the five economic areas in this comparison, except Ontario. The total in the previous month was $2,976,000,000, a decline of 1.1 per cent.

Reflecting the decline in business operations and the lower level of common stocks and commodity prices, bank debits showed decline in the first eleven months of 1938 from the same period of 1937. The total in the elapsed portion of the year was $28,018,000,000 against $32,085,000,000, a drop of 12.7 per cent. Declines were recorded in each of the five economic areas.

Indexes of Country General Store Sales

Sales of country general stores in November were 6.2 per cent lower than in November, 1937. The index number was 104.3 compared with 117.9 in October and 111.2 in November, 1937. Decreases were registered in all economic divisions of the country in both comparisons.

Construction Industry in 1937

The total value of work performed by the Construction Industry in 1937 amounted to $351,874,114, an increase of $93,833,714 or 36.4 per cent over the 1936 value. In 1937 new construction amounted to $244,946,916, an increase of $74,301,092 or 43.5 per cent, while alterations, maintenance and repairs totalled $106,927,198, an increase of $19,532,622 or 22.3 per cent.

Reports Issued During the Week

1. Weekly Index Numbers of Wholesale Prices (10 cents).
2. Sugar Report - November 12 to December 3, 1938 (10 cents).
3. Index Numbers of Country General Store Sales, November (10 cents).
4. Feldspar and Salt Production, October (10 cents).
5. Cement, Clay Products and Lime, October (10 cents).
6. Asbestos Production, October (10 cents).
7. Monthly Sales of New Motor Vehicles, November (10 cents).
8. Trade Trends with Empire Countries, November (10 cents).
9. Imports from Principal Countries, November (10 cents).
10. Bank Debits to Individual Accounts, November (10 cents).
11. Employment Situation, December (10 cents).
12. Silver, Lead and Zinc Production, October (10 cents).
13. The Inks Industry, 1937 (10 cents).
14. Miscellaneous Non-Metallic Mineral Products Industry, 1937 (10 cents).
15. Business Conditions in Canada, first 11 months of 1938 (10 cents).
16. Canada's Leading Mineral Products, October (10 cents).
17. Imports of Milk and Its Products and Eggs, November (10 cents).
18. Exports of Milk, Milk Products and Eggs, November (10 cents).
19. Exports of Rubber and Insulated Wire and Cable, November (10 cents).
20. Exports of Non-Ferrous Ores and Smelter Products, November (10 cents).
21. Exports of Paints and Varnishes, November (10 cents).
22. Exports of Lumber, November (10 cents).
23. Exports of Petroleum and Its Products, November (10 cents).
24. Car Loadings on Canadian Railways (10 cents).
25. Production of Iron and Steel, November (10 cents).
26. Monthly Review of the Wheat Situation (10 cents).
27. The Construction Industry, 1937 (25 cents).
28. Security Prices and Foreign Exchange (10 cents).
