

Weekly Review of Economic Conditions

The six major factors showing the trend of economic conditions averaged slightly higher in the first week of February. The gain in bank clearings was 6 p.c. while wholesale prices measured by the weekly index, remained unchanged. A marked gain was shown in the speculative activity on the Toronto and Montreal exchanges. The index of capitalized bond yields showed a slight reaction, while the index of common stock prices receded 1.8 p.c.

Although two economic factors recorded gains, the average for the group of six indicators was considerably below the same week of last year. The indexes of wholesale prices and capitalized bond yields recorded gains. The decline in carloadings was 5.7 p.c., and marked recessions were shown in bank clearings, common stock prices and shares traded.

The railway freight movement was less satisfactory in the fourth week of the year, the index receding from 81.6 in the week ended January 22 to 79.9. A slight gain was shown in the western division, while the index of the eastern division receded about 3 points. The total traffic movement during the first four weeks was 179,800 cars against 185,000 in the same period of 1937. Increases were shown in pulpwood, ore and manufactured goods, while the other eight commodity groups recorded declines.

The wholesale price level remained steady in the fifth week of the year, the index being unchanged at 83.6. Crop products showed an increase, while declines were recorded in animal products and non-ferrous metals. The other main groups were unaltered from the preceding week. Prices were uneven on the Winnipeg grain exchange, recessions being shown in wheat, flax and rye, while oats and barley moved to slightly higher positions. The price of No. 1 Northern wheat averaged $147\frac{1}{2}$ against $147\frac{3}{4}$ in the week of January 29. Further decline was shown in the price of medium steers on the Toronto stockyard, while bacon hogs showed an advance of 8.70 to 8.85.

Decline in base metals was fairly general on the London and New York exchanges. Electrolytic copper in London was £42 10s on February 8, against £43 15s on the first. Lead and zinc showed recession, zinc being £14 against £14 13s 9d. The price of electrolytic copper in New York remained at 10 cents while the export price dropped from 9.90 to 9.62. Lead and zinc were quoted at lower levels, zinc receding from 5.00 to 4.75. The Canadian index of non-ferrous metals dipped from 71.2 to 70.9, a decrease in copper outweighing the gain in tin.

The index of wholesale prices remained 2 p.c. above the level of the same week of 1937. A considerable advance was shown in wholesale prices during the first quarter of last year, and the gap between the indexes of the two years is being gradually narrowed.

While the index of capitalized bond yields showed a slight recession in the week of February 3, advances are indicated by recent quotations. The bid quotation for the $4\frac{1}{2}$'s of 1947-57 was $110\frac{1}{4}$ on February 8, against $110\frac{1}{8}$ on February 1. The 4's of 1947-52 advanced from $106\frac{5}{8}$ to $107\frac{1}{8}$. The level of bond prices has been fairly well maintained since the beginning of the year at a relatively high position. In view of the decline during the first quarter of 1937, the index of capitalized yields was slightly higher in the week of February 3 than in the corresponding week of 1937. The present level is higher than at any time from the middle of February 1937 to the end of the year.

A reactionary feature was the considerable decline in common stock prices, the index dropping from 107.8 to 105.9. Each of the groups in the official classification, except the three milling stocks, showed decline. The index of 21 gold stocks recorded an advance from 121.6 to 125.5, and the mining stock index consequently showed appreciation.

The economic index based on the six above-mentioned factors rose from 109.3 in the week of January 29 to 109.6 in the week under review, a gain of 0.3 p.c. Two of the major factors recorded an advance while wholesale prices remained unchanged. The economic index showed a decline of 7.8 p.c. from the same week of 1937 when the standing was 118.9. Only two of the six major factors showed advances in this comparison.

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
Feb. 6, 1937	84.73	82.0	150.4	122.1	139.0	438.6	118.9
Jan. 29, 1938	81.60	83.6	151.1	95.2	107.8	84.8	109.2
Feb. 5, 1938	79.94	83.6	150.6	100.9	105.9	95.1	109.6

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 in Canada

While economic conditions in Canada were less favourable toward the end of the year, the sections of trade and industry which contribute largely to the general welfare averaged relatively high during 1937. Productive operations recorded marked expansion for most of the year, nearly equalling the abnormal activity of 1929. Operations in mining, forestry, manufacturing and other lines advanced even after speculative factors had definitely reacted. The confidence of the business man and the industrialist was largely maintained even after reactionary signals had been flashed by speculators. The index of the physical volume of business, however, showed a decline of six points in the last month of the year.

Emphasis may be placed upon the favourable comparisons for 1937 over the preceding year, industrial output showing a gain of nearly ten per cent. In many cases, as in the production of copper, nickel and gold, newsprint and power, all previous records were broken. Wholesale and common stock prices averaged higher than in 1936, and volume of the export trade was practically equivalent to the record level of 1929. During the year under review, the highest levels of the preceding prosperity cycle were nearly regained.

Wheat Stocks in Store

Canadian wheat in store for the week ending February 4 amounted to 52,210,581 bushels compared with 53,432,946 in the previous week and 97,594,765 in the corresponding week last year. Stocks of Canadian wheat in the United States amounted to 2,883,000 bushels compared with 3,345,000 the week before and 22,370,556 a year ago. United States wheat in Canada totalled 1,431,134 bushels compared with 1,516,874 a week ago and nil last year. There were 2,189,518 bushels of wheat in rail transit compared with 2,177,125 in the previous week and 2,403,216 a year ago.

Primary Movement of Wheat

Wheat marketings in the Prairie Provinces for the week ending February 4 amounted to 572,589 bushels compared with 924,718 in the previous week and 448,124 in the same week last year. Total marketings during the 27 weeks ending February 4 were 104,434,217 bushels compared with 141,643,417 in the corresponding period of the previous crop year.

Overseas Export Clearances of Wheat

Overseas export clearances of wheat during the week ending February 4 amounted to 1,121,713 bushels compared with 1,106,571 in the previous week and 2,115,685 in the same week last year. Imports of Canadian wheat into the United States for consumption and milling in bond for re-export totalled 2,000 bushels compared with 2,000 in the previous week and 578,000 a year ago. Aggregate clearances from August 1 to February 4 were 48,686,634 bushels compared with 95,434,636 in the same period of the previous crop year, while imports into the United States were 1,954,426 bushels compared with 32,013,218.

Imports during Nine Months

Imports into Canada during the nine months ended December were valued at \$637,342,836 compared with \$500,322,077 in the same period of the previous fiscal year. The increase was 27.4 per cent. The value from Empire countries was \$191,514,649, a gain of 25.1 per cent, and from foreign countries \$445,828,187, an increase of 28.4 per cent. The United States was the chief source of supply with a value of \$380,892,440 compared with \$284,091,354; the United Kingdom was next with \$115,859,495 compared with \$98,073,508.

Australia supplied \$10,486,080 compared with \$7,894,644; British West Indies, \$10,736,511 compared with \$11,966,275; Germany, \$9,499,747 compared with \$9,200,580; British South Africa, \$8,129,163 compared with \$1,333,376; British India, \$7,256,256 compared with \$6,113,202; Belgium, \$6,165,956 compared with \$4,966,051; New Zealand, \$5,407,529 compared with \$3,205,343; France, \$5,237,109 compared with \$4,996,158; British Guiana, \$4,884,645 compared with \$4,349,100; Japan, \$4,573,137 compared with \$3,494,706; Colombia, \$4,438,664 compared with \$4,177,383.

Hides and Skins

Hides and skins were imported to the value of \$415,258 during December compared with \$449,434 in December, 1936. Domestic exports totalled \$131,778 compared with \$594,733. Cattle hides led in both cases. During the nine months ended December the total value of imported hides and skins was \$4,729,892 compared with \$3,633,929 in the same period of the previous fiscal year; the value of the exports was \$2,790,948 and \$2,761,249, respectively. Imported cattle hides were worth \$3,319,897 compared with \$1,945,557; the exports were \$2,024,414 compared with \$2,184,271.

Vegetable Oils

The value of vegetable oils imported during December was \$862,796 compared with \$567,984 a year ago. The amount from the United States was \$318,400, the United Kingdom \$188,780, Straits Settlements \$95,494, Netherlands \$81,595, Nigeria \$59,620, Belgium \$29,171, Philippines \$25,857. A considerable gain was shown in the imports during the nine months ended December compared with the same period of 1936, the total being \$12,684,960 compared with \$8,895,996.

Imports of Lumber

December imports of lumber recorded a small increase over the corresponding month last year, the amount being 8,350,000 feet compared with 8,320,000. The total from the United States was 8,246,000. During the nine months ended December there were 89,123,000 feet imported compared with 69,863,000 in the same period of the previous fiscal year.

Imports of Farm Implements and Machinery

The United States supplied the bulk of the farm implements and machinery imported during December, the amount from that country being \$845,328. The total was \$874,975 compared with \$509,453 in December, 1936. Internal combustion traction engines valued up to \$1,400 each accounted for \$528,779, and parts \$201,567. Total imports of farm machinery during the nine months ended December were \$13,834,322 compared with \$7,404,414 in the same period of the previous fiscal year.

Leather Footwear

Imports of leather footwear, except rubber, amounted in value to \$42,088 in December compared with \$39,364 in December, 1936. The United Kingdom was the chief source of supply with \$21,205 and the United States \$17,921. During the nine months ended December the total was \$971,644 compared with \$762,776 in the same period of the previous fiscal year.

Exports of Canadian-made leather footwear during December amounted to \$51,859 compared with \$29,258 a year ago. Australia was the chief purchaser with \$13,525, followed by the United Kingdom with \$11,703, New Zealand \$7,345 and Jamaica \$7,202. The total during the nine months ended December was \$658,777 compared with \$420,979 in the same period of 1936-37.

Living Animals Imported

Living animals were imported to the value of \$54,763 during December compared with \$28,863 in December, 1936. The total from the United States was \$27,942 and from the United Kingdom \$16,033. During the nine months ended December the value was \$1,317,851 compared with \$755,679 in the same period of the previous fiscal year. Animals for exhibition purposes accounted for \$626,323 compared with \$149,441.

Imports of Raw Rubber

The imports of raw rubber during December amounted to 5,866,690 pounds valued at \$1,021,557 compared with 2,673,053 of the value of \$453,616 in December, 1936. The total from the Straits Settlements was 4,851,013 pounds, United States 498,209, Ceylon 449,184, and the United Kingdom 68,284. There was a considerable increase recorded in the imports during the nine months ended December, the total being 68,638,335 pounds compared with 50,175,096 in the corresponding period of the previous fiscal year. The values were \$13,260,706 and \$7,890,656, respectively.

Imported Meats

Meats were imported to the value of \$82,717 during December compared with \$25,706 in the corresponding month last year. Canned beef, mainly from the Argentine, accounted for more than half. Barrelled pork in brine from the United States was worth \$26,433. There was a small increase in the value of imported meats during the nine months ended December compared with the same period of the previous fiscal year, the values being \$1,034,031 and \$1,026,701, respectively. Canned beef was worth \$543,233 (\$487,192); barrelled pork in brine, \$227,826 (\$230,769); extracts of meats and fluid beef, \$129,198 (\$190,438).

Imported Automobiles

There were 1,486 automobiles imported during December appraised at \$1,380,000 compared with 1,024 units worth \$900,000 in December, 1936. The United States supplied most of these, the number being 1,428. Auto parts imported during the month were valued at \$2,725,000 compared with \$3,273,000 a year ago, most of which came from the United States.

Export of Toilet Soap

Canadian toilet soaps were exported to the value of \$140,939 in December compared with \$103,950 in December, 1936. The value of the export to the United Kingdom was \$129,329. New Zealand, Jamaica, Australia and Newfoundland were other leading purchasers. The total during the nine months ended December was \$959,548 compared with \$699,279 in the same period of the previous fiscal year.

Canned and Preserved Fruits

Fresh fruits were imported to the value of \$1,241,920 in December compared with \$1,219,315 in December, 1936. The bulk came from the United States. Domestic exports of fresh fruits were appraised at \$1,440,517 compared with \$898,830; fresh apples accounted for a very large part of the total, the amount being \$1,429,806 compared with \$893,572. These went largely to the United Kingdom.

Canned and preserved fruits were imported to the value of \$92,451 in December compared with \$182,453. The domestic exports included canned apples worth \$113,545; canned pears, \$115,136 and canned peaches, \$34,165. The United Kingdom was the chief purchaser.

Fresh Vegetables

December imports of fresh vegetables were valued at \$368,848 compared with \$310,958 in the corresponding month last year. The United States was the chief source with \$299,713. Domestic exports of fresh vegetables were worth \$160,577 compared with \$225,812, largely to the United Kingdom. Government certified seed potatoes were valued at \$497,397 compared with \$157,134. Argentine purchases were appraised at \$360,256, the United States \$95,190 and Cuba \$40,200.

Imports of Crude Petroleum

December imports of crude petroleum amounted to 57,060,301 gallons valued at \$1,864,627 compared with 60,569,143 worth \$2,000,803 in December, 1936. There were 45,364,955 gallons from the United States, 7,598,273 from Venezuela and 4,097,073 from Peru. Total imports of crude petroleum during the nine months ended December were 1,196,529,774 gallons valued at \$41,322,392 compared with 1,075,982,903 at \$33,966,552 in the same period of the previous fiscal year.

Imported Paper

Paper imports in December were of the value of \$597,332 compared with \$811,381 in the previous month and \$527,665 in December, 1936. The value of the import from the United States was \$432,376 and from the United Kingdom \$104,649. Total imports during the eleven months ended December were appraised at \$6,067,748 compared with \$5,146,702 in the same period of the previous fiscal year. Unbleached sulphite pulp imports amounted to 315,558 cwt. valued at \$504,895 during the nine months compared with 304,452 at \$487,159.

Domestic Exports of Wheat and Flour

There were 7,193,986 bushels of wheat exported during January appraised at \$8,922,395 compared with 9,789,027 bushels valued at \$11,974,334 in the corresponding month of 1937. Wheat flour exports during January totalled 295,776 barrels valued at \$1,692,033 compared with 313,923 of the value of \$1,600,015 a year ago.

During the ten months of the fiscal year, there were 83,302,670 bushels of wheat exported, of the value of \$108,131,473 compared with 217,885,883 worth \$210,204,842 in the same period of the previous fiscal year. Wheat flour exported during the first ten months totalled 3,330,665 barrels valued at \$19,884,000 compared with 4,032,808 valued at \$17,506,525 in the corresponding period of 1936-37.

Production of Leather Footwear

Production of leather footwear during the calendar year 1937 amounted to 24,108,688 pairs compared with 21,888,531 in 1936. Production in December totalled 1,385,289 pairs, a decrease from the preceding month of 237,476 pairs and a decrease of 154,653 from the corresponding month of 1936.

Wholesale Trade During 1937

Wholesale trade in Canada during the calendar year 1937 recorded an increase of 10.1 per cent over the previous year, according to preliminary figures. The general index stood at 93.8 or within seven per cent of the 1930 base. Increased sales compared with 1936 extended to all lines of business included in this survey. The wholesale hardware trade had a gain of 16.7 per cent, tobacco and confectionery 12.8, drugs 11.4, dry goods 10.8, footwear 10.7, fruits and vegetables 9.3, clothing 8.9, groceries 8.0 and automotive equipment 7.8.

All regions reported increased sales during the year in comparison with 1936. British Columbia led with a gain of 16.8 per cent, followed by the Maritime Provinces with 14.2 per cent, Quebec 13.5, Ontario 8.5, and the Prairie Provinces 5.6 per cent.

Inventories at the close of 1937 averaged 6.9 per cent greater than at the end of 1936, but results for individual lines of trade varied widely from this average. Inventory in the footwear trade was reported 50 per cent higher than at the end of 1936 and the clothing trade was up 20 per cent. On the other hand, fruits and vegetables were down 0.5 per cent and groceries 1.9 per cent.

Railway Revenues in November

Gross revenues of Canadian railways for November increased from \$29,034,295 in 1936 to \$30,585,268, but operating expenses increased from \$22,159,883 to \$24,059,106, reducing the operating income from \$5,883,729 to \$5,389,789. For January - November, gross revenues increased from \$301,402,027 in 1936 to \$322,373,538, operating expenses increased from \$259,039,658 to \$274,756,079, and the operating income from \$30,671,175 to \$34,996,439.

Output of Leading Minerals

Production of leading minerals in Canada during the eleven months ended November was as follows with figures for the corresponding period in 1936 in brackets: Asbestos, 380,127 (279,642) tons; cement, 5,953,270 (4,376,425) barrels; clay products, \$4,001,560 (\$3,252,607); coal, 14,110,064 (13,732,101) tons; copper, 480,533,658 (377,419,423) pounds; feldspar, 18,722 (16,535) tons; gold, 3,728,950 (3,416,270) fine ounces; gypsum, 976,449 (774,519) tons; lead, 387,822,225 (342,807,477) pounds; lime, 495,297 (425,444) tons; natural gas, 24,284,141,000 (24,821,699,000) cubic feet; nickel, 205,087,642 (151,689,604) pounds; petroleum, 2,575,074 (1,368,203) barrels; commercial salt, 242,473 (211,216) tons; silver, 21,397,065 (16,487,179) fine ounces; zinc, 347,573,409 (311,863,661) pounds.

Jewellery and Silverware

Manufacturers of jewellery, silverware, etc., reported the value of their products at \$10,684,548 in 1936. This year's output was the fourth in succession to show an increase over the preceding year; it exceeded the low of 1932 by 75 per cent and it was 11 per cent over the value of \$9,592,659 for 1935. Jewellery production advanced in value to \$2,775,237 from \$2,473,763; clocks, watches and watch cases to \$1,540,840 from \$1,259,249; sterling silverware to \$351,468 from \$295,933; electro-plated wares to \$2,580,463 from \$2,550,501; fine gold to \$1,244,636 from \$975,760; and gold alloys to \$430,993 from \$361,227.

Production of Steel Ingots

Output of steel ingots during January totalled 107,680 long tons compared with 93,945 in December and 111,010 in January, 1937.

Cost of Living

The Dominion Bureau of Statistics cost of living index for Canada was 84.1 in January compared with 84.3 in December. This index has advanced 2.8 p.c. within the past year. Foods fell from 79.1 in December to 78.4 in January, declines for eggs, beans, lard, bacon and tea being of more account than higher prices for a lengthier list of items including meats, milk, butter, cheese, potatoes and onions. Higher prices for wood, partially offset by slightly easier quotations for coke in a few centres, resulted in a rise in the fuel index from 86.1 to 86.2.

The clothing index was unchanged at 73.3, a modest advance in men's clothing being counterbalanced by declines in women's apparel and materials sold by the yard. A slight reduction in the price of leather was offset by wage increases, consequently shoe prices showed little change from the previous quarter. Household linens were slightly reduced, while furniture prices moved moderately higher, leaving the miscellaneous index unchanged. Noticeable improvement in the quality of goods purchased at retail has been observed during the past year.

Production of Butter and Cheese

The production of creamery butter in January amounted to 8,355,216 pounds compared with 9,823,479 in the previous month and 8,932,907 in January, 1937. As compared with the corresponding month last year, five provinces recorded declines and four, increases. The totals were as follows: Ontario, 3,900,145 (4,385,536) pounds; Alberta, 1,112,777 (959,978); Quebec, 1,050,000 (1,066,381); Manitoba, 912,775 (877,785); Saskatchewan, 538,043 (824,060); Nova Scotia, 368,586 (327,360); British Columbia, 316,396 (344,497); New Brunswick, 82,494 (71,739); Prince Edward Island, 74,000 (75,571).

Cheese production totalled 835,675 pounds compared with 1,120,759 in the previous month and 987,593 in January, 1937. There was no cheese produced in the Maritime Provinces in January; the remaining producing provinces were as follows, with comparable figures for 1937 in brackets: Ontario, 446,367 (671,907) pounds; Quebec, 187,587 (126,838); Manitoba, 99,855 (88,434); Alberta, 96,775 (70,918); British Columbia, 4,221 (28,306); Saskatchewan, 870 (1,190).

Reports Issued During the Week

1. Imports of rubber, December
 2. Imports of Meats, Lard and Sausage Casings, December
 3. Imports of Vehicles of Iron, December
 4. Imports and Exports of Pipes, Tubes and Fittings, December
 5. Imports and Exports of Soap, December
 6. Imports and Exports of Toilet Preparations, December
 7. Security Prices and Foreign Exchange
 8. Business Conditions in Canada during the Calendar Year, 1937.
 9. The Jewellery and Silverware Industry, 1936
 10. Operating Revenues, Expenses and Statistics of Railways, November.
 11. Carloadings on Canadian Railways.
 12. Canadian Grain Statistics.
 13. Imports from Empire and Foreign Countries, December
 14. Imports and Exports of Wire, December.
 15. Imports and Exports of Fertilizers, December.
 16. Imports and Exports of Vegetable Oils, December
 17. Imports and Exports of Hides and Skins, December
 18. Footwear Trade, December
 19. Imports of Farm Implements and Machinery, December
 20. Imports of Living Animals, December
 21. Imports and Exports of Pickles and Preserved Vegetables, December
 22. Imports and Exports of Fresh Vegetables, December
 23. Imports and Exports of Canned and Preserved Fruits, December
 24. Imports and Exports of Fresh Fruits, December
 25. Imports of Stoves, Sheet Metal Products, Refrigerators, December
 26. Imports of Pulp Wood, Wood Pulp and Paper, December
 27. Imports of Non-Ferrous Ores and Smelter Products, December
 28. Imports of Petroleum and Its Products, December
 29. Monthly Trade Trends with Empire Countries.
 30. Canada's Leading Mineral Products, November
 31. Wholesale Trade, December
 32. Weekly Index Numbers of Wholesale Prices
 33. Production of Leather Footwear, December
 34. Monthly Review of Dairy Production, January
 35. Stocks of Dairy and Poultry Products, February 1.
 36. Stocks of Tree Fruits, Small Fruits and Vegetables, February 1.
 37. Cold Storage Holdings of Meat and Fish, February 1.
 38. Price Movements, January.
 39. Coal Statistics for Canada, 1936
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