

1939

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Weekly Review of Economic Conditions

Four of the six factors indicating the trend of economic conditions showed advance in the week of April 1st over the preceding week. Wholesale prices continued the moderate upturn which began in the third week of March. Encouraging increases were noted in carloadings, bank clearings and capitalized bond yields. Weakness developed in common stock prices, and the volume of stock market activity slackened somewhat. Compared with the same week one year ago, only wholesale prices and shares traded were at lower levels, the remaining four factors maintaining considerably better positions.

Carloadings for the week ended March 25th increased to 44,132 cars from 40,428 cars in the previous week and the index number rose from 67.3 to 73.5. For the first time this year loadings were heavier than a year ago, the increase being 1,061 cars. Advances in the week were shown in both the eastern and western divisions. In the first twelve weeks of this year grain and grain products have registered an increase of over 10,000 cars compared with the same weeks of 1938, and five of the eleven commodity classifications have shared in the advance. Significant declines on the other hand were registered in miscellaneous freight, pulpwood, coal and L.C.L. merchandise. The net result was that 54,594 cars less have been loaded so far this year when compared with the similar period of 1938.

The past week was a momentous one in world affairs and price movements on commodity markets plotted an uncertain course. However, the general index of wholesale prices rose from 73.2 to 73.3, largely on strength in vegetable and wood products. Among the more important commodities to show increases were raw rubber, raw sugar, potatoes, copper and certain forest products. The index of Canadian farm products advanced from 65.3 to 65.4. Grain prices eased slightly during the week, No. 1 Northern Wheat dropping $1/8$ to $59 \frac{2}{8}$, and other grains were proportionately weaker. Coffee prices strengthened in world markets and the outlook for Brazilian trade improved. Cattle steers at Toronto dropped 12 cents during the week to 26.59 and bacon hogs also declined. Cotton prices were down considerably at 8.31 cents per pound, touching the lowest figure since February 11th. Silk prices softened during the week but still remained well above average prices of the first three months. Electrolytic copper and copper standard in London displayed weakness on the 4th, and were down from the same day of the previous week. Tin, lead and zinc also shared in the decline reflecting the uneasiness which pervades the outlook in European circles. Metals were also softer at New York on the 4th, after having been fairly well maintained from the 28th of March to the 3rd of April.

Practically all commodity markets have shown a tendency to react in sympathy with foreign news, although renewed export interest in Canadian wheat gave futures a firmer tone in recent trade.

High grade bond movements were somewhat mixed in the week ending March 30th; the $4 \frac{1}{2}$'s of 1947-57 and the 4's of 1947-52 were unchanged in the week, but the three's of 1950-55 and the $4 \frac{1}{2}$'s of 1946 eased slightly. The net changes were small and the index of capitalized yields advanced from 162.6 to 162.9. Gilt edge issues at London were moderately lower. The average yield of the issues used in the Dominion index decreased from 2.99 to 2.98 p. c. On the foreign exchange markets recurrent European tension was reflected in increased discounts on forward rates although spot quotations continued within narrow limits. United States funds were firmer at Montreal. Due principally to sharply increased gold imports from Europe, United States monetary gold stocks advanced \$85 million during the week to \$15,160,000,000.

Canadian common stock price averages moved irregularly lower on considerably decreased trading volume during the week ending March 30th. This irregularity coincided with similar movements on New York and principally European exchanges. Industrial stock groups lead the decline, the largest decreases having been registered in food and allied products, building materials and industrial mines. In the utility division averages were well maintained. The communication issues moved against the declining tendency. Canadian mining markets suffered a strong reaction on March 30th, reflecting anxiety over the Polish-German questions and the general price index of mining stock dropped to 147.8, approximately confirming the year's previous low. However, the weekly average at 152.1 was still 1.3 better than in the previous week.

Bank clearings were seasonally better in the week, the index advancing from 918 to 95.1, a gain of 3.6 per cent.

The weekly index based on the above mentioned factors rose from 106.3 to 108.1 in the week under review, a gain of 1.7 per cent. The increase was mainly attributable to gains in carloadings, bond yields and bank clearings. The standing in the same week of 1938 was 106.0, a gain of two per cent having been indicated. This is the first sizable advance shown in the current year over the same week of 1938, when a sharp downward movement had been experienced due to Germany's annexation of Austria.

Weekly Index with the Six Components
1926=100

Week Ended	Car loadings ¹	Whole-sale Prices	Capitalized Bond Yields ²	Bank Clearings ³	Prices of Common Stocks	Shares Traded	Weekly Index ⁴
April 2, 1938	71.7	83.3	153.8	90.4	92.5	136.4	106.0
March 25, 1939	67.3	73.2	162.6	91.8	101.0	143.6	106.3
April 1, 1939	73.5	73.3	162.9	95.1	100.7	122.1	108.1

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 Canada

Economic conditions in Canada during the first two months of 1939 showed improvement over the same period of the preceding year. The level of productive activity averaged nearly three per cent higher when measured by the index of the physical volume of business based on forty-six significant factors, the index standing at 112.4 compared with 109.3.

The index of mineral production was practically unchanged at 183.9 in the first two months of the year. The manufacturing group was more active, the index advancing from 105.0 to 108.1, a gain of nearly three per cent. The number of cigarettes released for consumption reached a total of 977,300,000 in the first two months compared with 222,551,000, a gain of six per cent.

The export of planks and boards was much more active, the total being 280,000,000 feet, an advance of 23.7 per cent over the shipments made a year ago. Newsprint production was off nearly four per cent, and woods operations were consequently considerably curtailed. Production of iron and steel was lower, and output of automobiles was off 13 per cent to 29,094 units.

New business obtained by the construction industry was considerably in excess of the same months of 1938, a gain of 18.4 per cent or nearly \$3,000,000 having been shown in contracts awarded, while building permits registered declines. The output of electric power continued to maintain its long-term upward trend, and averaged six per cent better at 4,600,000,000 kilowatt hours compared with 4,300,000,000.

Commodity export trade was \$144,172,000 compared with \$133,215,000, a gain of 8.2 per cent. Considerably more gold is going to the United States this year. Fish, cheese, canned salmon, planks and boards, wood pulp, shingles, automobiles and copper all showed encouraging gains in value or volume. Imports on the other hand, at \$84,000,000, registered a recession of 13 per cent with large declines in raw cotton, bauxite, as well as many other items. Consequently, the favourable balance of trade in the first two months of 1939 was more than \$60,000,000.

The general index of employment on the first three reporting dates of this year averaged 3.2 per cent lower than on the same dates of 1938, declines in manufacturing, logging and building construction as well as in other items more than offsetting gains in such items as mining, highway construction, trade and transportation.

Wheat Stocks in Store

The amount of Canadian wheat in store for the week ending March 31 was 140,893,593 bushels compared with 142,251,112 in the previous week and 44,508,510 in the corresponding week last year. Canadian wheat in the United States totalled 1,829,000 bushels compared with 2,567,000 the week before and 1,110,000 a year ago. Wheat in rail transit amounted to 6,963,408 bushels as against 1,351,702 a year ago.

Primary Movement of Wheat

Wheat receipts in the Prairie Provinces for the week ending March 31 amounted to 883,660 bushels compared with 1,153,291 in the previous week and 606,965 in the corresponding week last year. Marketings during the 35 weeks ended March 31 aggregated 267,070,602 bushels compared with 111,220,866 in the corresponding period last year.

Overseas Export Clearances of Wheat

Overseas export clearances of wheat during the week ending March 31 totalled 866,631 bushels compared with 386,747 a year ago, while imports into the United States for consumption and milling in bond for re-export were 96,000 bushels against nil. Total overseas clearances during the 35 weeks ended March 31 were 90,271,535 bushels compared with 56,378,074 a year ago, while imports into the United States totalled 6,209,915 bushels compared with 1,997,361.

Milling in February

Grains ground in Canada during February were as follows, with figures for February 1938 in brackets: wheat, 4,680,304 (3,819,153) bushels; oats, 971,295 (1,042,447); corn, 228,337 (235,505); barley, 131,048 (133,310); buckwheat, 10,454 (6,538); and mixed grain, 2,007,207 (1,823,161).

Cost of Living

The index number of the cost of living at 82.9 in March was unchanged from the previous month. Moderate decreases in the prices of butter, lard, cheese, flour, bread, fish, canned vegetables, veal, fresh pork, cooked ham and tea were counterbalanced by gains for eggs, potatoes, beef, mutton, salt pork and bacon.

Wholesale Sales in February

The dollar value of wholesale sales in February was down 0.6 per cent from February last year, but was 2.9 per cent greater than in January. The index number stood at 71.3 for February compared with 69.3 in January and 71.7 for February, 1938.

Indexes of Retail Sales

Dollar value of retail trade in February was practically unchanged from January but was three per cent below February a year ago, the index standing at 60.6 compared with 60.7 in January and 62.7 a year ago. After adjustments for number of business days and normal seasonal variations, February sales showed a decline from the immediately preceding month, the adjusted index receding from 76.5 for January to 74.3 for February.

Indexes of Country General Store Sales

Inclement weather conditions and reduced agricultural revenue combined to effect a nine per cent decline in country general store sales in February of this year compared with February a year ago, the index standing at 73.3 compared with 80.4.

Railway Revenues and Traffic in December

Canadian railways reported gross revenues for December aggregating \$27,521,102 compared with \$29,968,998 in December, 1937. This decrease of \$1,447,896 was partially offset by a cut of \$880,877 in operating expenses and the operating income was reduced from \$4,006,690 in 1937 to \$3,597,479. Freight traffic declined 5.3 per cent and passenger traffic 11.6 per cent. Total payroll was reduced from \$15,355,417 to \$14,448,688 and the number of employees declined from 119,312 to 109,489.

Revenue freight loaded at Canadian stations and received from foreign connections during December amounted to 5,846,857 tons compared with 6,301,999 in December, 1937. The leading classifications were as follows, with figures for 1937 in brackets: Agricultural products, 1,272,452 (1,169,902) tons; animal, 177,001 (183,182); mine, 2,232,028 (2,632,150); forest, 605,267 (669,865); manufactures and miscellaneous, 1,560,109 (1,646,900).

Imports of Raw Rubber

Canada's February imports of raw rubber were somewhat lower than in the previous month but considerably in advance of the total for the corresponding month last year, amounting to 3,250,104 pounds compared with 6,423,123 in January and 1,377,402 a year ago. The Straits Settlements supplied 2,703,459 pounds, United States 461,050, Netherlands 43,050 and the United Kingdom 11,185. Total imports during the 11 months ended February were 57,094,212 pounds in comparison with 74,023,710 in the corresponding period last year.

Exports of Rubber

Exports of rubber from Canada in February were valued at \$1,315,183 compared with \$1,346,480 in January and \$859,469 in the corresponding month last year. Pneumatic tire casings continued to be the leading item, the value being \$556,635 against \$716,811 in January and \$453,798 a year ago. Boots and shoes of rubber or part rubber were exported to the value of \$498,285 against \$352,322 in January and \$204,828 in February, 1938. The United Kingdom was the chief purchaser.

Exports of Meats

With the United Kingdom's purchases totalling \$2,280,801 in February, Canada's export of meats totalled \$2,448,011 compared with \$3,118,182 in January and \$2,901,109 in the corresponding month last year. Bacon and hams totalled \$2,003,286 against \$2,665,039 in January and \$2,479,190 a year ago. Export of meats during the 11 months ended February totalled \$31,990,547 compared with \$38,096,822 in the corresponding period of the previous fiscal year.

Imports of Meats

February imports of meat amounted to \$102,479 compared with \$120,765 in January and \$90,966 in February, 1938. Amongst the leading items were mutton and lamb, pork, canned beef, barrelled pork in brine, extracts of meat and fluid beef and sausage. Total imports during the 11 months ended February were valued at \$1,562,204 compared with \$1,176,621 in the corresponding period last year.

Imports of Alumina

February imports of alumina, including bauxite ore, amounted to 78,983 cwt. and came entirely from the United States. In the previous month the total was 75,849 and in February last year, 149,945 cwt.

Imported Automobiles and Parts

Canada imported 830 automobiles valued at \$789,000 in February compared with 891 worth \$716,000 in February last year. Most of these came from the United States. Parts for automobiles were imported to the value of \$1,559,000 in comparison with \$2,077,000 a year ago.

Imports of Tea and Coffee

Canada imported more tea and coffee and chicory in February than in the corresponding month last year, the amount of the former being 2,547,271 pounds against 2,354,831 and of the latter 3,640,169 pounds against 2,774,980. During the eleven months ended February tea imports totalled 34,527,046 pounds against 34,395,237 a year ago and of coffee and chicory 58,798,047 pounds against 34,719,229.

February Exports of Asbestos

February exports of asbestos were higher than in the corresponding month last year, totalling 8,349 tons valued at \$476,939 compared with 7,913 at \$427,986. United States purchased 4,821 tons, Japan 2,137 and Australia 532. Total exports during the 11 months ended February were 154,106 tons valued at \$10,186,908 compared with 132,596 at \$10,254,902 in the corresponding period of the previous fiscal year.

Exports in February of asbestos sand and waste were also advanced, amounting to 8,289 tons valued at \$158,472 compared with 5,120 at \$93,315 a year ago. The United States took the entire export. Exports during the 11 months ended February aggregated 120,496 tons valued at \$2,228,155 compared with 161,369 at \$2,677,532 a year ago.

Asbestos manufactures were exported to the value of \$48,148 in February compared with \$14,567 a year ago. The United Kingdom was the chief purchaser with a total of \$38,837. Exports during the 11 months ended February were worth \$238,549 compared with \$280,179 in the corresponding period last year.

Exports and Imports of Farm Implements

The February export of farm implements and machinery was considerably lower than in the corresponding month last year, totalling \$283,418 compared with \$876,423. The total during the 11 months ended February was \$6,022,184 in comparison with \$9,804,192 in the same period of the previous fiscal year.

February imports were also at a lower point, amounting to \$604,672 as against \$1,493,974 in February, 1937. The total during the 11 months ended February was \$15,971,928 as against \$16,770,482 in the corresponding period of the previous fiscal year.

Lumber Imports

Canada imported 5,262,000 feet of lumber and timber during February compared with 6,647,000 in February, 1938. The United States supplied 5,245,000 feet. Considerable decline was recorded in the imports during the 11 months ended February, the total being 65,311,000 feet in comparison with 103,176,000 in the corresponding period of the previous fiscal year.

Imported Crude Petroleum

February imports of crude petroleum totalled 47,014,000 gallons compared with 56,203,000 in January and 40,286,000 in February, 1938. The United States supplied 39,154,000 gallons and Colombia 7,860,000. Total imports during the 11 months ending February were 1,180,916,000 gallons compared with 1,284,122,000 in the corresponding period of the previous fiscal year.

Imported Vegetable Oils

Vegetable oils were imported in February to the value of \$600,032 against \$540,941 in the previous month and \$772,987 in the corresponding month last year. Total imports during the 11 months ended February were \$9,866,987 compared with \$14,334,418 in the corresponding period of the previous fiscal year.

Fresh Fruits

The value of fresh fruits imported in February was \$760,604 as against \$760,750 in the corresponding month last year. The total from the United States was \$688,262 and included the following leading items: oranges, mandarines and tangerines, \$450,499; grapefruit, \$100,865; lemons, \$63,376, bananas, \$29,509.

Canada exported fresh fruit to the value of \$792,120 in February compared with \$849,522 a year ago. The United Kingdom was the chief purchaser with a total of \$620,396. Fresh apples accounted for a total of \$782,304 in comparison with \$840,097.

Paper Imports

February imports of paper were valued at \$586,170 as against \$597,463 in the previous month and \$591,556 in February, 1937. The United States supplied \$471,909 and the United Kingdom \$67,464. The total during the 11 months ended February was \$6,786,903 as against \$7,202,026 in the corresponding period of the previous fiscal year.

Reports Issued during the Week

1. Car Loadings on Canadian Railways (10 cents).
2. Operating Revenues, Expenses and Statistics of Railways, 1938 (10 cents).
3. Operating Revenues, Expenses and Statistics of Railways, December (10 cents).
4. Monthly Traffic Report of Railways, December (10 cents).
5. Monthly Indexes of Retail Sales, February (10 cents).
6. Security Prices and Foreign Exchange (10 cents).
7. Imports by Countries, February (10 cents).
8. Trade Trends with Empire Countries, February (10 cents).
9. Business Conditions during the first Two Months of 1939 (10 cents).
10. The Leather Footwear Industry, 1937 (25 cents).
11. Leather Gloves and Mittens, 1937 (20 cents).
12. Milling in February (10 cents).
13. Car Loadings on Canadian Railways (10 cents).
14. Canadian Grain Statistics (10 cents).
15. Boilers, Tanks and Engines Industry, 1937 (10 cents).
16. Castings and Forgings Industry, 1937 (15 cents).
17. Price Movements, March (10 cents).
18. Imports of Coffee and Tea, February (10 cents).
19. The Asbestos Trade of Canada, February (10 cents).
20. Exports of Farm Implements and Machinery, February (10 cents).
21. Imports of Farm Implements and Machinery, February (10 cents).
22. Imports of Lumber, February (10 cents).
23. Imports of Paints and Varnishes, February (10 cents).
24. Imports and Exports of Toilet Preparations, February (10 cents).
25. Imports and Exports of Canned and Preserved Fruits, February (10 cents).
26. Imports and Exports of Pickles and Preserved Vegetables, February (10 cents).
27. Imports and Exports of Fresh Vegetables, February (10 cents).
28. Imports and Exports of Fresh Fruits, February (10 cents).
29. Imports of Pulp Wood, Wood Pulp and Paper, February (10 cents).
30. The Footwear Trade of Canada, February (10 cents).
31. Monthly Indexes of Wholesale Sales, February (10 cents).
32. Weekly Index Numbers of Wholesale Prices (10 cents).
33. The Highway and the Motor Vehicle, 1937 (25 cents).
34. Imports of Rubber, February (10 cents).
35. Exports of Rubber and Insulated Wire and Cable, February (10 cents).
36. Exports of Meats, Lard and Sausage Casings, February (10 cents).
37. Imports of Meats, Lard and Sausage Casings, February (10 cents).
38. Imports of Non-Ferrous Ores and Smelter Products, February (10 cents).
39. Imports of Vehicles of Iron, February (10 cents).
40. Exports of Paints and Varnishes, February (10 cents).
41. Imports of Petroleum and Its Products, February (10 cents).
42. Imports of Living Animals, February (10 cents).
43. Imports and Exports of Hides and Skins, February (10 cents).
44. Imports and Exports of Pipes, Tubes and Fittings, February (10 cents).
45. Imports of Stoves, Sheet Metal Products, Refrigerators, February (10 cents).
46. Imports and Exports of Wire, February (10 cents).
47. Imports and Exports of Vegetable Oils, February (10 cents).
48. Imports and Exports of Fertilizers, February (10 cents).
49. Imports and Exports of Soap, February (10 cents).
50. Advance Preliminary Statement of Stocks of Canadian Butter, Cheese and Eggs in Principal Cities of Canada, April 1 (10 cents).

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