

WEEKLY BULLETIN

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Weekly Review of Economic Conditions

The average of six fundamental factors occupied a neutral position in the second week of June, showing very slight change from the preceding week or from the same week of 1938. The high-grade bond market was strong and the amount of cheques cleared was at a higher position after seasonal and smoothing adjustment. Four of the six factors recorded gain over the same week of 1938, wholesale prices and bank clearings being the exceptions.

The railway freight movement continued the decline of the preceding four weeks, the index dropping from 69.7 to 68.0. A lead was again shown over the corresponding week of 1938. During the first twenty-three weeks of the year the traffic movement was 980,410 cars against 1,014,464 in the same period of 1938. The commodity groups showing a gain included grain, coke, lumber, pulp and paper, and other forest products.

Recessions predominated in commodity markets, the general index dropping from 73.3 to 73.1. Declines were shown in farm products, textiles, non-ferrous metals and chemicals. The wood and paper group averaged higher in view of a rise in the price of spruce deals. Quotations were mixed on the Winnipeg exchange, recessions having been shown in wheat, barley and flax, while gains were recorded in oats and rye. London metal markets were slightly stronger, electrolytic copper advancing from £46 15s on June 13th to £47 5s on the 20th. Lead and tin were at a higher position on the London and New York markets and zinc also showed appreciation overseas. Export copper in New York was quoted at 10.03½ against 9.75. The index of industrial material prices, based on thirty series, receded from 65.2 to 65.1. The average of wholesale prices has receded in the early weeks of June contrasting with a minor advance in the two preceding months. Fluctuations in the general level, however, have been of a slight nature since last September.

The bond market was strong in the week of June 15th, the yields retreating to a new low level for recent years. The average yield of the issues included in the compilation receded from 2.93 to 2.91. The 4½'s of 1946 were quoted at 112½ on June 20th against 112 3/8 on the 13th. Appreciable fluctuation has been shown in the last eighteen months but declines were counterbalanced by subsequent advances, and the price level on the whole has been sustained at a high level.

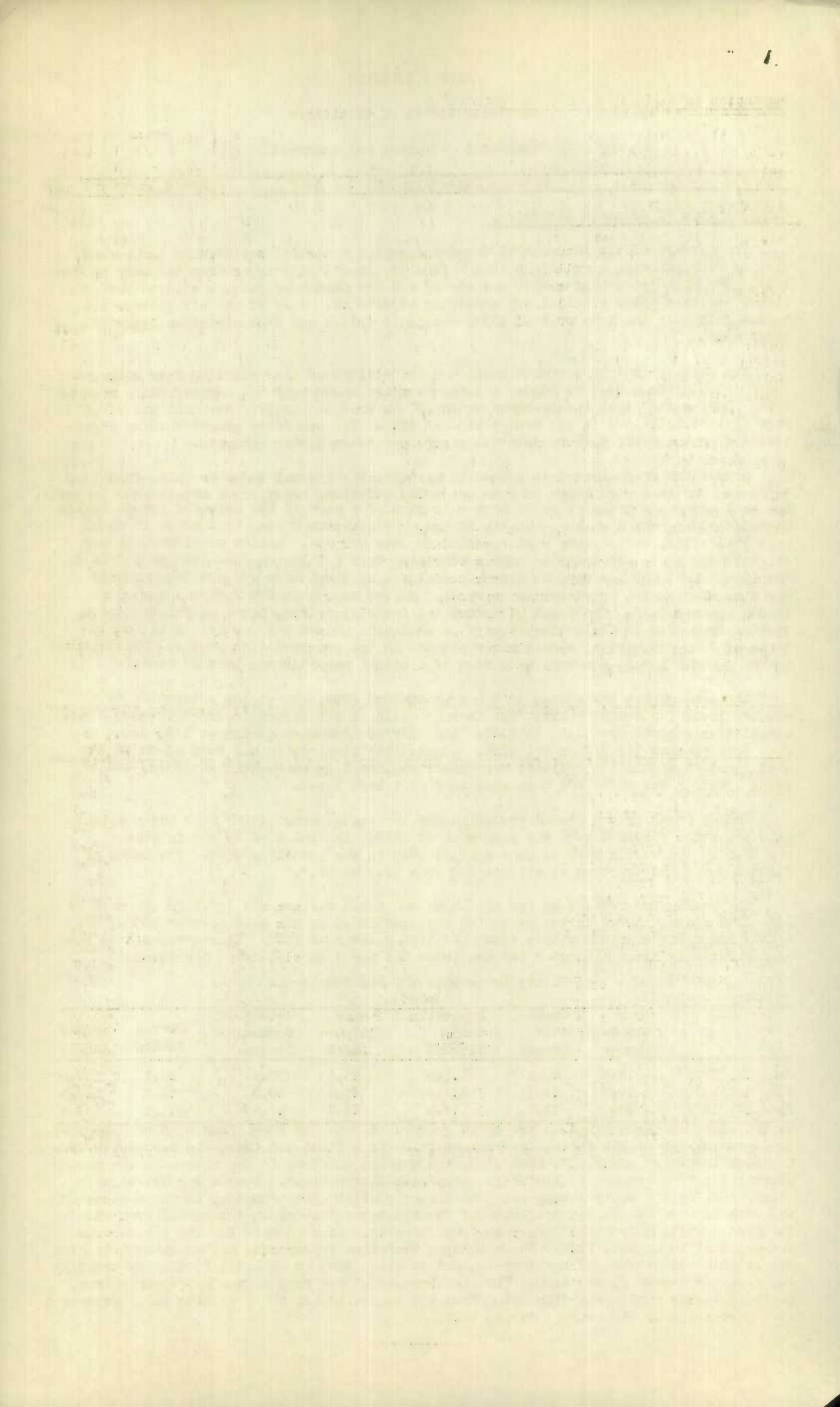
Common stock prices showed recession for the second consecutive week but a slight gain was still recorded over the same week of 1938. The index of 95 common stocks was 97.5 in the second week of June against 99.0 in the preceding week. The index of fifteen power and traction stocks receded from 62.0 to 61.7.

The weekly index based on the six above-mentioned factors was 107.1 in the week of June 17th against 107.3 in the preceding week and 107.0 in the same week of 1938. The weekly index has remained steady since the last quarter of 1937. Fluctuations have been of a relatively minor character and the index has moved in a sidewise direction.

Weekly Index with the Six Components  
1926=100

	Car load- ings <sup>1</sup>	Whole- sale Prices	Capitalized Bond Yields <sup>2</sup>	Bank Clear- ings <sup>3</sup>	Prices of Common Stocks	Shares Traded	Weekly Index <sup>4</sup>
June 18, 1938	66.3	80.2	161.0	95.8	95.1	56.1	107.0
June 10, 1939	69.7	73.3	165.8	91.6	99.0	73.3	107.3
June 17, 1939	68.0	73.1	166.9	92.3	97.5	71.3	107.1

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.



Expansion in Business Operations during May

A slight betterment was shown in economic conditions during May, according to the trend of fundamental factors. Gains were recorded in wholesale prices and the physical volume of business. The increase in commodity prices reflected, in part, the advance in grain. Adverse weather conditions at the beginning of the growing season have since been somewhat counteracted by precipitation in the western areas. A constructive factor of the month was the moderate expansion in business operations. The gain in exports was partly accounted for by a considerable shipment of non-monetary gold. Temporary expansion in the railway freight movement was in part accounted for by the accelerated grain movement upon the opening of navigation and a gain in the movement of general commodities in the eastern division.

The factors indicating the trend of mineral production failed to show, for the most part, a gain after seasonal adjustment over the preceding month. Exports of nickel and copper were at a higher level, but adjusted indexes showed recession from April. The shipment of gold rose from 347,839 ounces to 407,846 ounces, and a marked gain was recorded in the shipment of silver. A more spectacular increase was shown in the imports of bauxite for the manufacture of aluminium.

The index of foodstuffs showed an increase of nearly four points to 111.3. Gains were shown in the manufacture of sugar, in the operations of the meat-packing industry, and in the output of creamery butter and the exports of canned salmon. Some recessions was shown in the operations of the flour milling industry in the latest month for which statistics are available. The gain in the output of factory cheese was less than normal for the season, the index dropping from 115.5 to 80.0.

A gain was recorded in the imports of crude rubber, which rose from 3.3 million pounds to 5.9 million. The consumption of raw cotton rose considerably, indicating betterment in the cotton textile industry. The consumption in May was 9.3 million pounds against 8.0 million in April. The forestry industry showed minor recession in May due to decline in the exports of wood pulp and planks and boards. After seasonal adjustment the index of newsprint production rose from 137 to nearly 150. The export of planks and boards was 165.5 million feet against 122.9 million.

Major Economic Factors

		May 1939	May 1938	Percent. Inc. or Dec., May 1939 - 1938
Physical volume of business	1926=100	122.2*	110.7	+10.4
Common stocks .....	1926=100	99.2	99.7	- 0.5
Wholesale prices .....	1926=100	73.7	80.3	- 8.2
Capitalized bond yields ..	1926=100	160.3	162.1	- 1.2
Bank deposits .....	1926=100	126.1	121.2	+ 4.0
Copper exports .....	cwt.	649,101	590,169	+10.0
Nickel exports .....	cwt.	227,643	169,086	+34.6
Zinc exports .....	cwt.	259,724	323,174	-19.6
Asbestos exports .....	tons	12,176	19,057	-36.1
Sugar manufactured .....	lb.	98,295,223	95,504,010	+ 2.9
Cheese, factory production	lb.	10,813,437	11,521,397	- 6.1
Butter, creamery production	lb.	27,593,506	28,962,502	- 4.7
Crude rubber imports .....	lb.	5,903,731	5,700,660	+ 3.6
Cotton consumption .....	lb.	9,339,744	9,404,226	- 0.7
Newsprint production .....	tons	250,015	207,678	+20.4
Planks and boards exported	M ft.	165,539	124,957	+32.5
Shingles exported .....	squares	40,332	58,393	-30.9
Steel ingots, production .	L. tons	121,300	114,859	+ 5.6
Pig iron production .....	L. tons	57,746	71,602	- 19.4
Automobile production ....	No.	15,706	18,115	-13.3
Petroleum imports .....	gal.	127,528,000	133,035,000	+ 4.1
Carloadings .....	no.	214,829	190,164	+13.0

\* Preliminary estimate, based on 33 items out of 46.



### Domestic Exports in May

The value of Canada's domestic exports in May was substantially higher than in the corresponding month last year, totalling \$93,984,000 compared with \$67,770,000, a gain of \$26,214,000 or 38 per cent. Sharp advance was shown in the export of wheat and non-monetary gold bullion, and to a lesser extent in newsprint, copper, nickel, planks and boards, aluminium, automobiles, cattle, fish, farm implements, machinery, fertilizers, cheese and furs.

Leading items follow in order of magnitude, with figures for May, 1938, in brackets; gold bullion other than monetary, \$13,274,000 (nil); paper, chiefly newsprint, \$11,470,000 (\$9,859,000); wheat, \$8,662,000 (\$3,714,000); copper, \$6,240,000 (\$5,476,000); nickel, \$5,539,000 (\$3,937,000); planks and boards, \$3,588,000 (\$2,633,000); meats, \$3,171,000 (\$3,322,000); aluminium, \$3,004,000 (\$2,469,000); wood pulp, \$2,459,000 (\$2,470,000); automobiles, \$2,191,000 (\$1,979,000); cattle, except for stock, \$2,060,000 (\$773,000); wheat flour, \$1,523,000 (\$1,623,000); fish, \$1,490,000 (\$1,442,000); farm implements, \$1,022,000 (\$887,000); machinery, \$1,026,000 (\$1,014,000); asbestos, \$1,038,000 (\$1,500,000); fertilizers, \$1,134,000 (\$1,051,000); cheese, \$796,000 (\$571,000); furs, \$667,000 (\$650,000).

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### Canada's Leading Markets in May

Canadian exports to the United States in May were almost double those of a year ago, increasing from \$21,177,000 to \$42,143,000. A notable advance was also recorded in the value of Canadian exports to the United Kingdom, the total to that country having risen from \$27,839,000 to \$31,126,000 and to the British Empire as a whole from \$36,052,000 to \$40,833,000.

The increase in Canada's exports to Belgium was from \$599,000 to \$1,283,000, Netherlands \$721,000 to \$1,153,000, Norway \$944,000 to \$965,000, Denmark \$43,000 to \$145,000 and Iceland from \$4,000 to \$24,000. On the other hand, purchases by France dropped from \$670,000 to \$537,000, Germany from \$1,345,000 to \$605,000, Czechoslovakia from \$327,000 to nil, Russia from \$143,000 to nil and to Sweden from \$422,000 to \$198,000. Italy's purchases advanced from \$116,000 to \$713,000 and China's from \$223,000 to \$262,000.

Canadian exports to British South Africa were worth \$1,564,000 as against \$1,301,000 in May, 1937, to Newfoundland \$845,000 against \$725,000, Australia \$2,983,000 against \$2,486,000, New Zealand \$1,365,000 against \$1,000,000 and Eire \$419,000 against \$217,000.

Some of the principal domestic commodities exported to the United States in May under the new trade agreement were as follows, with figures for May, 1938, in brackets: newsprint, \$8,923,337 (\$7,539,805); cattle, \$2,069,209 (\$317,621); wood pulp, \$1,973,612 (\$1,550,510); fine nickel, \$1,481,297 (\$738,270); softwood planks and boards and square timber, \$1,082,642 (\$618,084); asbestos and asbestos sand and waste, \$571,230 (\$406,875); bran, shorts and middlings, \$513,897 (\$1,230); whiskey, \$482,273 (\$574,817).

Other leading commodities: furs, \$344,470 (\$190,234); logs, \$327,363 (\$62,895); fresh lobsters, \$320,475 (\$313,929); pulpwood, \$300,310 (\$451,695); artificial crude abrasives, \$251,036 (\$290,018); maple sugar, \$191,080 (\$45,905); malt, \$183,413 (\$71,164); soda and compounds, \$187,549 (\$106,749); cyanamid, \$117,467 (\$112,699); horses, \$110,404 (\$88,187); shingles, \$89,478 (\$152,873); crude gypsum, \$82,181 (\$67,149).

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### Canadian Wheat in Store

Canadian wheat in store for the week ending June 16 totalled 110,214,354 bushels in comparison with 113,116,782 in the previous week and 27,714,272 in the corresponding week last year. The amount in rail transit was 3,096,196 bushels as against 967,147 a year ago, and that in transit on the lakes was 4,810,054 bushels as against 1,747,423. Canadian wheat in the United States amounted to 3,848,000 bushels compared with 3,700,000 the week before and 977,000 a year ago.

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### Primary Movement of Wheat

Wheat receipts in the Prairie Provinces for the week ending June 16 amounted to 967,997 bushels as against 1,458,711 in the previous week and 806,445 in the corresponding week last year. The totals follow by provinces, with figures for 1938 in brackets: Manitoba, 169,407 (111,435) bushels; Saskatchewan, 384,421 (314,750); Alberta, 414,169 (380,260).



Marketings in the three provinces for the forty-six weeks ended June 16 aggregated 280,267,960 bushels in comparison with 120,758,132 in the corresponding period of the previous crop year. The amounts follow by provinces: Manitoba, 43,241,516 (37,332,768) bushels; Saskatchewan, 112,611,976 (26,074,557); Alberta, 124,414,466 (57,300,807).

#### Overseas Export Clearances of Wheat

Overseas export clearances of wheat during the week ending June 16 totalled 3,096,895 bushels in comparison with 1,876,220 in the corresponding week last year, while imports into the United States for consumption and milling in bond for re-export aggregated 259,000 bushels compared with 9,000. The clearances during the latest week were as follows, with figures for 1938 in brackets: Sorel, 1,398,027 (34,773) bushels; Vancouver-New Westminster, 613,655 (9,333); Three Rivers, 548,500 (nil); Montreal, 453,739 (1,591,258); Fort William and Fort Arthur, 59,760 (nil); United States Ports, 23,214 (92,710); Prince Rupert, nil (148,146).

Clearances during the period August 1 - June 16 aggregated 114,834,396 bushels as against 69,039,140 in the corresponding period of the previous crop year, while imports into the United States for consumption and milling in bond totalled 8,307,127 bushels as against 2,122,387. The clearances follow: Montreal 37,748,342 (30,950,977); United States Ports, 11,363,732 (13,371,415); Three Rivers, 8,261,805 (922,298); Saint John, 3,140,220 (8,712,711); Victoria, 1,093,356 (nil); Churchill, 916,913 (603,962); Fort William and Fort Arthur, 337,092 (114,375); Halifax, 31,880 (159,968); Prince Rupert, nil (910,940); Quebec, nil (496,037); Vancouver-New Westminster, 35,579,237 (9,506,325); Sorel, 16,361,325 (3,290,062).

#### Production of Iron and Steel

Production of steel ingots and castings totalled 121,413 tons in May as against 99,752 in the previous month and 114,859 in May, 1938. For the five months ending May 31, the cumulative production totalled 472,239 tons as against 561,340 in the corresponding period of 1938.

Pig iron production in May amounted to 57,746 long tons compared with 46,254 in April and 71,602 in May, 1938. Output in the current month included 49,712 tons of basic iron, 5,194 tons of foundry iron and 2,840 tons of malleable iron. During the five months ended May, 243,716 tons of pig iron were produced as against 339,782 in the same period last year.

Output of ferro-alloys in May amounted to 4,925 tons compared with 4,284 tons in April and 6,441 in May a year ago.

#### Petroleum Production

The Canadian output of crude petroleum and natural gasoline in April advanced to 558,779 barrels from the preceding month's total of 384,461 barrels, and the April, 1938, production of 464,316 barrels. During the first four months of 1939 Canada produced 1,331,022 barrels compared with 1,815,685 a year ago.

#### Production of Natural Gas

Natural gas production in Canada during April totalled 3,147,608,000 cubic feet compared with 3,722,181,000 in the preceding month and 2,928,521,000 in the corresponding month last year. Production during the four months ending April aggregated 15,102,911,000 cubic feet, or 6.3 per cent in advance of the output in the same period of 1938.

#### April Production of Silver

The Canadian output of silver in April was lower, amounting to 1,465,525 ounces in comparison with 1,620,396 in the previous month and 1,606,723 in the corresponding month last year. Quotations on the New York market in April averaged 42.966 cents per ounce in Canadian funds; based on this price the month's output was worth \$629,677. Silver production during the first four months of 1939 aggregated 5,900,467 ounces compared with 6,306,833 in the same period last year, a decline of 6.4 per cent.





### Production of Lead in April

Lead production in April declined to 30,648,178 pounds from the preceding month's output of 32,377,979 pounds and the April, 1938, total of 35,406,758 pounds. London prices averaged 3.003 cents per pound in April; based on this price Canada's output was worth \$920,365. During the first four months of 1939 the Canadian production totalled 121,433,825 pounds compared with 134,892,105 in the corresponding period last year.

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### Output of Zinc in April

Canadian producers reported an output of 29,418,764 pounds of zinc in April compared with 26,720,791 in the preceding month and 33,724,256 in April, 1938. Zinc averaged 2.815 cents per pound on the London market in April; valued at this price the Canadian output was worth \$828,138. Total output during the first four months this year was 112,151,836 pounds compared with 131,130,489 a year ago, a decline of 14.5 per cent.

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### April Production of Gypsum

The Canadian output of gypsum in April amounted to 67,617 tons compared with 12,987 tons in March and 49,579 in April, 1938. Production during the first four months this year aggregated 104,398 tons or 53.2 per cent above the tonnage produced a year ago.

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### Production of Asbestos

Asbestos shipments by Canadian producers in April totalled 23,921 tons as against 22,680 in the previous month and 26,642 in April, 1938. Shipments during the first four months of 1939 aggregated 86,605 tons compared with 75,945 in the same period of 1938.

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### April Production of Gold

The Canadian output of gold in April amounted to 406,795 ounces compared with 414,217 in March and 368,439 in April, 1938. Production during the first four months of 1939 totalled 1,623,303 ounces, or 12.2 per cent above the output a year ago.

Ontario operators produced 251,964 ounces in April, of which 105,195 came from the Porcupine camp, 88,110 from the Kirkland Lake area and 58,659 from other sources. In the preceding month the Porcupine camp produced 107,435 ounces, the Kirkland Lake area 89,967 ounces and other sources 57,359.

Quebec produced 78,427 ounces compared with 80,451 in the previous month and 71,969 in April, 1938. British Columbia's production totalled 50,250 ounces, against 50,126 in March. The output from Manitoba and Saskatchewan sources amounted to 20,443 ounces against 22,451 the month before.

The Yukon's alluvial gold output and the Northwest Territories' lode gold production in April rose to 4,390 ounces from the preceding month's total of 3,467. Shipments of gold from Nova Scotia to the Royal Canadian Mint in April were recorded at 1,316 ounces or 55.6 per cent below the preceding month's output.

The average price of gold in April was \$35.155 per ounce in Canadian funds; valued at this price the month's output was worth \$14,300,878. The March average price was \$35.129 per ounce and the value of the output during the month was \$14,551,029.

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### Automobile Industry in 1938

Final statistics for 1938 place automobile production in Canada at 166,036 units valued at \$108,158,725, at factory prices, a decline of 20 per cent in number and 13 per cent in value from the corresponding figures for 1937. The passenger car output fell to 123,761 units at \$81,661,687 from 153,046 at \$93,368,282 in 1937 and commercial vehicles to 42,325 units at \$26,497,038 from 54,417 at \$30,389,011. Including the value of repair parts, extra equipment and accessories and other products made in automobile factories, the output for the industry totalled \$116,746,239 in 1938 against \$134,810,280.



### Production of Automobiles in May

Production of automobiles in Canada at 15,706 units in May compares with 16,891 vehicles made in the previous month and 18,115 in May, 1938. This month's output included 11,585 passenger cars and 4,121 trucks and of these totals 8,146 passenger models and 2,960 trucks were made for sale in Canada, the balance in each case being intended for export.

Cumulative production for the five months ending May 31, 1939, totalled 79,240 cars against 87,426 reported for the corresponding period of 1938.

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### Registrations of Motor Vehicles

There were 1,394,853 motor vehicles registered in Canada during 1938, an increase of 75,151 or 5.7 per cent over 1937. Each of the provinces recorded a gain, with the single exception of Prince Edward Island, the decline in that province being limited to 0.2 per cent. The number of passenger automobiles registered was 1,159,604, motor trucks 220,114, motor buses 1,980, motor cycles 12,073 and other motor vehicles, including ambulances, hearses, tractors, municipal fire trucks, etc., 1,032.

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### Financing of Motor Vehicle Sales

Considerable improvement in the trend of financing of motor vehicle sales occurred in May, when 21,869 new and used motor vehicles were financed for \$9,332,731, compared with 22,640 vehicles financed to the extent of \$10,147,595 in May, 1938. The declines of three per cent in number and eight per cent in amount of financing thus recorded were more favourable than comparisons for the first five months of the current year when declines below the corresponding period of 1938 were 14 per cent in number and 18 per cent in amount. There were 61,395 new and used motor vehicles financed for \$26,051,174 to the end of May this year, as against 70,966 vehicles financed for \$31,656,067 in the first five months of 1938.

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### Output of Central Electric Stations

Central electric stations produced 2,333,235,000 kilowatt hours during May. This was 12.1 per cent over May, 1938, 1.4 per cent over May, 1937, and was the highest May output on record. Consequently the index number, adjusted for seasonal variations, rose to 235.52 which was exceeded only in April and June, 1937. Output during the five months ended May aggregated 11,497,674,000 kilowatt hours in comparison with 10,745,222,000 in the corresponding period of 1938.

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### Building Permits in May

The estimated cost of the building represented by the construction permits taken out in 58 cities during May was 7.6 per cent higher than in April but was 3.2 per cent lower than in May last year. The aggregate was \$6,390,779 in the latest month compared with \$5,936,806 in the preceding month and \$6,599,318 in May, 1938. The total for the first five months of the present year was \$19,279,570 compared with \$19,475,095 in the corresponding period of 1938.

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### Shipments of Rigid Insulating Board

Domestic shipments of rigid insulating board in May totalled 4,631,741 square feet in comparison with 4,931,292 in the corresponding month last year. Shipments during the five months ended May totalled 17,529,738 square feet as against 17,834,177 in the same period of 1938.

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### Retail Prices, Rents and Costs of Services

The May index number of retail prices, rents and costs of services on the base 1926=100, was 83.1, the same figure as for each of the three previous months. Seasonal declines in certain fuels and a minor recession in rentals were counterbalanced by a moderate rise in food prices. The range of fluctuation in the retail index during the past year has amounted to slightly more than two per cent.



Births, Deaths and Marriages

Births registered in 67 cities and towns in May numbered 7,501, deaths 4,711 and marriages 3,392 as compared with 7,023 births, 4,595 deaths and 3,223 marriages in May last year, showing increases of seven per cent in births,  $2\frac{1}{2}$  per cent in deaths and five per cent in marriages.

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Reports Issued during the Week

1. Security Prices and Foreign Exchange (10 cents).
  2. Petroleum and Natural Gas Production, April; and Gasoline Sales, March (10 cents).
  3. Summary of the Trade of Canada, April (10 cents).
  4. Weekly Index Numbers of Wholesale Prices (10 cents).
  5. The Automobile Industry, 1938, preliminary (10 cents).
  6. Building Permits, May (10 cents).
  7. Telegraphic Crop Report, Canada (10 cents).
  8. Monthly Financing of Motor Vehicle Sales, May (10 cents).
  9. Registration of Births, Deaths and Marriages, May (10 cents).
  10. Production of Iron and Steel, May (10 cents).
  11. The Canadian Family (35 cents).
  12. Output of Central Electric Stations, May (10 cents).
  13. Production of Asphalt Roofing, May (10 cents).
  14. Sales of Asphalt Roofing, May (10 cents).
  15. Gypsum Production, April (10 cents).
  16. Domestic Exports to Principal Countries, May (10 cents).
  17. Silver, Lead and Zinc Production, April (10 cents).
  18. Canadian Grain Statistics (10 cents).
  19. Automobile Production, May (10 cents).
  20. Gold Production, April (10 cents).
  21. Summary of Domestic Exports, May (10 cents).
  22. Prices and Price Indexes, May (10 cents).
  23. Asbestos Production, April (10 cents).
  24. Domestic Shipments of Rigid Insulating Board, May (10 cents).
  25. Car Loadings (10 cents).
  26. Registrations of Motor Vehicles, 1938 (10 cents).
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