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Department of Trade and Commerce

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Weekly Review of Economic Conditions

An average of six fundamental factors was nearly maintained in the first week of July. Carloadings, bank clearings and speculative trading showed advances over the preceding week while declines were registered in commodity, bond and common stock prices. Three of the six factors recorded an increase over the same week of 1938, constructive movements having been shown in carloadings, high-grade bond prices and in bank clearings.

The railway freight movement registered a further slight gain in the 26th week of the year. The gain over the same week of 1938 was more than 6 p.c., the traffic movement having been heavier in each of the weeks since the middle of April. During the first half year the traffic amounted to 1,110,000 cars against 1,140,000 cars in the same period of last year. A decline of 29,448 cars was shown despite the gains in grain, coal, coke, lumber, pulp and paper, and other forest products. An increase of 30,628 cars in grain was more than counterbalanced by the decline of 36,597 cars of miscellaneous commodities.

Commodity prices were again relatively steady in the first week of July, the index receding only slightly from 73.3 to 73.2. The sub-index for wood and paper showed a gain, while declines were recorded in crop products and non-ferrous metals. No. 1 Northern wheat averaged 59 ⁷/₈ against 60 ¹/₂ in the preceding week. Declines were shown in coarse grains, except flax. Metal prices were strong on the London exchange, electrolytic copper rising from £48 10s to £49 5s. Domestic copper in New York advanced from 10 cents to 10 ¹/₂ and export copper was somewhat higher at 10.4 cents.

High-grade bond prices averaged slightly lower during the week of July 6th. The 4's of 1947-52 were 108 ¹/₂ on July 11th against 108 on the 4th. British Consols and high-grade United States bonds showed advances during the period under review. Common stock prices recorded recession for the fifth consecutive week. The index was 94.0 against 94.9 in the preceding week. Each of the industrial groups, except foods and beverages, recorded declines. The index of fifteen power and traction stocks dropped from 59.1 to 58.3. Trading was more active than in the preceding week but showed marked reduction from the same week of 1938. Bank clearings, after usual adjustments, were at a higher position in both comparisons.

The weekly index based on the six above-mentioned factors was 107.3 in the week of July 8th against 107.4 in the preceding week, a decline of 0.1 p.c. The standing one year ago was 108.8, a decline of 1.4 p.c. having been indicated.

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
July 9, 1938	68.3	79.1	162.1	91.9	106.8	234.1	108.8
July 1, 1939	72.1	73.3	166.9	90.2	94.9	51.7	107.4
July 8, 1939	72.6	73.2	165.3	92.3	94.0	55.7	107.3

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.

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Domestic Export Trade

A substantial increase was recorded in the value of Canada domestic export trade for the first half of 1939, the aggregate being \$461,987,491 compared with \$391,076,834 in the same period of 1938, a gain of \$70,910,657. Re-exports were valued at \$5,274,764 compared with \$24,602,813, a drop of \$19,328,049.

The chief commodities exported during the first six months were as follows, with figures for 1938 in brackets: gold bullion other than monetary, \$54,445,553 (\$47,477); newsprint, \$52,526,286 (\$47,023,645); wheat, \$31,508,494 (\$30,492,971); unmanufactured nickel, \$28,290,562 (\$26,506,219); copper, partially manufactured, \$26,789,089 (\$24,818,927); planks and boards, \$19,987,183 (\$15,953,016); meats, \$16,601,536 (\$19,285,527); automobiles and parts, \$15,202,491 (\$15,233,153); wood pulp, \$12,936,757 (\$13,394,575); fish, \$12,154,776 (\$11,588,704); furs, \$9,292,866 (\$8,604,866); wheat flour, \$6,693,159 (\$9,264,910); cheese, \$2,085,345 (\$1,917,887).

The June exports of Canadian produce were also considerably higher, totalling \$93,269,144 compared with \$66,661,943 in June, 1938. Re-exports of foreign produce for the same month were worth \$1,232,236 compared with \$11,645,891 a year ago.

Chief items were as follows, with figures for June 1938 in brackets: gold bullion other than monetary, \$16,203,350 (\$47,477); newsprint, \$10,681,411 (\$8,441,719); wheat, \$9,034,986 (\$7,662,419); planks and boards, \$4,740,663 (\$3,527,067); copper, partially manufactured, \$4,262,211 (\$3,758,222); nickel, unmanufactured, \$3,860,845 (\$2,089,765); automobiles and parts, \$2,493,233 (\$2,447,998); meats, \$2,335,971 (\$2,826,959); fish, \$2,100,249 (\$2,292,640); wood pulp, \$1,925,282 (\$1,672,126); wheat flour, \$1,175,728 (\$1,562,023); furs, \$1,023,633 (\$443,705); cheese, \$802,171 (\$813,614).

Exports of Wheat and Flour

The export of wheat in June amounted to 14,637,016 bushels which was more than double that of a year ago. The value was \$9,034,986, an increase of \$1,372,567. The average export price was 61.7 cents per bushel, which was a decrease of 23.6 cents from the average export price a year ago.

During the first six months of 1939 the export of wheat amounted to 51,313,467 bushels which was double the export in the corresponding period of 1938. The value was \$31,508,494 compared with \$30,492,971. However, in 1938 the average price per bushel was \$1.18 and this year 61 cents.

The export of wheat flour in June was 401,189 barrels valued at \$1,175,728, the average export price being \$2.93; in June 1938 the export was 299,503 barrels at \$1,582,023, the average price being \$5.22. During the six months the export was 2,223,298 barrels at \$6,693,159 at an average price of \$3.01, while in the first six months of 1938 the export was 1,651,331 at \$9,264,910, the average price being \$5.61.

Production of Butter and Cheese

Canadian production of creamery butter in June totalled 40,943,551 pounds as against 27,874,911 in May and 41,763,804 in the corresponding month last year. Output during the first half of 1939 aggregated 113,663,614 pounds as against 113,301,192 in the same period of 1938, a gain of 0.3 per cent.

Production in June of factory cheese amounted to 22,050,271 pounds compared with 10,969,266 in May and 22,157,229 in June, 1938. Total make during the first six months this year was 40,147,071 pounds compared with 37,371,109 in the six months of 1938, an increase of 7.4 per cent.

Wheat Stocks in Store

Canadian wheat in store for the week ending July 7 totalled 101,318,692 bushels in comparison with 103,793,604 in the previous week and 24,462,579 in the corresponding week last year. Wheat in rail transit amounted to 3,359,445 bushels compared with 1,836,993 a year ago, and that in transit on the lakes was 5,195,777 compared with 499,332. The amount of Canadian wheat in the United States was 6,630,000 bushels compared with 5,958,000 the week before and 566,000 a year ago.

Overseas Export Clearances of Wheat

Overseas export clearances of wheat during the week ending July 7 amounted to 2,393,504 bushels compared with 1,650,667 in the same week last year, while imports into the United States for consumption and milling in bond for re-export totalled 250,000 bushels compared with 19,000. The clearances follow by ports, with figures for 1938 in brackets: Montreal, 899,327 (1,319,153) bushels; Sorol, 802,531 (nil); Vancouver-New Westminster, 404,737 (114,667); Three Rivers, 228,800 (nil); United States Ports, 58,109 (216,847).

The amount of wheat cleared for export overseas during the period August 1 - July 7 was 122,047,845 bushels compared with 72,588,586 in the corresponding period last year, while that imported into the United States for consumption and milling in bond was 9,592,844 bushels compared with 2,196,437. The clearances follow: Montreal, 40,823,394 (34,112,896) bushels; Vancouver-New Westminster, 36,836,226 (9,620,992); Sorol, 18,230,522 (3,290,062); United States Ports, 11,487,136 (13,644,275); Three Rivers, 9,013,760 (922,298); Saint John, 3,140,220 (8,712,711); Victoria, 1,230,702 (nil); Churchill, 916,913 (603,982); Fort William and Port Arthur, 337,092 (114,375); Halifax, 31,880 (159,968); Prince Rupert, nil (910,940); Quebec, nil (496,087).

Primary Movement of Wheat

Wheat receipts in the Prairie Provinces for the week ending July 7 amounted to 1,758,244 bushels compared with 1,137,447 in the previous week and 931,830 in the corresponding week last year. By provinces the receipts were as follows, figures in brackets being those for 1938: Manitoba, 168,307 (159,555) bushels; Saskatchewan, 859,940 (323,219); Alberta, 729,997 (449,056).

Marketings in the three provinces for the forty-nine weeks ending July 7 aggregated 284,382,199 bushels compared with 123,404,454 in the corresponding period of the previous crop year. The totals follow by provinces: Manitoba, 43,766,709 (37,891,224) bushels; Saskatchewan, 114,480,881 (27,055,454); Alberta, 126,134,609 (58,457,776).

Tobacco Crop Report

The tobacco crop generally is in good condition. Although transplanting was delayed by the late spring, weather conditions during June favoured early growth, particularly in Ontario and the southern tobacco-growing district of Quebec. The crop in the northern Quebec area is somewhat later than normal. Wind damage necessitated extensive replanting, particularly in the Norfolk district and the flue-cured area in Quebec. Wireworms were particularly active and caused additional replanting in the Ontario crop and in the Yamaska Valley, Quebec. The great amount of replanting has resulted in very uneven stands in many fields, which will make harvesting by the priming method more difficult. Black root-rot is in evidence in the Norfolk district and some loss from this disease is indicated.

Family Food Expenditures

Records of 1,569 urban wage-earner family food expenditures covering twelve representative cities during the late autumn of 1938 showed that usual weekly amounts spent for food centred around \$7 to \$9 per family, or from \$1.50 to \$2.00 per person. There were considerable differences in amounts of expenditures for foods, which ranged from less than \$1.00 per person during the course of a week to more than \$2.50 per person.

The average food dollar was distributed in the following proportions: Meats 21.6 cents, fish 2.5 cents, eggs 5.3 cents, dairy products (milk, cream, butter, and cheese) 24.7 cents, cereal products 16.5 cents, sugar products (including jams, marmalades, etc.) 5.5 cents, vegetables 8.8 cents, fruits 7.9 cents, fats and oils 1.4 cents, beverages 3.8 cents, and other foods 2.0 cents.

Production of Leather Footwear

The production of leather footwear in May totalled 2,038,517 pairs in comparison with 1,774,578 in the previous month and 1,923,773 in May, 1938. The quantity manufactured during the five months ending May was 9,399,098 pairs compared with 9,232,083 in the corresponding period of 1938.

Petroleum Production in May

Crude petroleum and natural gasoline production advanced to 713,450 barrels in May from the April total of 558,779 and the May 1938 total of 566,086 barrels. Output during the first five months of the current year totalled 2,544,472 barrels or 6.8 per cent above the production a year ago.

Production from Alberta sources amounted to 690,066 barrels made up of 686,832 from the Turner Valley field, 1,132 from the Red Coulee, 779 from the Wainwright and 1,323 from the Moose Dome and Steeveville fields. The following wells were completed in Alberta during May, according to provincial government records: East Crest #1, on May 9 at 8,040 feet, York #2, on May 24, at 8,027 feet, and Okalta #8 on May 28, at 7,121 feet.

Natural Gas Production in May

The Canadian output of natural gas in May was recorded at 2,120,534 thousand cubic feet, in April 3,147,608 thousand, and in May, 1938, 2,127,894 thousand. During the first five months of 1939 Canada produced 17,223,445 thousand cubic feet, an increase of 5.9 per cent over the output a year ago.

Retail Sales of Gasoline

Retail sales of gasoline in the first four months of 1939 were as follows, with the 1938 sales in brackets: Prince Edward Island 370,000 (264,000) gallons, Nova Scotia 5,988,000 (5,935,000), New Brunswick 3,864,000 (3,749,000), Quebec 24,636,000 (26,303,000), Ontario 81,500,000 (82,548,000), Manitoba 7,256,000 (7,212,000), Saskatchewan 9,253,000 (6,572,000), Alberta 15,677,000 (16,679,000), British Columbia 15,645,000 (15,061,000), Total 164,189,000 (164,323,000). These returns are received from the gasoline tax department of the Provincial Governments.

Revenues from Motor Vehicle Registrations

Aggregate revenues resulting from the registration of motor vehicles and the gasoline tax advanced in 1938 to \$67,477,884 from \$64,367,852 in 1937. The amount realized from vehicle registrations was \$26,230,196 in 1938 compared with \$25,993,905, and gasoline taxes \$41,247,688 against \$38,373,947. All provinces contributed to the gain over 1937.

Department Store Sales in June

The dollar value of sales in Canadian department stores during June was 3 per cent lower than in June, 1938, while a decline of 3 per cent below May 1939 was also recorded. Sales during the first six months of 1939 averaged 2½ per cent lower than in the same period of last year.

Cost of Living

A slight downward tendency in foods, fuel and motor operating costs caused the Dominion Bureau of Statistics' cost of living index for Canada to recede from 83.1 in May to 82.9 in June. Living costs have shown remarkable steadiness in the past ten months, the index remaining within a range of 1.4 per cent throughout that time. The average index of food prices fell from 74.6 to 74.3 between May and June, declines for veal, bacon, eggs, butter, cheese and potatoes exerting more influence than gains for beef, cooked ham, codfish, onions and sugar. A reduction in the coal sub-index from 85.7 to 85.5 and in that for coke from 83.4 to 81.7, resulted in a drop in the fuel index from 84.5 to 84.3. Slightly easier prices for tires and reductions in gasoline charges in one or two important centres, caused the motor operating costs sub-index to decline from 92.9 to 92.5. This resulted in a recession in the sundries index from 94.3 to 94.2. There were no changes of any importance recorded for other budgetary groups.

Ontario Fisheries

The production of the Ontario fisheries in 1938 had a marketed value of \$3,353,775 compared with \$3,615,666 in the preceding year. In Ontario there are no fish canning or curing establishments and the fish is marketed for consumption fresh. The principal kinds in 1938 were in order of marketed value: trout, whitefish, blue pickerel, herring, perch, pickerel and tullibee.

Reports Issued during the Week

1. Condition of Field Crops at June 30. Preliminary Estimate of Areas of Late-Sown Crops, Canada. (10 cents).
 2. Car Loadings (10 cents).
 3. Advance Report on the Fisheries of Ontario, the Prairie Provinces and Yukon, 1938 (10 cents).
 4. Revenues from Motor Vehicle Registrations, Etc. and Gasoline Taxes, 1938 (10 cents).
 5. Price Movements, June (10 cents).
 6. Imports of Tulp Wood, Wood Pulp and Paper, May (10 cents).
 7. Imports and Exports of Toilet Preparations, May (10 cents).
 8. Imports and Exports of Canned and Preserved Fruits, May (10 cents).
 9. Imports and Exports of Canned and Preserved Vegetables, May (10 cents).
 10. Telegraphic Crop Report, Prairie Provinces (10 cents).
 11. Weekly Index Numbers of Wholesale Prices (10 cents).
 12. Production of Leather Footwear, May (10 cents).
 13. Summary of Exports of Grains and Flour, June (10 cents).
 14. Family Living Expenditures (15 cents).
 15. Preliminary Report on Department Store Sales, June (10 cents).
 16. Petroleum and Natural Gas Production, May; and Gasoline Sales, April (10 cents).
 17. Weekly Canadian Grain Statistics (10 cents).
 18. Tobacco Crop Report (10 cents).
 19. Security Prices and Foreign Exchange (10 cents).
 20. Gypsum Production, May (10 cents).
 21. Cold Storage Holdings of Meat and Lard, July 1 (10 cents).
 22. Stocks of Canadian Fruit and Vegetables, July 1 (10 cents).
 23. Stocks of Dairy and Poultry Products, July 1 (10 cents).
 24. Storage Holdings of Fish, July 1 (10 cents).
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