WEEKLY BULLETIN

Dominion Bureau of Statistics

Department of Trade and Commerce

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Weekly Review of Economic Conditions

Four of the six factors indicating the trend of economic conditions showed a gain in the week of August 26th. High-grade bond and common stock prices reached a lower position while the other factors considered in this connection recorded an increase. Three of the six indicators were higher than in the same week of last year, while the index of capitalized bond yields was unchanged. The net result was that the average of the six factors was slightly above the preceding week also recording a gain of 0.7 per cent over the same week of 1938.

Paralleling the upward movement in the same period of last year the index of carloadings advanced from 76.9 in the 32nd week of the year to 80.5 in the week under review. Advances have been shown over the corresponding period of last year for 18 consecutive weeks. The deficit in the cumulative total for the first 33 weeks of the year, however, amounted to 7,785 cars. The freight movement for the period was 1,437,890 cars against 1,445,675 in the same period of last year. Six of the eleven commodity groups recorded advances over the first seven and a half months of last year.

Reflecting erratic movements on commodity markets the index of wholesale prices advanced from 71.9 to 72.7 in the week under review. The advance counterbalanced the reaction of the five preceding weeks. Grain markets were strong, No. 1 Northern wheat on the Winnipeg exchange advancing from 52 1/8 to 58 1/4. Coarse grains participated fully in the rally. Metal prices showed an appreciable advance on the London market. Electrolytic copper advanced from £50 5s on August 22nd to £52 10s on the 29th. Advances were shown in lead and zinc while tin quotations were fully maintained. Metal prices were fairly steady on the New York exchange although export copper and tin were sold at a concession. Five of the eight main groups in the Canadian classification recorded advances in the week of August 26th, the sub-indexes for vegetable products advancing from 57.8 to 59.7.

High grade security values dropped sharply as anxiety over the political developments in Europe became more acute. The average yield of high grade bonds included in the index was 3.04 against 2.95. The 4½'s of 1947-57 declined from 109 on August 22nd to 107 on the 29th and the bid quotation for the 4's of 1947-52 dropped from 106¼ to 104. The drop in the index of capitalized bond yields was severe, wiping out the advance over the same week of 1938. Common stock prices recorded a sharp decline, the index dropping from 97.1 to 92.2. Each of the industrial and utility groups recorded declines in this comparison and the index of 15 power and traction stocks dropped from 58.8 to 55.9. The reaction of the week reflected the influence of European tension. Trading on the exchanges was more active and the amount of cheques cleared at the thirty-two centres rose to a higher point than at any time since the first week of May.

The weekly index was 108.1 in the week of August 26th, against 108.0 in the week of the 19th, showing a minor gain of 0.1 per cent. A gain of 0.7 per cent was shown over the same week of 1938 when the standing was 107.4. The week was characterized by important fluctuations, but the declines tended to counterbalance the advances.

Weekly Index with the Six Components
1926=100

Week Ended	Car loadings[1]	Wholesale Prices	Capitalized Bond Yields[2]	Bank Clearings[3]	Prices of Common Stocks	Shares Traded	Weekly Index[4]
August 27, 1938	77.2	75.1	159.5	88.7	106.0	60.1	107.4
August 19, 1939	76.9	71.9	164.5	92.7	97.1	53.1	108.0
August 26, 1939	80.5	72.7	159.5	98.8	92.2	67.2	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.

August Employment Situation

There was a further improvement in industrial employment at the beginning of August, according to statements tabulated by the Dominion Bureau of Statistics from 11,843 firms, whose payrolls aggregated 1,144,685 persons, as compared with 1,127,863 at July 1. The experience of the years 1921-1938 shows that employment has usually, though not invariably, gained at the beginning of August. The advance at the latest dates was therefore seasonal, but was considerably greater than the average gain recorded at midsummer in the last eighteen years. The crude index number, based on the 1926 average as 100, rose from 115.8 in the preceding month to 117.5 at August 1, 1939, when it was several points higher than that of 112.1 at the beginning of August of last summer. While the latest figure was lower than the August 1, 1937 index of 120.0, it was higher than at the same date in any other year since 1930.

Generally heightened activity was noted in manufacturing, mining, communications, building and highway construction, hotels and restaurants and wholesale trade. On the other hand, retail trade, shipping and stevedoring and logging were slacker; the losses in trade and logging were seasonal, but exceeded the average contraction at midsummer in preceding years of the record. In manufacturing, there was curtailment of a seasonal character in iron and steel, while improvement was indicated in the food, leather and many other groups.

For August 1, 1938, 10,829 firms had reported an aggregate payroll of 1,073,302 persons, or 13,964 fewer than in the preceding month. The loss then had occurred mainly in manufacturing and logging.

Primary Movement of Wheat

Wheat receipts in the Prairie Provinces for the week ending August 25 amounted to 12,801,910 bushels as against 5,720,966 in the previous week and 14,920,847 a year ago. Receipts by provinces were as follows, with the 1938 figures in brackets: Manitoba, 5,004,904 (8,986,354) bushels; Saskatchewan, 4,724,444 (4,583,633); Alberta, 3,072,562 (1,350,860).

Overseas Export Clearances of Wheat

Overseas export clearances of wheat during the week ending August 25 amounted to 1,885,710 bushels compared with 3,282,136 in the previous week and 1,728,931 a year ago. Clearances by ports were as follows, with the figures of a year ago in brackets: Montreal, 1,048,052 (1,423,606) bushels; Sorel, 500,183 (nil); United States ports, 169,980 (182,326); Vancouver-New Westminster, 149,995 (nil); Three Rivers, 17,500 (122,999). Imports into the United States were nil compared with 5,000 last year.

Export clearances during the crop year to August 25 were: Montreal, 3,602,027 (4,245,808); Vancouver-New Westminster, 2,227,746 (6,083); Sorel, 1,913,024 (nil); United States ports, 897,971 (837,446); Churchill, 588,114 (nil); Three Rivers, 581,928 (335,599); Victoria, 46,309 (nil). These, along with United States imports from Canada of 588,000 (10,000) bushels make total clearances of 10,445,119 (5,434,936).

Wheat Stocks in Store

Canadian wheat in store on August 25 amounted to 108,263,197 bushels compared with 95,579,413 the week before and 37,668,272 a year ago. Canadian wheat in the United States aggregated 6,701,000 compared with 6,582,000 the week previous and 1,279,000 a year ago. Wheat in rail transit was 8,283,194 bushels and on the lakes 3,988,125. Lake transit wheat was much greater than last year.

World Shipments of Wheat

World shipments of wheat for the week ending August 26 amounted to 10,839,000 bushels compared with 10,690,000 for the previous week and 12,488,000 for the corresponding week last year. North American shipments showed a decrease from the previous week of 1,824,000 bushels while Argentine and Australian shipments were higher by 1,563,000 and 522,000 respectively.

During the first four weeks of the present crop year world shipments amounted to 40,905,000 bushels as compared with 47,648,000 last year. North American shipments were 18,228,000 as compared with 16,616,000. Argentine shipments amounted to 13,687,000 bushels compared with only 4,320,000.

Stocks of Imported Grain

Stocks of imported grain on August 25 were as follows, with the 1938 figures in brackets: U. S. wheat, 456,959 (211,306) bushels; U. S. oats, 73,912 (1,497,621); U. S. barley, 13,926 (695,713); U. S. rye, 23,610 (42,457); U. S. soya beans, 89,267 (7,000); U. S. corn, 4,070,428 (5,415,759); Argentine corn, 3,604 (101,979); South African corn, 742,977 (182,281); Australian corn, 13,774 (nil); Argentine flaxseed, 76,756 (119,826).

Milling in July

Grains ground in July were as follows, with comparative figures for the same month of 1938 in brackets: wheat, 5,171,901 (4,192,335) bushels; oats, 855,723 (726,074); corn, 231,762 (252,645); barley, 96,139 (77,381); buckwheat, 3,523 (5,930); mixed grain, 1,161,520 (825,771).

Flour production in July amounted to 1,105,502 barrels compared with 928,722 for the same month last year. Exports of flour amounted to 403,377 barrels compared with 282,985 in July, 1938.

Output of Central Electric Stations

Central electric stations produced 2,204,965,000 kilowatt hours during July, compared with 1,987,774,000 in 1938 and 2,245,329,000 in June last.

Exports to the United States rose from 159,349,000 kilowatt hours in 1938 to 162,973,000, and deliveries of secondary power to electric boilers increased from 362,027,000 in 1938 to 455,716,000.

Consumption of firm power, computed by deducting from total output the exports and deliveries to electric boilers, amounted to 1,586,275,000 kilowatt hours compared with 1,466,399,000 in July last year and 1,586,756,000 for June. After adjustment for seasonal variations the index number rose to a new high at 212.78; the previous high index number was 212.60 for June, 1939.

Production of Iron and Steel

July production of pig iron in Canada amounted to 59,587 tons. In June the output was 52,805 tons, and in July a year ago 51,238.

Output of ferro-alloys amounted to 6,475 tons compared with 10,015 in the previous month and 4,129 in July, 1938. Ferro-silicon made up the bulk of the July tonnage, the balance being spiegeleisen.

July Petroleum Exports

Canadian fuel oil exports in July amounted to 587,759 gallons, against 225,820 in June and 167,096 a year ago. Almost all of it went to Newfoundland, along with 408,913 gallons of Canadian gasoline to the same country.

Lumber Exports in July

The export of planks and boards in July continued high, amounting to $4,346,259 as against $4,740,663 in June and $3,454,427 a year ago. The United Kingdom purchase was $2,765,711 and the United States $1,222,709. Douglas fir totalled $1,273,394 and spruce $1,635,943. Douglas fir went to 20 countries.

Export of Non-Ferrous Ores and Smelter Products

Aluminium in blocks in July went to 11 countries and totalled $2,020,753 compared with $2,003,899 in June and $955,592 a year ago. Great Britain purchased to the value of $1,219,185, Japan $412,628 and Australia $99,552. Copper exports were heavy, ingots valued at $2,109,095 going to the United Kingdom out of a total of $2,831,370. Gold bullion to the value of $14,169,391 went to the United States as against $16,203,350 in June and none a year ago. Britain was the largest purchaser of nickel in matte or speiss at $1,136,070 and United States fine nickel at $1,246,041. Norway got $333,486 of the former and Japan $710,395 of the latter. United States at $431,757 and Germany at $27,223 bought all the silver bullion.

Export of Farm Implements and Machinery

The July export of farm implements and machinery was $729,974 compared with $825,157 in June and $563,053 a year ago. The amount to the United States was $157,971 and to Great Britain $53,456. Other large purchasers were British South Africa, Argentina, Chile, Brazil, Colombia, Australia, French Africa, New Zealand, France, Portuguese Africa, Sweden and Uruguay.

Export of Pneumatic Tire Casings

Pneumatic tire casings valued at $548,480 went to 76 countries in July; in June the export was $604,983 and a year ago $502,643. The leading purchasers were: New Zealand $73,843, Brazil $43,426, British India $36,238, United Kingdom $29,388, Colombia $37,414, Venezuela $37,616.

Meat Exports in July

Exports of meats in July totalled in value $2,302,577 compared with $2,335,971 in June and $2,861,496 in July last year. Consignments to the United Kingdom were $2,125,926, of which $2,073,102 was for bacon and hams.

July Cheese Exports

July cheese exports were valued at $1,609,551, the United Kingdom as usual being the heaviest purchaser at $1,562,910. In June the export was $802,171 and in July last year $1,693,307. The total export in the first seven months of 1939 was $3,694,896, about the same as in 1938.

Retail Sales in July

Although retail sales in Canada fell off seasonally, the July sales for 12 lines of trade averaged only 0.4 per cent below the corresponding month of 1938. Four of the 12 groups averaged higher than last July while eight registered declines. The general index, unadjusted for number of business days or seasonal variations, stands at 71.4 for July, 1939, 71.7 for July, 1938 and 86.6 for June, 1939. After adjusting both for differences in number of business days and also for the usual seasonal movements, the general index stands at 83.5 for July, slightly below the 85.1 recorded for June but still considerably higher than indexes for earlier months of this year.

Monthly sales for department stores advanced one per cent over July of last year. Hardware, furniture and music and radio were other groups reporting increases, with gains of two, five and six per cent respectively. Boot and shoe store sales decreased five per cent; men's clothing store sales three per cent, and women's clothing store sales one per cent below July, 1938. Groceries and meats and drugs were each one per cent lower, while restaurant receipts declined three per cent below last July and candy sales fell off 10 per cent. Variety store sales were only one-half of one per cent below sales in July, 1938.

Country General Store Sales in July

Country general store sales averaged six per cent lower in July of this year than last and were two per cent above the June level, indexes of sales on the 1936 base standing at 105.8 for July, 103.8 for June and 112.8 for July a year ago. All regions with the exception of the southern districts of Alberta reported decreased sales.

Cumulative figures for the first seven months of 1939 show a decline of seven per cent compared with the same period last year; results for individual provinces show but little variation from the Dominion average.

Bank Debits in July

The amount of cheques cashed in July showed a decline from the preceding month, but the cumulative total for the first seven months was nearly three per cent above the same period of 1938. The total for July was $2,376.5 million against $2,466.4 million in the same month of last year. The indicated decline was 3.6 per cent, showing the influence of recessions in Quebec and Ontario.

The debits in the first seven months of the present year amounted to $17,510,000,000, a gain of 2.7 percent over $17,051,000,000 cashed in the first seven months of 1938. Gains were shown in this comparison in each of the five economic areas except Ontario.

Railway Revenues in May

Canadian railways earned $29,680,004 in May compared with $25,444,754 in May last year. This was an increase of $4,235,250 or 16.6 per cent. Operating expenses increased by $1,075,045, or 4.5 per cent and the operating income increased by $3,084,104, or from $95,639 in 1938 to $3,189,743. Revenue freight traffic increased by 35 per cent and passenger traffic measured in passenger miles was heavier than in 1938 by 5.2 per cent. Total pay roll increased from $15,847,692 to $16,250,197 but the number of employees decreased from 123,576 to 121,294. For the five months, January - May, gross revenues increased from $124,240,116 in 1938 to $127,020,440 and the operating income from a debit of $2,738,628 to a credit of $2,539,282.

The Automobile Industry in 1938

Final statistics for 1938 place automobile production in Canada at 166,083 units valued at $108,158,725, at factory selling 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 off to 123,761 units at $81,661,687 from 153,046 units at $93,368,282 in 1937 and commercial vehicles declined to 42,325 units at $26,497,038 from 54,417 units 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 in 1937, a decline of 13.4 per cent.

Retail Hardware Stores in 1938

Hardware store sales for 1938 were maintained at the 1937 level, a moderate falling off in trade in the latter months of 1937 being offset by a better than usual winter business in the early months of 1938. Aggregate sales for 1,073 independent stores reporting for both years were $35,872,100 for 1937 and $35,931,800 for 1938. Results on a regional basis reveal minor gains in Quebec and the Prairie Provinces and minor losses in other districts.

Analysis of operating results for 1938 of the 331 retail hardware stores furnishing detailed figures reveals an average net operating profit of 1.6 per cent of sales before making provision for interest on own capital investment. Gross margin of profit (difference between sales and cost of goods sold) averaged 25.6 per cent of sales while operating expenses amounted to 24.0 per cent. Stocks were turned over on an average of twice during the year.

Of these 331 stores, 204 or 62 per cent secured a profit on the year's operations, after making allowance for an imputed value of proprietors' services, while 127 or 38 per cent operated at a loss. The profitable stores secured a higher gross margin, had lower operating expenses and had a slightly higher rate of stock-turn than had the unprofitable concerns.

Dyeing and Finishing in 1938

For the 25 establishments reporting in 1938 who were engaged primarily in dyeing and finishing of textiles, the value of the work performed was $3,330,280 and value added by manufacture totalled $1,901,375. This industry is confined to Ontario, Quebec and Nova Scotia. Ontario employed 50.8 per cent of the capital and 51.2 per cent of total employees. Compared with 1937 there was a decrease of $464,033 or 12.2 per cent in value of work performed, with a increase of $125,433 or 6.2 per cent in value added by manufacture, and a drop of 91 in number of persons employed.

Corset Industry in 1938

Twenty-three establishments engaged in the production of corsets and kindred articles, nine of which were located in Quebec and fourteen in Ontario, reported in 1938. Quebec, however, occupied the leading position in the industry, with 69 per cent of the capital invested, 58 per cent of the gross value of production and 63 per cent of the number of persons given employment.

Good with a selling value at the factory of $4,321,254 were produced in 1938, this amount representing a decrease of $246,453 or 5.4 per cent from the previous year. The 121,438 dozen corsets produced were valued at $2,125,286 and this amount represented 49 per cent of the total value of production in the corset industry. The average price per dozen of $17.49 differed only very slightly from the average of the previous year.

World Wholesale Price Movements

The movement of world wholesale prices during the first and second quarters of 1939 was predominantly upward. Of 17 countries, index levels showed an increase in eight, no change in three, and a decrease in six. Advances ranged from 0.3 per cent to 5.6 per cent. The most outstanding increase occurred in the Tokyo series for Japan, which rose 5.6 per cent, following a small rise in the last quarter of 1938. The Calcutta index for India, which showed no change in the last quarter of 1938, moved upward by 4.2 per cent in the period under review. Smaller advances were reported for Poland at 2.5 per cent, Sweden 2.4 and Italy 1.8.

After remaining steady during the closing quarter of 1938, the Denmark index continued firm and showed no change at the end of the second quarter in 1939. The June 1939 index for Canada, 73.3, was at the same level as in December 1938, with no component material group showing any pronounced rise or fall in that period.

Recessions shown were slight, the greatest being 1.6 per cent for the Belgian series. Smaller declines were reported for United States, the United Kingdom and France.

Reports Issued During the Week

1. The August Employment Situation (10 cents).
2. World Price Movements (25 cents).
3. Operating Results of Retail Hardware Stores in Canada, 1938 (15 cents).
4. Fruit and Vegetable Crop Report (10 cents).
5. Operating Revenues, Expenses and Statistics, Railways in Canada, May (10 cents).
6. Exports of Canadian Milk, Milk Products and Eggs, July (10 cents).
7. Exports of Farm Implements and Machinery, July (10 cents).
8. Exports of Canadian Pulp Wood, Wood Pulp and Paper, July (10 cents).
9. Exports of Canadian Rubber and Insulated Wire and Cable, July (10 cents).
10. Exports of Canadian Non-Ferrous Ores and Smelter Products, July (10 cents).
11. Exports of Canadian Lumber, July (10 cents).
12. Exports of Meats, Lard and Sausage Casings, July (10 cents).
13. Exports of Canadian Petroleum and Its Products, July (10 cents).
14. Security Prices and Foreign Exchange (10 cents).
15. Production of Iron and Steel in Canada, July (10 cents).
16. Output of Central Electric Stations, July (10 cents).
17. Export of Canadian Animals, Living, July (10 cents).
18. Exports of Canadian Paints and Varnishes, July (10 cents).
19. Telegraphic Crop Report, Canada (10 cents).
20. Weekly Index Numbers of Wholesale Prices, 1938-1939 (10 cents).
21. Monthly Indexes of Country General Store Sales, July (10 cents).
22. The Automobile Industry, 1938 (50 cents).
23. Canadian Grain Statistics (10 cents).
24. Canadian Milling Statistics (10 cents).
25. Monthly Indexes of Retail Sales in Canada, July (10 cents).
26. Dyeing and Finishing of Textile Goods in Canada, 1938 (15 cents).
27. Stocks of Canned Fruits and Vegetables on Hand, July 1 (10 cents).
28. Car Loadings (10 cents).
29. Bank Debits to Individual Accounts, July (10 cents).
30. The Corset Industry, 1938 (15 cents).
