WEEKLY BULLETIN

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Weekly Review of Economic Conditions

The six important factors indicating the trend of economic conditions averaged lower in the last week of September than in the preceding week. Declines were shown in car loadings, bank clearings and in speculative trading, while the index of wholesale prices was unchanged. The constructive factors were prices of high-grade bonds and common stocks. Five of the six factors recorded increases over the same week of 1938, the exception being high-grade bond prices.

The increase in the railway freight movement during the 38th week of the year was less than normal for the season. The index of car loadings consequently dropped from 99.0 to 95.8. A considerable decline w as shown in the Western division, while a slight gain was recorded in the East. The total number of cars loaded during the first 38 weeks of the year was 1,762,000, a gain of nearly 36,000 cars over the same period of 1938. Eight of the eleven commodity groups recorded gains in this comparison.

Wholesale prices were fully maintained in the week of September 28th, the index remaining at 77.9. Recessions were shown in crop products and non-ferrous metals, while the other main groups recorded gains. The sensitive index for 13 manufacturing materials rose from 64.1 to 66.9, the standing on the same date of 1938 having been 50.2. Decline was shown on the Winnipeg Exchange, No. 1 Northern wheat dropping from 74 to 70 5 8. Advances were recorded in flax and rye, contrasting with declines in oats and barley. Concessions were made in tin prices on the New York markets while advances were shown in zinc from 6¼ to 6½.

High-grade bond prices recovered for the second consecutive week. The average yield of the issues used in the index fell from 3.76 to 3.69. The 4½'s of 1947-57 were quoted at 104 3 8 against 103½ on September 26th. The 4's of 1947-52 rose 5 8 to 101 5 8. Common stock prices were stronger on the Canadian exchanges, the index advancing from 96.3 to 100.1. The index of 15 power and traction stocks rose from 52.1 to 54.5. Advances were recorded in each of the industrial groups of the official classification.

The weekly index was 108.1 against 110.2 in the preceding week, a decline of 1.9 per cent. As the standing was 106.3 in the same week of 1938, an increase of 1.7 per cent was indicated.

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]
Oct. 1, 1938	80.7	74.5	146.6	104.2	96.0	153.7	106.3
Sept. 23, 1939	99.0	77.9	129.2	125.2	96.3	273.5	110.2
Sept. 30, 1939	95.8	77.9	131.4	112.5	100.1	210.9	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 Gains in August over July

Business operations recorded a further advance in August over the preceding month, the index of the physical volume of business reaching a new high point since November, 1937. Four of the five main divisions entering into the compilation of the index, showed advances over the preceding month after seasonal adjustment.

The index for manufacturing production advanced about four points to 116.5. The index of construction, while still at a low point with reference to the base year, showed a marked increase over July. The index of electric output was 241 against 235.5. Distribution based on trade employment, car loadings and external trade, recorded substantial gain. Mineral production, as indicated by nine important factors, on the other hand was at a lower position in August than in the preceding month, the index dropping about five points to 233.2. The index of livestock marketings on stockyards rose from 78.3 to 88.7. Grain marketings were in larger volume, the index, even after seasonal adjustment, recording a marked advance to 117.7 from 76.5 in the preceding month.

Business Indexes in August Compared with July, 1926=100

Index	1939 August	July
Physical Volume of Business	125.2	120.5
Industrial Production	127.5	123.9
Mineral Production	233.2	238.5
Copper exports	500.8	567.7
Nickel exports	310.2	288.4
Lead production	-	130.4
Zinc exports	334.3	268.5
Gold shipments	299.8	298.4
Silver shipments	120.4	131.3
Asbestos exports	122.5	136.1
Bauxite imports	1161.1	1723.2
Coal production	113.5	102.0
Manufacturing	116.5	112.3
Foodstuffs	106.7	104.1
Flour production	-	73.1
Oatmeal production	-	38.6
Sugar manufactured	91.3	85.1
Inspected slaughterings	155.5	135.8
Cattle	141.5	140.2
Sheep	144.9	135.7
Hogs	165.8	132.8
Creamery butter	148.0	145.4
Factory cheese	67.6	69.6
Salmon exports	44.0	43.5
Tobacco	191.7	165.4
Cigar releases	67.1	64.0
Cigarette releases	245.7	209.8
Rubber imports	107.3	147.7
Boots and shoes production	-	112.7
Textiles	133.3	133.0
Cotton consumption	148.5	126.0
Cotton yarn imports	121.3	117.0
Wool, raw and yarn	66.6	173.1
Forestry	126.4	114.2
Newsprint	147.4	142.3
Wood pulp exports	82.0	60.3
Planks and boards exports	113.3	91.8
Shingles exported	119.7	139.5
Iron and steel	81.4	88.9
Steel production	196.0	176.0
Pig iron production	103.6	100.1
Iron and steel imports	96.3	71.6
Automobile production	46.5	70.1
Coke production	128.9	126.7
Crude petroleum imports	251.8	227.6

Business Indexes in August Compared with July, 1926=100

Indexes	1939 August	1939 July
Construction	59.8	53.2
Contracts awarded	64.9	56.2
Building permits	47.2	45.9
Cost of construction	93.5	92.4
Electric power	241.0	235.5
Distribution	118.3	110.6
Trade employment	135.9	137.1
Carloadings	82.0	76.8
Imports	93.2	86.1
Exports	177.5	145.4
Producers' Goods	122.2	116.4
Consumers' Goods	122.1	119.1
Marketings -		
Grain and Live Stock Marketings	112.4	76.8
Grain Marketings	117.7	76.5
Wheat	125.2	74.0
Oats	63.1	122.7
Barley	128.6	132.9
Flax	2.5	1.6
Rye	26.4	70.8
Live Stock Marketings	88.7	78.3
Cattle	87.6	84.7
Calves	163.6	144.3
Hogs	78.3	57.2
Sheep	100.3	79.9
Cold Storage Holdings	150.2	150.6
Eggs	96.4	96.5
Butter	219.1	243.7
Cheese	154.0	163.9
Beef	163.9	151.7
Pork	106.9	93.4
Mutton	248.5	179.1
Poultry	200.7	183.3
Lard	88.5	78.2
Veal	296.9	304.8

External Trade in August

Canada had a favourable trade balance of $48,324,413 in August as compared with $33,748,614 in the previous month and $29,511,684 in August, 1938.

A sharp advance was recorded in the value of Canada's total trade in August, amounting to $173,740,571 as compared with $149,708,714 in July and $143,564,220 in August last year.

Domestic exports totalled $109,941,277 compared with $90,797,055 in July and $83,468,997 a year ago. Imports were valued at $62,708,079 as against $57,980,050 in July and $57,026,268 in August, 1938. Foreign exports amounted to $1,091,215 compared with $931,609 in July and $3,068,955 last year.

External trade during the eight months ended August aggregated $1,111,790,859 compared with $1,030,478,430 in the corresponding period last year. Domestic exports totalled $662,725,823 compared with $541,461,553, imports $441,767,448 against $449,541,032, and foreign exports $7,297,588 compared with $39,475,845.

Petroleum and Natural Gas Production

Canada's July production of crude petroleum and natural gasoline established a new high monthly record at 899,169 barrels as compared with 821,308 in the previous month and 701,813 in July, 1938. The total for the first seven months of the year was 4,270,407 barrels as compared with 3,623,291 in the corresponding period last year.

Production of natural gas in July amounted to 1,755,544,000 cubic feet as compared with 2,106,482,000 in June and 1,595,755,000 in July, 1938. The total for the seven months ended July was 21,085,471,000 cubic feet as compared with 19,742,308,000 in the same period last year.

Production of Asbestos

Shipments of asbestos by Canadian producers in July amounted to 28,671 tons as compared with 28,188 in June and 23,344 in July, 1938. An increase of 11.2 per cent was recorded in the amount shipped during the seven months ended July, amounting to 172,878 tons as compared with 155,515 in the same period of 1938.

Cement and Lime

Portlant cement shipments by Canadian producers rose in June to 727,842 barrels from the previous month's total of 550,890. In June last year 750,691 barrels were shipped. During the first six months of 1939 shipments aggregated 1,995,618 barrels as compared with 2,172,218 in the first half of 1938.

Canadian producers sold or used 44,441 tons of lime during June as compared with 43,549 in May and 41,184 in June, 1938. During the first six months of the current year, 233,003 tons were shipped as compared with 231,343 in the same period of 1938.

July Production of Gypsum

A substantial increase was recorded in the July production of gypsum, the total being 160,002 tons compared with 138,076 in June and 136,907 in July, 1938. The cumulative production for the first seven months of 1939 was also somewhat advanced, amounting to 519,172 tons compared with 472,369 in the same period of 1938.

Feldspar and Salt Output

Shipments of feldspar in July amounted to 921 tons compared with 968 in June and 978 in July, 1938, while during the seven months ended July the total was 5,618 tons as against 7,144 in the same period of 1938.

Commercial salt production in July totalled 22,925 tons compared with 26,288 in June and 20,350 in July last year. During the seven months ending July shipments aggregated 129,162 tons or 7.3 per cent below the total for the corresponding months of 1938.

Production of Silver

Canadian producers reported an output of 2,736,180 ounces of silver in July compared with 2,876,694 in June and 2,585,989 in July, 1938. Production during the seven months ending July totalled 13,323,130 ounces, representing an increase of 0.5 per cent over the output in the corresponding period of 1938.

Production of Lead

Canada's July output of lead amounted to 31,746,812 pounds as compared with 32,751,469 in the previous month and 38,724,783 in July, 1938, while during the seven months ended July the output totalled 217,747,287 pounds as against 243,893,268 in the same period of 1938, a decline of 10.7 per cent.

Production of Zinc

A sharp advance was recorded in Canada's July output of zinc, with the result that a new high monthly record was established at 53,307,875 pounds and compares with 36,897,673 pounds in June and 28,367,785 in July, 1938. The total for the seven months ending July stands at 232,060,052 pounds compared with 226,568,181 in the corresponding period last year.

Production of Leading Minerals

The production of Canada's leading minerals during the first half of 1939 was as follows, with figures for 1938 in brackets: asbestos, 144,207 (132,171) tons; cement, 1,995,618 (2,172,218) barrels; clay products, $1,589,425 ($1,710,961); coal, 6,808,422 (6,931,173) tons; copper, 296,468,599 (283,901,608) pounds; feldspar, 4,697 (6,166) tons; gold, 2,492,445 (2,220,070) fine ounces; gypsum, 359,170 (333,462) tons; lead, 186,000,475 (205,168,485) pounds; lime, 233,003 (231,343) tons; natural gas, 19,329,927,000 (18,146,553,000) cubic feet; nickel, 110,314,754 (103,154,741); pounds; petroleum, 3,371,538 (2,921,478) barrels; commercial salt, 106,237 (119,026) tons; silver, 10,586,950 (10,635,190) fine ounces; zinc, 178,752,177 (198,200,396) pounds.

Pulp and Paper Industry in 1938

The pulp and paper industry has headed the list of manufacturing industries in net value of production since 1920, and in wage and salary distribution since 1922, replacing the sawmills in both cases. It was first in gross value of production from 1925 when it replaced the flour mills, until 1935 when it was overtaken by the non-ferrous metal smelting and refining group.

The gross value of production of wood pulp and paper in 1938 was $183,898,000, representing a decrease of 18.7 per cent from 1937, but an increase of 49 per cent over 1933, when production reached its lowest level.

This gross value represents the sum of the values of pulp made for sale in Canada, pulp made for export, and paper manufactured. It does not include pulpwood nor the pulp made in combined pulp and paper mills for their own use in making paper. The net value of production in 1938 was $89,034,000, compared with $106,002,000 in 1937.

Wood-pulp exports during the calendar year 1938 amounted to 554,037 tons with a value of $27,730,738 as compared with 870,716 tons valued at $41,815,731 exported in 1937, marking decreases of 36.4 per cent in quantity and 33.7 per cent in value. Imports of wood-pulp dropped 19.4 per cent from 21,053 tons in 1937 to 16,979 in 1938. All imported wood-pulp came from the United States.

The exports of paper and paper goods during the calendar year 1938 were valued at $112,872,776 as compared with $136,164,168 in 1937. These exports were made up chiefly of newsprint paper, 2,424,654 tons valued at $104,615,042 being exported, of which 1,938,296 tons valued at $85,190,912 went to the United States. Since 1937 Canada's exports of newsprint have surpassed those of wheat, which was formerly the leading commodity exported. For a number of years Canadian newsprint exports have been greater than those of the rest of the world combined. In 1938 newsprint exports showed a decrease in quantity of 29.8 per cent, and a decrease in total value of 17.3 per cent from the 3,455,239 tons valued at $126,466,412 which were exported in 1937. During 1938 the total value of paper and paper goods imported was $7,520,328, a decrease of 5.8 per cent from the imports for 1937.

Shorn Wool Production

Shorn wool production in Canada for 1939 is estimated at 13,615,000 pounds as compared with 13,386,000 pounds in 1938. Although the number of sheep shorn was two per cent less than in 1938, the average yield per fleece was one-fifth of a pound greater, bringing total production above the 1938 level. Higher average yields were reported in all provinces except Nova Scotia.

Average prices received by farmers for wool during the three months, June, July and August of 1939 have been about the same as those prevailing in the same period of 1938. Prices of Eastern wools at Toronto were slightly higher during the summer months of 1939, but Western wools were about the same as a year ago, although there was some tendency for prices to strengthen. Alberta and Ontario are the leading wool producing provinces.

Visible Supply of Wheat

Canadian wheat in store for the week ending September 29 amounted to 286,426,861 bushels compared with 254,947,808 in the previous week and 153,470,967 in the corresponding week last year. The amount of Canadian wheat in the United States was 11,586,000 bushels as compared with 9,381,000 a week ago and 2,836,000 last year.

Export Clearances of Wheat

Export clearances of wheat during the week ended September 29 amounted to 1,901,877 bushels, while the imports into the United States for consumption and milling in bond were 267,000 bushels, making a total of 2,168,877 bushels. This compares with 5,150,415 bushels for the corresponding week in 1938.

The accumulated total for the period August 1 to September 29 was 20,701,792 bushels and the import into the United States for the same period was 1,289,000 bushels, amounting in all to 21,990,792 bushels compared with 20,836,688 a year ago.

Primary Movement of Wheat

Wheat receipts in the Prairie Provinces for the week ending September 29 amounted to 38,288,537 bushels compared with 37,796,057 in the previous week and 30,241,394 in the corresponding week last year. The totals follow by provinces, with those for 1938 in brackets: Manitoba, 1,734,540 (1,125,782) bushels; Saskatchewan, 22,090,897 (12,596,493); Alberta, 14,463,100 (16,519,119).

Marketings for the eight weeks ended September 29 aggregated 221,164,261 bushels compared with 161,892,518 in the corresponding period of the previous crop year. The totals were as follows, by provinces: Manitoba, 43,730,922 (35,441,376) bushels; Saskatchewan, 124,783,563 (64,778,387); Alberta, 52,649,774 (61,672,755).

The Saar Territory

The Saar Territory, entered by French troops in the first few days of the war, is an industrial and mining region on the Franco-German frontier, north of Lorraine. It has an area of 737 square miles and a population of over 800,000. The basic industry is coal, good for industrial purposes and gas production, and moderately good for coke, with 31 mines employing 67,000 men.

At the restoration of the Saar Basin to Germany in 1935 the production of coal was over 11 million metric tons, coke nearly two million metric tons, pig iron nearly two million metric tons, steel 2,127,000 metric tons, rolled steel 1,446,000 metric tons. Since that time the statistical figures separate from the rest of Germany, have not been available. Next in importance came ceramic, glass and chemical products. The Saar is largely dependent on imports for certain commodities, including food supplies.

Two of the towns prominently mentioned in the war despatches are Saarbrucken and Saarlouis. Saarbrucken owes its name to a bridge which existed in Roman times. It was in the possession of France from 1801 to 1815, when by the Peace of Paris it was ceded to the Allies and made over to Prussia. Saarbrucken has a population of about 130,000. Saarlouis, which has a population of over 16,000, was founded in 1681 by Louis XIV of France. It also, by the Peace of Paris in 1815, was ceded to the Allies and by them was made over to Prussia.

The Treaty of Versailles gave France absolute possession of the mines as compensation for destruction of her northern mines during the World War and as part payment towards German reparations. Districts containing these mines were detached from Germany and formed into the Saar Territory. To assure the welfare of the inhabitants and enable France to exploit the mines, an international governing commission, responsible to the League of Nations as trustee, and exercising all powers of government formerly held by the German Empire, Prussia and Bavaria, was instituted for 15 years. This commission had five members, one French, one native non-French inhabitant of the Saar, one British, one Czecho-Slovak and one Finnish. At the end of the 15-year period in 1935 the League of Nations instituted a plebiscite by the inhabitants of the Saar as to whether or not they would prefer to return to Germany. The vote was largely in favour of a return and the Saar Territory was accordingly restored to Germany.

Imports of Lumber and Timber by the United Kingdom

Today's news cables from Europe indicate some action by Russia in connection with her important exports of lumber and timber to the United Kingdom. British imports of lumber and timber from leading producing countries during the first six months of 1939 were valued as follows: Canada, £3,759,115; Sweden, £2,104,320; Finland, £2,041,934; United States, £2,015,998; Poland, £1,329,348; Soviet Union, £929,981; France, £714,959; Latvia, £663,061; Yugoslavia, £328,698; Estonia, £123,467; Lithuania, £42,702. British imports from Russia were slightly more than half of what they were two years ago.

Retail Merchandise Trade in 1938

Dollar volume of retail purchasing was well maintained in Canada in 1938, sales for the year at $2,404,756,000 standing only two per cent below the amount recorded for 1937 and still nine per cent above the 1936 level. The relative position occupied by chain stores varied but little in 1938, sales totalling $414,448,300, or 17.2 per cent of the total business transacted compared with $414,133,300 sales and a ratio of 16.9 per cent in 1937.

Indexes of Country General Store Sales

Country general store sales in August were maintained within narrow limits of the level obtaining in the corresponding month a year ago, the index standing at 110.1 compared with 112.6. In the previous month the index was 105.8.

Indexes of Wholesale Sales

Dollar value of wholesale sales in August was 4.5 per cent higher than in the corresponding month last year, the index of nine lines of trade combined, on the base 1930=100, standing at 102.6 as against 98.2. In the previous month it was 92.1.

For the first eight months of 1939 the value of sales was 1.3 per cent higher than for the corresponding period a year ago. Six kinds of business registered improvements, while two registered losses.

Retail Sales in August

Sales in August by twelve lines of retail business dealing chiefly in food, clothing and household requirements were 4.0 per cent higher than in the corresponding month last year, and were 2.1 per cent more than in the previous month. The index number stood at 72.9 compared with 71.4 in July and 70.1 in August, 1938.

During the first eight months of this year the value of sales was 0.1 per cent in advance of the corresponding period last year, 10 lines of business recording declines and two advances.

Bank Debits in August

The amount of cheques cashed in clearing centres throughout Canada was higher in August, totalling $2,389,741,000 compared with $2,376,528,000 in July and $2,371,129,000 in August, 1938. Debits in the first eight months of 1939 aggregated $19,899,600,000 against $19,422,600,000 for the same period of last year, a gain of more than $477,000,000 or 2.5 per cent.

The debits were as follows by economic areas in August with figures for August, 1938, in brackets: Maritime Provinces, $52,189,431 ($53,256,622); Quebec, $795,118,626 ($780,047,900); Ontario, $971,187,836 ($1,072,530,927); Prairie Provinces, $406,649,240 ($307,749,558); British Columbia, $164,595,823 ($157,544,520).

Stocks of Refined Sugar

Stocks of refined sugar on September 9 amounted to 206,745,075 pounds, compared with 234,244,266 at the end of the previous four week period. During the latest four weeks the amount sold was 137,477,503 pounds compared with 97,339,771 in the previous period, an increase of 40,137,732 pounds. This was also an increased sale of 35,923,410 pounds over the same period of a year ago.

Stocks of Foreign Corn

A notable increase was recorded in the amount of foreign corn in Canada on September 29, the total being 5,229,298 bushels as compared with 1,686,440 on the corresponding date last year. The amount of United States corn in store in this country was 3,704,571 bushels as compared with 1,432,674. South African 1,521,123 bushels compared with 193,749 and Argentine 3,604 bushels compared with 60,017.

Milling in August

Canadian flour mills. were considerably more active in August, grinding a total of 6,383,258 bushels of wheat as compared with 4,940,255 in August, 1938. Flour production totalled 1,382,158 barrels compared with 1,103,037 barrels, and 379,276 barrels were exported as compared with 286,270.

Other grains were ground in August as follows, with figures for August, 1938, in brackets: oats, 1,095,328 (959,110) bushels; corn, 213,394 (252,749); barley, 119,095 (97,989); buckwheat, 3,315 (4,430); and mixed grain, 1,361,999 (1,084,736).

Reports Issued During the Week

1. Canadian Grain Statistics (10 cents).
2. Milling Statistics, August (10 cents).
3. Trade of Canada, August (10 cents).
4. Cement, Clay Products and Lime, June (10 cents).
5. Asbestos Production, July (10 cents).
6. Petroleum and Natural Gas Production, July, and Gasoline Sales, June (10 cents).
7. Non-Ferrous Smelting and Refining Industry, 1938 (15 cents).
8. Car Loadings (10 cents).
9. Indexes of Country General Store Sales, August (10 cents).
10. Retail Merchandise Trade in Canada, 1938 (25 cents).
11. Retail Merchandise Trade in British Columbia, 1938 (10 cents).
12. Dairying Statistics, 1930 to 1933 (10 cents).
13. Dairying Statistics, 1933 to 1938 (10 cents).
14. Silver, Lead and Zinc Production, July (10 cents).
15. Feldspar and Salt Production, July (10 cents).
16. Gypsum Production, July (10 cents).
17. Bank Debits to Individual Accounts, August (10 cents).
18. Statistics of Electric Railways, 1938 (15 cents).
19. Security Prices and Foreign Exchange (10 cents).
20. The Pulp and Paper Industry in Canada, 1938 (20 cents).
21. Production of Shorn Wool, 1939 (10 cents).
22. Sugar Report - August 19 to September 9, 1939 (10 cents).
23. Exports of Meats, Lard and Sausage Casings, August (10 cents).
24. Exports of Rubber and Insulated Wire and Cable, August (10 cents).
25. Monthly Indexes of Retail Sales, August (10 cents).
26. Monthly Indexes of Wholesale Sales, August (10 cents).
27. Weekly Indexes of Wholesale Sales (10 cents).
28. Canada's Leading Mineral Products, June (10 cents).
29. Advance Preliminary Statement of Stocks of Butter, Cheese and Eggs in Principal Cities, October 1 (10 cents).
