

Weekly Review of Economic Conditions

Six factors indicating the economic trend averaged slightly lower in the week of February 11th, recessions having been shown in four of the indicators. Common stock prices and capitalized bond yields were the constructive factors of the week. Three of the indexes recorded advances in comparison with the same week of 1938. Capitalized bond yields, bank clearings and speculative trading rose to a higher position.

Productive operations, according to preliminary calculations, were at a somewhat higher level in January than in the preceding month. The outward shipments of copper and nickel recorded an important increase after seasonal adjustment. Nickel exports amounted to 19.3 million pounds against 11.4 million in the preceding month. Zinc exports, on the other hand, showed recession, the index dropping from 240 to 206.8. A marked increase was shown in gold shipments from Canadian mines, the total having been 438,699 ounces against 359,549 in the same month of 1938.

The manufacture of sugar in the first four-week period of the year was 18.6 million pounds against 19.96 million in January last year. Cattle slaughterings were slightly higher than in the same month of 1938, while sheep and hogs were at a lower level. Dairy production was more active than in the same month of last year. The release of tobacco for consumption was particularly heavy in the first month of the year, the index rising to 188.6 against 170.1 in January, 1938. The release of cigarettes rose to 507.7 million against 446.3 million. While newsprint production was at a lower level than in January, 1938, increases were shown in the exports of wood pulp, planks and boards and shingles. The outward shipment of planks and boards rose from 109 million feet to 156 million.

Carloadings in the first five weeks of the year numbered 198,450 against 224,978 in the same period of 1938. Traffic increases were shown in grain, livestock, coke and lumber, while other main commodity groups recorded decline.

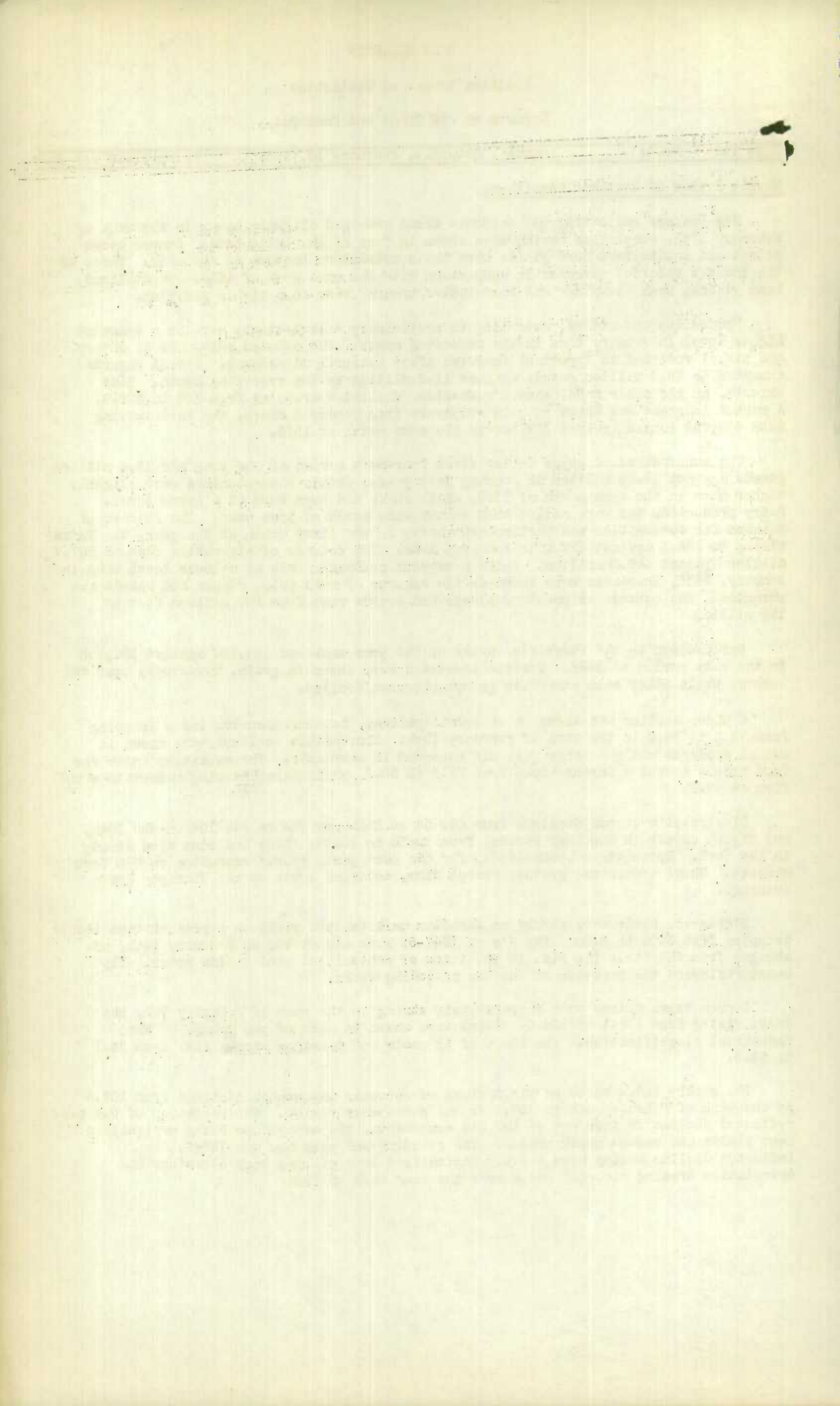
A minor decline was shown in wholesale prices, the comprehensive index dropping from 73.2 to 73.0 in the week of February 10th. Appreciable declines were shown in animal products while a minor gain was recorded in chemicals. The sensitive index for food prices showed a further drop from 57.5 to 55.0, while manufacturing materials were firm at 50.9.

Electrolytic copper declined from £48 5s on February 7th to £47 10s on the 14th, and export copper in New York receded from 10.30 to 10.04. Lead and zinc were steady in New York. Speculative commodities, for the most part, showed recession on New York markets. Wheat and coarse grains, except flax, averaged lower on the Winnipeg grain exchange.

High-grade bonds were strong on Canadian markets, the yield on representative issues dropping from 3.08 to 3.00. The 4's of 1947-52 were bid at 108 on February 14th, unchanged from the 7th. The rise in the index of capitalized bond yields practically counterbalanced the reaction of the two preceding weeks.

Common stock prices were comparatively strong in the week of February 9th, the index rising from 101.1 to 104.0. Gains were shown in each of the groups of the industrial classification. The index of 15 power and traction stocks rose from 56.1 to 58.0.

The weekly index based on six factors of economic importance declined from 107.5 in the week of February 4th to 107.1 in the week under review. The recession of 0.4 p.c. reflected decline in four out of the six components, the exceptions being capitalized bond yields and common stock prices. The standing one year ago was 108.2, the indicated decline having been 1 p.c. Capitalized bond yields, bank clearings and speculative trading recorded gains over the same week of 1938.



Weekly Index with the Six Components
1926=100

Week Ended	Car load-ings ¹	Wholo-sale Prices	Capitalized Bond Yields ²	Bank Clear-ings ³	Prices of Common Stocks	Shares Traded	Weekly Index ⁴
Feb. 12, 1938	80.0	83.6	151.5	90.5	105.7	94.6	108.2
Feb. 4, 1939	72.3	73.2	157.7	100.5	101.1	179.3	107.5
Feb. 11, 1939	71.9	73.0	161.8	92.3	104.0	97.6	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 weight 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.

Canada's Tourist Trade

Tourists from other countries spent a total of \$269,000,000 in Canada during 1938 and the expenditures of Canadian travellers abroad aggregated \$120,000,000, according to a preliminary estimate issued by the Dominion Bureau of Statistics. Corresponding estimates for 1937 were \$290,000,000 and \$124,000,000, respectively. The favourable balance to Canada on its international tourist account may be placed at about \$149,000,000 in 1938 as compared with \$166,000,000 in 1937.

The volume of motor travel to Canada declined in 1938, the total number of automobiles entered for touring purposes being 4,346,645 in comparison with 4,511,840 in 1937. The number of automobiles entering on 48-hour permits totalled 3,081,559 compared with 3,127,352; 60-day permits, 1,263,509 compared with 1,383,130; and six-month permits, 1,577 compared with 1,358. The estimated expenditures in Canada of motor tourists were \$178,000,000 in comparison with \$181,332,000 in 1937.

Tourist entries into Canada by rail, as reported by immigration officers, numbered 757,860 in 1938, a decline of 137,097 from 1937. The expenditures of rail travellers in 1938 are estimated at \$47,000,000 compared with \$49,000,000 in 1937.

Entries by boat numbered 218,545 in 1938 compared with 267,566 in 1937, and their expenditures are estimated at approximately \$11,000,000 compared with \$16,000,000. Visitors by bus, ferry and plane totalled 2,500,000 and their expenditures \$19,000,000 compared with 3,500,000 visitors and expenditures of \$27,000,000 in 1937.

Canadian travel to overseas countries declined in 1937. Canadians returning via ocean ports numbered 27,753 as compared with 32,559 in 1937. Expenditures involved in this travel are estimated at \$17,000,000 compared with \$22,000,000 in 1937.

While the volume of motor tourist travel from the United States to Canada declined in 1937 that of Canadians to the United States increased. Canadian automobiles proceeding to the United States for touring purposes in 1938, as reported by customs officers, numbered 788,291 compared with 756,429. The total expenditures remained at approximately the same level as in 1937, namely, \$49,000,000. Travellers by rail or boat numbered 493,230 and spent an estimated \$29,000,000 as compared with \$24,000,000 spent by over 403,000 travellers in 1937. Other Canadian visitors to the United States spent about \$25,000,000 in 1938 as compared with \$29,000,000 the previous year.

Sales and Purchases of Securities Between
Canada and Other Countries during 1938

An excess of sales over purchases by Canada, indicating an import of capital on balance, was the dominant feature of the trade in securities between Canada and other countries in 1938. The net inflow of capital from these transactions aggregated \$28,900,000. Total sales of securities by Canada to other countries in 1938 totalled \$369,200,000 compared with \$506,600,000 in 1937, while purchases from other countries were \$340,300,000 compared with \$511,400,000.

Sales to the United States aggregated \$283,400,000 in comparison with \$376,400,000 in 1937, while purchases from the United States totalled \$261,200,000 as against \$412,700,000. Sales to the United Kingdom amounted to \$52,000,000 as against \$105,600,000 in 1937 and purchases \$64,300,000 as against \$85,500,000 a year ago.

January Exports of Barley and Oats

Canada's January export of barley amounted to 1,149,062 bushels of the value of \$500,736 as compared with 1,018,596 at \$696,421 in January, 1938. The total to the United Kingdom was 1,147,396 bushels. The amount of oats exported during the month was 854,265 bushels valued at \$255,377 compared with 549,558 at \$265,840 a year ago. The United Kingdom took 666,927 bushels.

Wheat Stocks in Store

Canadian wheat in store for the week ending February 10 aggregated 154,173,230 bushels compared with 156,621,798 bushels in the previous week and 50,682,546 in the corresponding week last year. The amount of Canadian wheat in the United States was 5,459,000 bushels compared with 6,246,000 the week before and 2,641,000 a year ago.

Primary Movement of Wheat

Wheat receipts in the Prairie Provinces during the week ended February 10 amounted to 656,698 bushels compared with 1,062,065 in the previous week and 628,280 a year ago. The totals follow by provinces, with figures for 1938 in brackets: Manitoba, 53,293 (152,525); Saskatchewan, 247,459 (92,649); Alberta, 355,946 (383,106).

Marketings for the twenty-eight weeks ended February 10 totalled 260,308,663 bushels compared with 105,062,497 in the corresponding period of the previous crop year. The amounts follow by provinces: Manitoba, 40,667,384 (33,249,579) bushels; Saskatchewan, 103,813,897 (22,213,203); Alberta, 115,827,382 (49,599,715).

Overseas Export Clearances of Wheat

During the week ended February 10 overseas export clearances of wheat amounted to 1,298,078 bushels compared with 2,690,034 in the previous week and 1,760,624 a year ago, while the imports into the United States for consumption and milling in bond for re-export totalled 212,000 bushels against 228,000 the week before and nil last year. The clearances follow by ports, with figures for 1938 in brackets: Vancouver-New Westminster, 613,811 (451,987) bushels; United States Ports, 484,014 (914,140); Saint John, 199,953 (394,257); Montreal, 300 (240).

Clearances during the twenty-eight weeks ended February 10 were substantially improved, totalling 80,304,108 bushels as against 50,303,952 in the corresponding period of the previous crop year. Imports into the United States aggregated 4,809,031 bushels compared with 1,969,608. The clearances follow by ports: Montreal, 31,191,245 (22,543,544) bushels; Vancouver-New Westminster, 23,112,144 (6,695,556); Sorel, 9,414,308 (2,476,039); United States Ports, 8,104,260 (10,475,977); Three Rivers, 6,022,221 (420,811); Saint John, 1,271,538 (6,234,652); Churchill, 916,913 (603,982); Victoria, 159,413 (nil); Fort William and Port Arthur, 112,066 (114,375); Prince Rupert, nil (619,061); Halifax, nil (119,955).

Estimate of Argentine Maize Area

The area planted to maize in Argentina for the crop season 1938-39 is officially estimated at 13,343,400 acres, according to the Ministry of Agriculture. The planted area shows a decrease of 12.9 per cent from the previous season, 20.2 per cent from the five-year average and 12.3 per cent from the ten-year average.

In the official communication, it is pointed out that the planting of the crop was effected under difficulties in various zones, as a consequence of the adverse weather conditions, such as drought and excessive heat; and that for the same reasons a good part of the seeded area was lost after germination. The extent of this damage is at present under investigation.

According to the Ministry of Agriculture the out-turns of the threshing machines confirm the wheat yields as from good to very good; but in the case of linseed the yields

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have been affected by the persistent attacks of grubs, and the volume of the crop is smaller than had been looked for.

Department Store Sales in January

The preliminary index of Canadian department store sales for January reveals a decrease of three per cent from January, 1938, while the dollar volume declined 59 per cent below December, 1938. The unadjusted index stood at 54.5 compared with 131.5 in December and 56.3 in January, 1938. After adjustment for number of business days and for normal seasonal variations, the January index was computed at 75.6 against 78.6 in December and 78.1 in January, 1938.

Production of Macaroni and Kindred Products

Production of macaroni, spaghetti, vermicelli, noodles and kindred products in 1937 amounted to 36,609,691 pounds compared with 37,703,889 in 1936. Exports totalled 6,241,815 pounds compared with 6,735,710. Imports were comparatively small.

Shipbuilding Industry

The value of work done in shipyards in Canada during 1937 amounted to \$10,360,686 compared with \$6,205,127 in 1936 and \$7,124,474 in 1935. The 1937 total included \$825,433 for work done on new vessels completed during the year, \$780,572 for work done on unfinished vessels, \$6,125,304 for ship repairs and \$2,629,377 for other products such as aircraft, industrial machinery, fabricated structural steel work, etc. Only 36 new vessels were launched during the year and the finished value of these ships was \$1,030,392, including the value of work done on them in the previous year.

Men's Factory Clothing Industry

Woollen suits formed the chief item of production in the Men's Factory Clothing Industry in 1937, amounting to 1,412,671 valued at \$22,153,303, or 48 per cent of the total value of production in the industry as a whole. The next most important item was men's overcoats, of which 702,734 with a value of \$9,327,228 were manufactured, whilst third place was taken by men's woollen trousers with a production of 1,112,297 pairs valued at \$3,118,064. The output in most of the principal items recorded an increase over 1936, with the result that the gross value of production of all items advanced to \$45,249,174 from \$40,526,745. In 1929 the value was \$50,580,168.

Manufacturing in 1936

Manufacturing was carried on in Canada during 1936 at an accelerated pace, the gross value of production reaching a total of \$3,002,404,000 against \$2,653,911,000 in 1935. This was the third year in succession to record a gain over the previous year, and the 1936 valuation was the highest since 1930 when the aggregate was \$3,280,237,000. In 1929, the peak year, it was \$3,883,446,000.

Each of the provinces recorded considerable expansion over the previous year as is indicated in the following, 1935 figures being in brackets: Ontario, \$1,547,552,000 (\$1,363,185,000); Quebec, \$863,687,000 (\$769,095,000); British Columbia and Yukon, \$216,136,000 (\$184,886,000); Manitoba, \$122,051,000 (\$109,621,000); Alberta, \$74,052,000 (\$67,831,000); Nova Scotia, \$67,785,000 (\$61,442,000); New Brunswick, \$56,225,000 (\$52,772,000); Saskatchewan, \$51,605,000 (\$42,031,000); Prince Edward Island, \$3,311,000 (\$3,047,000).

White Metal Alloys Industry

The gross value of the products made by firms included in the white metal alloys industry aggregated \$9,011,283 in 1937 in comparison with \$6,905,041 in 1936, a gain of 30.4 per cent. Production included 2,895 tons of solders valued at \$1,618,209; 1,453 tons of babbitt metal at \$641,880; 3,960 tons of antimonial lead at \$461,498; 2,083 tons of type and type metal at \$407,819, and other articles such as metal foil, lead sheets, lead traps and fittings, bars and ingots of aluminium, brass, bronze and copper, castings of aluminium and lead.

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Canada's Trade with Mexico

Canada's trade with Mexico in 1938 aggregated \$2,925,189 compared with \$4,053,279 in 1937. Domestic exports recorded considerable decline, totalling \$2,339,583 compared with \$3,419,192, while imports were \$576,393 against \$623,806.

Soda and compounds continued to be the leading Canadian export to Mexico, amounting in 1938 to \$1,025,511 compared with \$937,978. Engines were valued at \$222,397 against nil, machinery \$210,843 against \$420,667, copper and products \$130,614 against \$150,466, electrical apparatus \$122,385 against \$110,345, furs and manufactures \$58,376 against \$42,552, malt \$56,181 against \$114,542, newsprint \$1,873 against \$385,684 and wood pulp nil against \$59,355.

Amongst the principal items imported from Mexico during the calendar year were fresh tomatoes at \$348,867 against \$525,340, sisal fibre \$88,435 against \$1,263 and nuts \$16,365 against \$23,981.

United States Mortality Rates

The United States Treasury Department says in a preliminary report that mortality for the first nine months of the year indicates that the experience for 1938 will be one of the most favourable on record. The rate for all causes at 10.5 per 1,000 population is six per cent less than the corresponding rate for 1937.

The decrease in the mortality rate is widespread; 38 States reported a lower rate than in 1937, while two were the same. Although the decrease in the death rate results principally from a decrease in the prevalence of influenza and pneumonia, nevertheless every important cause of death except cancer has been less prevalent during the first nine months of 1938. The only disease other than cancer, for which reports are available, to show an increased death rate is measles, which has taken more than three times as many lives.

Perhaps the most striking decrease occurred in the mortality rate from accidents, especially automobile. The relative number of deaths from this cause is nearly 20 per cent less than in 1937.

The death rate from tuberculosis is nearly 10 per cent below that of last year, and present indications are that the final rate will not be greatly in excess of 50 per 100,000 population. Both infant and maternal mortality have continued to decrease; the former is nine and the latter 13 per cent less than in 1937.

The birth rate has increased for the second consecutive year and the final rate will probably be the highest since 1931. The crude rate of natural increase for the first nine months of 1938 was 6.5 per 1,000 population.

Production of Pig Iron in Belgium

Production of pig iron in Belgium during 1938 totalled 2,464,800 tons against 3,842,810 in 1937, and that of raw steel 2,212,540 tons against 3,777,070, according to information received by the Dominion Bureau of Statistics.

Production of Steel in Germany

Production of raw steel in Germany during 1938 aggregated 23,241,931 tons, an increase of about 3,393,100 over 1937.

Production of Pig Iron in Luxemburg

During 1938 Luxemburg produced 1,550,703 metric tons of pig iron against 2,512,507 in 1937, and 1,436,505 tons of raw steel against 2,510,234. At the end of 1938 there were 21 furnaces in operation against 24 in 1937.

Reports Issued during the Week

1. Manufactures of the Non-Ferrous Metals in Canada, 1935 and 1936 (25 cents).
 2. Preliminary Report on Department Store Sales, January (10 cents).
 3. The White Metal Alloys Industry, 1937 (15 cents).
 4. The Macaroni and Kindred Products Industry, 1937 (10 cents).
 5. Sugar Report - January 1 to January 28 (10 cents).
 6. The Shipbuilding Industry, 1937 (10 cents).
 7. The Toilet Preparations Industry, 1937 (15 cents).
 8. The Grain Situation in Argentina (10 cents).
 9. Index Numbers of Wholesale Prices (10 cents).
 10. Electric Railways of Canada, 1937 (25 cents).
 11. Geographical Distribution of the Manufacturing Industries, 1936 (25 cents).
 12. Canadian Grain Statistics, (10 cents).
 13. Summary of Exports of Canadian Grains and Flour, January (10 cents).
 14. Car Loadings on Canadian Railways (10 cents).
 15. Men's Factory Clothing Industry, 1937 (25 cents).
 16. Stocks of Dairy and Poultry Products, February 1 (10 cents).
 17. Storage Holdings of Fish, February 1 (10 cents).
 18. Cold Storage Holdings of Meat and Lard, February 1 (10 cents).
 19. Stocks of Canadian Fruit and Vegetables, February 1 (10 cents).
 20. Security Prices and Foreign Exchange (10 cents).
 21. Canada's Tourist Trade, 1938 (10 cents).
 22. Sales and Purchases of Securities Between Canada and Other Countries, 1938 (10 cents).
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