WEEKLY BULLETIN

Dominion Bureau of Statistics

Department of Trade and Commerce

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Weekly Review of Economic Conditions

Prominent factors indicating the trend of economic conditions averaged lower in the week of February 18th. Wholesale prices alone of the six indicators recorded an advance from the preceding week. Increases in capitalized bond yields and bank clearings were recorded over the same week of 1938, the remaining four factors reaching a lower position.

Business operations were slightly less active in January than in the preceding month, when the index of the physical volume of business was 115.6. Nine indicators of operations in the mining industry averaged lower than in December, the index receding from 183 to 176.8. Important gains were recorded in nickel exports and shipments of gold from Canadian mines. Gold exports and receipts at the Mint were 438,699 ounces, a new high point in history.

Recession was shown in the operations of the foodstuffs group, the index having been at 98.5 against 105.4 in December. The flour milling industry was relatively active and the operations of the meat-packing industry were nearly maintained. The release of cigarettes showed a gain after seasonal adjustment. Operations in the textile industry were at a lower level, the index receding from 115.6 to 98.3. The forestry industry made a bright showing, the index based on four factors having been up nine points to 120.7. The export of planks and boards at 156 million feet recorded a gain after seasonal adjustment. The index of the iron and steel group was 82.6 against 95.1. Production of automobiles dropped from 18,670 units to 14,794. New business obtained by the construction industry showed reaction greater than normal for the season. The external trade on a volume basis recorded increase both in imports and exports. The index of imports rose about two points to 77.6 while a much greater increase was shown in exports, the gain in the latter having been partly due to gold shipments.

The index of wholesale prices rallied in the week of February 17th. The main influence was the advance in Canadian farm products, although textiles and the iron group rose to a higher position. Sensitive food prices were strong, the index advancing from 55 to 56.6. Wheat was stronger on the Winnipeg exchange, rising one cent to 60 3/8. Flax and rye also recorded advances. Livestock prices were somewhat higher on the Toronto stockyards. Lead on the British market showed an increase on February 21st over the 14th, while recessions were shown in electrolytic copper and zinc. Concessions were made in the price of lead on the New York market while zinc and export copper were firm.

The price of high-grade bonds receded slightly in the week of February 16th, counterbalancing only slightly the considerable rise of the preceding week. The average yield of the issues considered here rose from 3.00 to 3.01. Dominion bonds are now selling at a somewhat higher price than in the same period of 1938.

After having risen for two weeks, common stock prices showed recession, the index dropping from 104 to 103.7. Each of the industrial groups, except foodstuffs, showed reaction. The index of 15 power and traction stocks rose from 58.0 to 58.5.

The weekly index based on six factors declined 1 p.c. in the week of February 18th. The standing at that time was 106.0 against 107.1 in the week of February 11th. The index in the same week of 1938 was 108.1, a decline of 1.9 p.c. having been 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]
Feb. 19, 1938	76.6	83.6	153.6	90.6	106.2	67.0	108.0
Feb. 11, 1939	71.9	73.0	161.8	92.3	104.0	97.6	107.1
Feb. 18, 1939	69.1	73.3	161.0	91.7	103.7	57.3	106.0

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.

Economic Conditions in January

According to preliminary calculations, the index of the physical volume of business showed recession in January at 112.4 against 115.6 in the preceding month. Wholesale prices, measured by weekly indexes, were practically maintained in January at the same level as in December, while declines were shown in common stock and high-grade bond prices. Deposit liabilities of the banks were at a high level at the beginning of the year, but some decline was shown from the preceding month.

The volume of copper and nickel exports rose in January after seasonal adjustment. The outward shipments of nickel were 19.3 million pounds against 11.4 million. Zinc exports were at a somewhat lower level in January while the production of lead in the latest month for which statistics are available recorded an advance. Gold shipments were at a new high point in January, amounting to 438,699 fine ounces against 420,891 in December. An increase was shown in asbestos exports after seasonal adjustment, while bauxite imports were considerably reduced.

A gain was recorded in the release of cigarettes after seasonal adjustment. Statistics relating to the manufacture of tires recorded expansion. The textile industry was less active than in December, the index retreating from 115.6 to 98.3. The consumption of raw cotton dropped from 9.7 million pounds to 7.2 million. The forestry industry was more active in January, adjusted gains being shown in each of the four factors used in this connection. The index consequently moved up nine points to 120.7. The index of the export of planks and boards rose from 103.8 to 111.2.

The operations of the primary iron and steel industry were well maintained, the index of pig iron production rising from 82.5 to 85.5. Some reaction was recorded in the output of steel ingots. The production of automobiles was 14,794 units against 18,670 in December. Imports of crude petroleum recorded a gain over the low level of the preceding month. Railway freight traffic, after seasonal adjustment, moved in lesser volume during January. Exports showed a considerable improvement over the preceding month, part of the gain being due to an outward movement of gold.

Economic Conditions in Canada during January as compared with the preceding month

		January 1938	January 1939	Percentage Increase or Decrease
Physical Volume of Business ...	1926=100	111.8.	112.4*	+ 0.5
Capitalized bond yields	"	150.8	161.0	+ 6.8
Bank deposits	"	118.9	124.6	+ 4.8
Copper exports	cwt.	398,563	354,467	- 11.1
Nickel exports	"	197,154	193,109	- 2.1
Zinc exports	"	313,487	281,288	- 10.3
Asbestos exports	Tons	9,580	7,877	- 17.8
Cigarettes for consumption	No.	446,259,465	507,668,310	+ 13.8
Cheese, factory production	lb.	683,389	1,271,765	+ 86.1
Butter, creamery production ...	lb.	8,367,468	9,747,782	+ 16.5
Crude rubber imports	"	4,007,973	6,423,123	+ 60.3
Raw wool and yarn imports	"	1,108,049	1,587,870	+ 43.3
Newsprint production	Tons	222,500	208,382	- 6.3
Planks and boards exported	Feet	108,914,000	156,211,000	+ 43.4
Shingles exported	Squares	173,830	277,882	+ 59.9
Steel ingot production	Tons	107,753	78,198	- 27.4
Pig iron production	Tons	74,862	57,660	- 23.0
Automobile production	No.	17,624	14,794	- 16.1
Petroleum imports	Gals.	47,307,000	56,203,000	+ 18.8
Carloadings	No.	187,355	171,395	- 8.5
Exports	$	72,234,168	81,773,462	+ 13.2
Imports	$	49,719,835	43,753,810	- 12.0

* Preliminary, based on 42 items out of 46

Business Conditions in 1938

Economic conditions showed improvement in the closing months of 1938, after having been relatively steady during the first eight months. Productive operations rose in September and continued active for the balance of the year, the index of the physical volume of business averaging only eight per cent below the high level of 1937. The gain in the output of field crops was about 37 per cent, but the decline in prices resulted in a five per cent reduction in the cash value. Industrial employment was relatively well maintained, the index receding only two per cent from the 1937 level.

The financial background continued strong, deposits of the banks reaching a new high point. While current loans recorded a moderate gain, the surplus of notice deposits extended the liquid position of the banks. The prices of Dominion bonds averaged higher than at any time since the early years of the century. Despite sharp fluctuations common stock prices were well maintained over the year, no important trend either in an upward or a downward direction having developed. Wholesale prices were reactionary, the downward movement which began in July, 1937, having been continued until the end of the year. The low level of prices of farm products reached in the later part of 1938 was a factor retarding general economic recovery. A much greater harvest of grain, however, partially compensated for the depressed prices.

It cannot be denied that there is a marked solidarity in the social economy of Canada and any spectacular development in one section is quite certain to profoundly affect the others.

In the general volume of business turnover, the year was only surpassed by periods of unusual prosperity such as 1929 and 1937. The index of the physical volume of business at 112.9 averaged about eight per cent less than in 1937, but the outlook was quite altered by the recovery in the last four months.

Primary Movement of Wheat

Wheat receipts in the Prairie Provinces for the week ending February 17 totalled 278,922 bushels compared with 593,952 in the previous week and 478,577 in the corresponding week last year. The amounts follow by provinces, with figures for 1938 in brackets: Manitoba, 29,204 (117,445) bushels; Saskatchewan, 121,398 (109,428); Alberta, 128,320 (251,704).

Marketings during the twenty-nine weeks ended February 17 aggregated 260,524,839 bushels compared with 105,541,074 in the corresponding period of the previous crop year. The totals follow by provinces: Manitoba, 40,710,237 (33,367,024) bushels; Saskatchewan, 103,839,863 (22,322,631); Alberta, 115,974,739 (49,851,419).

Overseas Export Clearances of Wheat

Overseas export clearances of wheat during the week ended February 17 totalled 1,361,154 bushels compared with 990,545 in the corresponding week last year, while imports of Canadian wheat into the United States for consumption and milling in bond for re-export totalled 269,000 bushels compared with 1,000. The clearances follow by ports, with figures for 1938 in brackets: Vancouver-New Westminster, 759,899 (183,983) bushels; Saint John, 366,489 (297,089); United States Ports, 234,766 (501,170); Montreal, nil (8,303).

Overseas export clearances during the twenty-nine weeks ended February 17 aggregated 81,665,262 bushels compared with 51,294,497 in the corresponding period of the previous crop year. Imports into the United States for consumption and milling in bond totalled 5,078,031 bushels compared with 1,970,606.

Wheat Stocks in Store

Canadian wheat in store for the week ending February 19 totalled 151,632,711 bushels compared with 154,173,230 in the previous week and 48,878,544 in the corresponding week last year. The amount of Canadian wheat in the United States was 4,694,000 bushels compared with 5,459,000 the week before and 2,118,000 a year ago.

Canada's External Trade in January

Canada's external trade recorded a gain in January, aggregating $125,527,272 compared with $114,738,210 in the previous month and $121,954,003 in January, 1938. Domestic exports were higher in both comparisons, while imports showed a drop, exports totalling $81,046,361 compared with $69,476,953 in December and $71,021,829 in January, 1938, and imports $43,753,810 compared with $44,285,986 in the previous month and $49,719,835 in January last year.

It follows that Canada's trade balance was favourable in January to the extent of $38,019,652 compared with a favourable balance of $26,166,238 in December and $22,514,333 in the corresponding month last year.

The United States was the chief purchaser of Canadian-made goods in January, the total to that country being $36,277,000 compared with $25,293,000 the month before and $20,733,000 in the same month of 1938. The United Kingdom was next with a total of $25,554,000 compared with $25,535,000 in December and $33,570,000 a year ago.

Chief commodities exported to the United States in January follow, with figures for January, 1938 in brackets: gold bullion other than monetary, $10,298,000 (nil); paper, $7,132,000 ($6,198,000); wood pulp, $2,062,000 ($1,489,000); nickel, $2,093,000 ($1,005,000); beef cattle, $1,901,000 ($270,000); fish, $1,328,000 ($1,270,000); planks and boards, $1,114,000 ($704,000); furs, $861,000 ($825,000); shingles, $782,000 ($442,000); copper, $712,000 ($755,000); raw gold, $649,000 ($689,000); silver, $605,000 ($701,000).

Leading purchases by the United Kingdom were as follows: wheat, $3,079,000 ($7,696,000); furs, $2,950,000 ($2,548,000); meats, $2,918,000 ($3,446,000); nickel, $1,748,000 ($3,014,000); planks and boards, $1,577,000 ($1,119,000); copper, $1,391,000 ($2,306,000); fruits, $1,075,000 ($1,071,000); aluminum, $891,000 ($112,000); wheat flour, $664,000 ($1,023,000); paper, $600,000 ($439,000).

Export of Paper

Although lower than in the previous month the January export of newsprint paper recorded advance over the corresponding month last year, totalling 3,872,489 cwt. valued at $8,290,258 compared with 4,229,033 worth $9,049,872 in December and 3,390,182 at $6,816,828 in January, 1938. The bulk of the export went to the United States, amounting to 3,251,875 cwt., with Australia taking 307,241 cwt., United Kingdom 185,222 and British South Africa 58,836.

Pulp and fibre wall boards were exported to the value of $111,184 in comparison with $81,394 in December and $126,600 in January, 1938. The United Kingdom took approximately half, with considerable amounts going to British South Africa, New Zealand and Egypt.

January exports of wood pulp and screenings aggregated $2,227,779 against $2,335,160 in the previous month and $2,149,823 in January, 1938. The value of purchases made by the United States was $2,062,071 and the United Kingdom $55,878.

Milk and Its Products

Due mainly to a considerable decline in the value of cheese exports, the January exports of milk and its products fell to $597,816 from $1,281,784 in the previous month. However, there was an increase in the total when compared with January last year when the aggregate was $318,377. Cheese exports in January totalled $188,381 compared with $1,089,857 in December and $62,857 in January, 1938. Butter exports in January were somewhat higher, amounting to 13,622 cwt. worth $275,350 compared with 1,856 at $37,187 in December and 840 at $25,514 a year ago. The United Kingdom took 13,112 cwt.

Milk and its products imported during January amounted to $21,893 compared with $36,884 in the previous month and $59,294 in the corresponding month last year. Cheese accounted for the bulk, the total being $13,951 against $36,268 in December and $14,526 in January, 1938.

Export of Paints

The export of Canadian paints in January totalled $48,397 in comparison with $61,280 in the previous month and $61,643 in the corresponding month last year. The United Kingdom took nearly half of the total.

Exports of Non-Ferrous Ores and Smelter Products

The January export of leading Canadian non-ferrous ores and smelter products was as follows, with figures for 1938 in brackets: aluminum in blocks, 121,392 (32,855) cwt.; cobalt oxide and salts, 36,402 (25,042) pounds; copper, 358,762 (400,083) cwt.; raw gold, 19,510 (21,061) fine ounces; gold bullion other than monetary, 294,219 (nil) fine ounces; lead in pigs, 289,371 (320,325) cwt.; nickel in matte or speiss, $1,225,818 ($1,433,834); fine nickel, $3,416,673 ($4,013,833); nickel oxide, $239,774 ($125,937); platinum, $817,605 ($865,164); silver in ore concentrates etc., 262,968 (285,424) ounces; silver bullion, 1,185,285 (1,379,872) ounces; zinc spelter, 281,288 (300,959) cwt.

Exported Cattle

A large gain was shown in the export of heavy beef cattle in January, the total being 28,584 head worth $1,837,431 compared with 8,596 at $439,760 in December and 4,875 at $304,958 in January, 1938. These went mostly to the United States.

Sales of Rock Wool in January

According to information received by the Dominion Bureau of Statistics, the January sales of rock wool by Canadian producers were as follows: full-thick batts, 286,390 square feet; semi-thick batts, 314,191 square feet; granulated wool, 107,249 cubic feet; bulk or loose wool, 27,917 cubic feet; and industrial wool, both loose and granulated, 33,373 cubic feet.

Shipments of Cement

Shipments of Portland cement by Canadian producers in December were recorded at 174,848 barrels compared with 397,066 in the previous month and 187,466 in the corresponding month last year. Shipments during 1938 totalled 5,507,014 barrels compared with 6,168,971 in 1937 and 4,508,718 in 1936.

Shipments of Lime

Canadian producers reported shipments of lime amounting to 37,042 tons in December compared with 44,427 in November and 37,143 in December, 1937. During 1938 shipments totalled 473,631 tons compared with 549,353 in 1937 and 468,401 in 1936.

Production of Asbestos

Canadian shipments of asbestos in December amounted to 17,473 tons compared with 29,471 in the previous month and 28,771 in December, 1937. During the year 1938 Canadian producers shipped 289,822 tons compared with 410,026 in 1937 and 301,287 in 1936.

Production of Gold in Australia

Production of gold in Australia during the 11 months ended November aggregated 1,430,917 fine ounces, according to official sources. In the corresponding period of 1937 the total was 1,242,413 ounces, while two years ago it was 1,053,859.

Shipments of Rigid Insulating Board

Domestic shipments of rigid insulating board in January totalled 2,854,163 square feet compared with 2,983,125 in the previous month and 2,482,802 in the corresponding month last year. Shipments of the various types were as follows, with figures for January 1938 in brackets: panel board, 2,201,112 (1,641,098) square feet; plaster base board, 330,868 (318,138); roofboards, 44,946 (152,380); miscellaneous, 277,237 (371,186).

Building Permits in January

The value of the building authorized by 58 cities in January aggregated $1,706,630 compared with $3,482,915 in December and $1,859,181 in January last year. There was therefore a reduction of 51 per cent from the previous month and 8.2 per cent from the corresponding month last year.

Retail Prices, Rents and Costs of Services

The index number of retail prices, rents and costs of services on the base 1926=100, fell from 83.5 in December to 83.1 in January as a result of easier prices for foods. The food index fell from 76.2 to 75.2. In the corresponding month last year the general index was 84.0.

Production of Concentrated Milk

The January production of concentrated whole milk products amounted to 4,985,780 pounds compared with 6,249,005 in the previous month and 6,845,005 in the corresponding month last year. Production of concentrated milk by-products totalled 2,195,908 pounds against 2,201,441 in December and 1,865,021 in January last year.

Sales and Financing of Motor Vehicles

There were 5,930 new motor vehicles retailed for $6,616,269 in January compared with 8,453 for $9,475,242 in the previous month and 6,832 at $7,687,703 in the corresponding month last year. Sales of new passenger cars totalled 4,791 compared with 7,342 the month before and 5,373 a year ago. Truck and bus sales were reported at 1,139 compared with 1,111 in December and 1,459 in January, 1938.

During the month there were 6,363 new and used vehicles financed to the extent of $2,733,980 in comparison with 8,910 for $3,961,589 in December and 6,726 for $3,205,685 in January last year. New vehicles financed in January this year numbered 1,683 compared with 2,850 in the previous month and 2,265 a year ago. Used vehicles totalled 4,680 units compared with 6,060 in December and 4,461 in 1938.

Bank Debits in 1938

Financial transfers in the form of bank debits were 12 per cent less in 1938 than in the preceding year. The total was $30,924,000,000 against $35,166,000,000, representing a decline of $4,242,000,000. Each of the five economic areas showed contraction in the amount of cheques cashed and only seven of the 32 centres recorded an increase over the preceding year.

The downward fluctuation in bank debits conformed with the movement in the majority of economic factors. A temporary maximum in business and speculative activity had been established in 1937, while 1938 was a year of recession. Excellent resistance, however, was shown in depressing influences in the first eight months, and an important recovery characterized the latter part of the year.

Bread and Other Bakery Products

A marked improvement was recorded in the operations of the Bread and other Bakery Products Industry during 1937. The gross value of products advanced to $76,463,000 from $65,558,000 the year before, cost of materials used to $39,498,000 from $32,125,000, employees to 21,252 from 19,598 and salaries and wages to $19,759,740 from $17,703,572. There were 3,179 firms included in this survey.

The principal products of the industry were, in order: bread, $55,009,658; pies, cakes, cookies and pastries, $17,340,407; and buns, $3,449,245. It is of interest to note that more than half of the $39,498,456 paid out for materials was spent on flour. A variety of materials are used in this industry, listed among them being yeast, shortening, sugar, malt, milk, nuts, cocoanut, frozen eggs, oils, such as corn, cottonseed and soya bean.

Wine Industry

The Canadian wine industry is confined to a few localities such as the Niagara Peninsula in Ontario and Okanagan Valley in British Columbia where climatic conditions for the cultivation of grapes and berries suitable for wine are favourable. In 1937 Ontario produced over 92 per cent of the total output of the industry.

Wines produced during the year and placed in storage for maturing totalled 3,481,884 gallons with an inventory value of $1,185,905 while the fermented wines bottled or sold in bulk totalled 3,283,989 gallons valued at $4,553,369. Other products were valued at $223,119.

Large quantities of wine are also imported annually. In 1937 the imports of sparkling and non-sparkling wines were valued at $1,043,298 as compared with a net domestic production valued at $3,783,076. Exports of wines were comparatively small, totalling $9,082.

Reports Issued Today

1. The Bread and Other Bakery Products Industry, 1937 (25 cents).
2. Weekly Index Numbers of Wholesale Prices (10 cents).
3. Domestic Shipments of Rigid Insulating Board, January (10 cents).
4. Sales of Asphalt Roofing, January (10 cents).
5. Production of Asphalt Roofing, January (10 cents).
6. Security Prices and Foreign Exchange (10 cents).
7. Trade of Canada by Months, April, 1935, to January, 1939 (10 cents).
8. Summary of Canada's Domestic Exports, January (10 cents).
9. Bank Debits to Individual Accounts, 1938 (25 cents).
10. Production of Concentrated Milk, January (10 cents).
11. Financing of Motor Vehicle Sales, January (10 cents).
12. Sales of New Motor Vehicles, January (10 cents).
13. The Wine Industry in Canada, 1937 (25 cents).
14. Prepared Breakfast Foods and Other Cereal Products Industry, 1937 (15 cents).
15. Building Permits, January (10 cents).
16. Prices and Price Indexes, January (10 cents).
17. The Brewing Industry, 1937 (25 cents).
18. Car Loadings on Canadian Railways (10 cents).
19. Cement, Clay Products and Lime, December (10 cents).
20. Asbestos Production, December (10 cents).
21. Business Conditions in Canada, 1938 (25 cents).
22. Fisheries Statistics of Canada, 1937 (35 cents).
23. Imports of Milk and Its Products and Eggs, January (10 cents).
24. Exports of Animals, Living, January (10 cents).
25. Exports of Paints and Varnishes, January (10 cents).
26. Exports of Non-Ferrous Ores and Smelter Products, January (10 cents).
27. Exports of Milk, Milk Products and Eggs, January (10 cents).
28. Exports of Pulp Wood, Wood Pulp and Paper, January (10 cents).
29. Exports of Petroleum and Its Products, January (10 cents).
30. Canadian Grain Statistics (10 cents).
31. Values of Farm Lands, Live Stock and Poultry and Wages of Farm Help (10 cents).
