

WEEKLY BULLETIN

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Weekly Review of Economic Conditions

According to six economic factors, the year ended on an optimistic note. Gains in four factors over the week of December 23 had a greater influence than the decline in the speculative segment comprising common stock prices and shares traded. Four of the factors were also higher than in the same week of 1938, exceptions being bond and common stock prices.

The railway freight movement was 2,512,000 cars during the first 51 weeks of the year compared with 2,402,000 cars, a gain of 110,000. Increases were shown in each of the 11 commodity groups except pulpwood and miscellaneous commodities. The gain in grain loadings over the same period of 1938 was 67,643 cars. The index which had been 77.7 in the 50th week rose to 80.4 in the week under review.

Wholesale prices showed a further slight gain in the week of December 28th. It will be recalled that wholesale prices rose sharply during September and that the advance was continued during the last quarter. The standing of the index at the end of the year was nearly 12 p.c. above that of one year ago. After having been relatively stable during the 12 months ended last August, the outlook was changed immediately upon the outbreak of war.

High-grade bond prices were relatively steady during November and December. A considerable rally had occurred during October counterbalancing a portion of the decline in the preceding month. The net result was that the level at the end of the year was considerably below December 1938. The high-grade bond market, however, has given a good account of itself in the last two months in the face of a major war.

Common stock prices showed moderate reaction during the last two months of the year counterbalancing only a portion of the advance during September and October. The official index was 100.4 in the last week of the year against 101 in the preceding week and 107.5 in the corresponding week of 1938. Bank clearings recorded a gain for the third consecutive week showing a somewhat higher level than in 1938.

The economic index was 107.9 in the week of December 30 against 106.5 in the preceding week, a gain of 1.3 p.c. The increase over the same week of 1938 was 1 p.c., the standing at that time having been 106.8.

Weekly Index with the Six Components
1926=100

Week Ended	Car load-ings ₁	Wholesale prices	Capitalized Bond Yields ₂	Bank Clear-ings ₃	Prices of Common Stocks	Shares Traded	Weekly Index ₄
Dec. 31, 1938	67.2	73.5	161.0	96.7	107.5	66.9	106.8
Dec. 23, 1939	77.7	82.1	145.1	96.6	101.0	109.4	106.5
Dec. 30, 1939	80.4	82.2	145.6	101.6	100.4	89.5	107.9

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.

Bank Debits in November

Bank debits in November totalled \$2,930,346,000 in comparison with \$2,898,916,000 in October and \$2,965,079,000 in November, 1938. The aggregate for the first 11 months of 1939 was \$28,560,485,000 as compared with \$28,018,238,000 in the same period of 1938, a gain of nearly two per cent.

November Business at High Level

The index of the physical volume of business in final form was nearly maintained in November at the high level of the preceding month. The index had shown advances from the first quarter to October and recently stood at a higher point than in any other month except January 1929. The index of mineral production which had been 194 in October rose to 236.7 in the month under review. Marked gains were shown in the exports of copper and zinc, while the index of Mint receipts of gold rose from 323.6 to 338. Expansion was also recorded in the exports of asbestos and imports of bauxite.

The index of manufacturing showed recession from October. A moderate gain was recorded in the index of the manufacture of foodstuffs, the standing having been 127.7 against 126.8. The sugar index rose 16 points to 113.8. The meat packing industry was slightly more active than in the preceding month and increases were shown in the principal dairy products after seasonal adjustment.

Rubber imports recorded a considerable decline from the preceding month. Each of the indexes recording the trend in the primary textile industry showed marked advances, the general index being 38 points higher at 169. The export of planks and boards was retarded in November while gains were shown in newsprint production and wood pulp exports.

The indexes of steel and pig iron production recorded recession after seasonal adjustment. The imports of iron and steel were at a much higher level, while the output of automobiles dropped to a lower position after the usual adjustment. The index of electric power production was 248.5, an increase of about three points over the preceding month.

The external trade recorded increases over October. The index of carloadings rose four points to 84 and trade employment was nearly maintained.

Business Indexes in November Compared with October, 1926=100

Index	1939	
	November	October
Physical Volume of Business	133.0	133.1
Industrial Production	139.0	139.7
Mineral Production	236.7	194.2
Copper exports	524.9	264.9
Nickel exports	405.8	495.7
Zinc exports	217.1	108.8
Gold, mint receipts	338.1	323.6
Silver shipments	99.7	93.3
Asbestos exports	160.6	136.6
Bauxite imports	1357.0	440.0
Coal production	94.9	94.8
Manufacturing	136.9	143.7
Foodstuffs	127.7	126.8
Flour production	-	99.2
Oatmeal production	-	27.9
Sugar manufactured	113.8	97.8
Inspected slaughterings	174.2	172.1
Cattle	149.7	140.8
Sheep	129.7	131.8
Hogs	194.4	196.5
Creamery butter	161.3	153.1
Factory cheese	69.1	56.4
Salmon exports	137.0	153.0
Tobacco	202.7	213.3
Cigar releases	85.1	65.2
Cigarette releases	255.1	275.7
Rubber imports	84.1	325.8
Boots and shoes production	-	145.4
Textiles	169.1	131.3

Business Indexes in November Compared with October, 1926-100

Index	1939	
	November	October
Cotton consumption	166.0	143.3
Cotton yarn imports	159.9	87.0
Wool, raw and yarn	188.0	91.6
Forestry	128.7	139.3
Newsprint	176.0	168.3
Wood pulp exports	86.8	85.9
Planks and boards exports	80.0	119.6
Shingles exported	112.9	119.4
Iron and steel	126.4	146.4
Steel production	239.9	245.6
Pig iron production	148.3	168.4
Iron and steel imports	120.6	66.3
Automobile production	96.7	137.9
Coke production	140.7	159.1
Crude petroleum imports	254.9	288.2
Construction	40.4	43.3
Contracts awarded	41.7	42.6
Building permits	37.1	45.0
Cost of construction	95.2	94.8
Electric power	248.5	245.6
Distribution	115.8	114.3
Trade employment	137.3	138.3
Carloadings	84.0	80.0
Imports	102.1	99.7
Exports, excluding gold	114.3	106.9
Producers' Goods	121.1	118.6
Consumers' Goods	137.0	139.7
Marketings -		
Grain and Live Stock Marketings	151.1	96.5
Grain Marketings	166.2	96.0
Wheat	160.0	96.7
Oats	85.1	70.9
Barley	190.1	136.3
Flax	201.8	16.2
Rye	570.0	152.0
Live Stock Marketings	83.2	99.6
Cattle	75.9	91.1
Calves	121.4	154.3
Hogs	89.6	108.2
Sheep	90.8	90.3
Cold Storage Holdings	171.1	149.8
Eggs	86.3	84.9
Butter	231.1	214.4
Cheese	145.6	144.5
Beef	183.6	151.0
Pork	178.0	130.0
Mutton	143.2	175.9
Poultry	326.1	259.4
Lard	98.5	57.0
Veal	278.9	293.0

Primary Movement of Wheat

Wheat receipts in the Prairie Provinces for the week ending December 29 amounted to 1,451,773 bushels compared with 2,911,136 in the previous week and 1,338,021 in the same week of 1938. The totals follow by provinces, with 1938 amounts in brackets: Manitoba, 86,217 (102,109) bushels; Saskatchewan, 735,744 (538,388); Alberta, 629,812 (697,524).

Marketings in the three provinces during the twenty-two weeks ended December 29 aggregated 362,523,260 bushels in comparison with 254,503,119 in the corresponding period of the previous crop year, the totals being as follows by provinces: Manitoba, 50,504,076 (40,253,429) bushels; Saskatchewan, 202,129,627 (101,841,446); Alberta, 109,889,557 (112,408,244).

Wheat Stocks in Store

Canadian wheat in store on December 29 amounted to 349,249,102 bushels compared with 352,621,802 a week ago and 169,086,599 on the corresponding date in 1938. The amount of Canadian wheat in the United States was 38,393,783 bushels compared with 39,123,433 the week before and 7,926,000 a year ago.

Overseas Export Clearances of Wheat

Overseas export clearances of wheat during the week ending December 29 amounted to 3,109,406 bushels, while the imports into the United States for consumption and milling in bond were 42,000 bushels, amounting in all to 3,151,406 bushels compared with 1,217,866 in the same week of 1938.

Overseas export clearances during the twenty-two weeks ended December 29 aggregated 55,192,002 bushels and the imports into the United States were 4,053,818 bushels, making a total of 59,245,820 bushels in comparison with 71,822,548 in the corresponding period of the previous crop year.

December Employment Situation

Industrial employment in Canada has almost invariably shown a contraction at the first of December in the years since 1920; the movement at the beginning of December 1939 was also downward but the reduction in the personnel of the firms furnishing data was unusually small, the percentage loss being only about a third of the average recorded at December 1 in the last eighteen years.

Statistics were tabulated from 11,948 establishments whose working forces aggregated 1,198,266 compared with 1,207,149 at November 1; 11,173 firms making returns for December 1938 had employed 1,096,434 persons. The crude index for December 1939, standing at 122.7, was higher than for any December on record; the previous high for the year-end was 121.6 in December 1937.

Manufacturing showed a small gain at December 1 in comparison with November. Although this was slight, it was interesting because the trend has been downward at the beginning of December in sixteen of the preceding eighteen years for which statistics are available. The December 1 index in manufacturing was the highest yet recorded, slightly exceeding the previous maximum of 121.7 at October 1, 1937. The largest gains were in textiles and iron and steel, while the greatest contractions were those of a seasonal character in the food and lumber industries.

Among the non-manufacturing classes, transportation, communications, services and construction reported seasonal declines, of which those in the last-named were most pronounced. On the other hand, mining, trade and logging afforded more employment, the improvement in bush work being particularly noteworthy.

In Nova Scotia, New Brunswick and Ontario the trend of employment was upwards on December 1; the gain in Ontario was slight, while there was considerable improvement in the other two provinces. In Prince Edward Island, Quebec and the Western Provinces seasonal curtailment was indicated, that in British Columbia being most pronounced. Except in Saskatchewan, industrial activity was generally greater than at the beginning of December last year.

Monthly Indexes of Wholesale Sales

Dollar value of wholesale trade in Canada decreased substantially in November from the October level but was still eight per cent higher than the level of November 1938. Thus for the fifth consecutive month wholesale sales in 1939 were in excess of the dollar volume of trade transacted by wholesalers in the corresponding months of 1938. The November general index on the 1930 base was 102.7 compared with 117.5 for October and 94.7 for November 1938. Cumulative figures for the 11 months of 1939 stand seven per cent in advance of the corresponding period of 1938.

Indexes of Retail Sales in November

The general index of retail sales was six per cent higher in November than in the corresponding month of 1938, but was four per cent lower than in the preceding month. The index for November stood at 88.5 compared with 92.1 in October and 83.8 in November 1938. The average of the indexes for the eleven months ended November was 2.5 per cent higher than in 1938.

Production of Steel and Iron

Canada's November production of steel ingots and direct steel castings amounted to 147,182 tons as compared with 149,890 in the previous month and 90,120 in the same month last year. The latest month's output included 139,651 tons of ingots and 7,551 tons of castings. For the eleven months ending November, production totalled 1,234,765 tons against 1,077,381 in the same period of 1938.

Production of 87,822 long tons of pig iron in November compares with 85,758 made in the previous month and 46,216 in November, 1938. This month's production included 69,039 tons of basic iron, 11,560 tons of foundry iron and 7,223 of malleable iron. Total output of pig iron during the eleven months ended November was 661,562 tons compared with 651,718 a year ago.

Output of ferro-alloys in November amounted to 7,285 tons against 6,357 in October and 5,999 in November, 1938. This month's total was made up of four different alloys listed according to tonnage as follows: spiegeleisen, ferrosilicon, ferromanganese and ferrochrome.

Indexes of Country General Store Sales

Country general store sales averaged two per cent lower in November this year than last and decreased seasonally by 20 per cent below the October level, indexes of sales on the 1936 base standing at 102.0 for November, 122.0 for October and 104.2 for November, 1938. Cumulative figures for the first eleven months show a decline of three per cent compared with the same period last year.

Exports of Cattle in November

Exports of Canadian cattle in November, going largely to the United States, totalled 21,072 head valued at \$1,084,651 compared with 23,230 at \$1,209,204 in October and 23,464 at \$1,133,546 in November, 1938. Exports during the 11 months ended November aggregated 277,976 head at \$14,158,308 in comparison with 157,932 at \$7,779,350 in the corresponding period of 1938.

Exports of Farm Implements and Machinery

Advance was shown in Canada's November export of farm implements and machinery, when the value was \$574,754 compared with \$467,714 in October and \$425,012 in November, 1938. The United Kingdom, the United States, Argentina and British South Africa were the chief purchasers. Exports during the 11 months ended November totalled \$6,271,621 as against \$7,591,005 in the corresponding period of 1938.

Reports Issued during the Week

1. Exports of Farm Implements and Machinery, November (10 cents).
 2. Exports of Living Animals, November (10 cents).
 3. Index Numbers of Wholesale Prices (10 cents).
 4. Indexes of Wholesale Sales, November (10 cents).
 5. Advance Preliminary Statement of Butter, Cheese and Eggs in Cold Storage in Principal Cities of Canada, December 1 (10 cents).
 6. Prices and Price Indexes, November (10 cents).
 7. Indexes of Retail Sales, November (10 cents).
 8. Bank Debits to Individual Accounts, November (10 cents).
 9. December Employment Situation (10 cents).
 10. Monthly Indexes of Country General Store Sales, November (10 cents).
 11. Production of Iron and Steel, November (10 cents).
 12. Security Prices and Foreign Exchange (10 cents).
 13. Car Loadings (10 cents).
 14. Canadian Grain Statistics (10 cents).
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