

WEEKLY BULLETIN

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Weekly Review of Economic Conditions

Six prominent factors available on a weekly basis averaged higher in the first week of the year, four sub-indexes showing an advance over the preceding week. While the index of high-grade bonds was unchanged, speculative trading, due to the holiday period, was at a lower position. A slight change only was shown from the average for the first week of 1939. Carloadings and wholesale prices are at a much higher level than one year ago, while an increase was also shown in the adjusted index of bank clearings.

After adjustment for seasonal tendencies, the index of carloadings rose from 80.4 to 83.1 in the fifty-second week of the year. Despite declines in pulpwood and miscellaneous commodities, the railway freight movement recorded a gain of 116,000 cars in 1939 over the preceding year. The total traffic was nearly 2,549,000 cars against 2,433,000 in 1938.

Wholesale prices recorded a slight gain in the first week of the year, the index rising from 82.2 to 82.5. Animal products alone of the eight main groups showed minor decline. Coarse grains, except rye, were strong on the Winnipeg exchange, while a slight recession was shown in wheat. The price of electrolytic copper in New York dropped from 12.80 on January 2nd, to 12.50 on the 9th. Tin was slightly higher while a concession was made in zinc. The increase in the index of wholesale prices over the same week of 1939 was 13.5 p.c.

The average yield on a number of Dominion bonds was unchanged at 3.34 as traders were reported awaiting particulars of the forthcoming Dominion War Loan. The adjusted index of bank clearings was 105.1 in the first week of the year, recording gains of 4.3 p.c. over the preceding week and 2.2 p.c. over the same week of 1939.

Common stock prices were somewhat stronger during the first week of the year, the index rising from 100.4 to 101.6. Measured by the official index, the level was about 6 p.c. below the first week of 1939. The index of 15 power and traction stocks was 61.7 in the week of January 4th, against 61.3 in the preceding week. This compares with 58.3 one year ago.

The weekly index based upon the six above-mentioned factors was 109.0 in the first week of January against 107.7 in the preceding week and 109.1 one year ago. The increase over the last week of 1939 consequently was 1.2 p.c.

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
Jan. 7, 1939	70.0	73.4	162.9	102.8	108.0	94.7	109.1
Dec. 30, 1939	80.4	82.2	145.6	100.8	100.4	89.5	107.7
Jan. 6, 1940	83.1	83.3	145.6	105.1	101.6	80.6	109.0

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.

Business Conditions in the First Eleven Months of 1939

Measured by records for the first eleven months, the year just ended was one of the most prosperous in Canada's history. The outbreak of war in September led to immediate acceleration. The index of the physical volume of business consequently stood at a higher level in the last quarter than at any time since the early part of 1929. Canadian industry was favoured not only by the receipt of war orders but from an expansion in demand due to the advance in wholesale prices. The newsprint, foodstuff and steel industries were given an impetus by the shift to war economy. The exchange situation was beneficial to a number of industries marketing the main part of their product in the United States. This group included gold mining and forestry.

The index of the physical volume of business averaged 121.4 during the elapsed portion of 1939 against 112.7 in 1938, a gain of 7.7 per cent. The index of industrial production, showing the trend of mining, manufacturing, construction and electric power recorded an even greater increase, being nearly nine per cent. The standing in 1939 was 124.5 against 114.3 in the preceding year.

Based upon nine important factors, the volume of mineral production showed a gain of slightly more than 10 per cent. The index was 215.4 against 195.7 in the first eleven months of 1938. Marked expansion was shown in nickel, zinc, gold and coal. The exports of nickel rose from 186 million pounds to 218 million, a gain of nearly 17 per cent. A like percentage increase was shown in the outward shipments of zinc which rose from 279 million pounds to 326 million. Gold receipts at the Mint recorded a gain of more than 11 per cent, the total in the first eleven months of the year just ended being 4,435,000 fine ounces. Reflecting the greater industrial activity, coal production rose from 12.9 million tons to 13.9 million, a gain of more than eight per cent.

Manufacturing plants added to their operations from month to month. The gain in the index was about 10 points to 117.3. A considerable majority of the 30 factors used in the compilation recorded increases. Flour production in the first ten months was 20 per cent greater than in the like period of 1938. Hog slaughterings showed an increase of nearly 13 per cent at 3,225,000. The production of boots and shoes, particularly heavy in recent months due to war orders, showed an increase of 11.4 per cent over the first ten months of 1938. The total this year was more than 18 million pairs, compared with 16.3 million pairs one year ago.

Raw cotton consumption is an excellent barometer of activity in the cotton textile industry. The use of cotton rose from 100.5 million pounds in the first eleven months of 1938 to 114.2 million pounds during the year just ended, a gain of nearly 14 per cent.

The forestry industry was considerably more active during 1939. The gain in the export of planks and boards was no less than 30 per cent, the total during the first eleven months having been 1,963 million feet. The production of newsprint was 2.6 million tons, a gain of nearly nine per cent over the same period of 1938.

The primary iron and steel industry showed considerable acceleration toward the end of the year, the total output of steel ingots in the first eleven months of 1939 having been 1,235 thousand tons, a gain of 15 per cent. The output of pig iron was 662,000 tons, showing a minor increase over the preceding year. Automobile production was at a lower level than in 1938, dropping more than six per cent to 138,338 units.

The expansion in the output of electric power continued in 1939, reflecting improved demand from industrial and domestic sources. The total production was 25.8 billion kilowatt hours against 23.6 billion, a gain of 9.2 per cent.

Exports, exclusive of gold, recorded a gain of 7.1 per cent over the first eleven months of 1938, the total having been \$833.9 million. A somewhat similar percentage gain was shown in imports, the rise having been from \$633 million to \$679.5 million. The net result was that the active balance of exports over imports, aside from the movement of gold, was \$154.4 million in the first eleven months of 1939, against \$145.7 million in the same period of last year.

As the year ended, marked betterment was recorded in employment conditions over the same period of 1938. The unadjusted index of employment was 122.7 on December 1, last, against 114.0 one year previously, a gain of nearly eight per cent.

Sales and Purchases of Securities Between Canada and Other Countries in November

The international trade in securities in November regained some of the volume lost in October and also reflected a larger inflow of capital on balance. Net sales of securities by Canada, amounting to almost \$6 million, were greater than in any month of the year since May. Most of the increase in volume was in the trade in Canadian securities and a large part of the inflow of capital was for the acquisition of Canadian securities, net sales of Canadian bonds being about \$3 million.

The major part of the sales during the month were to the United States. Of the \$5.8 million net sales to the United States, \$2.5 million represented Canadian securities and \$2.6 million were sales of United States securities. The nationality of most of the remaining sales, principally short-term securities, is not distinguishable. Most of the Canadian securities sold were Dominion government bonds although provincials and municipals were also sold on balance while Canadian corporation issues, both bonds and stocks, were repurchased by Canadians. Sales of United States stocks by Canadians exceeded purchases by about \$2.4 million.

Trade between Canada and the United Kingdom was almost in equilibrium, sales and purchases being about equal. Net repurchases of Canadian corporation stocks and bonds were offset by sales of Canadian government and municipal issues.

Trade with other countries continued to reflect net sales of Canadian stocks, although these were in very small amounts.

In the first eleven months of 1939, total sales of securities of \$297.4 million exceeded total purchases of \$229.3 million by \$68.1 million. This compares with net sales of \$36.0 million in the corresponding period in 1938. The principal part of the net inflow of capital in 1939 was recorded in the trade with the United States although the direct inflow from overseas countries other than the United Kingdom, concentrated in the first eight months of the year, was also substantial. Net sales to the United States were \$53.6 million, and net sales to "other countries", \$20.1 million, while the balance of purchases from the United Kingdom amounted to \$5.6 million in the eleven months.

Production of Gold in October

The Canadian output of gold in October amounted to 432,678 ounces valued at \$16,628,248. The September production totalled 421,485 ounces and in October, 1938, 412,841 ounces. During the ten months ended October the output amounted to 4,235,880 ounces, a gain of 9.2 per cent over the corresponding period of 1938.

The October output by provinces was as follows, with September figures in brackets: Ontario, 266,376 (247,412) ounces; Quebec, 75,676 (79,398); British Columbia, 49,036 (52,038); Manitoba and Saskatchewan, 23,197 (22,636); Yukon alluvial and Northwest Territories lode gold, 16,283 (17,567). The Royal Canadian Mint received 2,047 ounces of gold from Nova Scotia, compared with 2,415.

October Production of Gypsum

The Canadian production of gypsum amounted to 197,302 tons in October compared with 196,321 in September and 95,561 a year ago. Output during the ten months ended October totalled 1,104,432 tons compared with 829,850 in the same period of 1938.

Production of Asbestos in October

Canadian producers shipped 41,622 tons of asbestos in October compared with 38,124 in September and 31,246 in October 1938. Shipments during the first 10 months of 1939 aggregated 291,510 tons, representing an increase of 20 per cent over the tonnage shipped in the first 10 months of 1938.

November Export of Meats

A sharp advance was recorded in the value of Canada's November export of meats, bacon and hams to the United Kingdom accounting for most of the gain. The total export of meats in November was \$4,517,329 compared with \$3,417,205 in October and \$3,477,319 in November 1938. The value of bacon and hams sent to the United Kingdom was \$3,853,506.

Production of Coal and Coke

In continuation of the advancing tendency noted in recent months Canada's November production of coal rose to 1,719,479 tons from the November, 1938, total of 1,552,841. Although this was lower than the October total of 1,747,663, it was higher than in any other month since October, 1936. Output during the eleven months ended November aggregated 14,003,072 tons compared with 12,943,732 in the corresponding period of 1938.

Production of 229,216 tons of coke in November was the highest total reported for any month during the past ten years. It was 1.1 per cent over the 226,614 tons of October this year and 27.7 per cent over the 179,473 tons made in November, 1938. During the first eleven months of 1939, 2,144,904 tons were produced compared with 2,162,401 a year ago.

November imports of coal amounted to 1,947,631 tons, representing an increase of 16.3 per cent over November, 1938, and 19.3 per cent over the five-year average for the month. Anthracite imports included 186,421 tons from the United States and 97,493 from Great Britain. Receipts of bituminous consisted of 1,660,198 tons from the United States and 2,730 from Great Britain. Imports of lignite from the United States totalled 789.

Exports of Canadian coal declined to 29,524 tons from the November, 1938, total of 48,471. During the first eleven months of 1939 the total was 334,803 tons compared with 324,441 last year.

Wheat Stocks in Store

Canadian wheat in store on January 5 amounted to 348,183,288 bushels as compared with 349,249,102 a week ago and 165,988,882 on the corresponding date last year. The amount of Canadian wheat in the United States was 38,553,042 bushels compared with 38,393,783 the week before and 7,526,000 a year ago.

Overseas Export Clearances of Wheat

Overseas export clearances of wheat during the week ended January 5 totalled 1,289,059 bushels, while the imports into the United States for consumption and milling in bond amounted to 189,000 bushels, amounting in all to 1,478,059 bushels in comparison with 2,115,138 in the same week of 1939.

Overseas export clearances of wheat during the twenty-three weeks ended January 5 aggregated 56,481,061 bushels, while the imports into the United States amounted to 4,242,818 bushels, making a total of 60,723,879 bushels compared with 73,937,686 in the corresponding period of the previous crop year.

Primary Movement of Wheat

Wheat receipts in the Prairie Provinces during the week ending January 5 amounted to 1,143,590 bushels compared with 1,511,772 in the previous week and 618,772 in the corresponding week of 1939, the totals being as follows by provinces, with figures for 1939 in brackets: Manitoba, 19,566 (46,286) bushels; Saskatchewan, 735,299 (215,457); Alberta, 388,725 (357,029).

Marketings during the twenty-three weeks ended January 5 aggregated 363,726,849 bushels as compared with 255,121,891 in the corresponding period of 1938-39. The totals follow by provinces: Manitoba, 50,527,092 (40,299,715) bushels; Saskatchewan, 202,878,392 (102,056,903); Alberta, 110,321,365 (112,765,273).

Production of Butter and Cheese

Canada's production of creamery butter in December amounted to 11,779,630 pounds as compared with 15,459,515 in November and 11,247,322 in December, 1938. Production during the calendar year 1939 aggregated 266,878,858 pounds compared with 266,886,883 in 1938.

December production of factory cheese totalled 2,338,735 pounds compared with 5,075,587 in November and 2,077,613 in December, 1938. The amount produced during 1939 was 120,976,031 pounds as compared with 121,314,607 in 1938.

Gross Value of Agricultural Production

A preliminary estimate places the value of Canada's agricultural production in 1939 at \$1,133,545,000, an increase of \$97,015,000 over 1938. This was the highest point reached since 1930 when it was \$1,235,319,000. The principal increase over 1938 occurred in the value of field crops as the result of a great improvement in yields which more than offset the decline in prices. Improvement in prices of live stock and wool in the last half of the year enhanced the values of production from these sources. Lower prices for furs and tobacco resulted in decreased returns.

The values by items follow, with 1938 totals in brackets: field crops, \$635,764,000 (\$544,443,000); dairy products, \$220,000,000 (\$220,164,000); farm animals, \$150,000,000 (\$136,846,000); poultry and eggs, \$52,000,000 (\$53,748,000); fruit and vegetables, \$40,000,000 (\$42,952,000); tobacco, \$19,037,000 (\$20,270,000); fur farming, \$5,000,000 (\$6,200,000); maple products, \$3,444,000 (\$3,850,000); honey and wax, \$3,164,000 (\$3,050,000); clover and grass seed, \$2,163,000 (\$2,990,000); wool, \$2,050,000 (\$1,498,000); flax fibre, \$923,000 (\$519,000).

Production of Sugar

In the first forty-eight weeks of 1939 Canada's ten refineries manufactured 999,510,880 pounds of sugar, an increase of 33,318,105 over the output in the same period of 1938. The amount of raw sugar in the refineries on December 2 totalled 116,000,645 pounds compared with 80,066,736 on November 4 and 76,421,150 on the corresponding date last year.

Milling in November

Milling of wheat in Canada in November was at a higher level, when 8,855,723 bushels were ground as compared with 6,473,672 in November, 1938. Coarse grains were ground in the following amounts, with figures for November, 1938, in brackets: oats, 1,658,254 (1,616,828) bushels; corn, 250,074 (245,941); barley, 196,822 (178,786); buckwheat, 25,655 (23,932); and mixed grain, 2,759,117 (2,269,076).

Cost of Living

The cost of living index for Canada rose from 85.0 in November to 85.5 in December, increases for clothing and miscellaneous items influencing the index more than a decrease in food prices. The comparative figure for December, 1938, was 83.6. Following a gradual advance of approximately 8.5 per cent which extended over the period from September to November, food prices reversed direction to record a decline from 80.5 in November to 79.3 in December. Moderate declines occurred in most meats, lard, Grade "A" eggs, milk, sugar and flour, while codfish, canned salmon, dairy butter, cheese, tea, coffee and cocoa recorded gains.

Clothing indexes advanced from 73.1 for the quarter ended in November to 75.9 in December. Advances also occurred in household effects and furniture, together with increases of lesser importance in tobacco prices and gasoline. These resulted in a rise in the index for miscellaneous items from 94.5 in November to 95.7 in December. No change occurred in the index for fuel prices which remained at 86.1.

External Trade in November

The balance of trade in November was favourable to Canada to the extent of \$13,929,155 compared with \$12,365,264 in October and \$23,527,063 in November, 1938, while during the 11 months ended November the favourable balance was \$155,002,789 compared with \$145,655,829 in the same period of 1938.

A marked advance was recorded in the value of Canada's external trade in November when the total was \$183,052,000 compared with \$170,472,000 in October and \$150,134,000 in November, 1938. The total for the first 11 months of 1939 was also substantially higher, aggregating \$1,512,895,000 in comparison with \$1,411,987,000 in the corresponding period of 1938.

November domestic exports totalled \$97,163,176 compared with \$90,432,856 in October and \$85,979,453 in November, 1938; imports were appraised at \$84,561,211 compared with \$79,053,266 in October and \$63,303,669 in November, 1938.

November Imports

Canada's imports in November amounted to \$84,561,211 compared with \$79,053,266 in October and \$63,303,669 in November, 1938. A feature was the sharp increase in goods consigned from the United Kingdom. The amount was \$13,482,462 compared with \$5,777,132 in October and \$11,026,638 a year ago. Imports from all Empire countries stood at \$21,668,963 as against \$13,651,742 in October and \$17,970,038 in November, 1938.

Besides the United Kingdom there were increased imports from Australia, Eire, British India, Ceylon, British Guiana and Hong Kong over both October 1939 and November 1938. The increase from Australia was quite pronounced, the November value being \$2,147,139 against \$852,649 in October and \$1,161,954 a year ago. Imports from British South Africa at \$676,755 were a decrease from the October total of \$1,033,830 but an increase over the November 1938 total, which was \$656,050.

Imports from countries outside of the British Empire amounted to \$62,892,248. This was a decrease from October, when the amount was \$65,401,524, but it was a large increase over November 1938 when the value was \$45,333,631. Imports from the United States totalled \$56,891,222, the October amount being \$60,444,240 and the amount for November 1938, \$37,651,046. Argentina has climbed into second place in imports from foreign countries with \$729,510, almost double the October amount and more than three times the quantity a year ago. Commodities from Japan increased to \$592,346 from \$354,038 in October and \$342,535 in November, 1938.

Commodities from Colombia ran up to \$615,405 from \$210,066 in October, but the amount a year ago was \$1,009,892. Goods from Belgium dropped somewhat to \$591,235 from \$710,568 in October and \$850,326 a year ago. Imports from Italy reached \$462,707 from \$176,219 in October and \$444,593 a year ago. Goods from France were valued at \$449,301 as against \$257,137 in October and \$703,969 in November 1938; there was a sharp increase in consignments from Switzerland to \$429,299 from \$256,499 in October and \$288,817 a year ago.

Other countries which in November showed an increase over October were Brazil, China, Denmark, Egypt, Estonia, Greece, Hungary, Iceland, Iraq, Paraguay, Portugal, Siam, Spain, Canary Islands, Turkey, Philippines, Uruguay and Yugoslavia. The increase from Egypt was from \$7,431 to \$194,601.

There were no imports from Chile in November and there were decreased imports compared with October from Costa Rica, Cuba, Finland, French Africa, French East Indies, Hayti, Honduras, Nicaragua, Netherlands, Netherlands East Indies, Norway, Peru, Poland and Danzig, Roumania, Sweden, Syria, Alaska, Hawaii and Venezuela. Our imports from Finland, amounting to \$8,003, were out in half.

Domestic Exports in December

There was a spectacular advance in the December export of Canadian produce. The value was \$101,023,250 compared with \$68,887,665 a year ago. This sharp advance was the result of heavy consignments of wheat, wheat flour, meats, newsprint, nickel and other commodities much in demand in other countries at the present time. The export of foreign produce was \$951,206 compared with \$975,271.

The following was the export of leading commodities with the figures of a year ago in brackets: wheat, \$26,041,163 (\$9,047,598); wheat flour, \$3,040,213 (\$1,157,946); fish, \$2,786,153 (\$2,215,187); furs, \$2,076,644 (\$2,207,256); meats, \$5,409,544 (\$2,701,120); cheese, \$524,154 (\$1,089,857); planks and boards, \$3,976,246 (\$3,298,775); wood pulp, \$3,932,199 (\$2,335,160); newsprint, \$11,245,295 (\$9,049,872); automobiles and parts, \$2,185,327 (\$2,213,743); partially manufactured copper, \$3,457,456 (\$4,432,307); unmanufactured nickel, \$4,186,700 (\$2,780,849).

It should be observed that the export of gold is not included in this statement.

Canada's Domestic Exports during 1939

Canada's exports of domestic products, exclusive of gold in 1939 amounted to \$900,927,832 compared with \$837,583,917 in 1938. The export of foreign products was \$10,995,609 as compared with \$11,100,216.

The principal items of export were as follows, with the 1938 figures in brackets: wheat, \$109,050,542 (\$89,393,814); wheat flour, \$16,378,301 (\$17,637,743); fish, \$28,880,949 (\$26,530,993); furs, \$14,568,986 (\$14,096,503); meats, \$37,501,930 (\$36,308,801); cheese, \$12,248,650 (\$11,874,223); planks and boards, \$48,835,505 (\$35,887,481); wood pulp, \$31,000,602 (\$27,730,738); newsprint, \$115,685,970 (\$104,615,042); automobiles and parts, \$25,542,718 (\$24,914,930); partially manufactured copper, \$52,454,556 (\$52,524,509); unmanufactured nickel, \$57,933,511 (\$52,496,417).

Production of Silver in October

The Canadian production of silver in October amounted to 1,683,164 ounces compared with 1,979,640 in September and 1,765,787 in October, 1938. Output during the ten months ended October aggregated 19,320,562 ounces compared with 18,837,602 in the same period of 1938.

Reports Issued during the Week

1. Canadian Grain Statistics (10 cents).
2. Car Loadings (10 cents).
3. Geographical Distribution of the Manufacturing Industries, 1937 (25 cents).
4. Trade of Canada, November (10 cents).
5. Canadian Milling Statistics, November (10 cents).
6. Business Conditions in First Eleven Months, 1939 (10 cents).
7. Sugar Report, November 11 to December 2, 1939 (10 cents).
8. Gross Value of Agricultural Production, 1939 (10 cents).
9. Security Prices and Foreign Exchange (10 cents).
10. The Construction Industry, 1938 (25 cents).
11. The Gypsum Industry, 1938 (10 cents).
12. Current Trends in Food Distribution, November (10 cents).
13. Miscellaneous Statistics on Wholesale Trade, 1938 (10 cents).
14. Coal and Coke Statistics, November (10 cents).
15. Stocks of Canadian Fruit and Vegetables, January 1 (10 cents).
16. Cold Storage Holdings of Meat and Lard, January 1 (10 cents).
17. Stocks of Dairy and Poultry Products, January 1 (10 cents).
18. Storage Holdings of Fish, January 1 (10 cents).
19. Carriages, Sleighs and Vehicle Supplies, 1938 (15 cents).
20. Box, Basket and Crate Industry, 1938 (15 cents).
21. The Boat Building Industry, 1938 (15 cents).
22. The Wooden Refrigerator Industry, 1938 (15 cents).
23. The Cooperage Industry, 1938 (10 cents).
24. The Salt Industry, 1938 (10 cents).
25. Feldspar and Salt Production, October (10 cents).
26. Silver Production, October (10 cents).
27. Price Movements, December (10 cents).
28. Summary of Imports, November (10 cents).
29. Monthly Review of Dairy Production, December (10 cents).
30. Gold Production, October (10 cents).
31. Asbestos Production, October (10 cents).
32. Gypsum Production, October (10 cents).
33. Weekly Index Numbers of Wholesale Prices (10 cents).
34. Exports of Meats, Lard and Sausage Casings, November (10 cents).
35. Imports of Milk and Its Products and Eggs, November (10 cents).
36. Trade in Securities Between Canada and Other Countries, November (10 cents).

