

## WEEKLY BULLETIN

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## Weekly Indexes

There are six indexes available on a weekly basis in Canada that reflect the general economic trend. These cover respectively:  
Business - carloadings and wholesale prices,  
Finance - bank clearings and bond yields, and  
Speculation - common stock prices and shares traded.  
 Notes on the indexes follow:

The railway traffic movement recorded improvement in the third week of September over the preceding week. The adjusted index of carloadings rose from 83.2 to 86.1. The expansion was partly due to acceleration in the movement of grain in the Western division.

The wholesale price level remained steady in the week of September 20th, the index having been unchanged at 83.0. The decline in crop products was counterbalanced by minor advances in six of the other main groups. The index for non-ferrous metals remained unchanged at 77.2. The sensitive index for food products receded in the week under review, while manufacturing materials were somewhat higher.

Bond yields rose slightly in the week of September 19th, the prices of high grades having been practically maintained. Interest of investors was centered to a large extent upon the new Dominion War Loan, for which the books were closed on Saturday, the 21st. British Consols and selected United States bonds reached a slightly higher position in the week under review. The adjusted index of bank clearings receded from 95.0 to 92.7, the decline from the same week of last year having been 17.6 per cent. Minor recession was shown in common stock prices, the index receding from 83.6 to 82.7. Declines were fairly general, the milling and building material stocks showing minor advances. Speculative trading was at a lower level in the week under review.

The weekly index remained at 104.5 in the third week of September, unchanged from the preceding week. The standing in the same week of 1939 was 107.1, a decline of 2.5 p.c. having been indicated.

A Weekly Index with Six Components  
1926=100

Week Ended	Car load-ings	Wholesale Prices	Capitalized Bond Yields <sup>1</sup>	Bank Clear-ings <sup>2</sup>	Prices of Common Stocks	Shares Traded	Weekly Index <sup>3</sup>
Sept. 23, 1939	98.0	77.9	126.7	112.5	96.3	273.5	107.1
Sept. 14, 1940	93.2	83.0	140.4	95.0	83.6	48.5	104.5
Sept. 21, 1940	86.1	83.0	140.3	92.7	82.7	25.3	104.5

1. Present value of a fixed net income in perpetuity from Dominion long-term bonds.
2. 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.
3. 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 the 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 the year 1926.

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## Business Operations in August

Economic activity recorded a considerable expansion in August over the preceding month. A sharp advance was recorded in productive operations especially in industries engaged on war contracts. The index of the physical volume of business moved up from 144.5 in July to a considerably higher point in the month under review. Pending the announcement in regard to the second war loan, the high-grade bond market showed advance for the second consecutive month. The price of Dominion bonds averaged higher than in any other month of the present year except May. Common stock prices extended the advance of the preceding month, but still showed a considerable decline from the same period of last year. Advances were shown both in demand and notice deposits at the beginning of the month, the standing having been higher than at any other time since the end of January.

Mineral production contributed heavily to the expansion in productive operations during August. The movement to external points of base metals showed a considerable increase over the preceding month. Gold receipts at the Mint were 444,000 fine ounces against 401,000 in July. The index of silver shipments, after seasonal adjustment, advanced from 114 to 116.6. The coal output showed an increase considerably greater than normal for the season, the total having been 1,358,000 tons, against 1,228,000.

The manufacture of foodstuffs recorded a slight recession from July, the index dropping about 3 points to 115.4. The output of flour was nearly maintained in the latest month for which statistics are available. The manufacture of sugar was 65.6 million pounds against 99.6 million in the preceding four-week period. Further increase was shown in the operations of the meat-packing industry, the index of inspected slaughterings advancing 8 points to 190. The increase showed the influence of expanded hog slaughterings, seasonally adjusted declines having been shown in cattle and sheep. The output of factory cheese was 23.9 million pounds against 24.7 million, while the recession in the production of creamery butter was slightly more than normal for the season. A marked advance was shown in canned salmon exports, the index advancing from 34 to 94. The consumption of raw cotton rose from 15.1 million pounds to 16.2 million.

Recession was shown in the output of newsprint and in the exports of wood pulp, while the exports of planks and boards and shingles were at a higher level. The outward shipment of planks and boards was 282 million feet against 244 million feet in July.

The output of automobiles was 13,993 against 14,468, the decline being much less than normal for the season. Coke production was 256,976 tons against 258,411 a slight increase being shown after seasonal adjustment. The new business obtained by the construction industry was greatly expanded during August, the total amount of contracts awarded having been \$40.7 million against \$29.3 million in July. The increase in the railway freight movement was less than normal for the season, the index consequently dropping about 5 points to 91.7.

### Business Conditions in August Compared with the Preceding Month and the Same Month in 1939

	August 1940	August 1939	July 1940
Physical Volume of Business.....1926-100	*	125.2	144.5
Bank Deposits .....1926-100	131.4	127.5	128.0
Gold Receipts at the Mint.....fine ounces	444,033	398,251	401,186
Silver shipments.....fine ounces	2,392,762	2,472,848	1,827,175
Sugar manufactured.....lb.	65,603,276	101,582,123	99,553,443
Cheese factory production.....lb.	23,926,523	20,437,938	24,721,478
Butter creamery production.....lb.	33,954,195	33,928,273	40,106,416
Cotton consumption.....lb.	16,200,326	11,950,149	15,131,408
Newsprint production .....Tons	316,607	236,975	332,689
Planks and Boards exported ....Bd. Feet	281,529,000	248,455,000	243,617,000
Shingles exported .....Squares	307,728	310,576	243,181
Automobile production.....No.	13,993	3,475	14,468
Contracts awarded.....\$	40,747,900	25,827,200	29,305,600
Carloadings.....No.	255,953	228,978	247,555

\* According to preliminary computation the business index rose considerably in August over the preceding month.





### Canadian Wheat in Store

The visible supply of Canadian wheat on September 20 totalled 357,893,847 bushels compared with 331,836,003 at the end of the previous week and 254,947,808 on the corresponding date last year.

The stocks in elevators in Canada on the latest date amounted to 321,702,633 bushels in comparison with 296,318,016 on the previous reporting date and 245,566,808 last year.

The amount of Canadian wheat in the United States on September 20 was 36,191,214 bu. compared with 35,500,333 at the end of the previous week and 9,381,000 a year ago.

### Overseas Export Clearances of Wheat

During the week ending September 20 the export clearances overseas of Canadian wheat amounted to 1,375,503 bushels compared with 4,110,848 in the corresponding week last year. The accumulated total from August 1 to September 20 was 12,317,361 bushels in comparison with 18,904,759 in the same period last year.

### Primary Movement of Wheat

Wheat receipts in the Prairie Provinces for the week ending September 20 amounted to 27,886,842 bushels compared with 16,427,557 in the previous week and 37,675,205 in the corresponding week last year. Marketings during the seven weeks ended September 20 aggregated 93,644,394 bushels in comparison with 182,658,018 in the corresponding period last year.

### Stocks of Foreign Corn

Stocks of foreign corn in Canada on September 20 aggregated 5,141,788 bushels, including 3,771,435 bushels from the United States, 1,047,223 from Argentina and 323,130 from South Africa. On the corresponding date last year the stocks totalled 5,334,543 bushels.

### Manufacturing in the Prairie Provinces

A minor recession was recorded in the value of manufacturing production in the Prairie Provinces during 1938, the total being \$279,474,000 in comparison with \$289,236,000 in 1937. Employment was provided for a total of 42,314 persons in the three provinces as a whole, with a salary and wage distribution of \$48,551,773, being a slight decline from 1937 in the number employed, but a gain in the wage bill. The capital invested in the 2,720 reporting establishments in 1938 was \$221,924,112.

Taking the provinces individually, Manitoba was the leader with a gross production value of \$131,770,280 compared with \$140,805,451, followed by Alberta at \$86,675,500 compared with \$86,225,069 and Saskatchewan \$61,027,853 as against \$62,205,884.

The leading manufacturing industry of Manitoba was slaughtering and meat packing which had a value of production of \$24,536,019. Railway rolling stock was second with \$12,189,152 followed by butter and cheese with \$10,261,644, flour and feed mills \$9,287,085, printing and publishing \$4,004,452, bread and other bakery products \$3,799,977, men's factory clothing \$3,681,805, printing and bookbinding \$3,057,433.

The flour and feed milling industry again headed the list in Saskatchewan with an output of \$16,889,043 or about 28 per cent of the total production of the province, petroleum products at \$9,389,608, butter and cheese \$7,744,601, slaughtering and meat packing, \$6,553,636, printing and publishing \$2,345,143, bread and other bakery products \$2,169,500 follow in the order named. The automobile and non-ferrous metal smelting and refining industries are also important.

Slaughtering and meat packing, with an output value at \$21,329,348 in 1938, was again the leading industry of Alberta. This was followed by flour and feed mills with \$12,005,097 butter and cheese \$9,497,622, petroleum products \$9,101,782. Sugar refining is also a leading industry of the province.





## Manufacturing in Quebec in 1938

Quebec with about 29 per cent of the Dominion output in 1938 was the second largest manufacturing province, the value totalling \$983,124,000, a decrease of six per cent from the 1937 total. The number of persons employed was 214,397 and the salaries and wages paid \$213,390,084, while the cost of materials used and the value added by manufacture were \$518,430,815 and \$428,614,079, respectively. Capital investment in fixed and current assets of the 8,655 establishments considered in this survey totalled \$1,146,235,084.

The production of pulp and paper is the dominant industry. In addition to supplying about 9 per cent of the gross value of Quebec manufactures, it furnishes about 43 per cent of the Dominion total for this industry. The value of tobacco products forms approximately 87 per cent, cotton yarn and cloth 69 per cent, women's factory clothing 68 per cent, leather boots and shoes 60 per cent and railway rolling-stock 47 per cent of the Dominion totals of these products. The province of Quebec is thus an outstanding manufacturing province rather on account of her large individual industries than because of the diversification of her industrial activities.

From the point of view of gross value of products, the textile industries with an output valued at \$184,536,427 again headed the list. Other major groups in order of their importance are: Vegetable products \$181,016,203, wood and paper products \$172,740,836, non-ferrous metal products \$114,110,551, iron and its products \$108,579,370, animal products \$108,218,282, non-metallic mineral products \$58,883,761, chemicals \$44,675,929 and miscellaneous industries \$10,362,240.

In value of production the pulp and paper industry again heads the list with an output valued at \$88,990,115. Other leading industries are: non-ferrous metal smelting and refining \$78,954,445, cotton yarn and cloth \$39,568,088, tobacco, cigars and cigarettes \$39,156,515, women's factory clothing \$39,113,490, railway rolling-stock \$37,874,224 etc.

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### Production of Iron and Steel

The August output of steel ingots and direct steel castings rose to 172,210 tons from the July total of 169,577 and the August 1939 production of 122,019 tons. The output for the latest month included 166,879 tons of ingots and 5,331 tons of castings. Cumulative out-turn of ingots and castings for the eight months ended August amounted to 1,300,033 tons compared with 813,309 in the same period last year.

Pig iron production in August totalled 88,885 tons, being seven per cent under the 95,924 tons made in July and 35 per cent over the 65,920 reported for August, 1939. Output for the eight months of 1940 aggregated 734,436 tons against 422,028 a year ago.

During August, 9,697 tons of ferro-alloys were produced against 9,257 in July and 3,313 in August, 1939. Output during the eight months ended August totalled 77,198 tons against 40,692 in the same period of 1939.

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### Farm Cash Income

Cash income received by farmers from the sale of principal farm products during the period January to July 1940 was 30 per cent greater than for the corresponding period of 1939. Each month from January to July of 1940 showed gains over the same months of 1939, with the greatest increase occurring in July.

Practically all of the major sources of income showed increases. Income from the 1939 wheat crop received from deliveries made in the months of January to July 1940 was 85 per cent higher than income from this source during the corresponding months of 1939. Most of this increase in income took place in the Prairie Provinces where deliveries during the months of May, June and July 1940 were double those of the same period last year. Income from flax was nearly four times as great in the first seven months of 1940 due to higher prices and much higher deliveries to elevators.

Cash received from the sale of meat animals during the first seven months of 1940 was approximately 23 per cent greater than in the same period of 1939. The greatest increase occurred in income from hogs which was 41 per cent higher. The much greater volume of hog marketings was responsible for this increase, although prices were slightly lower than in 1939. On the other hand, income from cattle was only about 7 per cent greater. An appreciable rise in cattle prices, due to the short supply and increased demand, more than offset a decline in output. Income from sheep and lambs was up slightly.





Higher prices received for the 1940 wool clip brought the income from the 1940 shearings to more than twice that of last year. Prices ranged from 50 to 100 per cent higher.

Higher prices and somewhat larger production and marketings of eggs resulted in an increase in returns, particularly during the months of May, June and July. Income from dairy products has also increased with a gain of 30 per cent in receipts from cheese and 11 per cent from butterfat. Slightly higher average butterfat prices and slight increases in production were responsible for this increase. Fluid milk producers have likewise had an increase in income of between 5 and 10 per cent as a result of somewhat larger sales and slightly higher prices.

It is not likely that income during the last five months of 1940 will show as great an increase as occurred during the first seven months. For some products increased marketings and the maintenance of prices will bring higher incomes than during the last five months of 1939. On the other hand, income from crops, particularly grains, is likely to be somewhat less than a year ago due to the inability of producers to market at the same rate as last year. Income from hogs and cattle will likely be higher than for the same period of 1939. Income from other crops will be about the same or slightly less. Since a greater proportion of the cash income is received in the fall months, and since increases in income during the fall of 1940 are likely to be smaller than during the first seven months of the year, the gain in cash income over the whole year will, therefore, probably be about 15 per cent above the 1939 cash income.

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#### Canal Traffic in August

Traffic through the Canadian and United States locks of the Sault Ste. Marie Canals increased to 13,713,289 tons in August from 10,551,560 in August, 1939. The chief factor in raising the tonnage was the heavy increase in down bound iron ore, which rose to 10,793,657 tons from 7,428,777, a gain of 45 per cent. Wheat shipments were also heavier while other grains and soft coal declined.

Welland Ship Canal traffic increased to 1,819,720 tons in August from 1,712,809 in August, 1939. Soft coal rose to 737,413 tons from 551,118, petroleum and other oils to 199,856 tons from 88,991, corn to 61,925 tons from 35,971 and coke to 42,764 tons from 22,014. Shipments of oats, wheat, flour, gasoline and pulpwood were lower.

With decreases in the majority of commodities using the St. Lawrence Canals in August total traffic dropped to 1,007,768 tons from 1,284,021 tons in the corresponding month last year.

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#### Gold Production in July

The Canadian output of gold in July set up a new high monthly record at 456,626 ounces valued at \$17,580,101. In June, 451,277 ounces were produced, while in July, 1939 the output totalled 439,925 ounces. During the calendar year to date Canada produced 3,028,668 ounces compared with 2,929,894 in the corresponding period of 1939.

The July output by producing areas was as follows, with figures for July 1939 in brackets: Ontario 279,693(260,322) ounces; Quebec 80,506(74,801); British Columbia 58,285(57,435); Manitoba and Saskatchewan 21,563(22,370); Yukon 9,932(17,560); Northwest Territories 4,507(5,371); Nova Scotia 2,111(2,029). Gold content of jewellery and scrap received by the Royal Canadian Mint amounted to 698 ounces as against 987 in July last year.

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#### Production of Asphalt Roofing

Output of asphalt roofing by Canadian producers in August included 257,342 squares of shingles, siding and roofing and 3,139 tons of felts and sheathing as compared with 287,055 squares of the former and 2,688 tons of the latter in August, 1939. Output during the eight months ended August was made up of 1,400,047 squares and 20,593 tons in comparison with 1,107,473 squares and 14,502 tons in the same period last year.

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#### Index Numbers of Wholesale Prices

The general wholesale index for the week ended September 20 was unchanged from the previous week at 83.0. Of the eight chief component groups, vegetable products moved lower, non-ferrous metals were unchanged, while small increases were shown by the remaining six groups. A year ago the general index stood at 77.9.

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Reports Issued During the Week

1. The Musical Instrument Industry in Canada, 1939 (15 cents).
  2. The Sand-Lime Brick Industry, 1939 (15 cents).
  3. Carloadings, (15 cents).
  4. Farm Cash Income, January to July, 1940 (10 cents).
  5. Production of Iron and Steel, August (10 cents).
  6. Manufacturing Industries, Province of Quebec, 1938 (25 cents).
  7. Coal and Coke Statistics, April, May, June (25 cents).
  8. Manufactures of the Non-Ferrous Metals, 1937 and 1938 (50 cents).
  9. Canadian Grain Statistics (10 cents).
  10. Gold Production, July (10 cents).
  11. Security Prices and Foreign Exchange (10 cents).
  12. Production of Asphalt Roofing, August (10 cents).
  13. Sales of Asphalt Roofing, August (10 cents).
  14. Summary of Canal Traffic, August (10 cents).
  15. Coal Statistics for Canada, 1938 (50 cents).
  16. Weekly Index Numbers of Wholesale Prices (10 cents).
  17. Manufacturing Industries of the Prairie Provinces, 1938 (25 cents).
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