

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. Those cover respectively:-
Business - carloadings and wholesale prices,
Finance - bank clearings and capitalized bond yields,
Speculation - common stock prices and shares traded.
 Notes on the indexes follow:-

Railway traffic recorded a minor decline in the week of May 3, the index on the base of 1926, receding from 98.9 to 98.1. A gain of 19.5 per cent, however, was shown over the same week of last year. The total traffic to the week of May 3, was 992,000 cars against 858,000 in the same period of last year.

Advances were predominant in wholesale commodity prices during the week ended May 2, the official index advancing from 86.4 to 86.7. Increases were recorded in animal products, textiles, iron products and non-metallic minerals. Sensitive food prices however receded somewhat, more than counterbalancing the minor increase in manufacturing materials. The index of wholesale prices was 4.5 per cent above the standing of 83.0 in the same week of 1940.

The recession in common stock prices continued, the index declining 1 per cent to 70.6. The reaction from the same period of last year was nearly 24 per cent, the standing at that time having been 92.7. A minor increase was shown in high-grade bond prices over the preceding week. The adjusted index of bank clearings rose from 109.6 to 110.8, the increase over the same week of 1940 having been 13.6 per cent. Speculative trading recorded a somewhat lower level.

A weekly index representing the average fluctuations in the above-mentioned factors, was 111.4 against 111.3 in the preceding week. The gain over the same week of 1940 was 5.5 per cent, the standing having been 105.5

A Weekly Index with Six Components on Basis 1926=100

Week Ending	Car load-ings	Whole-sale Prices	Capitalized Bond Yields 1	Bank Clear-ings 2	Prices of Common Stocks	Shares Traded	Weekly Index 3
May 3, 1941	98.1	86.7	144.9	110.8	70.6	20.3	111.4
April 26, 1941	98.9	86.4	144.7	109.6	71.3	22.0	111.3
May 4, 1940	82.1	83.0	140.2	97.5	92.7	82.5	105.5

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 inter-war period has been eliminated from the composite and the resulting index expressed as a percentage of the average during the year 1926.

Economic Conditions During First Quarter of 1941

Owing mainly to the accelerating influence of participation in the war, the national income of Canada according to a preliminary estimate rose to \$1,248 million in the first quarter of the present year against \$1,133 million in the same period of 1940. The gain of 10 per cent was largely occasioned by expansion in the commodity-producing activities although appreciable gains were also shown in the commodity handling and facilitating divisions.

During the first quarter, the "real" income of Canada obtained by adjusting the money income to allow for price changes was at a higher rate than in the same period of any other year. The "real income" calculated in this way was at the rate of \$5,111 million for the year against \$5,022 million, the maximum of the last prosperity cycle reached in 1928.

The national income is the net value of goods produced and services rendered during a given period. An alternate definition is the sum of the positive or negative savings of enterprises and the income payments to individuals resident in Canada, including salaries and wages, workmen's compensation, pensions, dividends, interest, rentals and withdrawals of working proprietors. Statistics of production and of income payments are thus essential in estimating the national income.

Business operations recorded a gain of about 15½ per cent in the first quarter of the present year over the same period of 1940. The index of the physical volume of business averaged 126.6 against 109.6 one year before. Wholesale prices were slightly higher while a considerable decline was recorded in stock prices. The bond market averaged higher than in the early months of last year.

The use made of bank deposits indicated by statistics of bank debits was somewhat greater, cheques cashed in the first quarter of the present year having been \$8,319 million against \$8,042 million one year ago.

The fluctuation in national income is mainly due to changes in capital formation, international credits, including exports of gold and merchandise, deficit financing of governments, and in the outstanding money supply. As Canada's participation in war on approximately the present basis has led to expansion in each of these lines, marked increase was consequently shown in the national income from the outbreak of hostilities.

War contracts alone to end of March amounted to \$1,523.8 million on Canadian and United Kingdom account.

Exports of merchandise reached \$292.5 million in the first quarter of 1941 and the net exports of non-monetary or new gold were \$53.6 million. Corresponding totals in the preceding year were \$246.6 million and \$50.2 million, respectively.

Dominion government expenditures exceeded revenues by \$395 million in the fiscal year ended March 31, 1941, while the net increase in active loans and investments was \$387 million. A marked increase in expenditures is anticipated for future months.

The Canadian money supply rose to \$3,082 million during 1940, against the previous maximum of \$2,838 million established in 1939.

Sales of New Motor Vehicles

Sales of new motor vehicles in March, excluding deliveries to the government for war purposes, numbered 14,661 new vehicles with a retail value of \$18,586,207, 13 per cent in number and 29 per cent in retail value above sales in the corresponding month of 1940 when 12,996 units retailed for \$14,384,663. This increase is the greatest that has occurred in the corresponding month comparisons since June last year. March sales were up 60 per cent from February when 9,190 units were retailed for \$11,291,657.

The March increase was sufficient to offset the decreases which occurred in the first two months of the year, bringing the total sales for the first quarter of 1941 to 31,357 new vehicles valued at \$39,890,455, one per cent in number and 13 per cent in value above the sales in the corresponding period of 1940 when 31,604 units were sold for \$35,248,473.

Wheat Stocks in Store

Canadian wheat in store on May 2 totalled 471,243,186 bushels compared with 471,901,534 on April 25 and 298,450,759 on the corresponding date last year. The stocks in elevators in Canada on the latest date aggregated 439,532,715 bushels compared with 438,116,834 a week ago and 280,627,266 last year. The amount of Canadian wheat in the United States was 31,710,471 bushels against 33,784,700 at the end of the previous week and 17,823,493 a year ago.

Overseas Export Clearances of Wheat

Overseas export clearances of wheat during the week ending May 2 totalled 6,249,215 bushels compared with 3,895,378 in the corresponding week in 1940. The total for the thirty-nine weeks ending May 2 was 112,334,955 bushels compared with 116,003,667 in the like period of the previous crop year.

Primary Movement of Wheat

Wheat receipts in the Prairie Provinces for the week ending May 2 amounted to 8,391,289 bushels compared with 7,800,523 a week ago and 1,444,727 in the corresponding week last year. By provinces the receipts were as follows, with 1940 figures in brackets: Manitoba 1,122,308(136,051) bushels; Saskatchewan 4,444,409(1,059,622); Alberta 2,824,572(249,054).

Marketings in the three provinces during the thirty-nine weeks ending May 2 aggregated 367,116,471 bushels compared with 387,550,899 in the corresponding period of the previous crop year. Totals follow by provinces, with 1940 figures in brackets: Manitoba 47,430,382(51,153,855) bushels; Saskatchewan 191,256,419(216,160,128); Alberta 128,429,670(120,234,436).

Current Trends in Food Distribution in March

Sales of 70 of the larger wholesale grocery firms in Canada averaged 19 per cent higher in March, 1941 than in March, 1940 and were 10 per cent above the level of February, 1941, unadjusted indexes on the base, average for 1935-1939 equals 100 standing at 117.1 for March, 1941, 106.3 for February, 1941 and 98.1 for March, 1940. Since March sales in the wholesale grocery trade are normally 16 per cent above the level of February the gain registered in March, 1941 from the previous month is somewhat lower than the usual seasonal increase for that time of year.

Canada's Imports in March

Canada's imports in March bounded up to \$107,982,000 from \$76,734,000 a year ago. The largest increase was in the direction of iron and iron products. But in a great many other activities the increases were pronounced. The following were the main imports, the figures of March last year in brackets: rolling mill products \$4,768,000(\$2,818,000); engines and boilers \$1,849,000(\$1,102,000); machinery, except agricultural \$12,310,000(\$4,916,000); tools, \$642,000(\$273,000); vehicles \$7,020,000(\$4,878,000).

In other classifications there were also some important increases: coal \$4,463,000(\$2,195,000); glass and glassware \$1,246,000(\$717,000); petroleum products \$2,817,000(\$2,685,000); fruits \$1,729,000(\$1,486,000); vegetable oils \$1,134,000(\$850,000); cocoa and chocolate \$561,000(\$368,000); coffee and chicory \$615,000(\$278,000); tea \$1,915,000(\$1,027,000); alcoholic beverages \$453,000(\$323,000); raw rubber \$2,407,000(\$1,879,000); cotton \$5,641,000(\$4,818,000); precious metals \$286,000(\$277,000); clocks and watches \$547,000(\$212,000); electric apparatus \$2,441,000(\$1,501,000); clay and clay products \$1,207,000(\$832,000); drugs and medicines \$421,000(\$343,000); dyeing and tanning materials \$635,000(\$631,000); scientific equipment \$639,000(\$466,000).

There have been some decreases: farm implements \$2,417,000(\$2,761,000); vegetables \$840,000(\$876,000); tobacco \$126,000(\$159,000); seeds \$215,000(\$483,000); furs \$535,000(\$1,218,000); raw hides \$391,000(\$749,000); raw wool \$1,844,000(\$1,955,000); sugar was about even: \$1,427,000(\$1,429,000).

Coal

Coal production in Canada during March amounted to 1,529,103 short tons as compared with 1,341,158 during March, 1940. The five-year average for the month was 1,177,973 tons. Nova Scotia operators reported an output of 719,940 tons in March against 597,455 tons a year ago. Output from Alberta mines aggregated 486,758.

Imports of coal into Canada in March were 703,411 tons or 63 per cent above the March, 1940 total and 36 per cent above the average.

Production of Petroleum and Natural Gas

The Canadian production of crude petroleum and natural gasoline in February amounted to 737,313 barrels compared with 802,652 in the preceding month and 655,586 in the corresponding month last year. Output during the first two months of 1941 aggregated 1,539,965 barrels in comparison with 1,442,445 in the same period of 1940.

In February this year the production of natural gas totalled 4,429,065,000 cubic feet compared with 4,798,176,000 in the previous month and 4,290,250,000 in February, 1940. Production during the first two months of 1941 totalled 9,227,241,000 cubic feet compared with 9,155,370,000 in the like period of 1940.

Production of Gold in February

The Canadian gold production in February totalled 412,730 ounces valued at \$15,890,105 compared with 434,259, at \$16,718,971 in the previous month and 405,365, at \$15,606,553 in February, 1940. The total for the first two months of 1941 was 846,989 ounces valued at \$32,609,076 compared with 829,746 valued at \$31,945,221 in the corresponding period of 1940.

Production of Leading Minerals

The production of Canada's leading mineral products during February was as follows, with figures for February 1940 in brackets: cement 302,182(204,287) barrels; clay products \$303,347(\$204,288); feldspar 1,613(3,238) tons; gold 412,730(405,365) fine ounces; gypsum 65,471(56,689) tons; lime 61,275(47,472) tons; natural gas 4,429,065,000(4,290,250,000) cubic feet; petroleum 737,313(655,586) barrels; commercial salt 15,535(12,188) tons; silver 1,357,043(1,689,828) fine ounces.

Output of Leather Footwear

The output of leather footwear in March amounted to 2,524,243 pairs, an increase of 14 per cent over the previous month and 13 per cent over the production in the corresponding month last year. In the three months ending March 1941 the total output was 6,641,192 pairs compared with 6,595,846 in the corresponding period of 1940.

Stocks of Raw Hides and Skins in March

Stocks of raw cattle hides held by tanners, packers and dealers in Canada amounted to 529,397 at the end of March compared with 562,159 at the end of the previous month and 747,098 at the end of March, 1940. Calf and kip skins on hand totalled 480,704 compared with 503,934 at the end of the previous month and 414,857 a year ago. There were also 58,078 dozen sheep and lamb skins, 126,465 goat and kid skins and 23,479 horse hides.

Country General Store Sales

Country general store sales averaged six per cent higher in March this year than last, according to returns received from these general merchandise stores located in the smaller towns and rural areas. The unadjusted index on the base 1935-1939 equals 100 was 94.5 for March this year, 83.2 for February and 89.6 for March, 1940. During the first three months of 1941 sales averaged 4.2 per cent higher than in the corresponding period of 1940.

Wholesale Sales in March

Marked increases in sales in the wholesale hardware and automotive equipment trades together with more moderate gains for all other lines of business included in a survey made by the Dominion Bureau of Statistics, resulted in a net increase of 19 per cent in dollar sales for wholesalers in March of this year compared with last. The general unadjusted index on the base 1935-1939=100 stands at 124.3 for March this year, 110.5 for February and 104.1 for March, 1940. Sales during the first quarter of 1941 averaged 13 per cent above the corresponding period of 1940.

Building Permits in March

Building permits issued by municipalities reporting to the Dominion Bureau of Statistics issued building permits in March to the value of \$8,368,161 compared with \$5,850,843 in the previous month and \$5,577,266 in March, 1940. New construction of all types accounted for 71.8 per cent of the total, while the percentage of new residential construction was 44.9.

Sales of Farm Implements and Equipment

An increase of 40 per cent in dollar sales of farm implements and equipment in Canada in 1940 compared with 1939 is revealed in a report issued by the Dominion Bureau of Statistics. Domestic sales, mainly at wholesale prices to dealers totalled \$47,595,154 in 1940 an increase of more than \$13,500,000 or 39.7 per cent over the \$34,060,447 recorded for 1939. These figures relate to the sale of new equipment and machinery only and are exclusive of parts, binder twine or motor trucks. About 43 per cent of the total gain in dollar volume represents increased sales of tractors, 21,444 tractors selling for \$20,632,549 in 1940, up 60 per cent in number and 40 per cent in value from the 13,402 units which sold for \$14,769,357 in 1939.

Reports Issued During the Week

1. Current Trends in Food Distribution, March (10 cents).
2. Coal and Coke Statistics for March, (10 cents).
3. Summary of Canada's Imports, excluding gold (10 cents).
4. Security Prices and Foreign Exchange (10 cents).
5. Estimate of Forest Production, 1939 (25 cents).
6. Canadian Grain Statistics (20 cents).
7. Preliminary Report on Stocks of Canned Fruit and Vegetables (10 cents).
8. Petroleum and Natural Gas Production, February; and Gasoline Sales, January (10 cents).
9. Petroleum and Natural Gas Production, January; and Gasoline Sales, December (10 cents).
10. Canada's Leading Mineral Products, January (10 cents).
11. Canada's Leading Mineral Products, February (10 cents).
12. Economic Conditions, First Quarter of 1941 (10 cents).
13. Production of Leather Footwear, March (10 cents).
14. Sugar Report, March 24 to April 19, 1941 (10 cents).
15. Weekly Index Numbers of Wholesale Prices (10 cents).
16. Sales of Farm Implements and Equipment in Canada, 1940 (25 cents).
17. Car Loadings (10 cents).
18. Stocks of Raw Hides and Skins, March (10 cents).
19. Building Permits, March (10 cents).
20. Gold Production, February (10 cents).
21. Monthly Indexes of Wholesale Sales, March (10 cents).
22. Monthly Indexes of Country General Store Sales, March (10 cents).
23. Sales of New Motor Vehicles, March (10 cents).
24. Prices and Price Indexes, March (10 cents).
25. Advance Preliminary Statement of Butter, Cheese and Eggs in Principal Canadian Cities, May 1 (10 cents).

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