

## 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 freight movement was practically maintained after seasonal adjustment in the second week of the year. The index of carloadings on the base of 1926 was 89.2 against 89.5.

Wholesale prices were maintained in the week of January 10, the official index remaining at 84.3. Advances were shown in crop, textile and chemical products, while prices of animal products registered a decline. Advances were shown, however, in the prices of sensitive commodities, the index on the base of 1926 rising from 66.5 to 67.0. The advance was concentrated on manufacturing materials, the index of foodstuffs remaining unchanged at 69.1.

The index of common stock prices advanced from 77.5 to 78.5, gains being recorded in machinery and equipment, oils, foods and industrial mines. The index of 15 power and traction stocks remained unchanged at 50.9. Bond prices were steady in the week of January 10. The index of capitalized yields remained unchanged from the preceding week but showed a substantial gain from the same week of 1940. The adjusted index of bank clearings was nearly maintained. The activity on the stock exchanges increased considerably during the week under review.

The weekly index based on the six above-mentioned factors showed a minor advance at 107.8 against 107.7 in the preceding week. The standing in the same week of 1940 was 104.2, a gain of 3.4 per cent having been indicated.

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	Prices of Common Stocks	Shares Traded	Weekly Index 3
Jan. 11, 1941	89.2	84.3	144.3	102.1	78.5	40.9	107.8
Jan. 4, 1941	89.5	84.3	144.3	102.3	77.5	29.6	107.7
Jan. 13, 1940	84.2	82.2	132.1	98.4	100.7	94.4	104.2

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 was eliminated from the composite and the resulting index expressed as a percentage of the average during the year 1926.

Business Conditions During  
First Eleven Months of 1940

The barometers of business activity in Canada were practically unanimous in recording expansion during the first eleven months of 1940. The index of the physical volume of business was more than 19 per cent higher than in the same period of the preceding year. The main industrial centres favoured with diversified plant and equipment and extensive transport facilities participated fully in the revival of production. Strong governmental action served to allay fears of shortages in raw materials and prices recorded remarkable stability after the rise in the first few months of hostilities.

An important rise in the national income was occasioned by the impact of the war, the present scope of Canada's participation being conducive to the increase. The money flow during the year just ended was greatly expanded by three important developments.

A major stimulating force was the expansion in plant and equipment. The new business obtained by the construction industry in the form of contracts awarded and building permits recorded a gain of 85 per cent and 95 per cent, respectively. The Minister of Munitions and Supply announced some time ago that the total capital expenditures and commitments for new plants in connection with the war effort amounted to \$250 million. Some of the plants are already in operation.

While the expansion in the capital equipment in the country is now of large proportions, the secondary effect should not be overlooked. The additional income earned in the production of building materials and construction has led to an accelerated demand for consumption goods. The addition to employment in consumers' goods industries is a secondary expansion which is now adding appreciably to the national income.

Another important acquisition to the money flow consisted of receipts from visible and invisible exports. The expansion of demand from Britain and the Commonwealth more than counterbalanced the loss of trade with countries falling under German domination. The export trade is a potent vitalising force in the Dominion's economic life. Exports in the first eleven months of last year amounted to \$1,094.5 million compared with \$833.9 million in the same period of the preceding year, a gain of 31 p.c. The net export balance of gold excluded from the above statement was \$185.7 million compared with \$169.5 million one year before.

In the third place, it is clear that the deficit financing of the Dominion Government since the war commenced is an important method of generating additional incomes and purchasing power. Canada's expenditures listed under War Appropriation in the first eight months of the current fiscal year amounted to \$392.8 million. The Minister of Finance informed the House of Commons that the probable cost of the current year's war program would be \$940 million aside from the expenditures on ordinary governmental services. During the first four months of hostilities war costs amounted to \$45 million and they totalled \$62 million during the next three months to the end of the fiscal year,

A change in the character of production has taken place. It commenced with the closure of certain export and import markets, forcing a tendency towards greater dependence upon domestic production. Against the background of abundant natural resources, Canada has made an effective contribution to the operations of the war. The wide margin of potential production above what is needed for consumption with large initial resources of labour, capital and raw materials has placed the Dominion in a favourable position in this regard.

The impact of the war has resulted in considerable fluctuation in the major economic factors of Canada. Wholesale prices advanced considerably during the last four months of 1939, the general level remaining remarkably steady during the year just ended. High-grade bonds dropped sharply during the first month of hostilities but the subsequent recovery has counterbalanced a considerable proportion of that reaction. Common stock prices advanced during the first two months of the war period but due to adverse developments in France, showed marked decline during May and June.

The recovery in the last half of 1940 was of minor proportions. While considerable fluctuation was shown in the deposit liabilities of the chartered banks, the average during 1940 was greater than in any other year in the history of Canadian banking.



The most constructive economic factor was the spectacular advance in business operations and it is now evident that production was greater in 1940 than in any other year in history. The index of the physical volume of business averaged 144.7 in the first eleven months of 1940 against 121.4 in the same period of the preceding year, an increase of 19.2 per cent.

#### Domestic Exports in 1940

According to a preliminary compilation, the value of Canada's domestic exports in 1940, excluding gold, exceeded any previous annual total since 1928. The 1940 aggregate was \$1,178,953,141 (estimated) compared with \$924,926,104 in 1939 and \$1,339,409,562 in 1928. The gain over 1939 was \$254,027,037, or a monthly average increase of about \$21,-169,000. Foreign exports in 1940 were valued at \$13,263,492 as compared with \$10,995,609 in 1939.

Principal items of export in 1940 were as follows, with 1939 totals in brackets: Wheat, \$119,530,365 (\$109,050,542); wheat flour, \$26,351,695 (\$16,378,301); fish, \$31,-747,771 (\$28,880,968); furs, \$16,176,075 (\$14,568,986); meats, \$63,292,348 (\$37,445,336); cheese, \$15,723,486 (\$12,247,650); planks and boards, \$67,736,909 (\$48,835,505); wood pulp, \$60,936,567 (\$31,000,602); newsprint, \$151,359,496 (\$115,687,288); automobiles and parts, \$64,595,642 (\$25,542,718).

Recording the first decline for some months Canada's domestic exports in December, exclusive of gold, fell to \$97,619,648 from \$101,021,522 in December 1939, or by \$3,401,-874. Wheat exports recorded a sharp decline. Foreign exports advanced to \$1,089,733 in December 1940 from \$951,206 in December, 1939.

Some principal items of export were as follows, with December 1939 figures in brackets: wheat, \$9,318,057 (\$26,041,163); wheat flour, \$1,216,613 (\$3,040,213); fish, \$3,550,144 (\$2,786,153); furs, \$3,175,625 (\$2,076,644); meats, \$3,110,896 (\$5,409,544); cheese, \$569,710 (\$524,154); planks and boards, \$5,649,327 (\$3,976,246); wood pulp, \$5,392,942 (\$3,932,199); newsprint, \$12,393,542 (\$11,245,295); automobiles and parts, \$12,942,430 (\$2,185,327).

The United Kingdom was Canada's best customer during the year, increasing her purchases of Canadian commodities to the value of \$508,055,000 from \$328,099,000 in 1939. The United States was in second place with a total of \$443,025,000 as against \$380,392,-000. British South Africa was third on the list with purchases amounting to \$37,874,000 compared with \$17,965,000, followed by Australia at \$33,860,000 compared with \$32,029,000.

British West Indies as a group came next in order with a value of \$17,361,000 compared with \$11,736,000, followed by Newfoundland at \$12,640,000 compared with \$8,506,000, British India with Burma \$11,603,000 compared with \$5,396,000 and Japan \$11,367,000 compared with \$28,168,000, New Zealand \$9,785,000 compared with \$11,954,000 and Egypt \$8,396,000 compared with \$369,000.

Other leading purchasers were as follows, with figures for the calendar year 1939 in brackets: British East Africa \$4,790,000 (\$793,000); Straits Settlements \$4,281,000 (\$2,782,000); Ireland \$5,776,000 (\$3,597,000); Argentina \$6,107,000 (\$4,117,000); Brazil \$5,063,000 (\$4,407,000); Mexico \$4,328,000 (\$3,004,000).

Figures quoted in the foregoing statement do not include gold.

#### Cost of Living Indexes

The cost of living index number on the base 1935-1939=100 rose to 108.0 in December from 107.8 in the previous month and 103.8 in December, 1939. Further increases for foods and home furnishings were responsible for the moderate advance over the previous month. The food group mounted from 108.7 to 109.1, due mainly to higher prices for butter, cereals and vegetables. The home furnishing index moved up from 110.0 to 110.7, chiefly because of scattered increases for furniture, textile furnishings and hardware. The indexes of rents, fuel and light, clothing and miscellaneous were unchanged.

#### Wheat Stocks in Store

Canadian wheat in store for the week ending January 10 amounted to 492,439,462 bushels compared with 494,076,473 on January 3 and 346,158,391 on the corresponding date last year. The amount of Canadian wheat in the United States on the latest date was



52,816,197 bushels as compared with 53,782,986 on January 3 and 37,516,042 a year ago.

The stocks in store in elevators in Canada on January 10 totalled 439,623,265 bushels as against 440,293,487 a week ago and 308,642,339 on the comparable date last year. The amount in transit by rail was 11,995,881 bushels in comparison with 5,368,490 on the corresponding date in 1940.

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#### Overseas Export Clearances of Wheat

During the week ending January 10 the export clearances overseas of Canadian wheat amounted to 3,213,435 bushels compared with 2,977,967 on the corresponding date last year. The accumulated total from August 1 to January 10 was 42,340,345 bushels compared with 58,831,997 in the like period last year.

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#### Primary Movement of Wheat

Wheat receipts in the Prairie Provinces for the week ending January 10 amounted to 2,925,952 bushels compared with 6,748,311 in the previous week and 1,100,358 in the corresponding week in 1940. Receipts by provinces were as follows, with 1940 totals in brackets: Manitoba, 339,400 (66,425) bushels; Saskatchewan, 1,182,116 (453,370); Alberta, 1,404,436 (580,563).

Marketing during the twenty-three weeks ending January 10 aggregated 290,857,953 bushels compared with 365,041,063 in the like period of the previous crop year. Totals were as follows by provinces: Manitoba, 39,513,615 (49,420,366) bushels; Saskatchewan, 156,181,436 (204,394,793); Alberta, 95,162,902 (111,225,904).

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#### Estimate of Tobacco Production

The second estimate of the commercial crop of leaf tobacco in Canada in 1940 indicates a production of 60,296,100 pounds from 67,930 acres as compared with 107,703,400 pounds from 92,300 acres in 1939. This represents a decrease of 44 per cent in production and 26.4 per cent in acreage from the record crop produced in 1939, and reverses the trend of Canadian tobacco production which had been sharply upward during the previous three years. Lower yields from greatly reduced acreages in 1940 resulted in the smallest crop since 1936, although production still exceeds the average of the 10 years 1929-38 by 7.25 million pounds or 13.7 per cent.

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#### Production of Coal and Coke

Production of Canadian coal in November advanced to 1,822,563 tons from 1,740,879 in November, 1939, and exceeded the five year average for the month by 211,974 tons. Output during the eleven months ended November increased to 15,787,856 tons from 14,206,872 in the corresponding period of 1939.

Coke production in November amounted to 258,000 tons as compared with 263,000 in October and 229,000 in November 1939. On a daily basis the November output was 1.5 per cent over the October rate and 12.7 per cent over November 1939. Production during the eleven months ending November totalled 2,748,000 tons compared with 2,167,000 in the same period of 1939.

Imports of coal in November amounted to 1,479,922 tons, a decline of 24 per cent from the tonnage imported in November, 1939. Receipts during the month under review included 408,601 tons of anthracite, 1,070,322 of bituminous and 999 tons of lignite coal.

An increase of 62.2 per cent was recorded in the exports of Canadian coal in November compared with the corresponding month of 1939, the totals being 47,902 tons and 29,524, respectively.

Coal made available for consumption in Canada in November, based on production, plus imports, less exports, was computed at 3,254,583 tons; a year ago 3,658,986 tons were made available.

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### Canal Traffic in 1940

With a reduction in grain traffic, but a substantial increase in iron ore and coal, total freight using the locks of the Sault St. Marie Canals during the 1940 season of navigation amounted to 89,358,413 tons. This tonnage exceeded any previous year since 1929 when the total was 92,622,017 tons. The 1939 tonnage was 69,849,304. Iron ore down bound amounted to 66,177,996 tons compared with 46,785,484, and soft coal up bound increased from 8,824,919 tons to 10,142,127, while wheat declined from 250,431,184 bushels to 224,220,365.

A new record was established on the Welland Ship Canal during 1940 when 12,909,697 tons of freight used the locks. This was 1,182,044 tons or 9.5 per cent higher than the 1939 tonnage, and 280,543 tons above the previous record made in 1938. This record was made despite a light movement of wheat which dropped from 2,696,804 tons in 1939 to 1,818,111 tons. Soft coal, petroleum and other oils, corn, iron, pig and bloom, coke and sand, gravel and stone were some of the leading increases.

With a very light movement of grain, wood pulp and gasoline, total traffic on the St. Lawrence Canals declined to 7,479,617 tons in 1940 from 8,340,165 in 1939. Corn increased by 282,869 tons, but all other grains showed large decreases. Petroleum and other oils, iron and steel, hard coal, soft coal and sand and gravel showed increases.

### Sporting Goods Industry

Canada occupies an enviable position in the realm of sporting activities. With abundant forests and streams at the disposal of the hunter and angler it provides an inexhaustible source of recreation and pleasure. In other branches of sport also there are abundant facilities for indulgence in health exercise, both indoor and outdoor, for young and old of both sexes, all the year round. In 1939, manufacturers in Canada produced the requisite equipment, supplies and accessories to the extent of over two million dollars, in addition to which over three-quarters of a million dollars were imported.

Principal types of equipment and supplies produced in Canada in 1939 were as follows: baseball equipment and supplies, \$181,781; billiard, bowling and football equipment, \$288,124; golf equipment, \$482,400; hockey equipment, \$170,369; skiing equipment, \$282,904; tennis and badminton equipment, \$406,757; fishing tackle, \$141,146; gymnasium apparatus, \$19,656; miscellaneous equipment, including lacrosse, basketball, croquet, etc., \$97,847. Bicycles, skates, firearms and ammunition are not included in this survey.

### Canadian Brewing Industries

The output of the brewing industry in 1939 had a selling value at the factory of \$60,155,665 compared with \$57,875,450 in 1938. Sales tax and other taxes and duties paid to the Dominion and Provincial Governments totalled \$16,520,323 against \$15,496,597. The net value of production was, therefore, \$43,635,342 in comparison with \$42,378,853 in 1938.

Beer, ale, stout and porter were the main items of production with a total of 62,780,052 gallons valued at \$59,129,600 compared with 62,468,233 gallons valued at \$56,841,181 in 1938. Other products manufactured included aerated beverages valued at \$655,979, wet and dry grain \$234,505 and yeast \$27,632.

### Leather Gloves and Mittens Industry

The value of output of the Canadian leather glove and mitten industry in 1939 was \$4,138,499 compared with \$3,692,783 in 1938, a gain of \$445,716 or 12 per cent. Dress gloves, mittens and gauntlets were produced to the value of \$1,556,715 and working gloves, mittens and gauntlets to the value of \$2,525,380; moccasins, insoles, etc., were valued at \$56,068, and the amount received for custom work \$536.

Canada has a considerable export trade in leather gloves and mittens, chiefly with the United Kingdom. In 1939 the value of the exports was \$495,777, of which \$459,822 or 93 per cent went to the United Kingdom. The 1939 total shows a reduction from 1938 of \$107,431. Imports of items in this category were valued at \$653,672 in 1939 as compared with \$738,125 in 1938.



Production of Leather Footwear

The November production of leather footwear totalled 2,230,387 pairs as compared with 2,531,659 in the previous month and 2,623,356 in November, 1939. Output for the eleven months ending November aggregated 24,216,363 pairs as compared with 23,230,256, in the same period of 1939. The monthly average output advanced to 2,201,488 pairs from 2,111,842.

Production of Concentrated Milk

The production of concentrated milk in December totalled 12,299,795 pounds compared with 11,886,839 in the previous month and 11,307,016 in December, 1939. Output during the calendar year 1940 aggregated 195,475,734 pounds compared with 166,596,841 in 1939.

Textile Industries in 1938

The production of textiles and textile products constitutes an important branch of Canadian manufacture, the gross value of products amounting in 1938 to \$346,215,005 as against \$400,383,726 in 1937. It is interesting to point out that 93.4 per cent of the gross value of products was reported by firms located in Ontario and Quebec, with Quebec leading Ontario to a fairly considerable extent.

Reports Issued During the Week.

1. Leather Gloves and Mittens Industry, 1939 (20 cents).
2. Coal and Coke Statistics, November (10 cents).
3. Production of Leather Footwear, November (10 cents).
4. Security Prices and Foreign Exchange (10 cents).
5. Production of Concentrated Milk, December (10 cents).
6. Summary of Canal Statistics, Season of Navigation, 1940 (10 cents).
7. The Men's Factory Clothing Industry, 1939 (25 cents).
8. The Breakfast Foods Industry, 1939 (15 cents).
9. The Brewing Industry, 1939 (25 cents).
10. Miscellaneous Paper Goods, 1939 (10 cents).
11. Index Numbers of Wholesale Prices (10 cents).
12. Price Movements, December (10 cents).
13. Business Conditions in Canada, first eleven months, 1940 (10 cents).
14. Car Loadings (10 cents).
15. Stocks of Canadian Fruit and Vegetables, January 1 (10 cents).
16. Cold Storage Holdings of Fish, January 1 (10 cents).
17. Stocks of Dairy and Poultry Products, January 1 (10 cents).
18. Cold Storage Holdings of Meat and Lard, January 1 (10 cents).
19. Tobacco Crop Report (10 cents).
20. The Sporting Goods Industry, 1939 (15 cents).
21. Canadian Grain Statistics (10 cents).
22. Canada's Domestic Exports by Principal Countries, Excluding Gold (10 cents).
23. Advance Report on the Textile Industries of Canada, 1938 (25 cents).
24. Wine Industry, 1939 (15 cents).



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