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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 capitalized bond yields,
Speculation - common stock prices and shares traded.
 Notes on the indexes follow:-

The railway traffic-movement recorded a recession in the third week of February, the index on the base of 1926 receding from 93.4 to 91.1. Minor declines were shown in both the eastern and Western divisions. The cars loaded in the third week of February numbered 54,168 against 55,093 in the preceding week. The traffic movement during the first eight weeks of the year was 413,696 cars, a considerable increase having been shown over the corresponding period of 1940.

A minor increase was recorded in wholesale prices in the third week of February, the index advancing from 85.0 to 85.1. Crop products showed recession, while advances were recorded in wood and paper, iron products, non-metallic minerals and chemicals. Sensitive commodities moved up appreciably in the week under review, the index having been 68.1 against 67.3. Gains were shown both in manufacturing materials and in foodstuffs.

Common stock prices recorded a decline of 2.4 per cent, the standing having been 71.8 against 73.6 in the preceding week. The decline from the same week of 1940 was 27.3 per cent. Minor recession was shown in high-grade bond prices. The standing of the index, however, was 6.2 per cent higher than in the same week one year ago.

Bank clearings were about \$351.9 million against \$371.4 in the preceding week, the adjusted index declining from 99.7 to 99.5. Speculative trading was at a lower level than in the weeks generally quoted for comparison.

The index based on the above-mentioned factors was 107.3 against 108.1 in the preceding week and 107.2 in the same week of 1940.

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
Feb. 22, 1941	91.1	85.1	144.3	99.5	71.8	25.3	107.3
Feb. 15, 1941	93.4	85.0	144.7	99.7	73.6	32.8	108.1
Feb. 24, 1940	77.0	82.9	135.9	119.7	92.7	69.2	107.2

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.

Economic Acceleration in January over the Preceding Month

According to preliminary calculations, the physical volume of business recorded further expansion in January over the preceding month. The index of the physical volume of business and its components have been placed upon the new base of 1935-1939 instead of upon 1926.

Gold receipts at the Mint were 461,602 fine ounces against 415,065 in December, the index moving up from 118.6 to 120.9. The increase in silver shipments was of considerably greater proportions. Coal production was 1,745,000 tons against 1,643,000 in the preceding month.

The manufacture of sugar dropped off considerably in the first-four-week period of the year. The release of cigarettes rose from 574.8 million to 623.6 million. The meat-packing industry was less active, the index of slaughtering receding about 10 points to 132.4. The slaughtering of cattle and calves amounted to 108,107 compared with 103,367. The production of factory cheese was nearly maintained after seasonal adjustment, while a considerable gain was shown in butter production, the index advancing from 116 to 123.

The forestry industry was more active, the index advancing from 117 to 126. The output of newsprint was 261,298 tons compared with 252,827. The export of planks and boards showed a decline greater than seasonal. Advances, on the other hand, were reported in exports of woodpulp and shingles.

Automobile production was 23,195 units against 23,364 in the preceding month, a considerable gain having been shown after seasonal adjustment. The new business obtained by the construction industry rose from \$16.9 million to \$26.6 million. The railway traffic movement was slightly less after seasonal adjustment, the total having been 228,536 cars against 231,271. Exports of merchandise, exclusive of gold, amounted to nearly \$89 million against \$98.7 million in December, a considerable gain having been shown after the usual adjustment.

Economic Conditions in January Compared with the same Month of 1940

		January 1941	January 1940	December 1940
Physical Volume of Business	1935-39=100	*	113.8	128.3
Gold receipts	fine oz.	461,602	435,621	415,065
Silver shipments	fine oz.	1,528,932	1,655,741	1,515,441
Factory cheese production	lb.	1,134,724	1,806,159	1,799,325
Creamery butter production	lb.	11,672,247	10,444,589	12,308,237
Cigars released	no.	13,120,418	9,897,643	16,865,691
Cigarettes released	no.	623,571,303	634,271,934	574,837,242
Cotton consumption	lb.	15,679,582	13,673,514	16,182,308
Newsprint production	tons	261,298	251,032	252,897
Shingles exported	squares	249,586	173,334	83,744
Bank Debits	\$000	2,941,104	2,674,335	3,208,348

* According to preliminary calculations the index of the physical volume of business showed increase in January over December.

Petroleum and Natural Gas Production

A considerable gain was recorded in the production of crude petroleum and natural gasoline in Canada in November, the output standing at 893,438 barrels as compared with 817,596 in the previous month and 731,209 in the corresponding month last year. During the first eleven months of 1940, the output aggregated 7,979,599 barrels or 8.8 per cent above the production a year ago.

The November production of natural gas also moved higher, the total being 3,896,425, thousand cubic feet compared with 2,543,995 thousand in the previous month and 3,461,149 thousand in November, 1939. Production during the eleven months ending November totalled 31,542,883 thousand cubic feet compared with 31,193,087 thousand in the same period of 1939.

World Wheat Situation

Now that the wheat position in the southern hemisphere countries has clarified for another year, attention is directed to the 1941 prospects in Europe and in North America. So far as the southern hemisphere countries are concerned, the Argentine second crop estimate stands at 275,734,000 bushels, while on February 22, the Argentine government estimated the remaining export surplus at 167,167,000 bushels. In Australia the second crop estimate was reduced to 83,296,000 bushels, and on February 21 the Australian visible supply stood at 68,496,000 bushels, as compared with 147,496,000 bushels a year ago.

In North America, United States 1941 crop prospects are favourable on the whole. Because of these favourable prospects, the United States Department of Agriculture has taken the potential supply situation into consideration in announcing that a referendum will be submitted to wheat growers on May 31 regarding a national wheat marketing quota for the 1941 crop. It was explained that under the quota plan provided for in the 1938 Agricultural Adjustment Act, growers who plant within their 1941 acreage allotments would be permitted to sell all of their wheat without penalty. Growers who plant in excess of their acreage allotment would have to pay a penalty of 15 cents per bushel on all wheat marketed in excess of their allotments. A referendum on marketing quotas is required by law when the prospective wheat supply exceeds normal domestic consumption, exports and carry-over by 35 per cent. The referendum requires a supporting two-thirds vote before the marketing quotas can be put into operation. But since the loan program with its price-raising influence must be withdrawn in the event of an unfavourable vote on the marketing quotas, the required two-thirds support is likely to be forthcoming.

The United States potential supply situation, upon which the referendum announcement has been based, takes into consideration a July 1, 1941 carry-over estimated at 385 million bushels. With a winter wheat crop in 1941 reaching 633,000,000 bushels, and a spring wheat crop 182,000,000 bushels, the total supply position for 1941-42 would amount to 1,200,000,000 bushels. With domestic requirements and exports placed at 750,000,000 bushels, this would leave a July 1, 1942 carry-over in the United States of 450,000,000 bushels, the largest amount of wheat in prospect of being carried over from one crop year to the next in that country.

Inasmuch as the present statutory life of the United States Commodity Credit Corporation expires on June 30 next, United States Department of Agriculture officials indicated on February 20 that Congress would soon be asked to extend the life of the Corporation, as well as to provide additional capital of \$500,000,000 for the extension of loans on crop storage. The present lending power of the Corporation is limited to \$1,500,000,000.

It has also been intimated unofficially that the United States is considering further modification of the farm program, involving the introduction of a two-price system for wheat and corn, with prices for domestic sales near parity, and prices for export sales at a discount. So far as wheat is concerned, the principle of such a two-price system is already in effect. To maintain the domestic price near parity, however, some further consideration is being given to the re-introduction of processing taxes.

In Canada the announcement of the Dominion Government's policy regarding the 1941 wheat crop is expected very shortly, according to a statement made by the Hon. James A. MacKinnon in the House of Commons on February 17.

According to the sketchy reports emanating from Europe, winter wheat conditions are none too favourable in the Balkans, and across the rest of southern Europe, including Italy, Spain and Portugal. Broomhall's "Foreign Crop Summary" of February 18 indicated that in the Balkans the Danube River has been overflowing and causing local damage. Unfavourable weather conditions in Roumania and Hungary during the past two months have offset the good start made by the winter wheat crop last autumn. While full-acreages were believed to have been planted, the abandonment is likely to prove heavy. A Milan press report indicates that the winter has been unfavourable for the wheat crop in Italy. Recent flooding has been reported in Spain and Portugal as the result of a storm which swept this area.

On Feb. 12, it was disclosed that the Argentine and Spanish governments had arranged for the sale of 18,400,000 bushels of Argentine wheat to Spain. Spanish ships are arriving in Buenos Aires and are on route for the handling of these supplies. Canada has been making further sales of wheat to Portugal in addition to the Canadian wheat shipments arranged for Spain in January.

Visible Supply of Wheat

The visible supply of wheat in Canada on February 21 totalled 492,532,978 bushels compared with 492,128,607 on February 14 and 325,767,681 on the corresponding date in 1940. The amount in store in elevators on the latest date was 445,919,654 bushels compared with 445,633,334 on February 14 and 296,349,256 a year ago. Canadian wheat in the United States totalled 46,613,324 bushels compared with 46,495,273 a week ago and 29,418,425 last year.

World Shipments of Wheat

World shipments of wheat during the week ending February 22 amounted to 4,755,000 bushels as compared with 5,694,000 in the previous week and 10,898,000 in the corresponding week last year. Cumulative shipments from August 1, 1940, to February 22, 1941, were 139,055,000 bushels compared with 286,094,000 in the corresponding period of the previous crop year.

Overseas Export Clearances of Wheat

During the week ending February 21 the export clearances overseas of Canadian wheat amounted to 1,846,057 bushels compared with 2,973,409 in the corresponding week in 1940. Clearances during the 29 weeks ending February 21 aggregated 61,115,903 bushels compared with 80,283,261 in the same period of the previous crop year.

Primary Movement of Wheat

Wheat receipts in the Prairie Provinces during the week ending February 21 totalled 4,169,004 bushels compared with 5,809,286 in the previous week and 1,433,930 in the corresponding week last year. Totals follow by provinces, with 1940 figures in brackets: Manitoba 253,535(66,934); Saskatchewan 1,885,613(675,783); Alberta 2,029,856(691,213) bu.

Marketings in the three provinces during the twenty-nine weeks ending February 21 aggregated 320,114,396 bushels compared with 371,762,447 in the corresponding period of the previous crop year. By provinces the totals were as follows: Manitoba 42,199,290 (49,758,612); Saskatchewan 169,116,350(207,471,335); Alberta 108,798,756(114,532,500).

Stocks of Foreign Corn

Stocks of foreign corn in Canada on February 21 totalled 937,877 bushels compared with 2,440,655 bushels on the corresponding date last. Countries of origin follow, with 1940 figures in brackets: United States, 68,787(1,236,704) bushels; Argentina 565,587(59); South Africa, 303,503(1,203,892).

January Building Permits

The value of building permits issued in January was \$4,356,096 compared with \$3,350,089 in January, 1940. New construction of all types accounted for 70.4 per cent of the total value, while the percentage of new residential construction was 42.8. The value of new construction for which permits were issued totalled \$3,066,674, the balance of \$1,289,422 being made up of additions, alterations and repairs.

Paints, Pigments and Varnishes

Manufacturers of paints, pigments and varnishes reported a production valued at \$25,855,506 in 1939 against \$24,317,532 in 1938. Ready mixed paints valued at \$10,064,285, varnishes at \$3,475,028, enamels at \$4,639,311 and cellulose lacquers at \$1,842,310 were the leading items of production. Imports of paints, pigments and varnishes at \$4,661,956 in 1939 were 23 per cent above the 1938 total. Exports, consisting chiefly of mixed paints, were valued at \$1,559,661, an increase of 71 per cent from the 1938 figure.

Births, Deaths and Marriages

Births registered in January in 66 cities and towns with a population of 10,000 and over numbered 8,278, deaths 5,473 and marriages 3,313, as compared with 7,110 births, 4,811 deaths and 3,524 marriages in January last year, showing increases of 16½ per cent in births, 14 per cent in deaths and a decrease of six per cent in marriages.

Aerated Waters Industry

Manufacturers of carbonated beverages in Canada reported a gross value of production in 1939 of \$28,743,811 at factory selling prices compared with \$26,094,126 in 1938, a gain over 10 per cent. Production included carbonated beverages worth \$25,606,519, syrups and concentrates at \$2,955,057, natural mineral waters at \$95,531 and miscellaneous products worth \$86,704.

Reports Issued During the Week

1. The Aerated Waters Industry, 1939 (15 cents). -
 2. Production of Asphalt Roofing, January (10 cents).
 3. Sales of Asphalt Roofing, January (10 cents).
 4. Car Loadings (10 cents).
 5. Values of Farm Lands, Live Stock and Poultry; wages of Farm Help (10 cents).
 6. Preliminary Report on the Furniture Industry, 1939 (15 cents).
 7. Petroleum and Natural Gas Production, November; and Gasoline Sales, October (10 cents). -
 8. Weekly Index Numbers of Wholesale Prices (10 cents). -
 9. Live Stock and Animal Products Statistics, 1939 (50 cents).
 10. Monthly Review of the Wheat Situation (10 cents).
 11. Canadian Grain Statistics (10 cents).
 12. Building Permits, January (10 cents). -
 13. Paints, Pigments and Varnishes Industry, 1939 (25 cents).
 14. Births, Deaths and Marriages, January (10 cents). -
 15. Pack of Canned Fruits and Vegetables, 1940 (10 cents).
 16. Security Prices and Foreign Exchange (10 cents).
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