



**CANADA**  
**DEPARTMENT OF TRADE AND COMMERCE**  
**DOMINION BUREAU OF STATISTICS**  
**AGRICULTURAL BRANCH**

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**THE DAIRY SITUATION**

**IN**

**CANADA**

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THE DAIRY SITUATION IN CANADA

DEALING PRINCIPALLY WITH FEED SUPPLIES, BUTTER PRODUCTION AND COLD STORAGE STOCKS.

The report issued to-day reviews the feed situation and the production of dairy products by provinces. Some attention is also given to developments tending to reduce the numbers of cows available for milking purposes. Statements are included showing the quantities of milk used for butter and cheese manufacturing during the past ten years; the quantities of creamery butter, cheese and concentrated milk products in cold storage; and an analysis of the butter position by periods, 1932-33 to 1934-35. Finally, consideration is given to the factors affecting the withdrawals of creamery butter from cold storage.

Feed and pasture conditions are shown to be fairly satisfactory throughout Canada. A late spring combined with drought in some sections delayed the growth of pastures and meadows but favourable rains in the latter part of May and in June produced a remarkable improvement. In the Maritime Provinces the hay crop is better than last year, pastures are fair and with the exception of eastern Nova Scotia where dry weather still persists, there should be a sufficient quantity of feed to meet requirements. The feed supplies in Quebec promise to be somewhat greater than last year, pastures are good and coarse grains are doing well. Ontario will have an exceptionally large crop of hay. Cereals and root crops have made a favourable growth and pastures are good. In Manitoba an abundant supply of moisture has produced excellent pastures and a good hay crop. Rust will cause considerable damage to coarse grains. In north-western, south-central and south-western Saskatchewan, and in eastern and southern Alberta, drought will reduce crop yields but in other parts of these two provinces pastures and feed crops are better than last year. In Saskatchewan there will be 10 to 20 per cent more feed than last season. Dry and backward weather in British Columbia will reduce the yield of forage crops in comparison with 1934, and pastures are below the average.

A reduction in the numbers of yearling heifers being raised for dairying would indicate that smaller numbers will be available for replacing cows now being used. Sales of cows at stock yards increased from 45,558 head in the first six months of 1934 to 59,278 head in the same period this year. Exports of dairy cows, principally to the United States, increased from 1,028 in the January to June period last year to 2,716 head in the same period of 1935. Due to increased beef prices more cows are being used for nursing beef calves. In Alberta some evidence of this policy is being shown in the reduced milk and cream supply.

The production of creamery butter in the first six months of 1935 was 5 per cent below that of 1934. The Maritime Provinces and Alberta show the greatest declines. In Quebec and Ontario the butter output is on the increase, and if this situation continues the total 1935 butter production in Canada may reach the level of 1934.

In 1934, 83 per cent of the milk used for butter and cheese and 33.5 per cent of the total milk production of Canada were used for manufacturing creamery butter. The percentage of the total milk supply used for cheese-making fell from 11.2 per cent in 1928 to 6.9 per cent in 1934. Cold storage figures show a reduction of 9.8 per cent in butter holdings as at July 1, 1935 as compared with July 1, 1934, while cheese stocks at July 1 were 7.3 per cent higher than at the same date of the previous year.



REVIEW OF THE SITUATION BY PROVINCES.

Prince Edward Island

Pastures and hay crops in this province were slow to recover from last year's drought owing to the dry weather in the latter part of April and the fore part of May. Abundance of rain in June and July, however, has placed the feed situation on a normal basis. Forage crops are quite good and live stock are looking well. The hay crop appears to be at least 10 per cent better than last year. Pastures are probably 15 per cent better than they were in July of 1934 and are also above the average of the last five years.

Milk production is at a lower level than it was last year. Butter made in factories showed a decline of 31.5 per cent in June. July production may show some improvement but it will be considerably below the output of July 1934. For the first six months of 1935 butter production is down 34.7 per cent compared with 1934 figures and a heavy decline for the year now appears inevitable. This fall in production is the result of a reduction in cow numbers, which appears to have out-balanced the advantages recently resulting from improved feed conditions. The prospect for an increase in forage, however, is encouraging farmers to hold their best producers regardless of the inducements offered by outside buyers.

Nova Scotia

The spring was late and backward in Nova Scotia, so that pastures remained poor with light growth on grass land until the middle of June. Rains in the last half of June covered much of the province, improving pastures and meadows. In the eastern sections, crops are light, the hay crop is spotty and only about half of it is cut. Winter killing is reported on marsh and low hay land. The hay crop is not as good as the average, although both hay and pasture grass is better than it was last year. There is a larger coarse grain acreage. The early-sown crop is doing well but late-sown grains are uncertain. Larger areas were sown to roots this year, but this crop has suffered considerably from insect damage, the results of which are difficult to determine. The feed prospects are only fair; much will depend on weather conditions from now until the end of the growing season. Rain is required for all crops.

Milk production continues to fall below last year. The June creamery butter output showed a decline of 24.2 per cent as compared with the same month in 1934, and the decline for the first six months is 26.1 per cent. This reduction in the creamery butter make is due principally to poor feed conditions last year and this year. There has been very little decline in the milk cow population. Quite a number of cows were sold in eastern sections of the province last fall, due to a shortage of feed. In other parts dairy herds of about the average size are being maintained.

New Brunswick

Feed crops are below the average in this province. Haying is well under way and from reports received the yield is likely to be slightly below the average. Pastures were late in starting but improved with favourable weather conditions. At the end of June the condition of pastures could be rated on a par with the long-time average, whereas last year they were 14 per cent below average. Grass was winter killed to a considerable extent, but the area used for grazing is just about the same as formerly. The root crops are fair. Coarse grains are doing well. If good weather conditions prevail, the supply of feed should be sufficient to meet requirements.

Milk production is falling behind last year. Farmers are not milking as many cows, due in part to the sale of matured milkers in early spring when feed was scarce. In most cases the sale of milk cows to United States' buyers was confined to pure bred animals. The liquidation of dairy cattle will be less than it was a year ago. Butter production for June was 24 per cent below the output of June, 1934, and cheese production also declined. The decline in butter manufacturing was not as great as in May, and it is likely that the July production will show a small reduction in comparison with last year.

### Quebec

A cool, dry spring delayed the spring growth, making it necessary to keep cows off the grass for at least eight days longer than usual in this province. The area under pasture is about average and the condition as reported by dairy farm observers at mid-July is approximately 10 per cent better than last year. The grass shows improvement in both quantity and quality. Additional areas were sown to permanent pasture, but the acreage of annual pasture is about the same. Live stock is in good condition, possibly about 4 per cent better than last year. There has been some increase in milch cow numbers, but the numbers freshening are about the same as in previous years. The hay crop is turning out well, though the yield will scarcely be as good as it was in 1934. Roots show a satisfactory growth. Fodder corn is progressing favourably and should yield rather better than it did last season. All coarse grains are doing well, except barley which is somewhat below the average condition at this date. Everything considered, Quebec should have an adequate supply of feed for dairy animals. The total quantity available will exceed the amount recorded in 1934.

Milk production is on the increase in most sections of the province. More milk is being used for butter-making and less for cheese-making; butter production having increased 3.7 per cent in June as compared with a decline of 14.7 per cent in cheese production.

### Ontario

The feed situation in Ontario is quite satisfactory in all sections of the province. Abundance of moisture and warm weather have contributed to a steady growth of grass and forage crops. Heavy crops of hay, clover and alfalfa are in prospect, yielding well above the normal or long-time average production, and considerably more than last year. In central and southern Ontario the hay crop is reported to be 70 to 90 per cent above last year. Some difficulty is being experienced in saving the crop owing to the heavy rains. In some sections the loss from this source will be extensive.

Milk production has not advanced as rapidly as might be expected in view of conditions related above. This may be due in part to the late spring, and in part to a reduction in the size of the herds. American buyers have been very active in the province, and it is believed that large numbers were sold at a time when feed conditions were somewhat uncertain. The May production of creamery butter was 2.1 per cent above last year. The June production increased 4.8 per cent over last year's production and judging from present indications the July make will show a substantial advance over the July make of 1934. Nevertheless, these increases represent to some extent, a milk diversion from cheese factories to creameries. For the first six months of this year cheese production is estimated at 20,747,256 pounds and creamery butter is estimated at 36,788,016 pounds. The total make in 1934 was 73,497,000 pounds and 80,423,400 respectively.



## Manitoba

Moisture conditions are quite satisfactory in nearly all parts of Manitoba. In common with other sections of Canada, the spring did not open up early, but May and June rains filled the sloughs with water, which had been dry for several years, and supplied the depleted pastures and meadows with a much needed supply of moisture. Recent reports indicate that heavy rains have again occurred, the grass is plentiful and live stock are looking well. Pastures are rated in the condition report at the end of June at approximately 10 per cent above the long-time average and about 25 per cent better than last year. Good crops of hay are being gathered with some losses due to rainy weather. Tame grass and natural meadows have made the greatest growth for many years, and a great deal of upland hay has been out. Lowland hay has been found difficult to gather on account of the prevalence of standing water. The flooding of low spots in certain areas has reduced the acreage over which mowers can be conveniently operated. Rust is again causing serious concern, and yields of coarse grains will be adversely affected.

Milk production is on the decline in Manitoba, principally as a result of inadequate feed supplies in 1934, making it necessary for farmers to reduce their herds. The creamery butter output in June was 3.7 per cent below the output of June last year. For the first six months butter made in factories declined 10.4 per cent. The July production may reach the level of the July 1934 make, but the total for the year is not expected to equal the previous season's production.

## Saskatchewan

There is quite a variation in the conditions prevailing in different sections of the province but, on the whole, pastures are good and feed supplies promise to exceed early expectations. Growth was slow in April, but May and June rains changed the prospects, giving encouragement to dairymen and live-stock growers. Pastures are rated at 5 per cent above the long-time average at the end of June and about 15 per cent better than last year. Native hay and forage crops are almost equal to the long-time average in quantity and quality. All crops considered, the tonnage is likely to be 10 to 20 per cent greater than in the previous season. Due to hot winds and somewhat drier weather in recent weeks, pastures are becoming seared and discoloured. This is particularly the case in north-western, west-central and south-western sections. Cows are doing well, however, and the milk flow is being well maintained. Coarse grains are much better than last year, and judging from reports made at the end of June there is every likelihood of a good yield. In the south-west and west-central sections rains have been quite light during June and July and the crops are short, but in the northern, eastern and Regina plains areas the straw is heavy and there is an abundant supply of forage.

There has been a small reduction in cow numbers and in the numbers actually milking, but the loss from this source has been partially offset by the improvement in feed conditions. The milk production for the first six months is lower than last year, but the seasonal increase as shown in June is quite satisfactory. Butter production which showed a decline of 14.1 per cent in May was changed within a month to an increase of 1.8 per cent. For the first half of the year the butter made in creameries shows a reduction of 6.3 per cent. If favourable conditions continue this decline may be partly recovered, but it is doubtful if the year's make can be expected to equal the 1934 output.

## Alberta

Rainfall in the Athabaska and Peace River districts has been plentiful. In the south-central and south-eastern sections there has been a good deal of dry weather, while in the centre of the province moisture supplies have been fairly ample. Pastures appear to be standing up well in the parts where moisture supplies are sufficient.



The alfalfa crop is somewhat better than last year. In the limited areas where corn is grown, the crop is very light and growth is slow. The hay crop, as reported at the end of June, is very much better, but since a large proportion of the crop is native grass, not usually cut until well on in July, the prevalence of dry weather may reduce the yield. Pastures approximate the long-time average and are about 5 per cent better than last year. This too may be subject to change, depending on the extent of the damage from hot winds and insufficient rains in the areas already mentioned. The acreage sown to oats and barley is greater than last year, particularly in the northern areas. To sum up, the feed situation in Alberta is slightly better than in 1934. The quantity of feed available for dairy stock is greater than in the previous season, which was slightly below the average.

The extent of the decline in milk production in Alberta is second only to the reductions noted in the Maritime Provinces. Creamery butter production in May fell 37.0 per cent below the production of May 1934, and while some recovery took place in June, it still showed a reduction of 15 per cent as compared with June of the previous year. For the first six months the creamery output fell 21.7 per cent. This recession in butter manufacturing may be attributed to the reduction in the number of cows being milked. Many cows that were temporarily employed for dairy purposes during the last few years, are being used for raising beef calves--an occupation which has become more profitable with the return of higher beef prices. In view of these conditions there is little hope of any material change in the situation and the production of creamery butter for the twelve months of 1935 is likely to decline considerably below the high record established last season, when the output reached approximately 39 million pounds.

#### British Columbia

Crops on Vancouver Island and the lower mainland suffered an unprecedented drought this season. In both these sections the hay crop is very light and pastures are poor. Plant growth in other parts of the province has been particularly slow and more heat is needed to mature coarse grains. Taking the province as a whole, the hay crop is thought to be 8 to 10 per cent poorer than last year and pastures show an equally inferior condition. Roots are scarcely as good as in 1934 although recent warm rains may produce some improvement.

Reports from dairy factories indicate that somewhat more milk is being used for the making of cheese, but smaller quantities are being used for butter-making. June butter production was 2.4 per cent below the same month last year and for the first six months the decline is 3.6 per cent. Cheese production for the first six months increased from 221,651 pounds to 357,893 pounds or 61.5 per cent.

#### APPARENT TRENDS IN MILCH COW NUMBERS

In the live stock survey taken on the 1st of June in 1934, all provinces showed increased numbers of milch cows except Ontario and Quebec. For the whole of Canada, the increase amounted to 4.6 per cent. In the December survey for the same year, all of the provinces, with the exception of Prince Edward Island and Ontario, increased their holdings of milch cows. In these two provinces the decreases were quite insignificant. All provinces combined showed an increase of 5.1 per cent. A reverse result appeared, however, in the case of yearling heifers being raised mainly for milking purposes. In June all provinces registered declines in this type of yearling heifers except British Columbia which showed an increase of 6.1 per cent. In December, reductions were recorded in the numbers of dairy heifers in all provinces of Canada. The decline for Canada on June 1st was 1.1 per cent, but in December the decline increased to 15.7 per cent. These figures would suggest that we may be approaching a turning point in the milch cow population cycle, and it appears quite possible that some reduction will show up when the cows

now being milked fail to be wholly replaced by the growing generation of female stock.

Since the figures mentioned above were released, other developments have taken place which may have an important bearing on the situation. For one thing the increased beef prices in the United States have opened up a wider market for market stock. Up to June 30, 81,074 head were exported to American points, thereby strengthening Canadian beef prices and giving farmers the opportunity of selling to better advantage. In the three Prairie Provinces, where so many dual purpose and beef cows are sometimes used for milking purposes, this development offers farmers the alternative opportunity of being able to turn cows from the commercial production of milk to the nursing of beef calves. Another fact worth noting, is that more cows are being marketed. This is reflected in the receipts at stock yards during the first six months of 1935 as compared with the same period of the previous year.

The figures below show the number of cows sold at public stock yards, classified according to grade:

<u>Grade</u>	<u>1 9 3 4</u>	<u>1 9 3 5</u>
Good	16,609	22,233
Medium	16,960	22,995
Common	11,989	14,050
<b>T O T A L (6 months)</b>	<b>45,558</b>	<b>59,278</b>

Reference has already been made to the exportation of milk cows to the United States. Due to uncertainties in farm revenues and the shortage of feed in certain parts of this country, the movement has shown a substantial increase from the preceding year. Comparatively small numbers are involved, however, so that it is not likely to have much effect on the total cow population. Good prices are being paid by American buyers ranging in some cases from \$75 to \$150. Many of the cows are of high class grade and pure bred stock with fair producing abilities. It can be seen from the table below that exports are principally to the United States and that these increased from 920 head, from January to June, 1934, to 2,711 head in the first six months of 1935.

<u>Months</u>	<u>Total Exports</u>		<u>Exports to the United States</u>	
	<u>1934</u>	<u>1935</u>	<u>1934</u>	<u>1935</u>
January	223	329	203	329
February	114	59	77	59
March	56	282	56	282
April	77	555	57	555
May	304	654	303	653
June	254	837	224	833
<b>T O T A L (6 months)</b>	<b>1,028</b>	<b>2,716</b>	<b>920</b>	<b>2,711</b>

#### BUTTER AND CHEESE PRODUCTION

The production of factory cheese in 1900 was estimated at 220,833,269 pounds as compared with a production of 36,066,739 pounds of creamery butter. During the next 22 years, creamery butter steadily increased in quantity while cheese production declined. In 1922 the creamery butter output exceeded the cheese output for the first time with a production of 152,501,900 pounds in comparison with 135,221,116



pounds of cheese. In the three subsequent years, cheese manufacturing showed increases but did not again recover its leadership. In every year since 1925 the factory cheese output has moved downwards, losing ground in favour of butter production. In Table No. I the relative quantities of creamery butter and factory cheese are given on a milk basis for the years 1925 to 1934 inclusive. The figures show the percentage of the combined quantity used for making butter and for making cheese, and also the percentage of the total milk production of Canada which has been utilized for butter-making and for cheese-making.

TABLE I. MILK USED IN MANUFACTURING CREAMERY BUTTER AND FACTORY CHEESE IN CANADA  
WITH PERCENTAGE COMPARISONS, 1925 TO 1934.

Year		Creamery Butter and Factory Cheese Expressed as Milk	Percentage of the Combined Quantity Used for Butter and for Cheese	Percentage of the Total Milk Production Used for Butter and for Cheese
		Lb.	%	%
1925	- Butter	4,033,980,000	68.4	28.0
	- Cheese	1,859,961,000	31.6	12.9
1926	- Butter	4,148,469,000	68.3	28.4
	- Cheese	1,923,394,000	31.7	13.2
1927	- Butter	4,143,077,000	72.8	27.9
	- Cheese	1,546,237,000	27.2	10.4
1928	- Butter	3,933,513,000	70.8	27.1
	- Cheese	1,619,348,000	29.2	11.2
1929	- Butter	3,938,667,000	75.0	27.9
	- Cheese	1,329,959,000	25.0	9.3
1930	- Butter	4,348,431,000	76.5	28.7
	- Cheese	1,333,977,000	23.5	8.8
1931	- Butter	5,289,612,000	80.6	33.5
	- Cheese	1,276,315,000	19.4	8.1
1932	- Butter	5,009,790,000	78.8	31.5
	- Cheese	1,349,872,000	21.2	8.5
1933	- Butter	5,132,233,800	80.5	32.0
	- Cheese	1,244,840,700	19.5	7.8
1934	- Butter	5,455,641,700	83.0	33.5
	- Cheese	1,117,249,600	17.0	6.3

While cheese production figures for the first six months of the current year are not complete, some indication of what is taking place may be determined from the June production in Prince Edward Island, New Brunswick, Quebec, Ontario and British Columbia. The combined production in these five provinces amounted to 16,300,165 pounds



as compared with a creamery butter make of 25,123,161 pounds. In the province of Quebec there was a decline of 14.1 per cent in the June production of cheese as compared with the same month in 1934, and a reduction of 14.7 per cent for the first six months compared with the same period last year. In Ontario the diversion of milk from cheese factories to creameries still continues, suggesting that a further reduction in the cheese output may be expected in 1935.

In order to prevent the creation of surplus butter stocks, the Dominion Government has made available a fund of one million dollars to be used as bonus payments to farmers delivering their milk to cheese factories. Payment on the basis of  $1\frac{1}{2}$  cents a pound is to be made in August covering the July production. These payments will increase cheese patrons' revenues and should serve as an inducement to patronize the cheese factories instead of the creameries. In Ontario and Quebec it will probably be a factor in bringing about a reduction in the quantity of creamery butter to be manufactured in the next six months.

The creamery butter production of the Dominion for the first half of 1935 is 5 per cent less than it was in the same period of 1934. With feed conditions better than a year ago and other things being equal, the July and August make should place the 1935 production on a level with that of 1934. Should the bonus plan succeed, however, in securing more patronage for cheese factories during the remainder of the present year, there is some likelihood of the 1935 output falling below the high record established in 1934.

#### COLD STORAGE STOCKS

Stocks of creamery butter in cold storage on September 1, 1934, amounted to 50,847,375 pounds. On October 1, stocks increased to 53,264,375 pounds. These holdings were the highest ever recorded, and represented an increase of 8,827,000 pounds over September 1 of the previous year and an increase of 12,802,890 pounds as at October 1. It should be noted, however, that stocks declined between September 1 and October 1, 1933 to the extent of 1,558,223 pounds, whereas in 1934 the stocks increased. The decline in September 1934 was due to exports. Adjustments must be made for new firms added to the list in 1934. When the quantities contributed by these firms are deducted there is a difference of 10,308,641 pounds at October 1. These stocks, of course, did not represent a surplus unless the difference as shown was regarded as being over and above the rather indefinite item, domestic requirements. Owing to the shortage of feed and the expected decline in production in the winter months, it seemed apparent that these additional supplies would be needed; and such proved to be the case. After making deductions for new firms added to the list, the stocks on hand at May 1, 1935 had fallen to 3,103,458 pounds, representing a difference in holdings compared with May, 1934 of only 591,901 pounds. It may be seen therefore that these abnormally heavy stocks filled the gap created by lower production and greater disappearance from storage during the winter period.

In the period from May 1 to July 1 of this year, cold storage holdings reflected production conditions. On June 1, 5,784,943 pounds were reported in cold storage plants and creameries compared with 7,064,894 pounds on June 1, 1934. On July 1, 22,343,894 pounds were in cold storage against 24,780,765 pounds at the same date of the previous year. The June 1, 1935 figure was 18.1 per cent and the July 1, 1935 figure was 9.8 per cent below the comparable figures in 1934. If July production measures up to expectations, stocks should reach the level of August 1, 1934.

Cheese stocks on October 1, 1934 stood at 34,166,037 pounds, an increase of 2,703,577 pounds from October 1 of the previous year. On May 1, 1935 cheese stocks amounted to 10,908,997 pounds, an increase of 1,055,425 pounds. The holdings on June 1 were 11,685,129 pounds, representing an increase of 19 per cent from the same month in 1934. On July 1 stocks reached 18,836,233 pounds, or 7.9 per cent more than that recorded on July 1 of the year before. Unless government assistance to the cheese industry succeeds in halting the present decline in the cheese output, the holdings at the peak of the storage season may not be any greater than they were last year, and might even fall below the 1934 figure.

The total quantities of concentrated milk products in cold storage on September 1, 1934 amounted to 14,881,745 pounds compared with 11,878,472 pounds on the same date in 1933. Differing from butter and cheese there was a slight decline between September 1 and October 1. On May 1 the holdings amounted to 8,387,806 pounds, a reduction of 244,542 pounds from the same date the year before. On June 1 stocks rose to 10,888,120 pounds. This amount represented a decrease of 201,732 pounds from June 1, 1934. On July 1 the stocks increased to 14,344,046 pounds, an increase of 401,756 pounds over the same month last year.

The products included on the list are condensed and evaporated milk, whole milk powder, cream powder, condensed skim milk, skim milk powder and casein. It should be noted that evaporated whole milk, which is the most important item of the group, showed a decrease on July 1; the stocks on that date being 10,037,090 pounds, or 1,098,369 pounds less than was recorded at July 1 of the previous year. Skim milk powder, which is the next important item, advanced to 2,042,946 pounds, an increase of 991,844 pounds over the holdings reported on July 1, 1934. The increase in concentrated milk products is in line with production records for the first six months of 1935. From an output of 45,501,311 pounds in the half-yearly period of 1934, production increased to 53,796,713 pounds in the same period of 1935.

#### THE BUTTER POSITION

The statistical analysis presented in table II shows the butter position in periods of four months, eight months and twelve months. The first division, from May 1 to August 31, covers the period of flush production when stocks are being put away for future use. The second division, from September 1 to April 30 of the succeeding year, covers the period of small production when stocks are being drawn out of storage to meet current needs. The third division combines these two periods into a twelve-month period beginning with May 1 and ending at April 30 of the following year.

The stocks in cold storage are shown in the first set of figures at the top of the table. These stocks are adjusted for new firms added to the list in 1933 and 1934, so that yearly comparisons can be made on an equal basis. Production, total domestic stocks, exports, imports, disappearance of domestic stocks and the balance accumulated are given in order under the three divisions indicated. All percentage comparisons are made in relation to the yearly domestic disappearance, which is obtained by subtracting the exports together with the stocks on hand at the close of the year from the quantity produced plus the stocks on hand at the first of the year. The disappearance figures for the other two periods are arrived at in the same way. In this analysis, the butter position is shown on a domestic basis; that is imports are not included in the calculations, and exports are represented in the balance accumulated (item 7). Both exports and imports, however, are given by periods for each of the three years with percentage comparisons in relation to the disappearance of the domestic product.



TABLE II

## CREAMERY BUTTER STOCKS, PRODUCTION, DISAPPEARANCE AND BALANCE

Shown by periods of four months, eight months, and twelve months, 1932-33, 1933-34, 1934-35.

Information Given	Year	First Four Months May 1 to September 1		Next Eight Months September 1 to May 1		Whole Year May 1 to May 1	
		Lb.	Per Cent of Yearly Disappear- ance	Lb.	Per Cent of Yearly Disappear- ance	Lb.	Per Cent of Yearly Disappear- ance
(1) <sup>x</sup> Stocks at May 1, September 1, and at the end of the year (May 1)	1932-33	2,216,005	1.3	29,883,411	14.1	1,493,097	0.7
	1933-34	1,493,097	0.7	39,713,900	18.5	2,257,260	1.1
	1934-35	2,257,260	1.0	48,542,093	21.2	3,103,458	1.4
(2) Production	1932-33	110,212,267	52.0	103,577,284	48.9	213,789,551	100.9
	1933-34	117,039,552	54.5	103,074,176	47.9	220,113,728	102.4
	1934-35	127,259,076	55.6	103,033,453	45.0	230,292,523	100.6
(3) Total domestic stocks available	1932-33	113,028,272	53.3	132,430,695	63.0	216,605,556	102.2
	1933-34	118,532,649	55.2	142,783,076	66.4	221,606,825	103.1
	1934-35	129,516,336	56.6	151,581,516	66.2	232,543,789	101.6
(4) Exports	1932-33	2,611,400	1.2	533,600	0.2	3,145,000	1.5
	1933-34	221,900	0.1	4,182,000	1.9	4,401,500	2.0
	1934-35	174,200	0.1	316,900	0.1	491,100	0.2
(5) Imports	1932-33	22,595	0.01	1,316,940	0.62	1,339,335	0.63
	1933-34	105,363	0.05	2,745,464	1.27	2,850,827	1.32
	1934-35	79,019	0.03	84,141	0.04	163,160	0.07
(6) Disappearance	1932-33	80,533,461	38.0	131,433,998	62.0	211,967,459	100.0
	1933-34	78,596,849	36.6	136,348,216	63.4	214,945,065	100.0
	1934-35	80,794,043	35.3	149,161,138	64.7	228,955,231	100.0
(7) Balance (Domestic Stocks minus disappearance)	1932-33	32,494,811	15.3	2,026,697	1.0	4,638,097	2.2
	1933-34	39,935,800	18.6	6,439,860	3.0	6,661,760	3.1
	1934-35	48,722,293	21.3	3,420,353	1.5	3,594,558	1.6

<sup>x</sup>Stocks are adjusted for new firms added to the list in 1933 and 1934.

It will be observed that the variations in butter holdings as at May 1, September 1 and May 1 of the succeeding year are closely related to production for the four months, eight months and twelve months prior to these dates. It will be seen that the enlargement in butter holdings is greater proportionately than is the increase in production. This may appear to be a unhealthy situation; but since a season of heavy production is frequently followed by a season of low production it often brings about a very satisfactory balance. The seasonal ebb and flow in the butter output is shown in the percentage relationships set opposite the production figures. It may be seen that 53 to 56 per cent of the twelve months' disappearance was produced in just four months of the year. In other words more was produced in the four months, May to August, than in the eight succeeding months. Although substantial increases in production are recorded between 1932-33 and 1934-35 in the four-month period, decreases are shown as between the years in the eight-month period.

During the season of 1933 when the butter output advanced from 110 to 117 million pounds, the domestic disappearance fell from 80 to 78 million pounds. On the other hand, in the fall and winter season, September to April, the domestic disappearance increased. The most striking advance occurred in 1934-35 when the export and import trade was insignificant, the disappearance of domestic butter increasing from 136 million pounds in September to April 1933-34 to 148 million pounds in the same period of 1934-35. While the feed conditions were largely responsible for this situation other factors are involved. These will be explained in connection with the cold storage disappearance.

#### FACTORS AFFECTING THE WITHDRAWAL OF CREAMERY BUTTER FROM COLD STORAGE

In a country where the population is steadily advancing it is to be expected that butter disappearance from cold storage would also show an increase. In Canada not only is the population steadily increasing, thereby increasing the number of potential consumers, but the per capita consumption of butter (creamery and dairy) has also remained uniformly high, ranging from 30.49 pounds in 1932 to 30.92 pounds in 1934. Between 1933 and 1934 the per capita consumption increased .74 pound, approximately three-quarters of a pound. Another factor tending to increase our butter consumption is the greater proportion of the population in the higher age groups, which are greater consumers of butter.

But while the size of the population and the per capita consumption are important, there are also other conditions that have to be considered. For one thing, if production increases it is unnecessary to draw so heavily on cold storage supplies. This is particularly the case in the September-April period when production is so dependent on the winter supply of feed for dairy cows. Likewise, when production is below normal withdrawals from cold storage are heavier than usual. The winter of 1934-35 is a typical example of how withdrawals may increase when feed supplies are scarce. Then, again, a decline in butter prices should increase consumption if the reduction goes far enough to make a visible saving in household expenditures. In the September period of 1928-29 the index of creamery butter prices at wholesale, measured from the 1926 base, was 96.9. It fell the next year to 89.3 and then to 74.0, and in 1931-32 it had reached 52.7. There is but little doubt that the lower price level was effective in moving larger quantities of butter into consumptive channels. In common with other products, butter does not find many buyers on a downward market. For this reason, "hand-to-mouth" buying was very much in evidence during the time when prices were falling. The very satisfactory consumption record during 1934 and early 1935 may be attributed in part to the relatively steady prices, giving consumers and traders alike a greater measure of confidence.



The purchasing power of the consuming public can never be lost sight of in calculating stock withdrawals. If, for example, the factory employment index and the index of the physical volume of business are studied, it will be seen that the upward movement as shown by these indices may have contributed in some measure to an increase in the disappearance of butter during the last two years. With 1926 as the base year, an average of 89.5 was recorded in the index of factory employment during the September-April period of 1932-33. The following year an average index of 97 was established, and in the same period of 1934-35 it had reached 104.7.

Seasonal employment must also be considered in connection with withdrawals from cold storage. In referring to Table II, it may be seen that the stock disappearance was proportionately higher in the May-August period than in the September-April period. While lower prices and large available supplies of butter partly explain this situation, the employment of more labour during this season was another factor. Similarly, just before the spring break-up, large butter supplies were taken out of storage to meet requirements at frontier camps that are more or less inaccessible in the summer. In the fall much the same condition exists when the lumber and logging camps open up, when coal mines take on more men and when persons engaged in country places withdraw to larger centres. These changes give rise to fluctuations in stock withdrawals, making the disappearance appear abnormally high in certain provinces and certain cities, and low in others. The net result may be an increase or a decrease for the whole country, or there may be a little or no change whatever, depending on the conditions that exist at the time.

Although the foregoing can not be regarded as a complete analysis of the problem, it does offer an explanation of the more important factors. It shows that there is no one cause fully responsible for increases or decreases in the quantities of butter entering retail and consumptive channels. With so many different circumstances to consider, its complexity becomes apparent, and any attempt to forecast on the basis of the yearly consumption may be found unsatisfactory from a practical standpoint. It is evident that the butter position is subjected to the influence of business conditions, quite often only remotely connected with the dairy industry and the produce trade.

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