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THE DAIRY SITUATION
IN
CANADA

SEPTEMBER - NOVEMBER

1937

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OTTAWA
1938

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SUMMARY

In releasing the information contained in this report, covering the Fall period, September to November, 1937, the Bureau is indebted to Dairy Correspondents reporting for their own farms, and Dairy Farm Observers including the Superintendents of Dominion Experimental Stations, District Agriculturists and other officials of the Provincial Governments whose knowledge of farm conditions makes them particularly well fitted to pass judgment on existing and future conditions.

The Butter Position may be summed up as follows: A short supply due to a smaller creamery make and a consequent reduction in storage holdings has kept prices moving in an upward direction, and the outlook points to further price advances. Producers are reaping the results of the high price level in the receipt of greater revenues from the sale of butter-fat, while consumers are finding it necessary to pay more for butter than at any time since 1930. Based on spot prices on the Canadian Commodity Exchange at Montreal for the first grade product, the unweighted average for the three months, September to November, 1937 was 28 1/8 cents per pound reflecting an increase of 3 5/8 cents above the average for the fall months of 1936. The production of creamery butter from September to November amounted to 64 million pounds, representing a decline of slightly more than one-half of one per cent, while the cumulative for the year which reached a total of 246 million pounds, showed a decline of 1.1 per cent from 1936. Storage and transit stocks combined were 38.3 million pounds at December 1, 1937 and at January 1, 1938 they had fallen to 28.1 million pounds. On an adjusted basis the end of the year stocks were 22.5 per cent below the January 1 figures a year ago, and while the movement of butter into storage between May 1 and October 1, 1937 fell 3.7 per cent below 1936, the movement out of storage between October 1, 1937 and January 1, 1938 was 57.2 per cent greater than that of the previous year. The domestic disappearance of Canadian-made butter during the three fall months amounted to 71.4 million pounds, and using comparative stock figures an increase of 1.3 million pounds is revealed. When exports for these three months amounting to 331 thousand pounds in 1936, and 3.7 million pounds in 1937 are added in, the Total Disappearance of Canadian-made butter reaches approximately 75 million pounds. Calculating the future position on last year's per capita disappearance and this year's population there would appear to be a shortage of creamery butter even if production remains the same. It is expected, however, that there will be a decrease in the creamery butter make, particularly during the three winter months of 1937-38 as compared with the same period of 1936-37, and the quantity of imported butter required to meet the deficiency will at least equal the decline in production.

The Cheese Position as measured by production, stock holdings, and exports, reveals substantial increases over the previous year. The September-November production amounting to 37.9 million pounds registered a decrease of 2.7 per cent as compared with the output for the same months of 1936, but the cumulative of 127.3 million pounds for the year represented an increase of approximately 9 per cent over 1936. Heavy stock holdings at October 1 reflected the exceptionally large output during the summer months. Stocks stood at 27.7 million pounds on December 1, 1937, and at 26.8 million pounds on January 1, 1938, the latter being an increase of 14.3 per cent. The movement of cheese into storage between May 1 and October 1, 1937 was 12.1 per cent greater than in 1936, while the movement out of storage between October 1, 1937 and January 1, 1938 was only 5.1 per cent above that of the previous year. The domestic disappearance of Canadian cheddar cheese was 6.2 million pounds in the

September-November period of 1937, and by adding the exports amounting to 40.8 million pounds in 1936, and 45.2 million pounds in 1937, the Total Disappearance equals 51.4 million pounds, an increase of 1.5 million pounds over the September-November period of 1936. Cheese prices at Montreal during the fall months averaged 14 3/8 cents, 3/4 of a cent above those shown for the same period of 1936, while the average for the year registered an advance of 1 3/8 cents.

Concentrated Whole Milk Products manufactured in Canada during the period September to November amounted to 33 million pounds and 121.3 million pounds for the twelve months ending December, reflecting increases of 61 and 48 per cent respectively. Storage stocks at the end of the year were 9.1 million pounds, a decline of 13.6 per cent as compared with the holdings at January 1, 1937. The production of Concentrated Milk By-Products amounted to 7.2 million pounds during the three fall months and 30.3 million pounds during the twelve months ending December. Exports of whole milk products and milk by-products combined, were shown as 11.2 million pounds in the September-November period and 33.3 million pounds in the twelve months ending December, the total being 62.2 per cent above the 1936 figure. Imports also increased. The 1937 exports of fresh milk and cream amounted to 5.3 thousand gallons and 110.5 thousand gallons respectively, showing increases of 1.2 thousand gallons in milk exports and 75 thousand gallons in cream exports over the figures reported in the previous year.

A review of the feed situation by provinces shows that ample supplies of hay and roughage are available in the eastern provinces; farmers are relatively well supplied with grain and roots in Ontario, but smaller quantities were produced in Quebec and some shortage exists in the Maritime Provinces. Manitoba is well supplied with hay, and there is practically twice as much straw and grain as there was a year ago. Saskatchewan is suffering from an acute feed shortage in the prairie sections and even in the central areas feeds for dairy cattle are far from plentiful. Alberta will have sufficient feed for dairy cattle except in the southwestern sections where the summer drought produced a problem similar to that of neighbouring province. British Columbia has slightly more feed than last year, but the supplies are inadequately distributed. The hay crop reached a total of 13 million tons and alfalfa 2.1 million tons in 1937, representing a decline of 5.6 per cent in the former and an increase of 7.2 per cent in the latter. Oats yielded 268.4 million bushels and barley 83.1 million bushels, the former declining 1.2 per cent and the latter advancing 15.6 per cent as compared with the preceding year.

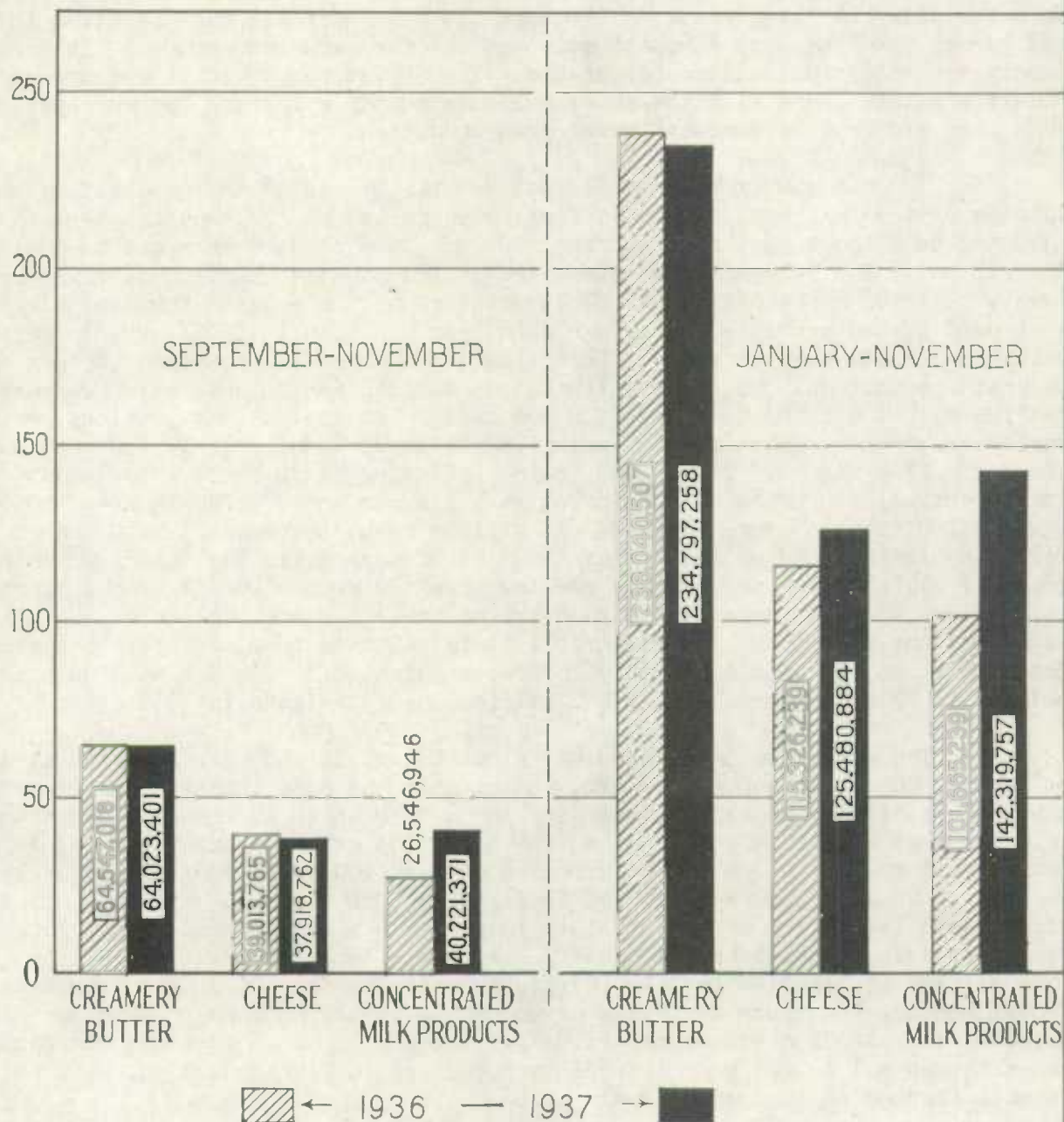
The milch cow population at June 1 was estimated at 3,940,400, while heifers kept mainly for milking purposes were placed at 915,000. Compared with 1936 the figures represent gains of 1.4 per cent and 8.8 per cent respectively. A considerable reduction has taken place in the live stock holdings in Saskatchewan since this survey was made, and due to relief restrictions it has become necessary to reduce dairy herds to the minimum. The exports of dairy cattle amounted to 7,078 in 1937 compared with 6,689 in 1936. Dairy Correspondents reported smaller numbers of cows on farms in September and October and a decrease in the numbers being milked. The percentage of milking cows to total cows as shown in September and October declined since last year, giving a greater proportion of dry cows which if carried through may lead to some increase in freshenings in the early spring months.

The farm production of milk as reported by Dairy Correspondents in September and October declined somewhat more than the reduction in deliveries to dairy factories, the difference being partially accounted for by the smaller quantities used on farms. The reduction in the farm milk supply may be credited to low feed supplies, smaller numbers of milking cows in prairie regions of the west and a decline in the production of milk per cow in the east. Poor quality feeds and a shortage of clover is believed to be responsible for the decline in eastern Canada but research results are by no means conclusive. The reports of Dairy Correspondents based on all cows in the herds show an average production of 12.5 pounds of milk per cow per day in September and October, 1937, as compared with 13.1 pounds in 1936.

PRODUCTION OF CREAMERY BUTTER, CHEESE AND CONCENTRATED MILK PRODUCTS

SEPTEMBER TO NOVEMBER, 1936 AND 1937
AND
JANUARY TO NOVEMBER, 1936 AND 1937

MILLION
LB.



Review of the Situation by Provinces

Prince Edward Island.

The dry summer which resulted in a short grain crop will adversely affect the dairy industry on the Island during the coming winter months. It is possible, however, that higher butter prices will be a compensating factor and hence the farm output of milk may be only slightly less than it was in the December-February period of 1936-37.

During the fall months, September to November, the weather was quite suitable for dairy cattle grazing on the open fields. Rainfall was plentiful in Kings and Queens Counties, and adequate moisture reserves are now assured. In Prince County the situation is less favourable. The dry summer was followed by only a moderate rainfall and with the short moisture supply wells are low and pastures have gone into winter in a somewhat overgrazed condition.

The mid-summer drought did not materially affect hay production; the tonnage of tame hay and clover was finally estimated at 359 thousand tons, 3 thousand tons above that of last year, but on the whole the crop was unequally distributed. The increase took place in the two counties mentioned, while Prince County suffered a sharp decline. Observers are of the opinion that the farmers in that part of the province had 40 per cent less hay than in 1936. Due to warm weather and immature ripening all sections of the province suffered from a decline in grain production. Oats was estimated at 4.1 million bushels which represents a decline of 1.4 million bushels, 24.8 per cent below that of the previous year. The barley crop was somewhat better, being 162 thousand bushels or 14 thousand bushels above the 1936 figure. Total feed grains including oats, barley, buckwheat, and coarse grains, converted to a comparative basis, amounted to 95 thousand tons as against 120 thousand tons in 1936. It will be seen, therefore, that less grain was grown in 1937 and on account of the sale of cash grain the supply of feed grains for winter use may be even smaller than the production figures indicate. The potato crop, often a competitor with dairying, fell 3.8 per cent below the 1936 crop, and since the market is less favourable it is believed that more potatoes will be fed to live stock, as a substitute for roots, which fell from 3.7 million hundredweights in 1936 to approximately 2.1 million hundredweights in 1937.

The milch cow population of Prince Edward Island was estimated at 46,100 at June 1, 500 more than a year ago, and exactly the same increase was recorded in the numbers of milk yearlings, bringing the latter up to 12 thousand. Although calf holdings will have no effect on the situation at the present time it is worth noting that the calf population increased from 18,400 to 22,300. Since dairy heifers at June 1, 1937 represented 65.1 per cent of the 1936 calf population, it offers some indication of the possible increase in the dairy heifer population next year, providing conditions are equally favourable to dairying. The percentage of cows milking as reported by Dairy Correspondents has shown a slight increase during recent months, but there is little or no change in the numbers freshening this fall. Supplementary feeding was necessary before October 1, on account of poor pastures, and although milch cows went into winter quarters in fair condition, they were not as well fleshed as they were a year ago.

Butter fat prices in the opinion of Observers are likely to encourage farmers to feed for an increased milk production during the coming winter, and although there is a shortage of feed in some sections and a decided reduction in the quantities of roots and grains available, a wider use of mill feeds and concentrates may bring the production of milk during the next three months within close range of the 1936-37 output for the same period. Milk production per farm declined in the

period August to October, and judging from creamery receipts a decline was also recorded in November. Butter made on farms increased in September, which was reflected in creamery receipts, but declined again in October. During this month the per farm output of milk fell approximately 25 per cent and the creamery butter make declined 22 per cent.

Nova Scotia

The weather was warm in September, although too dry to revive pastures. October was cool with a considerable amount of rain, and November was comparatively wet; so that pastures which had suffered so badly during the late summer made an astonishing recovery. On the whole, conditions in the province have considerably improved in recent months, with the possible exception of Hants and Colchester Counties, where the rainfall was comparatively light, and although there is a shortage of grain, roots and protein feeds, a more extensive use of mill feeds due to the improved relationship between feed costs and milk prices is likely to place the December-February farm output on a par or even slightly above that of last year.

The hay crop was estimated at 766 thousand tons which represents an increase of 32 thousand tons or 4.3 per cent over that of the previous year. The grain crop was poor, as shown by the production of 2.2 million bushels of oats and 200 thousand bushels of barley, representing declines of 41.8 per cent and 25.8 per cent respectively. The total quantities of feed including oats, barley, buckwheat and mixed grains, amounted to 49 thousand tons, whereas 78 thousand tons were produced a year ago. It is apparent that dairy cows will suffer from a shortage of grain in the next few months, but there is a good supply of hay, and although there is a shortage of straw, estimated to be about 25 per cent less than a year ago, it is the general opinion that there will be sufficient roughage to meet requirements during this period.

The milch cow population was placed at 115,700 at June 1, which represents an advance of 1,400 or 1.2 per cent over that of June 1 a year ago. A more significant increase took place in dairy heifers, the numbers on farms being reported at 27,300 or 11 per cent greater than that reported a year ago. Calves have also increased from 37,600 to 45,800 during the past year, an increase of 8,200 or 21.7 per cent, and with the dairy heifer population representing 72.5 per cent of the 1936 calf population it is proper to suppose that if price conditions are favourable an expansion of the dairy industry in the province is not impossible. Another bright spot in the situation is that the cows actually milking, advanced nearly 2 per cent in October as compared with the numbers of milking cows reported by Dairy Correspondents in October of last year. Likewise, an advance took place in the numbers of cows which were expected to freshen during the months of September and October, which may have some effect on future production.

There is evidence that increased prices this season are tending to encourage farmers to give somewhat more attention to dairying, and will result in an increase in the purchase of mill feeds and concentrates for feeding dairy cows. Due to improved pastures the milk output per cow increased 6.1 per cent in October, and combined with an increase in the numbers being milked contributed to the increase in milk production reported by Dairy Correspondents, although the percentage delivered to creameries was smaller than in October a year ago. More butter was made on farms in September but the general trend continues in a downward direction. Despite the shortage of home-grown grains, if the prophecy materializes in respect to a more extensive use of mill feeds and concentrates so that better use can be made of the roughage available this year, it is quite possible that the output during the coming three months will be greater than was recorded in the same period a year ago.

The situation in New Brunswick improved considerably during the past three months as the result of moderately heavy rainfall. The rains of course, came too late to make any material difference to feed supply, but pastures benefitted; and with the exception of meadow lands where the aftermath was inclined to be poor, permanent pastures entered the winter in a fairly healthy condition. The milk flow showed consistent advances each month over the same months of the preceding year, and while it is not expected that these increases will be maintained, there are indications that the production of milk during the winter months will be slightly higher than it was a year ago.

The final hay production estimate for the province was placed at 802 thousand tons in 1937, a decrease of 89 thousand tons as compared with 1936. Oats which is the staple feed grain was estimated at 5.3 million bushels, a decrease of nearly 2 million bushels from the yield of the previous year. The barley crop showed a somewhat higher relative decline, being placed at 291 thousand bushels, 74 thousand or 20.4 per cent less than in 1936. Combining all grains which includes oats, barley, peas, buckwheat and mixed grains, it is revealed that the total quantity amounted to 110 thousand tons as against 156 thousand tons in the preceding year, thus the total grain crop is down 29.5 per cent from 1936. The yield of turnips was reduced on account of dry weather and yielded only 2.8 million hundredweights, which represented a decline of 48 thousand hundredweights from 1936. The potato crop was 90 thousand hundredweights more than that recorded a year ago, the total yield being 5.8 million hundredweights. It is possible that the low price of potatoes may result in the use of this crop as a substitute for roots. Owing to the cool, damp weather, supplementary feeding was necessary from about October 1, but with fairly good pasture available the quantities of feed used by farmers were possibly a little less than last year.

The milch cow population in New Brunswick at June 1, 1937, was estimated at 111,400 which is 1,400 greater than last year. Heifers raised principally for milking purposes were placed at 27,600, an increase of 4,500. The numbers of calves of all classes were placed at 45,500, 6,500 above that of the previous year. Considering that 70.8 per cent of the 1936 calf population were classified as dairy heifers in 1937, it gives some indication of an upward trend in dairy foundation stock. The increased numbers of dairy heifers being brought into production during the fall and late winter months promise to have a favourable effect on production. Reports from Dairy Correspondents indicate that an increase has taken place in the numbers of milch cows on farms. Likewise, there is a slight increase in the numbers of cows actually milking, although the percentage of milking cows to total cows used for dairying purposes declined nearly 3.5 per cent in October as compared with the same month a year ago. There was an increase in September freshenings, but the numbers of cows coming into lactation during the late fall declined slightly. The fact that there are more dry cows on farms than a year ago may mean that increased numbers are being held for spring calving.

Following a substantial decline in the August milk production, the September output increased 5.2 per cent and this was followed by a further advance in October over the same month of the previous year. There was very little difference in the milk production per cow in September but the October figure showed an advance of 6.3 per cent. It is evident therefore, that increased freshenings contributed to the improvement recorded in September while supplementary feeding may have played some part in the per cow production in October. Although the cow population as shown at June 1, showed only a slight increase, it is apparent that better prices are proving an incentive for the farmers to milk more cows and give attention to the dairy herd. This will probably show results during the coming winter months and regardless of the short grain and root crop it is believed that the milk production will show a moderate advance over that of the preceding year.

QUEBEC

In common with other parts of eastern Canada the conditions for dairying during the fall months were particularly favourable. The moderate weather in September with heavy precipitation in October and early in November maintained a good pasture growth and increased the milk flow. The quality of the pasture was hardly as good as last year and the aftermath was inclined to be poor, but the open weather which continued throughout November made it possible to keep dairy cows on grass with the minimum of supplementary feeding, thus reducing costs and conserving feed supplies for winter. The commencement of cold weather at the beginning of December and the apparent shortage of feeds are the points considered by Observers in forecasting a decline in production during the winter months, although it is recognized that the price of butterfat in relation to feed costs will be an inducement to purchase greater quantities of mill feeds and concentrates.

The hay and clover crop according to the most recent estimate was placed at 4.9 million tons as compared with 5.6 million tons a year ago. This decline of nearly 13 per cent in the hay and clover crop promises to have an important bearing on production, because not only is there a shortage in the tonnage but the absence of the usual proportion of clover has reduced the value of the crop for milch cows. The alfalfa tonnage also fell from 36 thousand to 33 thousand tons, a decline of over 8 per cent while fodder corn increased from 427 thousand to 486 thousand tons, but the increase in the latter is not sufficient to offset the low supplies of other rough feeds. The oat crop amounted to 37.2 million bushels, a decline of 21 per cent, and barley was placed at 3.5 million bushels, a decline of 13 per cent. Peas show a slight decline and the turnip crop, always of importance in supplying the necessary succulent materials, fell from 7.9 million hundredweights to 6.4 million hundredweights, a reduction of 18.4 per cent. Expressed in tonnage, all feed grains which include oats, barley, rye, peas, buckwheat, and mixed grains amounted to 874 thousand tons as against well over one million tons a year ago. This represents a decrease of practically 19 per cent. The reduction in the yields of cereal crops is associated with a corresponding reduction in the amount of straw. Observers place the decline in the tonnage of straw at 20 per cent. The shortage in grain will probably be partially made up through the use of commercial feeds, but this applies more to the specialized dairy farms.

The rehabilitation of dairy herds which has followed the enforced reduction during the past two years under an organized dairy cattle improvement policy was evidenced in the June 1 survey when the milch cow population was placed at 962,400, an increase of 24,400 or 2.6 per cent. A considerable number of dairy cows were exported out of the province in September and October, so that at the end of October the numbers of cows on the farms operated by Dairy Correspondents had declined although the numbers were still higher than those reported a year ago. The dairy heifer population advanced to 235,400 at June 1, an increase of 42,600 or 22 per cent, and calves advanced to 378,600, an increase of 11,800, or 3 per cent. This would suggest an increase in the milch cow population next year, but since only 64.2 per cent of the 1936 calf population entered the dairy heifer ranks in 1937, it would indicate a much smaller advance in cow numbers two years hence. The numbers of cows actually milking continued to advance but the increase during the fall months was less pronounced than earlier in the season. The percentage of cows actually milking to total cows both dry and in milk, was 90.2 per cent in October compared with 94 per cent in September, 1937, representing a decrease of 4.1 per cent. The numbers of cows freshening during the fall months concluding with November, declined somewhat but this situation is not likely to materially affect production.

Milk production per farm showed an increase in September, but declined with the advent of cool damp weather in October. It is apparent that over-grazed pastures and the desire on the part of farmers to conserve feeds for winter use had an important bearing on the situation in the late fall months. Nevertheless, the percentage of cream delivered to creameries was higher than last year, as shown by an increase of 8.6 per cent in creamery butter output in the September-November period. This was principally due to the closing of cheese factories, many of which had opened up this summer in the path of increased cheese prices, and to a reduction in butter made on farms during the month of October. The per cow production based on those both dry and in milk was practically the same in September and October as in the same months last year, but the per farm output was 2.3 per cent higher. A decline in the family consumption of both milk and cream was reported by Dairy Correspondents during the fall months, but an increase took place in the quantities of milk fed to live stock. Although butter made on farms decreased in October, the trend in this province is definitely toward a larger farm make, and this may affect the creamery output during the coming winter. Taking into consideration the shortage of feeds suitable for milking cows and the relatively high cost of feed concentrates, very little ~~increase~~^{change} in dairy production would normally be expected during the coming three months. It would seem, however, that any increase in milk and cream prices justifying a wider use of mill feeds and concentrates would have an immediate effect on production.

Ontario

Despite the favourable feed situation, milk production continued to decline in Ontario during the fall months. Pastures were uniformly good, but cool weather and a lack of quality in the forage available for dairy cows were mainly responsible for a reduced milk flow. Moderate weather prevailed throughout September and the rainfall was well above normal. October was a wet month with comparatively low temperatures. At Ottawa there was a rainfall of 4.31 inches, as compared with the normal rainfall of 2.61 inches. Followed by an average November precipitation, moisture reserves are now quite adequate in practically all parts of the province, and everything points to a favourable outlook for spring. It is believed, however, that little change will occur in the production situation during the three winter months.

The hay and clover crop was finally estimated at 4.6 million tons, 36 thousand tons less than that recorded a year ago. In addition to the smaller tonnage the quality of the crop is also inferior to that of last year on account of the shortage of clover. The alfalfa production increased 143 thousand tons bringing the 1937 production up to 1.7 million tons. Oats and barley also recorded advances, the former amounting to 73.8 million bushels and barley 16 million bushels. The 1937 oat crop as compared with that of 1936, advanced 6.9 million bushels; barley increased approximately 2 million bushels and corn for husking was approximately 400 thousand bushels greater than last year. The production of flaxseed also showed a significant increase over the 1936 production, but a sharp decline of 55 thousand bushels was recorded in the yield of peas. Taking all feeds, including oats, barley, rye, peas, buckwheat, corn and mixed grains, the total tonnage was 2.7 million as compared with 2.4 million tons in 1936, representing an increase of 10.3 per cent. Farmers harvested 19.9 million hundredweights of turnips which was 1.7 million hundredweights higher than the quantity produced in 1936. There was also a larger potato crop than last year, but regardless of the increased supply and somewhat lower prices it is scarcely likely that potatoes will be used as a substitute for other feeds except in a few districts where a heavy export movement of turnips reduced saleable feed stocks.

The milch cow population on June 1, was placed at 1,175,900 and represents a decline of approximately one-half of one per cent from 1936. This...

decline, amounting to 5,600, is exactly offset by an increase in the heifer population which was estimated at 241,700. The total calf population was reduced to 559,100, a decline of 5,600 from the same date last year, and based on the figures for last year 42.7 per cent of these calves would normally come into the dairy heifer classification in 1938. At any rate a shortage of material for replacement purposes when these animals reach the mature age would appear to be indicated. From the reports of Dairy Correspondents it would seem that no immediate change is taking place in the cow population, the decrease at June 1 being practically balanced by importations from Western Canada. It is evident too, that very little change has taken place in the numbers of cows being used for milking purposes, and the percent- of cows actually milking to total cows fell 2.5 per cent. The numbers of cows freshening increased somewhat in September and October, but declined in November, as compared with the same months last year, but judging from the increased holdings of dry cows increased freshenings might be expected in the late winter or early spring.

After the termination of mid-summer weather milk production increased but it was not shown in cream receipts. With the advent of wet cool weather in October the output declined, and for the three months ending November, the amount of milk used for making butter and cheese fell 74.1 million pounds or 8.8 per cent. It is interesting to observe from the reports of Dairy Correspondents that the production per cow practically coincided with the trend in per farm production. There was a decline of 10.1 per cent in the per cow production and 9.8 per cent in the per farm output in the month of October as compared with October 1936. For the ten months January to October, the average production per cow was practically unchanged as compared with the same period last year, being 17.5 pounds per cow per day in 1937 as compared with 17.8 pounds in 1936. A substantial decline took place in the production of butter on farms during the summer and fall. Likewise, the quantities of milk fed to live stock declined throughout the cheese production season, although it advanced again in October, and the consumption of milk and butter in the homes of farm operators continued to fall below that of a year ago. It is logical to suppose therefore, that improved prices have been an incentive to market greater quantities in the form of milk and cream. It is recognized that the supplies of grains and roughage are quite adequate for winter use, but the lack of quality already mentioned will necessitate the feeding of larger quantities of mill feeds and concentrates. Thus, notwithstanding the fact that the price ratio of butter-fat to feeds is more favourable than it was last year, it is scarcely likely that milk production in the next three months will reach the level of the December-February period of 1936-37. With a continuation of satisfactory prices, however, there should be an increase during subsequent months on account of increased numbers of dairy heifers and cows now dry which will then be coming into lactation.

Manitoba

Favourable autumn weather permitted dairy cows to pasture on the open fields until almost the middle of November, when a heavy fall of snow followed by cold winter weather made it necessary to resort to stable feeding. September was mild with some rain, while October was a month of heavy precipitation. The soil is reported to be soaked to the water-table, thus providing adequate moisture reserves for next year and for the early growth of spring pastures. Butter production has been increasing during the fall months and the indications are that this situation will continue.

The supplies of home-grown feeds, both roughage and grains, are quite plentiful in most sections of the province; all combined there is practically twice as much feed as there was last year. The only parts that seem to have experienced a feed shortage are a fringe of municipalities in the western section next to the Saskatchewan boundry. The feed supplies in this area are variously...

estimated, ranging from practically none in the Shell River municipality to half a crop or just maintenance supplies in the west central localities. The tame hay and clover crop was estimated in the November crop report at 709 thousand tons, as against 578 thousand tons, an increase of 22.7 per cent over that of the previous year, and alfalfa reached a total of 61 thousand tons, 5 thousand tons more than the 1936 crop. Observers are of the opinion that the hay crop as a whole has increased from 25 to 30 per cent as compared with 1936, and that straw supplies are up 25 per cent from last year. Oats reached a total of 45 million bushels as compared with 20.4 million bushels last year, an increase of 120.6 per cent, and barley advanced to 36.5 million bushels, practically twice as much as was harvested twelve months previous. Although the pea crop is not of much importance relatively, it is of interest to note that the 45 thousand bushels produced this year represented a 100 per cent gain over that of last year. All grains including oats, barley, hay, peas, buckwheat and mixed grains amounted to 1.7 million tons, whereas, last year only 835 thousand tons were harvested on Manitoba farms. The root crop was estimated at 553 thousand hundredweights, and fodder corn, some of which will be used for ensilage, is up nearly 200 per cent, the total quantity being 350 thousand tons.

The milch cow population showed a marked advance in the Survey of June 1. The total milch cow population as shown at that date was 390,400, an increase of 19.1 per cent, while heifers raised principally for milking were estimated at 89,200, an advance of 18 per cent over the numbers shown at the same date in the preceding year. The calf population which of course is made up of both beef and dairy breeds increased to 184,900, an advance of 3.9 per cent, which may have an effect on future numbers. While some increase has taken place in milch cows and particularly in dairy heifers as a result of those entering the province from Saskatchewan drought areas, comparatively heavy marketings have practically placed the numbers on a par with those shown on farms at June 1. The numbers of cows actually milking which showed substantial advances during the summer period registered an opposite tendency in the autumn months, while the percentage of milking cows to total cows in the month of October was 69.4 per cent, a reduction of 1.2 per cent from the same month last year. A compensating factor in the situation is the recorded increase in the numbers of cows freshening during the autumn months of 1937. With an influx of dry cows from Saskatchewan, a more pronounced increase in freshenings is likely to appear in the spring. In any case, the numbers are being fairly well maintained despite the tendency on the part of some farmers to lapse back to grain growing on the strength of improved markets and a satisfactory grain crop. A reduction in the milk output per farm and a corresponding decline in the quantity of milk produced per cow, particularly in the month of October, is an outstanding feature of the situation which has been revealed in the reports of Dairy Correspondents, although it is encouraging to note that the percentage delivered to factories in the form of cream was greater than last year. Decreased quantities of milk fed to live stock and a slight diversion of milk from cheese factories now out of operation for the season may be partly responsible for these heavy deliveries. Since farmers harvested a paying grain crop competitive influences have arisen, but not to an extensive degree. Farmers are becoming more and more entrenched in dairying, and it is doubtful if any radical change will occur as long as comparatively high cream prices are maintained. The increased cow numbers are quite sufficient to overcome the slight drop in the numbers actually being milked, and with the abundance of feed now available the farm output in the next three months should show some gain over that of the previous year.

Saskatchewan

The full effect of the disastrous midsummer drought is now being realized in this province. There is a feed shortage in the greater part of.....

southern Saskatchewan and in many of the central and mid-western municipalities farmers will also find it difficult to procure sufficient feed on their own farms to maintain dairy stock through the winter months. Winter set in with the first snowfall about November 12. Prior to that time the weather was mild, temperatures ranging above normal throughout September and October. There was a good deal of rainfall during these two months but the precipitation was variable, and on the whole it did not measure up to that of last year and fell slightly below the normal seasonal precipitation. Swift Current received 0.9 inches of rain in September and 0.8 inches in October; Indian Head registered 1.9 inches and 0.5 inches respectively. At Scott, the precipitation was 0.71 inches in September and 1.44 inches in October, which was somewhat above the rainfall during the same months last year. At Melfort, the rainfall during the same two months was 2.43 inches, and it is believed that the snowfall in November would represent the equivalent of 1 to 2 inches of rain. In some parts, particularly the Kincaid-Assiniboia section of southern Saskatchewan, moisture is reported to have gone down three feet in the ground, but in other parts of the south-west the precipitation was light. It is evident therefore, that with the exception of northern Saskatchewan and certain areas elsewhere, the precipitation must be regarded as insufficient to create the desired reserves for next year.

A short hay crop and the failure of coarse grains will reduce the available quantities of rough feeds 50 to 75 per cent below last year's tonnage. Likewise, coarse grains being held on farms at the present time (the marketable grains being sold for cash) are possibly 75 per cent below that of the previous year. The final estimates based on the reports of Crop Correspondents, show a decline of 62 per cent in the tame hay and clover crop, while alfalfa and fodder corn fell 2 thousand tons in both cases, representing declines of approximately 8 per cent and 29 per cent respectively. Sheaf oats, which is the mainstay of the live stock industry in this province, would appear to have suffered a reduction of about 60 per cent, while roots are 40 per cent below the production recorded for last year. The tonnage of all grains which includes, oats, barley, rye, peas and mixed grains amounted to 572 thousand tons as compared with 1.6 million tons in the preceding year, representing a reduction of approximately 63 per cent. Under the optional feed relief policy being followed this year the dispensing of feed relief is contingent upon a voluntary reduction in live stock holdings to minimum numbers. Farmers wishing to avoid the premature liquidation of stock may assume the responsibility of providing their own feed, an obligation which they may not be able to meet. There is a problem, too, in securing supplies for relief purposes, and the necessity of employing a rigid system of distribution must of necessity reduce the quantities of feed in the drought areas of the province to purely maintenance proportions, and not enough to keep dairy cows at a normal level of winter production. In many cases the severity of the weather and unforeseen circumstances have to be reckoned with, so that the actual needs may over-reach the most generous provisions under any practical system of distribution.

The movement of cattle out of the province has been extremely heavy during the fall, but Observers advise that the peak of the movement is now passed and most of the dairy cattle now on farms will be retained during the winter months. A great many cows have been sold, but those possessing any productive possibilities have been retained. Over a long-time period the reduction in numbers will be a benefit to the industry in increasing the production of milk per cow by weeding out unprofitable members of the herd. A more serious aspect of the situation is that a large percentage of the heifer population has been evacuated to feed lots in western Manitoba, and some have been shipped east as feeders, slaughtered or marketed for beef. It is apparent, therefore, that the size of future herds will be materially reduced, and it may take some time to bring them up to normal strength. On June 1, the milch cow population in the province was estimated at 563,700, a decrease of 27,400 or slightly less than 5 per cent. According to.....

Dairy Correspondents, the decline in October was much greater, and with the movement which has taken place since that time it is believed that the cow population has suffered a further reduction. Moreover, Observers are of the opinion that a heavy mortality may be expected in mid-winter. The numbers of dairy heifers on farms at June 1, amounted to 146,500, which represents an increase of 2,200 or 1.5 per cent. The calf population was placed at 369,900, a reduction of 22,100, or 5.6 per cent. Dairy Correspondents reported decreases in the numbers of cows actually milking in September and October. The percentage of milking cows to total cows was 75.4 in September and 63.4 in October, representing increases of 16.2 per cent and 3.6 per cent respectively over the same months a year ago.

The numbers of cows freshening in both September and October were greater than in the same months of 1936, but the importance of this must be discounted when it is considered that such a small percentage of the cow population comes into lactation in the fall months. Obviously the failure of the grain crops is again making dairying more attractive, although it is evident that the pending feed shortage made it necessary to dry off cows in October, many of them being sold or slaughtered locally.

Milk production per farm was low in August, but increased in September and again in October. The percentage of milk delivered to factories in the form of cream also advanced in September, but fell below the 1936 receipts in October and November, thus showing a net reduction of 4.8 per cent. Milk production per cow based on those actually milking moved from a decline in August to practically a level with 1937 in both September and October. Due to depleted herds resulting from the sale of dry cows, the production per cow based on all cows on the farm advanced 22.4 per cent in September, and was still 4.6 per cent greater in October when those used for milking purposes had reached the end of the normal lactation period. Milk consumed on farms in August, September and October fell 12.6 per cent below the same months last year. There was a decline of 17.3 per cent in the consumption of cream and a 14.9 per cent decline in the quantity of butter used in the homes of Dairy Correspondents. This movement to restrict consumption on farms was reflected in the creamery butter make which, with the farm utilization of dairy products on a normal basis, would have caused a much greater decline than was recorded above. Another factor that has contributed to the increase in the creamery receipts is the continued decline in the production of dairy butter on farms, the greater part of the cream so used being diverted to creameries. It is understood of course, that while these facts are worthy of reflection the unprecedented feed shortage associated with the forced liquidation of dairy cows will reduce the production of milk in the next few months below that recorded in the December-February period of the preceding year; and while it is anticipated that some improvement will take place in the early spring the conditions already described are very liable to keep the production of milk at a comparatively low level throughout the greater part of 1938.

Alberta

Several factors have developed during the late summer and early autumn which have tended to produce a favourable reaction toward dairying: For one thing the mid-July precipitation gave some northern Alberta districts an abundant feed supply, which up to that time seemed only a remote possibility on account of the dry weather. In central Alberta the premature frost rendered a good deal of grain unfit for marketing and the dairy industry is sharing the benefits of these home grown grains for winter feeding. The continuation of moderate weather during the fall months which permitted milch cows to graze on open fields until late in October with little or no supplementary feeding may be cited as a third factor in the situation which contributed in some measure to the increased production in the fall months. According to Meteorological Reports, September and October.....

temperatures were above normal, and accompanied by frequent rains provided exceptionally satisfactory conditions for dairy farming. Records kept at Lacombe show that the precipitation during August, September and October was the heaviest in thirty years, and the moisture reserves at this time of the year are greater than at any time during the past three years. At Beaver Lodge, the September precipitation was approximately 1.24 inches and in October it advanced to approximately 1.70 inches. The freeze-up came November 1, with heavy falls of snow between the tenth and fifteenth of the month. Present indications point to an increase in milk production during the three winter months as compared with the amount produced in December to February, 1936-37.

Despite the partial or complete drought conditions which prevailed in the south-west quarter of the province the tame hay crop amounted to 438 thousand tons, an advance of 14 thousand tons or 3 per cent over that of the preceding year, and with the exception of prairie wool which seems to be scarce in the south, it is believed that greater quantities of wild hay are available for winter than was the case last year. Although alfalfa did exceptionally well in certain irrigated areas the yield as a whole was below expectations, being only 156 thousand tons, 10 thousand tons less than last year, while fodder corn is up 5 thousand tons from 1936. Heavy grain crops in western Alberta are estimated to represent an increase of 25 to 40 per cent in the quantities of straw and oat sheaves available for feeding purposes; threshed oats is placed at approximately 77 million bushels, an increase of 54 per cent, and barley reached a total of 23 million bushels, an increase of 35 per cent. All feed grains, which take in oats, barley, rye, peas and mixed grains, amounted to 1,902 thousand tons, which is 48 per cent more than was produced a year ago. Although turnips are not extensively grown, the 1937 crop increased from 133 thousand to 313 thousand hundredweights, most of which will be fed to dairy stock in the areas where they were grown. The abundance of late feed which resulted from the sudden turn in the moisture situation solved the feed question in the mid-northern sections where a shortage was threatened early in the summer. The abundance of roughage and light sheaf oats produced in these parts will probably tend toward a greater use of mill feeds, and consequently, a further extension of winter dairying.

In common with other western provinces, some reduction has taken place in the cattle population. At June 1, milch cow numbers were estimated at 453,600, a decrease of 1 per cent below that of the previous year, and since then there has been a liquidation of live stock in some areas, which would include a certain proportion of milch cows. The principal loss to dairying was the inclusion of heifers in the shipments of feeder cattle which would have been used for milking purposes when they were mature. Heifers used for dairying purposes advanced from 105,000 at June 1, 1936, to 107,500, at June 1, 1937, an increase of 2.4 per cent, but for the reasons just mentioned this increase could scarcely be applied to existing farm holdings. The calf population declined to 345,400, a reduction of 8.7 per cent. However, the dual purpose character of much of the live stock permitting farmers to transfer cows from beef to dairy herds if prices are favourable, would lead to the conclusion that the decline in the calf population should not be viewed with undue alarm. Dairy Correspondents reported a reduction in the actual numbers of cows milking in October as compared with October a year ago, but the percentage of milking cows to total cows advanced nearly 4.5 per cent in September, and nearly 3.5 per cent in October. Thus, the reduction taking place in the cow population is confined largely to non-producing female stock. In the opinion of some Observers, the organized liquidation of live stock in the drought section has given farmers an opportunity to cull out their herds at a time when favourable prices were offered. Thus, the expected improvement in the percentage of good cows, combined with an increase in the numbers freshening in September and October, should reveal favourable results this winter.

The most noticeable increase in milk production compared with the same month of the preceding year took place in August, following the late mid-summer rains, and although the advances in the fall months were not as great, the net increase in the creamery butter make for September, October and November averaged 10.4 per cent, while cheese production increased 32.9 per cent. It is worthy of notice that a decline of 9.7 per cent took place in milk consumption on the farms of Dairy Correspondents during August, September and October; cream consumption also fell 15.6 per cent, and butter consumption was reduced 11.2 per cent below the same months of last year. This self enforced economy was doubtless responsible for increasing the percentage of milk and cream deliveries to factories as compared with the situation recorded at the same time in 1936. The fact that more cows are being used for milking purposes, (and there are indications that this situation may continue), combined with an increase in the numbers of cows that came into lactation during the fall months, are two important factors. Coupled with these are the abundant feed supplies in northern and eastern sections and fairly satisfactory prices being paid for dairy products; all of which would lead to the conclusion that, despite a feed shortage in the south-west and a consequent reduction in the cow population, milk production in the December to February period will exceed that of the preceding year.

British Columbia

The production of dairy products in this province during the winter is dependent to a large extent upon feed costs -- a condition which arises from so much of the milk being produced by those unable to grow sufficient feed on their own farms. Recognizing this situation and the fact that the outlet for manufactured dairy products is confined principally to the province in which they were produced, any radical or sudden changes in production would not be expected at this season of the year. Thus, while the situation at the present time would offer grounds for the belief that a turning point in milk production is at hand, significant advances in the farm output are not anticipated, at least during the next three months.

Pasture conditions were quite satisfactory during the fall months on account of the heavy precipitation. Some Observers estimated that the condition of the grass in October was 10 per cent better than it was last year at the same time. At Agassiz, the rainfall was .09 inches in September, 7.4 inches in October and up to November 11, 5.03 inches of rain were recorded. At Victoria, the precipitation was .04 inches and 3.1 inches respectively. The prevailing temperatures were also above normal, thus affording suitable conditions for fall grazing.

The tame hay and clover crop as finally calculated from information supplied by Crop Correspondents, was 2 thousand tons below the 1936 production, the total being 325 thousand tons, while alfalfa fell 3 thousand tons below the 1936 yield with a total of 160 thousand tons. Heavier cereal crops increased the quantities of straw available for feeding purposes, estimated at about 10 per cent above last year's tonnage, while oat sheaves showed a gain of about 15 per cent. The tonnage of fodder corn declined and there is a shortage of about 6 per cent in the root crop, so that succulent feeds are not as plentiful as they were last year. Due to an increase of approximately 4 per cent in the production of oats representing a total of 5.6 million bushels, and a 14 per cent increase in barley, giving a total of 508 thousand bushels, the quantity of cereals for feeding purposes would be considerably greater than in 1936. When peas and mixed grains are combined with oats and barley it is found that a total of 118 thousand tons were produced, as against 112 thousand tons in 1936, an advance of 6 thousand tons, or 5.4 per cent. Unfortunately these feeds are not located in close.....

proximity to dairy farms, and those who grow the grains frequently find it necessary to sell them for cash, thus diverting the supplies into commercial channels and making it necessary for specialized dairymen to purchase them at somewhat enhanced prices. While the feed situation is improved to some extent by a reduction in costs, Observers agree that the relationship is still unfavourable to any marked extension of dairying enterprises.

The milch cow population at June 1, was 121,200 which represents an increase of 3,400, or nearly 3 per cent, but the numbers of cows actually milking in the fall months were lower than last year, and the percentage of milking cows to total cows as recorded in September and October fell approximately 4 per cent. More cows freshened in these two months than a year ago, but practically no change was expected in November. The increased holdings of dry cows may offer some indication of an advance in the numbers of milking cows in the spring, which is the normal freshening period. The heifer population on June 1, was 27,800, a decline of 400, or 1.4 per cent from that of June 1 a year ago, while calves, including both beef and dairy breeds, were estimated at 52,200, being a reduction of 3,500, or 6.2 per cent. Thus, little or no change can be expected in milch cow numbers, and under the normal rate of decline there would seem to be a lack of calves to meet replacement requirements two years hence. Milk production per cow based on all cows in the herd, advanced from 16.9 pounds in September, 1936, to 17.1 pounds in September, 1937. In October, the per cow yield was exactly the same as in the same month a year ago, namely 16.1 pounds.

The production of milk per farm registered a slight advance in September over that of September, 1936, although the October production was about the same as last year. The creamery butter make revealed an average decline of approximately 18 per cent during the three autumn months, which included a slight reduction in September when milk production had actually increased. A check on farm consumption offers some explanation for these opposing tendencies. In the month of September the quantity of milk used in farm homes, as reported by Dairy Correspondents, registered an average increase of 21.6 per cent. A slight decline took place in October, but the average for the two months was still 10.3 per cent above that of last year. The quantities of milk fed to live stock in the two months were practically twice as great as those in the same period of the preceding year. Butter consumed on farms was practically the same, but the production of butter in farm dairies was slightly lower than that recorded a year ago, thus conforming in some degree to the reduction in the creamery butter make.

The outlook for the succeeding three months contains a number of favourable elements, of which the increase in the numbers of cows freshening, greater supplies of home grown cereals, and a more satisfactory relationship between feed costs and dairy farm revenues may be cited as the most important. The operation of these factors promises to check the downward trend in milk production; but considering the inadequate distribution of feed supplies, coupled with the unusually high percentage of dry cows being held on farms that will not be coming into lactation until the early spring, it is apparent that any forecast covering the production situation must not assume definite or significant advances during the early winter period as compared with the corresponding period of 1936-37.

THE BUTTER POSITION

The essential facts in connection with the creamery butter position during the period under review are revealed in Table 1, page 16, which shows the stocks in storage, stocks in transit, production, imports, exports, average monthly prices and finally, the total disappearance of Canadian made butter and the domestic disappearance of Canadian-made butter. The stock figures shown in the analysis are

TABLE I - THE CREAMERY BUTTER POSITION IN CANADA, SEPTEMBER TO NOVEMBER, 1933 - 1937.

		September	October	November	September to November
Stocks in storage at first of the month -	1933	42,019,708	40,461,485	37,544,878	-
(Not adjusted for new firms)	1934	50,847,375	53,264,375	49,417,604	-
	1935	52,646,831	55,613,578	48,396,176	-
	1936	50,488,127	55,375,933	53,162,252	-
	1937	49,020,650	54,228,107	47,742,104	-
Stocks in transit at first of the month -	1935	980,000	1,248,800	448,000	-
	1936	420,000	644,000	476,000	-
	1937	812,000	896,000	896,000	-
Production during month -	1933	23,062,814	18,163,367	12,080,017	53,306,198
	1934	23,978,600	20,499,693	12,840,445	57,318,738
	1935	27,421,990	21,278,747	12,971,104	61,671,841
	1936	28,402,496	22,712,633	13,431,889	64,547,018
	1937	28,692,780	21,993,711	13,389,794	64,076,285
Imports -	1933	717	125	1,048	1,890
	1934	11,828	22,915	9,535	44,278
	1935	44,593	7,351	641	52,585
	1936	953	966	841	2,760
	1937	6,736	1,418	1,207	9,361
Exports -	1933	1,719,900	1,763,800	533,000	4,016,700
	1934	32,700	64,100	36,900	133,700
	1935	220,300	6,496,700	643,500	7,360,500
	1936	215,000	58,800	57,200	331,000
	1937	52,000	1,724,600	1,918,100	3,694,700
Prices -	1933	18 7/8	19	20 3/4	19 1/2
	1934	19 5/8	19 5/8	20 1/2	19 7/8
	1935	22 3/4	24	25 3/8	24
	1936	24 5/8	23 7/8	25 1/8	24 1/2
	1937	26 3/8	28 1/8	29 7/8	28 1/8
Total Disappearance of Canadian-made butter (Domestic and Export)	1933	24,621,037	21,079,974	20,535,975	66,236,986
	1934	21,561,600	24,346,464	20,743,493	66,651,557
	1935	24,455,243	28,496,149	20,751,382	73,702,774
	1936	23,514,690	24,926,314	22,205,983	70,646,987
	1937	23,485,323	28,479,714	23,081,719	75,046,756
Disappearance of Canadian- made butter (In Canada only)	1933	22,901,137	19,316,174	20,002,975	62,220,286
	1934	21,528,900	24,282,364	20,706,593	66,517,857
	1935	24,234,943	21,999,449	20,107,882	66,342,274
	1936	23,299,690	24,867,514	22,148,783	70,315,987
	1937	23,433,323	26,755,114	21,163,619	71,352,056

not adjusted for new firms because such adjustments cannot be made over a series of years with any degree of accuracy. The adjusted stocks showing the holdings as at the first of each month September to November, appear in Table VII, page 27, to which reference will be made in connection with the comparative disappearance data for last year and this year. Similar data are used as the basis for the total disappearance figures which appear in the "Monthly Review of Dairy Production" so that the figures shown are on a comparative basis with those of the preceding year.

In calculating the total disappearance of Canadian-made butter, the stocks in storage, in transit and at terminals on the first of September, are added to the production during the ensuing three months, (September, October and November). From these totals the stocks in storage and transit at the end of the period (December 1) are deducted, giving the total amount absorbed in both Canadian and overseas markets. The Disappearance of Canadian-made butter in Canada alone is obtained by subtracting the exports during the period from the Total Disappearance. It will be observed that foreign stocks do not enter into this calculation. The disappearance of total butter including both domestic and foreign stocks could be obtained by adding the imports shown in this table, but since these imports do not appear in cold storage reports the quantities of foreign butter moving into consumptive channels in a given month or during any three-month period cannot be definitely ascertained. All data used in making up the disappearance figures are shown on Table 1, except the December 1 stocks which appear below for the years 1933 to 1937.

1933	29,088,920	Pounds
1934	41,514,556	"
1935	40,615,898	"
1936	44,388,158	"
1937	38,050,179	"

The analysis presented in Table 1 reveals a substantially weaker stock position than that recorded a year ago, and with the exception of November 1, the downward trend covers a two-year period. The stocks as shown on September 1 and October 1 reached the high point in 1935, while the November 1 advance was carried forth to 1936. During the two years 1935 to 1937, butter stocks declined 6.9 per cent at September 1, 2.5 per cent at October 1, 1.4 per cent at November 1, and 6.3 per cent at December 1. Including transit stocks, and making adjustments for new firms added to the list during the year to place the figures on a comparative basis, butter stocks as at the first of each month September to December, 1937, as compared with the holdings at the same date of the preceding year were reduced 2.3 per cent, 1.5 per cent, 9.5 per cent and 14.2 per cent respectively.

The production of butter in September was approximately 29 million pounds, a position reached by a continuous series of increases during the entire five-year period. The October production on the other hand, declined 3.2 per cent from last year while the November output was practically the same as that of November a year ago. Despite the heavy September make it was not sufficient to offset the October decline so that the 64 million pounds output for the three months as compared with that produced in the fall of 1936 represented a decrease of nearly one-half million pounds.

Some change has taken place in the import situation, the quantities of butter received at Canadian ports during the autumn months being 9.4 thousand pounds as compared with 2.8 thousand pounds in the preceding year. These figures were the highest recorded since 1935, when 52.6 million pounds were imported into Canada. On the basis of the present stock position and the production forecast for the December-February period, larger quantities of foreign butter may be required to meet the impending deficit in the late winter or early spring.

TABLE II - PRODUCTION OF CREAMERY BUTTER IN CANADA, BY PROVINCES,
SEPTEMBER TO NOVEMBER, 1936 AND 1937.
(In Thousands of Pounds)

Province	September		October		November		September to November		Percentage Increase (+) Decrease (-)
	1936	1937	1936	1937	1936	1937	1936	1937	
Prince Edward Island	300	232	196	153	124	117	620	502	(-) 19.0
Nova Scotia	542	526	434	437	298	359	1,274	1,322	(+) 3.8
New Brunswick	392	409	247	268	99	134	738	811	(+) 9.9
Quebec	9,585	10,200	7,606	8,375	4,062	4,500	21,253	23,075	(+) 8.6
Ontario	8,698	8,035	7,827	6,402	5,167	4,685	21,692	19,122	(-) 11.9
Manitoba	2,848	2,875	1,899	1,970	1,004	1,046	5,751	5,891	(+) 2.4
Saskatchewan	2,804	2,914	1,839	1,683	913	693	5,556	5,290	(-) 4.8
Alberta	2,750	3,077	2,205	2,282	1,285	1,526	6,240	6,885	(+) 10.3
British Columbia	483	425	460	424	480	330	1,423	1,179	(-) 17.2
CANADA	28,402	28,693	22,713	21,994	13,432	13,390	64,547	64,077	(-) 0.7

TABLE III - PRODUCTION OF FACTORY CHEESE IN CANADA, BY PROVINCES,
SEPTEMBER TO NOVEMBER, 1936 AND 1937.
(In Thousands of Pounds)

Province	September		October		November		September to November		Percentage Increase (+) Decrease (-)
	1936	1937	1936	1937	1936	1937	1936	1937	
Prince Edward Island	59	96	44	20	-	-	103	116	(+) 12.6
Nova Scotia	-	-	-	-	-	-	-	-	-
New Brunswick	71	80	43	56	-	-	114	136	(+) 19.3
Quebec	4,594	4,800	3,076	2,850	547	500	8,217	8,150	(-) 0.8
Ontario	13,350	14,196	11,519	10,632	4,628	3,457	29,497	28,285	(-) 4.1
Manitoba	220	243	191	217	114	150	525	610	(+) 16.2
Saskatchewan	57	53	23	25	3	4	83	82	(-) 1.2
Alberta	186	218	131	182	81	129	398	529	(+) 32.9
British Columbia	15	9	20	21	42	18	77	48	(-) 37.7
CANADA	18,552	19,695	15,047	14,003	5,415	4,258	39,014	37,956	(-) 2.7

According to trade returns, 52 thousand pounds of butter were exported in September, 1.7 million pounds in October, and 1.9 million pounds in November, 1937. The September exports were the lowest since 1934 while all other months showed substantial advances. Actually, however, the movement overseas commenced in September, although the shipments were not actually recorded until October. Due to a favourable market situation in the United Kingdom the total exports for the three fall months amounted to 3.7 million pounds representing 90.2 per cent of the total exports for the entire year and exceeding the average for the four previous years by nearly 3/4 of a million pounds. The overseas shipments made during the fall of 1935 were 3.7 million pounds greater than those made in the same period of 1937; it is to be remembered, of course, that the bulk of this butter was forwarded under the Dominion Government stabilization scheme which provided a fund to guarantee exporters against financial loss. Those made in the period under review were sponsored purely by voluntary enterprise and represented an attempt to reduce stocks to purely domestic requirements at a time when butter could be absorbed and sold to advantage in the Old Country. While the September-November exports were 3.4 million pounds greater in 1937 than in the previous year the comparison is scarcely correct because most of the butter which went overseas in 1936 was moved in the mid-summer period. Thus for the six months, June to November, 1936, exports exceeded those of the June-November period of 1937 by approximately one million pounds. The 1936 figures represented 95.7 per cent of the twelve months total while those made in the same six months of 1937 amounted to 93.7 per cent of the total.

The domestic disappearance of Canadian-made creamery butter in Canada has an important bearing on the market situation in this country, representing on a yearly basis, over 96 per cent of the entire output. It is of interest to observe therefore, that there was a slight increase in the domestic disappearance in September, 1937, over that of September, 1936, in contrast to a decline a year ago. In October the disappearance advanced approximately 2 million pounds over that of the same month in 1936, an increase which was exceeded only by the October advance of 2.9 million pounds the year previous. Exactly the reverse situation developed in November, the disappearance falling 1 million pounds from the same month of the preceding year as against an increase of 2 million pounds recorded in ~~October~~^{November}, 1936.

When storage and transit stocks are calculated on an adjusted basis (see Table VII) to effect a proper comparison, the differences in the disappearance figures by months between 1936 and 1937 reveal somewhat different results. These are shown below:

		Domestic Disappearance	Difference	
			Lb.	%
September	1936	23,120,490		
	1937	23,212,923	+	92,433 + 0.4
October	1936	25,035,514		
	1937	26,832,214	+	1,796,700 + 7.2
November	1936	22,411,983		
	1937	21,849,919	-	562,064 - 2.5
Average for the three months	1936	23,522,662		
	1937	23,965,019	+	442,357 + 1.9

The changes shown in the disappearance figures above can be identified to some extent with butter prices, the business situation and seasonal employment. While prices ordinarily react more readily to consumption than consumption to prices, the...

TABLE III - PRODUCTION OF CONCENTRATED MILK PRODUCTS IN CANADA,
SEPTEMBER TO NOVEMBER, 1936 AND 1937.

(In Thousands of Pounds)

Commodity	September		October		November		September to November		Percentage Increase(+) Decrease(-)
	1936	1937	1936	1937	1936	1937	1936	1937	
<u>Whole Milk Products</u>									
Condensed	631	949	889	902	619	926	2,139	2,777	(+) 29.8
Evaporated	7,438	11,314	6,195	10,328	3,829	7,042	17,462	28,684	(+) 64.3
Milk Powder	259	565	449	536	165	412	873	1,513	(+) 73.3
Cream Powder	5	5	10	-	2	2	17	7	(-) 58.8
Total	8,333	12,833	7,543	11,766	4,615	8,382	20,491	32,981	(+) 61.0
<u>Milk By-Products</u>									
Skim Milk:									
Condensed	375	452	365	379	328	202	1,068	1,033	(-) 3.3
Evaporated	16	57	11	876	11	118	38	1,051	(+) -
Powder	1,453	1,711	1,265	1,298	1,178	912	3,896	3,921	(+) 0.6
Buttermilk:									
Powder	225	216	197	187	128	93	550	496	(-) 9.8
Condensed	97	274	64	215	46	58	207	547	(+) -
Casein	86	69	86	47	85	23	257	139	(-) 45.9
Sugar of Milk	15	23	14	20	12	12	41	55	(+) 34.1
Total	2,267	2,802	2,002	3,022	1,788	1,418	6,057	7,242	(+) 19.6

situation is reversed under the present circumstances where both the existing and potential supplies promise to fall slightly short of domestic requirements. The position likely to develop within the next six months can be visualized within certain limits by taking the stock position as recorded at December 1, 1937, together with production for the five succeeding months, December 1, 1937 to April 30, 1938, on the basis of the butter production for the previous year. Assuming that no exports are made during the coming winter and early spring months, 89.9 million pounds of butter would be available for consumption in Canada in the December-April period of 1937-38 as against 96 million pounds in the same months a year ago. In the latter case, of course, the exports amounting to 201 thousand pounds, are deducted. However, in view of the fact that 6 million pounds of butter were left in store on May 1, 1937, it means that only 90 million pounds actually disappeared in the December-April period of 1936-37, just slightly more than the 1937-38 visible supply. The change in population must be considered however, so that the 89.9 million pounds represent a per capita consumption of 8.09 pounds in 1937-38, while 90 million pounds provided 8.16 pounds per capita in 1936-37. Thus, to meet the consumption level of the preceding year, 90.7 million pounds would be required in the December-April period of 1937-38, 698 thousand pounds more than would appear to be available on the basis of this calculation. Nevertheless, balancing this shortage with a possible restriction in demand due to higher prices, it is possible that there might be practically enough butter to meet domestic requirements providing production is maintained on the same level as last year. However, the data at hand would indicate that less will be produced than a year ago, particularly during the first three months. To conclude, it means that the expected shortage in the quantity required for consumption will be at least equivalent to the reduction in the make, creamery and dairy butter combined, and the importation of larger quantities of foreign and Empire stocks will be necessary to offset the deficiency in home supplies.

BUTTER PRICES

A more or less continuous advance in butter prices particularly during the fall period promises to stimulate dairy production. At September 1 when stocks were still climbing to higher levels first grade creamery butter was being quoted at Montreal at 26 $\frac{3}{4}$ cents as shown by the reports of the Canadian Commodity Exchange (see chart on page 32) 1 $\frac{3}{4}$ cents above the 1936 quotation. A fractional decline followed, but at the opening of the second week 26 $\frac{3}{8}$ cents was the ruling price although it declined later to 26 $\frac{1}{4}$ cents and then to 26 cents. Between September 16 and September 20 the market became stabilized at 26 $\frac{1}{4}$ cents after which prices advanced a fraction and from then until the last day of the month a price range of 26 $\frac{1}{2}$ to 26 $\frac{5}{8}$ cents was maintained. On September 30 the market rose to 27 $\frac{3}{8}$ cents. The average quotation for the month was 26 $\frac{3}{8}$ cents, whereas in September, 1936 the average was 24 $\frac{5}{8}$ cents.

With the exception of fractional recessions on October 2 and on October 9, prices held at 27 $\frac{3}{8}$ cents until nearly the middle of the month when a new wave of buying activity sent the market up to 28 $\frac{1}{8}$ cents. Until the beginning of the last week in October, prices fluctuated between 27 $\frac{7}{8}$ and 28 $\frac{1}{2}$ cents, moving thereafter to 28 $\frac{7}{8}$, then to 29 cents, and finally terminating at 29 $\frac{3}{4}$ cents. The average for October was 28 $\frac{1}{8}$ cents, while the average for October the year previous was 23 $\frac{7}{8}$ cents.

During the first four days in November the market remained set at 29 $\frac{1}{2}$ cents, and up to November 9 prices fluctuated from 29 $\frac{1}{4}$ to 29 $\frac{3}{8}$ cents. Prices then advanced a cent and remained between 30 $\frac{1}{4}$ cents and 30 $\frac{3}{8}$ cents, but on November 18 a slight recession developed bringing the quotation down to 30 cents followed by a further $\frac{1}{4}$ cent reduction. At the end of the month 30 cents was the prevailing price and the average for November was 29 $\frac{7}{8}$ cents compared with 25 $\frac{1}{8}$ cents in November a year ago. For the three months September to November, the prices struck an average of 28 $\frac{1}{8}$ cents which represented a gain of 3 $\frac{5}{8}$ cents over those recorded in the September-November period of 1936.

TABLE IV - WHOLESALE PRICE INDEXES OF SPECIAL FARM COMMODITIES IN CANADA x

AUGUST TO OCTOBER, 1936 AND 1937.

	August	September	October	Average August to October	Average January to October
All Farm Products					
1936	73.3	74.4	76.3	74.7	68.2
1937	84.9	86.1	86.4	85.8	87.6
Percentage change	(+)15.8	(+)15.7	(+)13.2	(+)14.9	(+)28.4
Fresh Milk					
1936	73.6	78.8	80.2	77.5	77.9
1937	80.7	86.3	87.9	85.0	85.8
Percentage change	(+) 9.6	(+) 9.5	(+) 9.6	(+) 9.7	(+)10.1
Coarse Grains +					
1936	93.3	88.3	89.5	90.4	71.6
1937	93.3	95.2	98.6	95.7	108.2
Percentage change	-	(+) 7.8	(+) 10.2	(+) 5.9	(+) 51.1
Wheat (All Grades)					
1936	69.2	70.6	75.5	71.8	60.3
1937	87.7	88.4	90.7	88.9	89.7
Percentage change	(+)26.7	(+)25.2	(+)20.1	(+)23.8	(+)48.8
Veal					
1936	61.9	69.1	70.0	67.0	73.6
1937	78.6	81.2	82.9	80.9	79.8
Percentage change	(+)27.0	(+)17.5	(+)18.4	(+)20.7	(+) 8.4
Steers					
1936	75.5	76.7	72.1	74.8	76.6
1937	121.0	115.7	102.8	113.2	106.6
Percentage change	(+) 60.3	(+) 50.8	(+) 42.6	(+) 51.3	(+) 39.2
Hogs					
1936	72.1	65.3	60.5	66.0	66.5
1937	79.8	77.4	66.0	74.4	69.6
Percentage change	(+)10.7	(+)18.5	(+) 9.1	(+)12.7	(+) 4.7

+ Includes Oats, No. 2, C.W. and Barley, No. 3, C.W.

x Data supplied by the Internal Trade Branch, Dominion Bureau of Statistics.

THE CHEESE POSITION

The holdings of cheese on September 1, 1937, amounted to 41,156,414 pounds. On an adjusted basis the comparative figures were 39,186,414 pounds in 1937 as against 34 million pounds at the same date in 1936, representing an increase of slightly over five million pounds or 15 per cent. This unusual increase was the highest recorded during the five years except in 1933 when cheese stocks advanced 10.9 million pounds over those of September 1, 1932. At October 1, 1937, the stocks reached the top position of 42.7 million pounds but they were only 1.6 million pounds above those of September 1, and the increase over the same date of the previous year was less pronounced being only 2.3 million pounds. At November 1 the holdings dropped over 6 million pounds below those of the previous month, placing them practically on a par with the 1936 stocks two months earlier in the season. The increase in stocks at November 1, 1937, over those shown at November 1, 1936, was just 1.3 million pounds, but at December 1 they increased 2.7 million pounds over the December 1 holdings. The total stocks as at December 1, amounted to 27,709,306 pounds, but when adjusted for new firms for comparison with those of the preceding year these holdings are reduced to 25,374,306 pounds.

The stock position reflects the accumulation of cheese stocks resulting from the marked advance in production during the summer and early fall months. In the summer period the cheese factory output advanced from 61.7 million pounds to 70.9 million pounds, an increase of 14.9 per cent. The September make registered an advance of 1.1 million pounds, but for the three fall months the production was 38 million pounds, a decline of 1 million pounds or 2.7 per cent from the same three months of the preceding year. Coupled with the September advance in production was the advance in exports from 9.9 million pounds to 14.8 million pounds. This cleared out a large percentage of the surplus stocks which, on a normal basis would have placed the October 1 holdings at an unprecedented level. The October and November exports were slightly less than they were a year ago, but when the September movement is counted in, the three-month total amounted to 45.2 million pounds, an increase of 4.4 million pounds or 10.7 per cent.

Since 70.0 per cent of the annual production of cheddar cheese was exported in 1937, principally to Great Britain, the total disappearance of Canadian-made cheese is of greater interest than the domestic disappearance alone which amounted to 6.5 million pounds in the September-November period as against a total disappearance of 51.8 million pounds. The inclusion of exports in the latter figure as shown from month to month, introduces a good deal of variation in disappearance statistics. Nevertheless, these data offer a fairly dependable record of the total movement of cheese, 12.6 per cent of which was absorbed in Canada and 87.4 per cent exported during the three fall months. A part of the stocks used in Canada again appears on the market as processed cheese which of course, introduces another element of variation in that the quantities of cheddar cheese so used does not coincide with the quantities of the processed product entering consumptive channels in a given month. The total disappearance of cheese in September, 1937, was 18 million pounds, an increase of 4 million pounds over the amount shown for the same month of the previous year. This increase was due of course, to the heavy export movement. The October figures amounting to 20.6 million pounds revealed a slight decrease reflecting a more or less static situation in the overseas movement; and although the November disappearance was 13.2 million pounds the figures represent a decrease of nearly 2.5 million pounds when compared with the same month of the previous year.

Table V - WHOLESALE PRICE INDEXES OF DAIRY PRODUCTS AND PRINCIPAL FEEDS USED BY DAIRY FARMERS IN CANADA*, AUGUST TO OCTOBER, 1936 and 1937.

	August	September	October	Average August to October	Average January to October
All Dairy Products					
1936	71.1	74.2	72.8	72.7	70.1
1937	74.5	77.7	79.4	77.2	76.8
Percentage change	(+) 4.8	(+) 4.7	(+) 9.1	(+) 6.2	(+) 9.6
Butter					
1936	64.7	65.0	62.6	64.1	61.5
1937	69.2	69.1	71.2	69.8	67.5
Percentage change	(+) 7.0	(+) 6.3	(+)13.7	(+) 8.9	(+) 9.8
Cheese					
1936	66.9	72.3	68.1	69.1	61.6
1937	63.0	68.9	70.1	67.3	68.1
Percentage change	(-) 5.8	(-) 4.7	(+) 2.9	(-) 2.6	(+)10.6
Feeds (Home Grown) +					
1936	106.1	104.4	99.4	103.3	87.0
1937	107.7	106.7	107.3	107.2	110.8
Percentage change	(+) 1.5	(+) 2.2	(+) 7.9	(+) 3.8	(+)27.4
Milled Feeds(Bran)					
1936	91.7	86.1	92.8	90.2	75.2
1937	84.9	83.0	86.1	84.7	102.4
Percentage change	(-) 7.4	(-) 3.6	(-) 7.2	(-) 6.1	(+)36.2
Commercial Feed Products (Molasses)					
1936	88.4	88.4	88.4	88.4	88.2
1937	91.2	91.2	91.2	91.2	90.1
Percentage change	(+) 3.2	(+) 3.2	(+) 3.2	(+) 3.2	(+) 2.2

AVERAGE WHOLESALE PRICES PER TON OF CONCENTRATED FEEDS IN CANADA, 1936 and 1937 /

	\$	\$	\$	\$	\$
Linseed Meal					
1936	37.99	40.33	42.25	40.19	35.65
1937	41.89	42.89	41.20	41.99	42.75
Percentage change	(+)10.3	(+) 6.3	(-) 2.5	(+) 4.5	(+)19.9
Cottonseed Meal					
1936	44.61	44.85	43.44	44.30	40.29
1937	42.16	40.49	38.81	40.49	45.13
Percentage change	(-) 5.5	(-) 9.7	(-)10.7	(-) 8.6	(+)12.0

+ The combined feed index includes Straw, Oats, (No. 1 Feed), Barley (No. 6), Flax (No. 3), Corn and Peas.

/ Based on returns from dealers in Saint John, Montreal, Toronto, Winnipeg, Saskatoon, Calgary and Vancouver.

x Data supplied by the Internal Trade Branch, Dominion Bureau of Statistics.

CHEESE PRICES

The September advance in the domestic and export disappearance of Canadian cheddar cheese would appear to be closely related to the price movement. During the first seven months the 1937 quotations remained well above those of 1936, but a recession developed early in August which placed them definitely below the 1936 level throughout most of August and all of September. The average spread in September prices between 1936 and 1937 was seven-eighths of a cent in favour of the former. These quotations are based on the sales of Ontario coloured cheese at Montreal (see chart on page 32).

At the beginning of September cheese was quoted at 14 1/4 cents and although the market strengthened to 14 3/8 cents on the fourth of the month they declined a few days later to the former position, falling subsequently to 14 cents, then to 13 7/8 cents and finally to 13 3/4 cents by mid-September. A later market reaction advanced cheese prices to 14 1/4 cents and this quotation held until September 23 when another decline appeared which brought prices down to 14 cents and subsequently to 13 3/4 cents. The market stiffened during the last week in September, however, so that 14 1/2 cents became the ruling price until the end of the month. The average price for September, 1937, was 14 1/8 cents, as against 15 cents in September, 1936. The upward movement continued with the opening of the market on October 1, reaching 14 5/8 cents, the highest recorded since August 4. A still more favourable attitude developed over the week-end and prices rose to 15 cents on October 4. At the termination of a four day period however, they fell back to 14 3/4 cents remaining in that position until the end of the second week. A slight recovery commenced on October 18, but the market weakened the next day and showed fractional changes up and down until the end of the third week. When the market opened on October 25, 13 1/2 cents was the prevailing quotation, but under the influence of increased buying activity prices went up to 13 5/8 cents and although they afterwards declined fractionally the market rose again to 14 1/4 cents. For the entire month the average price was 14 5/8 cents as compared with 13 1/4 cents in the same month a year ago. Beginning with a quotation of 14 3/4 cents in November the market declined to 14 3/8 cents and then to 14 1/2 cents at the beginning of the second week, and seven days later 14 3/8 cents became the ruling price. This position was maintained until November 22nd when the market rose to 14 1/2 cents. During the remainder of the month 14 1/4 cents and 14 1/2 cents were the prevailing prices. The average price for November was 14 3/8 cents as compared with 13 1/2 cents in the same month a year ago. For the three fall months the average was 14 3/8 cents, showing an increase of three-quarters of a cent over the average quotation for the same period of the preceding year.

MILK PRODUCTS

Whole Milk Products manufactured in Canada during the period September, October and November, 1937, amounted to 33 million pounds as compared with 20.5 million pounds for the same period of 1936, an increase of 61.0 per cent. The most important item in this group, - evaporated milk, included in the figures given, amounted to 28.7 million pounds in the September to November period of 1937 and 17.5 million pounds in the same period of 1936. During the eleven months, January to November, 113.8 million pounds of Whole Milk Products were manufactured compared with 76.7 million pounds in the same period of 1936, an increase of 48.5 per cent. Making comparisons for evaporated milk alone, it is found that the output of this product amounted to 98.6 million pounds in the January to November period of 1937, as compared with 66.4 million pounds in the preceding year, thus registering an advance of 48.3 per cent.

The production of Concentrated Milk By-Products amounted to 7.2 million pounds in the three months September to November of 1937, as compared with 6.1.....

TABLE VI - RETAIL PRICE INDEXES OF DAIRY AND MEAT PRODUCTS IN CANADA,
AUGUST TO OCTOBER, 1936 and 1937.

Commodity	August	September	October	Average August to October	Average January to October
Creamery Butter					
1936	62.6	66.2	65.3	64.7	63.1
1937	68.9	70.2	70.5	69.9	67.9
Percentage change	(+)10.1	(+) 6.0	(+) 8.0	(+) 8.0	(+) 7.6
Cheese					
1936	66.0	68.6	70.4	68.3	65.7
1937	72.3	73.3	73.0	72.9	71.6
Percentage change	(+) 9.5	(+) 6.9	(+) 3.7	(+) 6.7	(+) 9.0
Milk (Fresh)					
1936	86.7	87.5	90.0	88.1	88.6
1937	90.0	90.0	92.5	90.8	90.8
Percentage change	(+)3.8	(+) 2.9	(+) 2.8	(+) 3.1	(+) 2.5
Veal Roast					
1936	68.2	69.3	69.8	69.1	71.8
1937	74.5	76.6	76.6	75.9	75.1
Percentage change	(+)9.2	(+)10.5	(+) 9.7	(+) 9.8	(+) 4.6
Beef Sirloin					
1936	78.6	79.3	77.9	78.6	78.5
1937	98.6	93.2	90.5	94.1	89.3
Percentage change	(+)25.4	(+)17.5	(+)16.2	(+)19.7	(+)13.8
Beef Chuck					
1936	79.2	77.4	76.1	77.6	79.3
1937	95.6	92.5	89.9	92.7	89.5
Percentage change	(+)20.7	(+)19.5	(+)18.1	(+)19.5	(+)12.9
Pork(Fresh)					
1936	74.2	74.2	71.9	73.4	71.3
1937	78.5	81.8	80.8	80.4	73.4
Percentage change	(+) 5.8	(+)10.2	(+)12.4	(+) 9.5	(+) 2.9
Lard					
1936	62.9	63.7	64.1	63.6	65.8
1937	69.0	69.4	69.4	69.3	68.4
Percentage change	(+) 9.7	(+) 8.9	(+) 8.3	(+) 9.0	(+) 4.0
Eggs					
1936	64.3	71.6	75.9	70.6	67.5
1937	68.8	73.7	83.8	75.4	66.5
Percentage change	(+) 7.0	(+) 2.9	(+)10.4	(+) 6.8	(-) 1.5

million pounds for the corresponding months of 1936, an advance of 19.6 per cent. Skim Milk Powder which is the most important of the by-products included above, was only slightly higher during the September-November period of 1937 than in the same period of 1936, registering an increase of less than one per cent. The output of all milk by-products during the eleven months January to November inclusive, amounted to 28.5 million pounds compared with 25 million pounds in the first eleven months of 1936. Skim milk powder, included in the figures given, amounted to 17 million pounds in 1937 in comparison with 16.7 million pounds in 1936, an increase of 1.6 per cent. In comparing the production of these two classes of concentrated milk products for the September-November period, it may be noticed that concentrated milk by-products represented approximately one-fifth of the total (whole milk and milk by-products combined), 54 per cent of which was skim milk powder. In the summer period this product represented 64 per cent. Whole milk products constituted four-fifths of the total of which 87 per cent was evaporated milk, a slightly lower percentage than that recorded in the three preceding months.

An analysis of the stock situation as applied to concentrated whole milk products, reveals an increase of 2.2 million pounds at September 1, nearly 3 million pounds at October 1 and 1.7 million pounds at November 1, over the same dates in 1936. A reverse situation prevailed at December 1 when the holdings fell from 10.4 million pounds in 1936 to 9.7 million pounds in 1937, a decrease of 625 thousand pounds or 6.0 per cent. The stocks of concentrated milk by-products registered changes of a less pronounced character. At September 1, the stocks declined approximately 400 thousand pounds, but increased about 500 thousand pounds the next month, while a further advance was recorded on November 1, as compared with corresponding dates a year ago. The stock position again moved to lower levels at December 1, when the holdings of 1.6 million pounds registered a decrease of 417 thousand pounds or 21.1 per cent from those of December 1, 1936.

The export situation merits attention when it is revealed that 27.9 per cent of all the concentrated milk products manufactured in Canada were shipped abroad during the September-November period and 21.2 per cent during the eleven months ending November. Four products are shown in the export returns namely, evaporated milk, condensed milk, milk powder and casein. During the three fall months September to November, the exports of these four products in the order named, amounted to 9.3 million pounds, 3.7 million pounds, 3.9 million pounds and 3.3 thousand pounds. As compared with the same period of the previous year, evaporated milk advanced 4.9 million pounds, while condensed milk increased 296 thousand pounds and milk powder 369 thousand pounds. The totals for the eleven months, January to November represent advances of 9.6 million pounds in the exports of evaporated milk, and 2.5 million pounds in the exports of condensed milk. The exports of milk powder on the other hand, declined 974 thousand pounds. The shipments of fresh milk to points outside Canada increased slightly from the previous year, approximately 2 thousand gallons being shipped in the September-November period, representing a gain of 982 gallons, and 5 thousand gallons in the eleven months ending November, a total advance of 1.4 thousand gallons over the January-November period of 1936. In the September-November period cream shipments did not show as great a percentage gain as fresh milk but a greater percentage gain was recorded in the eleven months as compared with 1936. In the first case the exports increased from 19.8 thousand gallons to 33.5 thousand gallons, and in the latter from 27.9 thousand gallons to 105.3 thousand gallons.

The changes in the import situation were not particularly pronounced although it is of interest to observe that all products reported advances in both the fall months and in the January to November period as compared with the corresponding periods of the previous year.

Price Indexes of Farm Products and Food Commodities

The indexes in Table 4, page 22, reveal comparisons between the values of various farm products in August, September and October, 1926 being the base year in each case. Without going into a detailed explanation it will be seen that fresh milk sold off farms during the three months advanced 9.7 per cent over the average index for the same months in 1936, and increased 10.1 per cent in the ten months January to October. This increase however, is exceeded by the all commodities index which advanced 14.9 per cent in the three-month period and 28.4 per cent in the ten-month period. Making comparisons with the preceding year on the basis of the average indexes shown for August to October and January to October, wheat rose 23.8 and 48.8 per cent above the 1936 indexes, and beef steers increased 51.3 and 39.2 per cent respectively. Veal calves increased 20.7 per cent in the fall period but showed only an 8.4 per cent gain in the January to October period, while hogs advanced 9.1 per cent and 12.7 per cent respectively. Coarse grains registered a 5.9 per cent increase in the latter part of the season, but the ten-month index shows a gain of 51.1 per cent. Thus, based on the latest available data the improvement in milk prices does not compare very favourably with the advances shown in other commodities except coarse grains the greater part of which is likely to be used as feed instead of being sold as a cash crop. In the case of coarse grains however, it should be noted that the advance in the period August to October, was only 5.9 per cent which in comparison with dairy products gives the latter some advantage; yet when actual indexes are compared, the reverse situation exists, all except hogs being lower than dairy products.

In Table 5, page 24, the indexes of butter, cheese and all dairy products combined are compared with feeds which farmers are required to use. All indexes are on the 1926 base. In the case of linseed meal and cottonseed meal, however, actual prices instead of indexes are given for 1936 and 1937. In the period August to October as compared with the same months of the previous year all dairy products increased 6.2 per cent, butter increased 8.9 per cent, while cheese declined 2.6 per cent. Feed indexes showed either declined from last year or smaller advances than any dairy products except cheese. Although home-grown feeds rose 3.8 per cent in August to October, this gain was offset by a decline of 6.1 per cent in bran as representing the principal mill feed. Based on actual prices, linseed meal increased 4.5 per cent, but cottonseed meal on the other hand fell 8.6 per cent in the August to October period as compared with the price indexes shown for the corresponding period a year ago. It is important to notice that these three months, August to October were characterized by a temporary recession in cheese prices so that these figures do not provide as true a comparison as the ten-month period in which an increase of 10.6 per cent was recorded over the same period of 1936.

The retail price indexes of food commodities in table 6, page 26, represent an attempt to show the increases in dairy products in relation to the price increases in other foods, particularly those that compete in some degree with milk products. On a 1926 base, the average index for the August-October period as compared with the same period of 1936 registered respective increases of 8 per cent, 6.7 per cent and 3.1 per cent for the three products, creamery butter, cheese and fresh milk. Yet as compared with these advances, beef sirloin increased 19.7 per cent, beef chuck 19.5 per cent and fresh pork 9.5 per cent. In the ten-month period the situation as revealed in the average increases was less favourable to dairy products, increases of 7.6 per cent and 9 per cent for butter and cheese being greater than the increases in the pork and veal indexes which rose only 2.9 per cent and 4.6 per cent respectively. The price relationship as applied to other products, however, registered the same general trend.

To sum up, dairy products cannot successfully compete with other saleable farm commodities, but there has been an improvement in the relationship between feed costs and dairy products which may tend toward a more liberal use of mill feeds and concentrates for increasing the milk flow during the winter months. On the consumption side, dairy products have a price advantage over several of the meat products which form a important part of the consumers' diet.

TABLE VII - STOCKS OF BUTTER, CHEESE AND CONCENTRATED MILK PRODUCTS IN CANADA,
BY MONTHS, APRIL TO DECEMBER, 1936-1937.

	Creamery Butter x	Dairy Butter	Cheese	Concentrated Whole Milk Products	Concentrated Milk By- Products
	Lb.	Lb.	Lb.	Lb.	Lb.
April 1					
1936	9,021,312	52,239	16,875,807	5,566,341	1,449,267
1937	9,328,863	75,972	15,365,149	6,331,634	1,166,133
May 1					
1936	4,964,048	36,930	14,170,257	5,934,218	1,268,244
1937	6,003,397	34,897	12,949,346	7,057,436	1,197,539
June 1					
1936	10,837,845	61,074	15,860,150	8,648,486	1,640,395
1937	9,696,488	45,332	17,052,820	7,515,838	1,329,864
July 1					
1936	28,676,331	213,782	24,373,263	11,597,725	2,465,938
1937	26,890,158	286,439	27,466,592	13,168,532	2,143,904
August 1					
1936	42,468,403	326,951	30,700,229	14,083,837	2,381,648
1937	41,090,382	419,140	32,073,691	15,491,120	1,902,288
September 1					
1936	50,952,927	335,846	34,031,775	14,264,453	2,445,569
1937	49,775,650	423,983	39,186,414	16,451,585	2,055,276
October 1					
1936	56,019,933	367,609	38,623,581	12,798,217	2,198,532
1937	55,203,507	363,585	40,912,345	15,639,894	2,773,743
November 1					
1936	53,638,252	312,518	33,044,012	11,757,524	2,111,031
1937	48,640,404	348,343	34,333,252	13,404,778	2,425,842
December 1					
1936	44,600,958	230,134	22,771,367	10,375,692	1,978,603
1937	38,262,179	176,021	25,374,306	9,750,621	1,561,591

x Note - Creamery butter stocks include goods in storage and in transit. Both butter and cheese holdings have been adjusted to cover stocks held by firms added to the list during the previous year to place them on a comparative basis.

TABLE VIII - DAIRY PRODUCTS EXPORTED FROM CANADA, JANUARY TO NOVEMBER, 1936 and 1937.

	Butter	Cheese	Condensed Milk	Milk Powder	Evapo-rated Milk	Casein	Fresh Milk	Cream
	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Gal.	Gal.
January to July								
1936	3,780,000	24,762,600	733,400	3,634,400	5,980,400	55,266	2,330	6,126
1937	265,400	27,712,000	2,749,700	2,234,800	10,561,100	3,100	2,547	60,121
August								
1936	951,400	10,107,100	159,900	352,400	2,639,100	-	280	1,938
1937	54,300	13,227,100	307,400	409,700	2,752,100	112	478	11,679
September								
1936	215,000	9,908,600	84,100	220,300	1,769,200	-	132	3,947
1937	52,000	14,847,900	327,300	347,500	3,119,400	-	902	10,744
October								
1936	58,800	15,802,000	129,200	327,200	1,682,200	-	594	7,385
1937	1,724,600	15,628,800	125,200	435,800	2,104,100	90	827	12,866
November								
1936	57,200	15,140,200	176,800	333,200	889,000	2,800	325	8,458
1937	1,918,100	14,761,200	233,800	465,900	4,065,100	-	304	9,848
January to November								
1936	5,062,400	75,720,500	1,283,400	4,867,500	12,959,900	58,066	3,661	27,854
1937	4,014,400	86,177,000	3,743,400	3,893,700	22,601,800	3,302	5,058	105,258

TABLE IX - DAIRY PRODUCTS IMPORTED INTO CANADA, JANUARY TO NOVEMBER, 1936 and 1937.

	Butter	Cheese	Condensed Milk	Milk Powder	Casein	Milk and Cream
	Lb.	Lb.	Lb.	Lb.	Lb.	Gal.
January to July						
1936	106,692	509,888	13,853	157,436	80,495	1,435
1937	50,069	811,116	22,209	378,500	128,228	2,031
August						
1936	1,104	90,257	4,850	69	1,902	976
1937	653	65,973	4,923	106,815	34,931	264
September						
1936	953	117,149	272	7,816	15,583	688
1937	6,736	79,617	-	148,107	350	826
October						
1936	966	150,247	2,523	176	2,694	204
1937	1,418	106,141	1,053	186,557	191,504	271
November						
1936	841	270,983	648	20,191	38,146	367
1937	1,207	223,806	6,919	45,044	33,098	551
January to November						
1936	110,556	1,138,524	22,146	185,688	138,820	3,670
1937	60,083	1,286,653	35,104	865,023	388,111	3,943

TABLE X - MILK PRODUCTION PER COW IN POUNDS PER DAY IN CANADA, BY PROVINCES,
JANUARY TO OCTOBER, 1936 and 1937.

(Based on all cows in the herds of Dairy Correspondents).

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Average 10 Months
Prince Edward Island											
1936	7.5	9.1	6.3	9.1	15.4	14.3	18.9	22.6	11.3	14.3	12.8
1937	8.3	13.0	7.8	13.7	17.2	16.4	18.4	17.7	9.5	11.0	13.3
Nova Scotia											
1936	11.2	11.5	11.5	12.9	17.1	22.0	18.5	15.2	14.4	11.4	14.6
1937	13.1	10.9	10.9	10.0	15.9	18.9	16.1	13.9	14.6	12.1	13.5
New Brunswick											
1936	13.3	8.3	11.0	13.2	14.0	21.8	17.4	16.3	15.1	12.6	14.3
1937	11.4	9.5	10.7	13.6	18.1	23.9	14.8	12.8	15.2	13.4	14.2
Quebec											
1936	4.9	5.9	7.1	13.0	17.7	22.7	19.5	17.0	15.6	13.1	13.6
1937	5.7	5.6	7.0	12.4	17.6	21.4	19.7	18.2	16.6	12.4	13.7
Ontario											
1936	13.2	12.7	15.2	16.7	22.1	22.6	21.9	19.1	18.3	15.9	17.8
1937	13.6	13.9	14.5	17.3	22.4	21.6	21.2	18.8	18.7	14.3	17.5
Manitoba											
1936	8.4	7.5	7.8	7.8	13.2	14.7	14.7	10.5	12.7	11.2	10.8
1937	7.8	7.5	8.0	9.1	15.7	16.3	16.4	13.6	12.4	10.3	11.6
Saskatchewan											
1936	7.5	9.0	8.7	9.4	11.4	16.3	12.6	16.6	10.7	8.6	11.1
1937	8.0	8.8	9.2	9.9	13.1	15.9	14.5	14.1	13.1	9.0	11.6
Alberta											
1936	8.7	8.8	9.6	9.7	14.6	14.4	14.6	11.9	10.8	8.2	11.1
1937	8.3	8.0	8.8	10.8	15.4	15.9	16.2	13.7	11.6	9.1	11.8
British Columbia											
1936	14.6	14.5	16.4	16.5	18.0	18.5	14.0	15.9	16.9	14.0	15.8
1937	14.0	14.7	14.8	16.1	18.4	18.0	15.2	16.6	17.1	14.4	15.8
CANADA											
1936	9.9	9.7	10.4	12.0	15.9	18.6	16.9	16.1	14.0	12.1	13.5
1937	10.0	10.2	10.2	12.5	17.1	18.7	16.9	15.5	14.3	10.6	13.6

TABLE XI-MILK PRODUCTION PER COW IN POUNDS PER DAY IN CANADA BY PROVINCES, 1936 and 1937
(Based on cows actually milking in herds of Dairy Correspondents).

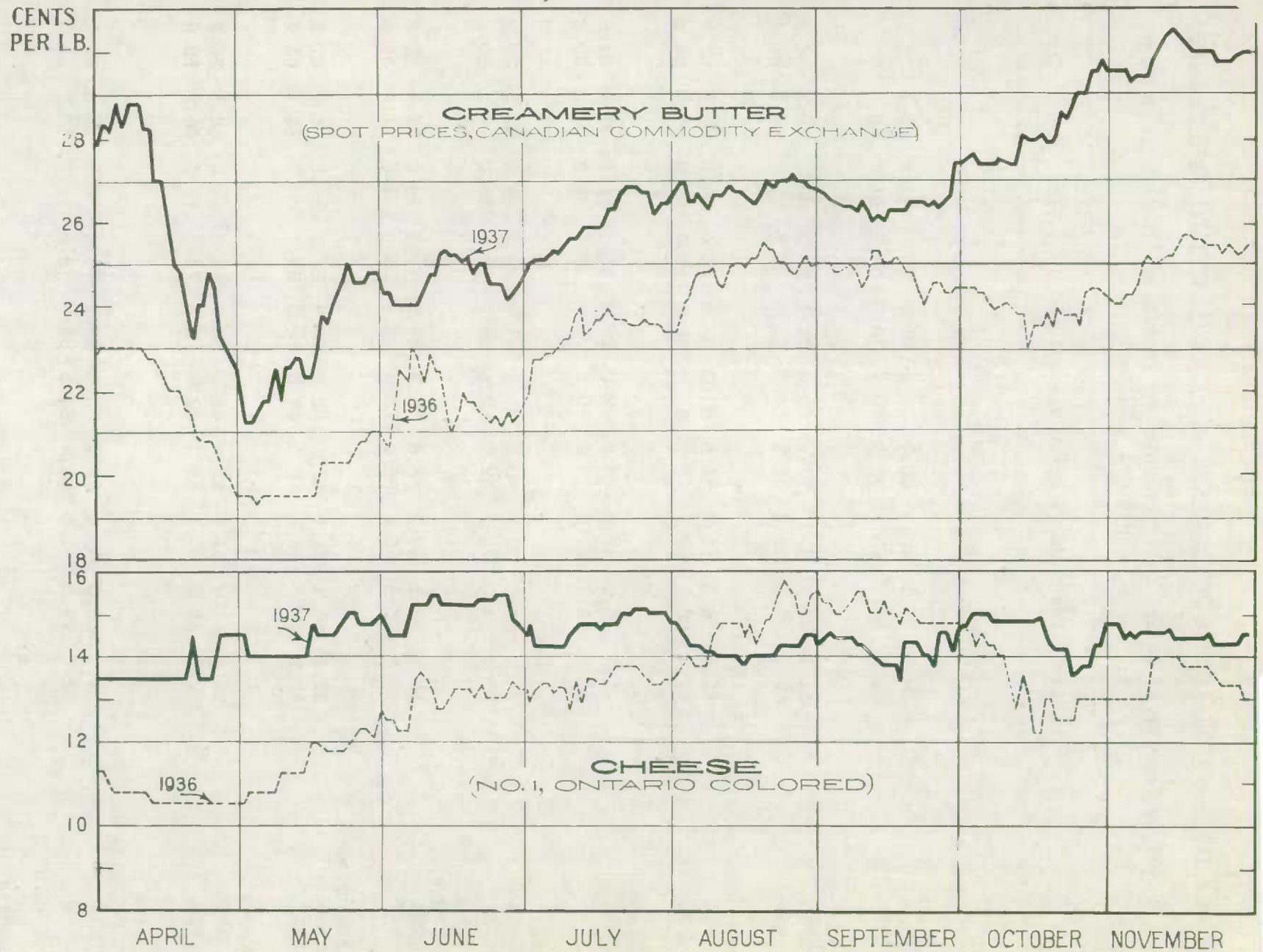
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Average 10 Months
Prince Edward Island											
1936	12.7	18.9	14.5	13.2	25.8	19.4	23.2	26.5	16.0	18.2	18.8
1937	15.4	22.4	14.9	18.3	24.1	20.8	22.1	20.0	14.5	14.0	18.6
Nova Scotia											
1936	13.8	15.7	15.9	16.9	20.9	24.6	19.6	17.4	19.9	13.5	17.7
1937	15.0	17.0	15.6	16.8	20.5	20.8	17.6	15.5	18.2	13.8	17.1
New Brunswick											
1936	16.5	14.7	15.0	17.5	17.0	26.2	20.3	18.4	17.0	14.3	17.7
1937	14.7	14.1	15.5	17.6	22.0	26.9	18.7	14.9	16.5	15.8	17.1
Quebec											
1936	12.2	14.9	15.2	17.2	20.4	24.2	20.8	17.6	16.6	14.4	17.3
1937	11.3	13.1	13.7	16.7	20.0	22.5	20.9	18.8	17.6	13.7	16.7
Ontario											
1936	20.4	20.1	20.8	20.9	25.5	26.2	24.8	21.7	21.4	19.1	22.1
1937	20.4	21.9	20.1	21.0	25.0	24.4	23.4	21.8	21.8	18.0	21.8
Manitoba											
1936	14.0	14.3	15.0	14.3	17.2	21.4	18.5	17.6	17.3	15.9	16.5
1937	14.1	14.1	14.3	13.9	20.4	21.6	19.4	18.8	17.3	14.9	16.9
Saskatchewan											
1936	14.2	17.1	17.0	16.6	21.0	24.6	20.3	18.0	16.7	14.1	18.0
1937	14.7	15.8	16.0	16.7	19.4	21.0	20.6	18.7	17.5	13.9	17.4
Alberta											
1936	15.7	16.9	17.8	16.2	22.3	22.7	21.2	18.6	17.4	14.6	18.3
1937	15.7	15.4	15.4	16.6	22.2	23.0	22.1	18.8	17.2	15.3	18.1
British Columbia											
1936	19.6	18.4	20.3	20.1	21.4	22.5	17.8	19.9	22.1	17.4	19.9
1937	19.2	18.1	18.2	19.2	21.7	21.5	19.1	21.6	22.4	19.1	20.1
Canada											
1936	15.5	16.8	16.8	17.0	21.3	23.5	20.7	19.5	18.3	15.7	18.5
1937	15.6	17.0	16.0	17.4	21.7	22.5	20.4	18.8	18.1	15.4	18.2

TABLE XII - MONTHLY AVERAGE PERCENTAGE OF MILKING COWS TO TOTAL COWS IN CANADA

(Based on Reports of Dairy Correspondents, by Provinces, January to October, 1936 and 1937).

Province and Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
Prince Edward Island										
1936	59.3	48.1	43.3	69.0	58.8	71.6	80.3	84.5	70.9	78.9
1937	54.2	59.3	52.8	76.0	70.8	78.5	83.3	85.7	66.7	79.4
Nova Scotia										
1936	81.1	74.2	69.7	77.2	80.6	78.5	94.3	86.6	89.6	84.8
1937	87.5	67.8	69.2	80.7	76.8	91.5	92.3	91.0	81.5	86.4
New Brunswick										
1936	80.6	56.5	73.0	83.3	81.9	82.9	85.5	88.5	89.1	87.7
1937	77.2	66.7	69.7	76.6	83.0	88.3	82.7	87.0	91.9	84.2
Quebec										
1936	41.1	40.0	46.9	74.6	87.2	93.9	94.1	96.5	93.9	91.8
1937	50.4	43.1	51.2	73.6	89.2	96.7	95.3	96.5	94.0	90.2
Ontario										
1936	64.4	63.2	72.9	80.0	87.1	84.2	88.7	88.5	85.4	82.7
1937	67.2	64.0	72.2	82.0	89.1	88.7	90.1	86.2	86.1	80.2
Manitoba										
1936	59.8	52.3	52.1	55.6	76.9	68.9	79.3	59.6	73.3	70.6
1937	61.7	53.6	55.5	66.0	77.8	75.4	83.8	72.6	71.8	69.4
Saskatchewan										
1936	52.5	53.1	51.5	57.1	53.6	65.9	62.9	66.0	64.9	61.2
1937	53.9	55.3	56.7	59.3	68.3	75.3	69.7	75.7	75.4	63.4
Alberta										
1936	54.5	51.0	54.1	59.8	64.3	65.5	68.6	64.2	62.3	56.2
1937	52.3	52.0	57.3	65.4	69.8	74.5	73.3	72.8	66.7	59.6
British Columbia										
1936	74.4	79.0	80.4	82.4	83.8	83.2	78.4	79.2	76.6	80.8
1937	72.7	78.8	81.5	83.8	84.3	84.2	79.8	76.0	76.1	75.3
Canada										
1936	63.1	57.5	60.4	71.0	74.9	77.0	81.3	79.0	78.4	77.7
1937	64.1	60.1	62.9	72.6	78.8	83.7	83.4	82.1	70.5	76.7

DAILY PRICES OF CREAMERY BUTTER AND CHEESE AT MONTREAL, APRIL-NOVEMBER 1936-37



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