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CANADA
DOMINION BUREAU OF STATISTICS
AGRICULTURAL BRANCH

SERIES NO. V

REPORT NO. 3

THE DAIRY SITUATION
IN
CANADA

SUMMER QUARTER

JUNE - AUGUST

1938



OTTAWA
1938

INDEX

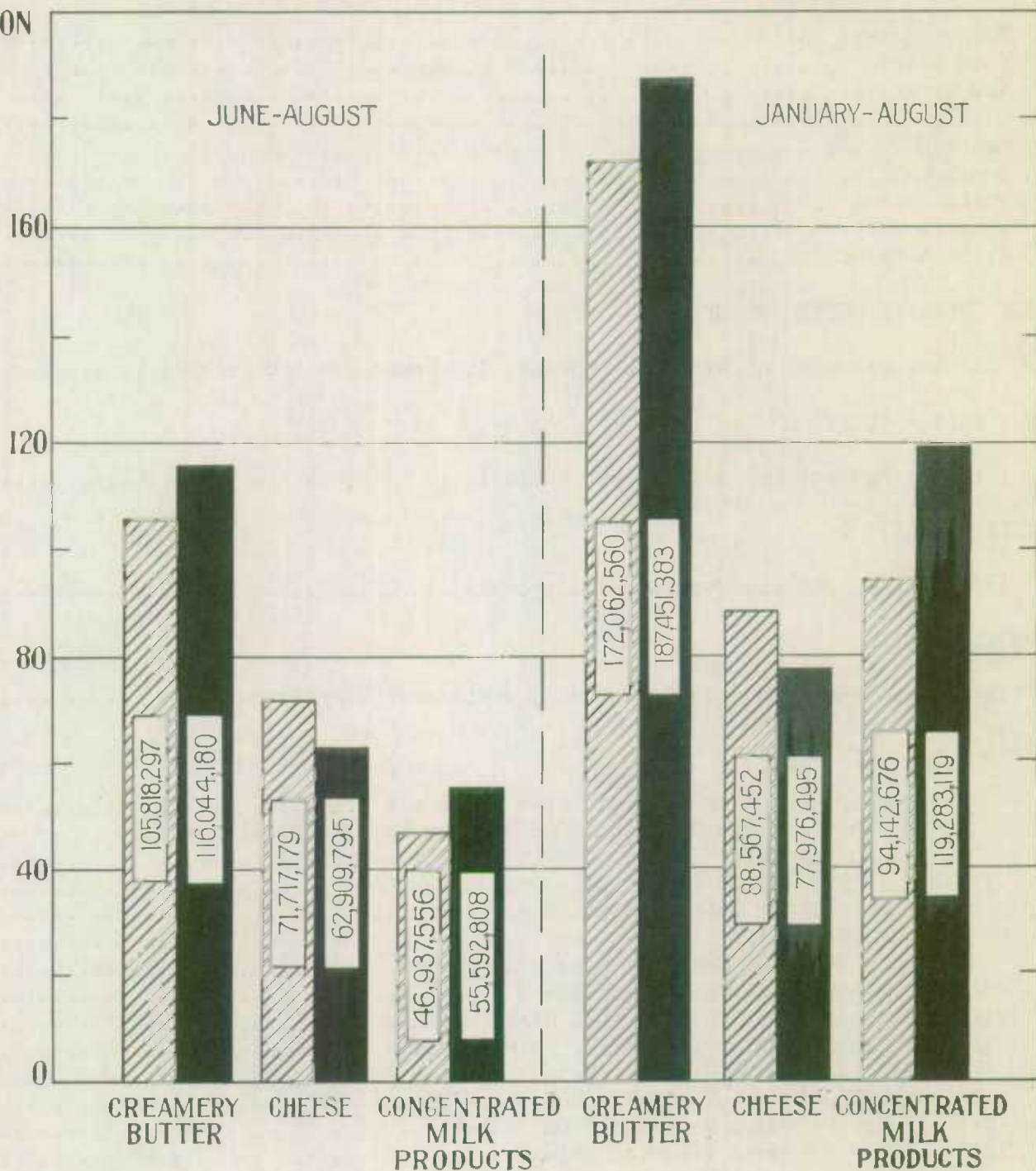
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PRODUCTION OF CREAMERY BUTTER, CHEESE AND CONCENTRATED MILK PRODUCTS

1937

1938

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DOMINION BUREAU OF STATISTICS
AGRICULTURAL BRANCH

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SUMMARY

THE BUTTER POSITION as shown for the June-August period of 1938 reveals a satisfactory production situation, but contains some uncertainties with respect to future marketing prospects. The creamery butter make of 116 million pounds exceeded all previous records and represented an increase of 9.7 per cent over the summer production of a year ago. The domestic disappearance also advanced 2.2 per cent and the total disappearance showed a gain of 2.4 per cent over the June-August period of the preceding year. Exports, amounting to 295 thousand pounds in the 1938 season against 142 thousand pounds in the same period of 1937, accounted for the difference between the two percentages just shown. Imports fell from 2.4 thousand pounds in the summer months of 1937 to 1.8 thousand pounds in the corresponding period of 1938.

Regardless of the favourable disappearance situation, there remained in store and in transit on September 1, 1938, approximately 62 million pounds of the Canadian-made product, showing an increase of 12 million pounds over the stocks reported at that date a year ago. On the basis of the disappearance data for the period September 1, 1937, to April 30, 1938, the per capita consumption of 14.64 pounds applied to the population as of June 1, 1938, would reveal an estimated disappearance figure of 164 million pounds. Thus, with 62 million pounds on hand at September 1, plus 116.7 million pounds as representing the September to April production, it will be seen that the two figures combined represent a considerable volume of butter in excess of the estimated disappearance.

Montreal creamery butter prices at the present time are practically on a par with the London quotations for first grade Australian product. Under these circumstances, exporters are obliged to assume the shipping costs of approximately \$1.67 a hundred. While this situation exists the movement of butter to overseas markets may be considerably restricted, although plans are now being put forth by the dealers to co-operate in the assumption of the losses incurred. Making allowances for exports and imports, the surplus calculated above will be subject to certain deductions from month to month. Then again, as a result of lower prices, there is some possibility of an increase in the domestic disappearance over that of the preceding year; thus the surplus of 14.6 million pounds as at September 1 may be reduced to quite reasonable proportions before the middle of the winter. A regulated export movement designed to keep prices stabilized at the present level would have a beneficial effect on the dairy industry in maintaining a proper balance between butter and cheese production. The complete clearance of surplus stocks, on the other hand, accompanied by an abnormally high price level during the winter months, might well be expected to have the opposite effect. BUTTER PRICES for the first grade product, based on the daily quotations of the Canadian Commodity Exchange at Montreal, averaged 25 1/4 cents in June, 25 cents in July and 23 1/2 cents in August, an average of 24 5/8 cents for the three months and a decline of 1 1/8 cents as compared with the June-August average a year ago.

THE CHEESE POSITION contains an element of discouragement in the reduced production during the June-August period as compared with the corresponding period last year, the total output of approximately 63 million pounds representing a decline of 12.3 per cent. The domestic disappearance increased 3.3 per cent, but with the reduction in exports from 35 million pounds to 28 million pounds, the total disappearance during the three summer months fell about 14 per cent below the figures reported in the summer period of 1938. The reduced production is accounted for in some measure by high hog prices in the early summer, competition with condensaries and the after-effects of high butter-fat prices in the winter and early spring. The outlook for the remainder of the season appears to be more promising.

CHEESE PRICES, based on daily quotations for No. 1 Ontario coloured cheese at Montreal, averaged 14 $\frac{3}{8}$ cents in June, 14 $\frac{1}{2}$ cents in July and 14 $\frac{3}{8}$ cents in August. For the three summer months the average was 14 $\frac{3}{8}$ cents, representing a decline of $\frac{3}{8}$ cents from that of the June-August period of 1937.

CONCENTRATED MILK PRODUCTS showed a production of 55.6 million pounds in the period under review. As compared with the summer season a year ago, whole milk products advanced 14 per cent and milk by-products increased 35 per cent. Stocks reflected the increased production, showing advances at September 1 of 10.1 million pounds and 5.6 million pounds, respectively. Exports rose 25 per cent and imports were 8 per cent above those of the previous summer period. Of the total exports amounting to 13.3 million pounds, 78 per cent was shipped to the United Kingdom.

A REVIEW OF THE PRODUCTION CONDITIONS by provinces reveals a satisfactory feed situation in all parts except north-central Saskatchewan, the Peace River country and British Columbia. There were ample supplies of moisture in the eastern provinces in June; July was wet, but good harvest weather prevailed in August. In the West there was a dry June, followed by spotty and irregular rainfall in July and excessive precipitation in August. Pastures have remained uniformly good in eastern Canada, and fair to good in the West. Grasshoppers did considerable damage to both grass and forage crops in parts of Saskatchewan and Alberta. At the end of August pastures were rated at 97 for the whole of Canada as compared with 90 at the same time a year ago. Hay was quite badly spoiled by untimely rains in Quebec and the Maritime Provinces, and to a lesser extent in Ontario. Corn and roots also showed the effects of excessive moisture. A prolonged and unprecedented drought prevailed in British Columbia throughout the greater part of the summer. Pastures have since improved, but a feed shortage is anticipated. The tame hay and clover crop for the Dominion was placed at 13.5 million tons, an increase of $\frac{1}{2}$ million tons over that of a year ago, and the wild hay crop will probably show about the same increase. At the end of August the oat crop was estimated at approximately 393 million bushels and barley at 109 million bushels, representing advances of 43 per cent and 31 per cent, respectively, over the corresponding period of 1937. Turnips are now estimated at 38 million hundred weights and fodder corn at 4.3 million tons. These figures indicate gains of 4.7 per cent and 8.5 per cent above last year's production.

MILCH COWS ON FARMS have been maintained in fair to good condition in all provinces. According to Dairy Correspondents the average percentage of milking cows to total cows for the three months was 85.7 per cent, an increase of 1.3 per cent as compared with the same period of 1937. Based on all cows in the herds, the average was 18.2 pounds per cow per day, while those actually milking yielded an average of 21.2 pounds. The figures given represent increases of 2.8 per cent and 1.4 per cent, respectively, over the summer period a year ago.

MILK PRODUCTION ON FARMS, as shown for the June-August period on the basis of the butter and cheese output in terms of milk, revealed a 4 per cent advance over the same period of 1937. Butter production on farms was approximately the same as last year. The quantities of milk used in farm homes declined 4.6 per cent, while the amounts fed to live stock advanced 4.5 per cent. The indications are that there will be a slight increase in milk production during the fall months as compared with the autumn period of 1937.

PRICE INDEXES show the favourable position of the dairy industry, particularly in competition with other products produced on farms. On the production side the cheese industry stands in an especially favoured position. On the consumer's side lard and meat are the only products that would seem to have a definite price advantage, and it is doubtful if the differences are sufficient to make any change in the consumption of butter and cheese with which they might compete.

REVIEW OF THE SITUATION BY PROVINCES

Prince Edward Island

Dairy farming is becoming more and more recognized as the basic agricultural industry in this province. Small pasture lots, some degree of uniformity in temperature and rainfall, and a soil well suited for the growing of forage crops, are some of the advantages that will continue to give dairying the leading position in the agriculture of the province. A market for surplus dairy products in adjoining provinces has also aided the farmers and factories on the Island, because the consumption is still less than the amount produced. Farmers who have turned to beef raising and mixed farming have not been particularly successful, and the growing of potatoes will probably be confined to those who are able to meet the risks that one crop farming involves. The future relationship between potato growing and milk production in the general farming areas promises to be complementary rather than competitive.

The past three months have been a favourable pasture season. There was a moderate rainfall of 2.5 inches in the month of June, while July was extremely wet. The July precipitation at Charlottetown amounted to approximately 5 inches. It was a record for that month which has not been exceeded for 26 years. Dull, backward weather continued during the first ten days of August, but higher temperatures during the latter part of the month promoted the growth of grass and gave forage crops a chance to develop. The excessive moisture in the month of July made it extremely difficult for farmers to gather in the hay crop, so that the damage from weathering and over-maturity is difficult to estimate. It is apparent at any rate that the actual worth of the crop will fall far below the average, both in the percentage of edible hay and in the milk producing value of that actually used for feeding purposes.

In regard to pastures, it is well to remember that the conditions during the summer of 1937 were as good as in 1938. Besides, the delay in cutting and gathering the hay crop this season made it necessary to use permanent pastures for some time after they had commenced to deteriorate. The growth of legumes was particularly heavy, and while they increased the value of pastures at the beginning of the season, the growth was rather too heavy for cattle to handle, hence the forage became less palatable as the season advanced. In the central part of the province feed conditions were less favourable than in the previous year, a condition that was reflected in the July cream receipts. In Prince and Kings Counties, on the other hand, pastures were rather better. For the province as a whole, the opposite situation prevailed. Pastures were rated at 99 at the end of June and 101 at the end of July. As compared with the same date last year, the June figure represents a decline of 8 points, while a gain of 2 points was recorded at the end of July. The improvement in weather conditions after August 10 and the growth of the aftermath on meadows produced a definite change in the situation. By August 31 pastures were rated at 105, only 4 points above July, but 33 points above the rating reported in August, 1937. The effect on dairy production was immediate, and deliveries to creameries showed a substantial gain over those of the previous year.

The acreage of hay and clover was slightly reduced from last year and the tonnage, according to the estimate made at the end of August, fell from 383 thousand to 265 thousand. The acreage of oats was also reduced, but the favourable growing conditions as compared with last year increased the production to 5.4 million bushels as compared with 3.4 million bushels in 1937. Both the acreage and production of barley increased in 1938 over those of the previous year. The first estimate revealed a production of 226 thousand bushels as against 139 thousand bushels a year ago. Roots did well despite the excessive moisture which seemed to retard the development of the crop in the middle of the season. The advent of warmer weather made quite a difference to the crop, and at the end of August turnips were given a

TABLE I - PRECIPITATION AND TEMPERATURES IN CANADA, BY PROVINCES

JUNE TO AUGUST 1937 AND 1938^x

Province and Year	INCHES OF PRECIPITATION				DEGREES OF TEMPERATURE			
	June	July	August	Cumulative Precipitation	June	July	August	Average Temperature
Prince Edward Island								
1937	4.9	6.0	1.8	12.7	60	67	70	66
1938	2.5	4.8	3.3	10.6	63	66	68	66
Nova Scotia								
1937	5.2	1.6	3.3	10.1	60	66	68	65
1938	4.5	5.4	3.7	13.6	61	64	66	64
New Brunswick								
1937	4.1	1.5	3.1	8.7	61	68	69	66
1938	3.8	5.3	4.3	13.4	63	66	66	65
Quebec								
1937	3.6	3.6	4.1	11.3	61	67	67	65
1938	2.8	4.6	6.0	13.4	62	66	65	64
Ontario								
1937	2.8	3.6	2.9	9.3	62	68	69	66
1938	2.8	3.5	3.4	9.7	62	67	68	66
Manitoba								
1937	3.2	2.9	2.1	8.2	62	69	68	66
1938	1.8	2.4	2.2	6.4	61	68	66	65
Saskatchewan								
1937	.9	1.9	1.0	3.8	63	70	65	66
1938	2.1	2.1	1.5	5.7	61	67	62	63
Alberta								
1937	2.1	3.1	2.6	7.8	59	63	58	60
1938	2.0	2.2	2.8	7.0	59	64	57	60
British Columbia								
1937	2.9	1.0	2.7	6.6	61	64	59	61
1938	.9	.9	1.1	2.9	61	66	61	63
Canada								
1937	3.3	2.8	2.6	8.7	61	67	66	65
1938	2.6	3.5	3.1	9.2	61	66	64	64

^x Adapted from monthly weather reports issued by the Meteorological Service of Canada, Department of Transport, and based on returns from a limited number of stations paired by months for last year and this year.

condition figure of 103, which represented a gain of 22 points above the condition recorded for the same date in 1937. Corn grew slowly for a time, but it is now apparent that a fair crop will be harvested, and the tonnage promises to be slightly above that of the previous year.

Live stock are in good condition. The numbers of cows and heifers on farms show a slight increase over those of a year ago, and the percentage of cows actually milking, according to Dairy Correspondents, was 86.3 in June, 82.4 in July, and 77.8 in August. These figures represent an average increase of 3 per cent over the same period last year. Observers are of the opinion that more cows will freshen this fall and, with about 20 per cent of the cow population still to freshen as at June 1, it is possible that, if the prophecy materializes, this fact may have some effect on production.

The quantity of milk produced on farms as reported by Dairy Correspondents showed an increase in June and August, but a decrease in July as compared with the same months a year ago. The same situation was revealed in the creamery records, the output of butter registering increases of 15.5 per cent in June and 10 per cent in August, but a decline of 8.7 per cent in July as compared with the same months in 1937. For the three summer months the output of creamery butter amounted to 1,189 thousand pounds, representing an increase of 4.5 per cent above that recorded in the summer season a year ago. Cheese production registered consistent declines since the opening of the season and during the three months the output fell from 342 thousand pounds in 1937 to 260 thousand pounds in the same period of 1938. Otherwise stated it represented a reduction of 24 per cent. Based on all cows in the herds, the milk produced per cow followed the same trend as milk production and the creamery butter output. In the month of June it moved from 16.8 pounds in 1937 to 18 pounds in the same month of 1938. In July this situation was reversed, production falling from 17.8 pounds in 1937 to 17.1 pounds in the same month of 1938, while in August the production was slightly above that of August, 1937. Regardless of increasing production, cream prices have been reasonably steady. Pasteurizing plants paid an average of \$1.80 per hundred pounds for fluid milk in August as compared to \$1.70 a year ago, and surplus milk or milk delivered to cheese factories was worth \$1.05 per hundred pounds as compared with \$1.00 in the late summer of 1937. Butter-fat prices moved downward during the summer and at the end of August averaged about 24 cents as compared with 26 cents a year ago, while earlier in the season the 1938 prices ranged slightly above those of the previous year.

The production prospects for the autumn months are quite encouraging. Pastures are good and are likely to hold up well for two months at least. Much will depend, of course, on weather conditions and the extent to which existing values are maintained. On the basis of the foregoing information, it would appear that the quantity of milk produced on the Island during the next three months will exceed that of the previous fall season by a small margin.

Nova Scotia

There are several encouraging features about the situation in Nova Scotia. A slight advance in the acreage of coarse grain, roots and clover, as compared with 1937, accompanied by fairly substantial increases in production, should help to stimulate dairying in districts that had faced feed shortages in previous seasons. Furthermore, there is a market for good dairy cows which farmers are beginning to capitalize; and finally, the equitable arrangement that exists between dealers and producers in the setting of butter prices and guarding against sharp declines, has aided the industry at a time when rapidly increasing supplies have had depressing effects on market conditions.

TABLE II - MONTHLY AVERAGE PERCENTAGE OF MILKING COWS TO TOTAL COWS IN CANADA,
BY PROVINCES, (BASED ON REPORTS OF DAIRY CORRESPONDENTS,
JUNE, JULY AND AUGUST, 1937-1938).

Province and Year	June	July	August	Average June, July and August
Prince Edward Island				
1937	76.8	80.8	81.9	79.8
1938	86.3	82.4	77.8	82.2
Nova Scotia				
1937	93.5	89.3	90.0	90.9
1938	95.0	87.8	92.9	91.9
New Brunswick				
1937	93.0	92.4	91.1	92.2
1938	91.5	89.9	93.2	91.5
Quebec				
1937	93.8	94.0	95.7	94.5
1938	94.6	91.1	96.5	94.1
Ontario				
1937	88.8	88.4	85.1	87.4
1938	90.2	87.0	86.4	87.9
Manitoba				
1937	82.5	85.0	81.9	83.1
1938	79.8	82.4	80.2	80.8
Saskatchewan				
1937	79.1	75.9	79.8	78.3
1938	80.7	85.9	80.8	82.5
Alberta				
1937	76.7	75.0	72.1	74.6
1938	77.2	80.0	74.1	77.1
British Columbia				
1937	81.5	80.2	78.1	79.9
1938	84.4	83.3	81.0	82.9
CANADA				
1937	85.6	84.6	84.0	84.5
1938	86.6	85.5	85.0	85.7

Farmers in this province have experienced one of the rainiest seasons for many years. The July precipitation at Nappan amounted to 5.7 inches, which exceeded all previous records for that month since 1912. The precipitation in June was not abnormally heavy, being only 3.3 inches, but the weather was damp and cloudy making it difficult for farmers to resume work on the land. Followed by excessive and frequent showers during July, it seriously imperiled the position of farmers just commencing their haying operations. After the first week of August the weather warmed up, giving farmers a long last opportunity to gather in the remainder of the hay crop, though a good deal of it had already been spoiled. The soil was well saturated with moisture at the end of August, and the cultivation of the heavier soils was rendered difficult, even with horse labour. Some parts of the province suffered more than others from wet weather. It was particularly bad in the dyke country, on Cape Breton Island, and to a lesser extent on the south shore.

The wet weather provided ideal conditions for pasture growth. Clover flourished in abundance, and while it was difficult for cattle to keep pastures grazed off, the quality was considerably better than in 1937 and remained so until late in the summer when the over-ripe grass began to show up. The situation improved after the hay crop came off, leaving a luxuriant growth of succulent grass for dairy cows. This was shown in the increased milk flow during the month of August as compared with the same month last year. It seems apparent that present moisture reserves will keep the pasture growth well maintained throughout September and most of October. After that time a good deal will depend on weather conditions.

The hay crop of Nova Scotia, as shown in the estimate made at the end of August, was placed at 679 thousand tons, a decrease of approximately 87 thousand tons below that of the previous year. This estimate requires some qualification in that it does not account for the reduction of the feeding value of the crop. The weather in August was considerably better for haying than in July; yet showers were quite frequent and a good deal of the crop was placed in the mow or stack in a semi-damp condition. It was late in August before the hay crop on the south shore and in the heavy yielding hay lands at Amherst was placed under cover. While the extent of the damage caused by rainy weather is difficult to evaluate at this time, Observers are of the opinion that there will be a reduction of 25 per cent in the quantity of feedable hay as compared with last year.

The acreage sown to coarse grains was slightly above that of 1937, while the production shows quite a substantial advance. The oat crop was estimated at nearly 3 million bushels at the end of August, which represented an advance of 822 thousand bushels over that of the preceding year. There was also a slightly increased barley acreage, and the yield was higher. The estimated production of 257 thousand bushels represented an advance of 62 thousand bushels over the 1937 crop. The condition of roots is fairly satisfactory in the province as a whole, although in some of the low-lying lands the weeds became quite a menace during July when the rainfall was particularly excessive. At the end of June the crop was rather better than that recorded in 1937, and was practically on a par with the long-time average. At the end of July, it was rated at 95, exactly the same as in the previous year. At the end of August it declined to 90, which was 9 points below the June condition and 4 points above the condition reported at the end of August in 1937. Fodder corn grew slowly on account of the heavy rainfall and lack of sunshine during the middle of the summer. Rated at 100 at the end of June, the condition of the crop declined to 92 in the course of a month, but the subsequent recovery gave it a rating of 93 at the end of August, 1 point above the condition reported at the same date in 1937.

TABLE III - MILK PRODUCTION PER COW IN POUNDS PER DAY IN CANADA, BY PROVINCES,

JUNE, JULY AND AUGUST, 1937-1938.

Province and Year	Based on all cows in herds of Dairy Correspondents			Based on cows actually milking in herds of Dairy Correspondents		
	June	July	August	June	July	August
Prince Edward Island						
1937	16.8	17.8	14.2	21.9	21.9	17.3
1938	18.0	17.1	14.4	20.9	20.7	18.5
Nova Scotia						
1937	20.4	17.1	14.4	21.8	19.1	16.1
1938	20.4	16.9	16.5	21.4	19.1	17.1
New Brunswick						
1937	22.4	16.9	16.1	24.1	18.3	20.6
1938	20.3	16.7	22.7	22.3	18.5	20.7
Quebec						
1937	22.8	20.4	18.8	22.2	21.6	19.6
1938	22.2	19.0	18.8	23.5	20.8	19.6
Ontario						
1937	23.1	20.3	18.5	26.0	23.0	21.7
1938	22.8	18.8	19.1	25.3	21.7	22.1
Manitoba						
1937	18.9	17.5	15.0	23.0	20.4	18.1
1938	18.0	16.3	14.5	22.5	19.8	18.0
Saskatchewan						
1937	15.9	15.6	14.2	20.1	20.5	17.7
1938	20.3	18.9	15.1	25.0	22.2	18.7
Alberta						
1937	17.0	16.5	13.2	22.1	21.8	18.4
1938	19.1	17.6	15.0	24.7	21.9	20.2
British Columbia						
1937	19.9	17.0	17.4	23.5	21.2	22.3
1938	20.4	17.1	16.2	24.3	20.7	22.0
CANADA						
1937	19.7	17.7	15.8	22.7	20.9	19.1
1938	20.2	17.6	16.9	23.3	20.6	19.7

Herd improvement work is being pursued in many districts of the province. There seems to be a greater demand for milch cows, and the popularity of Guernseys and Jerseys, the two most prominent breeds in this province, has influenced farmers to retain more calves and heifers on farms for breeding purposes than in previous years. According to Dairy Correspondents the percentage of cows actually used for milking purposes fell from 95 per cent in the month of June to 87.8 per cent in the month of July, but in August the percentage increased to 92.9. As compared with a year ago, there was an increase of approximately 1 per cent for the three month period. There promises to be a slight increase in freshenings in September and October, but since most of the cows freshened before June 1, the extent to which it would affect dairy production is not considered an important factor.

Milk production has shown consistent advances during the summer months of 1938 as compared with the corresponding period of 1937, the greatest gains being shown in June. For the three months, June to August, a total of 2.6 million pounds of butter was produced in creameries, registering a gain of 9.3 per cent over the same month of 1937. The downward trend in butter made on farms, which characterized the situation during the late winter and early spring period, was reversed in the summer period, greater quantities being produced in the three months, June, July and August, than in the same months in 1937. The prices of dairy products as reported by Observers revealed an average of approximately \$2.10 a cwt. for fluid milk as compared with \$1.90 a cwt. in August a year ago. Milk sold to condensaries averaged \$1.20 as against \$1.15 at the end of the same period in 1937, while butter-fat was valued at 25 cents in comparison with 28 cents the same time a year ago.

With pastures and moisture conditions particularly favourable this season, prospects for the fall months would offer little cause for dismay. While the monthly increases over the previous year may not be as great as in the summer, it would now appear that the total production of milk in the fall months will exceed the September to November figures of a year ago. Much will depend on weather conditions, of course, and prevailing prices will be a more important factor in the situation than formerly. The fact that greater quantities of grain will be available to supplement pastures in the late fall will tend to improve the prospects.

New Brunswick

A type of farming is developing in this province where both dairying and live stock production may be further extended. It is realized that improvements in the types and breeds of live stock, and the quantities and varieties of feeds to carry cattle through the winter months are paramount considerations. As larger acreages are seeded to grass and more pure-bred or grade stock is introduced, developments along these lines will follow. High butter-fat prices last winter and the absence of sudden breaks in the market during the summer have given encouragement to the dairy farmers, and if the existing price structure is maintained, dairying will continue to take a leading position in the farm programme where any enlargements are contemplated.

During the three summer months, the abnormal precipitation and somewhat backward weather had a two-fold effect on dairying. On one side the position of dairy farmers was improved by a splendid growth of pasture grass. This advantage was offset, however, by the difficulties encountered in harvesting and curing the hay crop. The situation can be judged by studying the rainfall records at Fredericton where 4.04 inches of precipitation was recorded in June and 5.15 inches in July. The first figure was half an inch above the 25 year average, while the latter was over 2 inches above the 25 year average, and it surpassed all previous records for the month of July. Infestations of mosquitoes accompanied the rainy weather and were responsible for some decline in the milk flow. A general rise in temperatures took place in

August, and although, at the beginning of the month, there was a good deal of catchy weather which made it difficult for farmers to proceed with haying operations, the rainfall was quite moderate with considerably more sunshine. The improved growing conditions in August had a marked effect on the crop and meadow grass. This was also reflected in an immediate increase in cream receipts.

In reviewing the pasture situation, it may be stated that conditions were quite satisfactory during the entire summer, but were rather better in June than in late July when the heavy growth developing into the seed stage reduced its feeding value. The aftermath on meadows was quite satisfactory, but late haying made it impossible to release cows to the meadows until nearly the middle of August. Late as it was, the meadows provided good feed and saved the situation at a time when milk production was beginning to decline. At the end of August the condition of pastures was placed at 105, being 3 points better than the condition reported as at the end of July and practically on a par with the end of June. As compared with the same date last year, the pasture situation at the end of August represented a gain of 20 points.

The hay crop was estimated at 889 thousand tons in the preliminary release, and exceeded last year's figure by 87 thousand tons. As in other provinces on the eastern seaboard, farmers experienced difficulties with haying on account of the shifty and unseasonable weather. Both the cutting and curing of the crop was long delayed and some of it was stacked in quite a damp condition. Observers are of the opinion that a good deal of the hay will be partially spoiled and the feeding value will be reduced. On the other hand, there was a high percentage of clover, and where it was cut and cured under proper conditions, the quality will be better than it was a year ago. It is doubtful, though, if the actual tonnage of good hay will be equal to the 1937 production. The oat crop was estimated at 6.5 million bushels compared with 5.1 million bushels in 1937. Both the acreage and production of barley is up from last year and it is estimated that 355 thousand bushels will be produced as against 268 thousand bushels a year ago. The condition of roots was placed at 100 at the end of June, but fell to 98 a month later. At the end of August, the condition rating was the same, but represented a gain of 15 points over the condition at that date a year ago.

Little change occurred in the milch cow numbers in the summer period as compared with the same period last year, but the percentage of milking cows to total cows showed some decreases in both June and July, while a slight increase took place in August. For the three months, June to August, the decline from last year was approximately 1 per cent. No explanation can be given for this decline other than the presence of so many cows that had calved during the early winter. Besides, the fall in prices may have caused the withdrawal of the less profitable producers from the herds.

The production of milk during the summer months was maintained at a high level. This was reflected in the creamery butter output which increased 17 per cent in June, 18 per cent in July, and 26 per cent in August, as compared with the same months of the preceding year. The total production of 2.4 million pounds represented a gain of 20 per cent over the same production of 1937. Cheese production, on the other hand, amounted to only 332 thousand pounds, a decline of 18.2 per cent during the period June to August as compared with the same months of 1937. The production of milk per cow, based on all cows in the herds of Dairy Correspondents, declined in both June and July, but increased in August as compared with the corresponding months of last year. (See Table III). Based on those actually milking, a decline was shown for June only. It will be seen, therefore, that there was a large percentage of dry cows. Butter made on farms in both June and August was greater in quantity than that produced in the same months of 1937, while a reverse situation developed in July. Milk consumed on farms also declined in July. The price of fluid

milk averaged about \$2.00 at the end of August as against \$1.90 a year ago. Surplus milk was worth about \$1.10, the same as in 1937, while butter-fat netted the producers about 23½ cents in comparison with 25 cents in 1937. It will be seen, therefore, that cream prices registered the first indication of reduced values.

With pastures in good condition and ample moisture reserves in the soil, there is every indication that dairy production will be maintained at a relatively high level during the greater part of the fall season. On the whole, it is believed that the production during the autumn months will exceed that of a year ago, although it is not expected that the margin of difference over the same period of the preceding year will be as great as that recorded during the summer.

Quebec

The live stock improvement policies that have been put into effect in Quebec during the last few years produced a marked improvement, not only in the elimination of diseased animals, which was the principal objective in view, but also in raising the productive capacity of dairy herds. The work done in pasture management, the use of fertilizers to carry pastures over the warm midsummer period, and the provision of adequate feed reserves to keep cows in normal production during the fall months, are factors of importance in making dairy farming more successful in this province.

The summer season of 1938 was satisfactory for both pastures and cereal crops. There was an absence of prolonged periods of high temperatures, and yet there seemed to be enough sunshine as well as moisture to produce a healthy growth. In June there was an adequate supply of moisture with moderate temperatures. The rainfall in July was rather heavy, but the showers were spread well over the month with warm weather during the intervals. Hence, the humidity was unusually high. Warmer weather prevailed in August, particularly during the latter part of the month, but occasional showers kept the grass and forage crops in good condition. In most places there was enough rain, but in some sections of the south St. Lawrence a partial drought was experienced. The August precipitation was about normal, but like other eastern provinces the July precipitation was unusually high. The variation in rainfall over the three months may be seen in the reports for the Lennoxville station which showed a total precipitation of 3.5 inches in June, 8.3 inches in July and 5.8 inches in August.

At the commencement of the season pastures were rated at 104, or 12 points above last year. A month later the condition rating declined to 101, and to 100 at the end of July, both of which were 5 points above the figures for the same months last year. A slight recovery took place in August which brought the average up to 102, but the same margin of difference between the two years was maintained. The growth of clover was particularly heavy, which helped the quality of the pastures and at no time during the summer was there a shortage of forage for dairy cattle. There was still plenty of grass in permanent pastures at the end of July, although a good deal of it was lacking in succulence. The aftermath from hay fields provided a welcome change for dairy cows as soon as haying was completed, but on account of the wet weather it was necessary to hold dairy cattle in the permanent pasture lots until the middle of August.

In the preliminary statement, the hay crop was estimated at 5.3 million tons, which represented a gain of approximately 1 million tons over that of the previous year. Just what this will represent in actual feeding value will be difficult to determine. On account of weathering, many Observers contend that this increase will be substantially reduced. The percentage of spoiled hay will probably

be twice as great as it was last year. Farmers experienced difficulties, not only in curing and stacking the crop, but also in getting it cut before it reached the over-ripe stage.

Dairymen regard the splendid coarse grain harvest of this year as the brightest spot on the horizon. The oat crop was estimated at 42.7 million bushels, which represents a gain of 6.9 million bushels over that of the preceding year. The barley crop amounted to 4.4 million bushels, a gain of 854 thousand bushels over the 1937 output. A slight increase in the acreage sown to oats and a somewhat greater increase in the acreage of barley were partially responsible for the significant advances recorded, but it was due principally to the increased production per acre of 25.7 bushels for oats and 25.1 bushels for barley as compared with respective yields of 21.8 and 21.3 bushels a year ago. Roots have also grown well this year, although there were difficulties in thinning and weeding under the unusually wet conditions in July which checked the growth at a time when it should have been making the greatest gain. Yet the condition of the turnip crop was estimated at 97 at the end of June and 99 at the end of July and also at the end of August. These figures reveal practically the same condition as in the corresponding months a year ago, a difference of 1 point in favour of the 1938 crop being maintained throughout these two months. The corn crop was held back by the wet weather in July, but the last report gave it a rating of 2 points above the average and 5 points above the end of August condition in 1937. Farmers are expected to have ample supplies both for fodder and ensilage purposes.

Milch cow numbers seem to be on the increase, and it is apparent from Observers' reports that more will be available for milking purposes in the fall months. It is estimated, however, that 85 per cent of the milch cows were in lactation prior to June 1, so that the extension of the lactation period probably offers greater promise of increasing milk production than any advance that may take place in fall freshenings. This development will depend on the prices of dairy products and the use of proper feeds to supplement pastures during the autumn months when the changing weather conditions so often reduce the milk flow. Dairy Correspondents report practically no change in the numbers of cows employed for milking purposes at the end of July. The percentage of milking cows to total cows was 94.6 in June, 91.1 in July, and 96.5 in August. For the three months a slight decline was recorded in comparison with the same months last year. Since the sales of milch cows to outside buyers have been reduced, it is possible that larger numbers of dry cows are being retained for milking purposes in the fall months than was the case in 1937.

The quantity of milk produced in Quebec during the three summer months was considerably higher than in the previous summer season. Consistent increases were recorded in the production of creamery butter, the total output amounting to approximately 37 million pounds, which represented a gain of 10.5 per cent over the June to August production of 1937. Part of this gain was at the expense of cheese output, the production of which registered declines for all months as compared with last year. The total production was 15.2 million pounds for the three months, a fall of 19.5 per cent below the 1937 output for the same period. In terms of milk, the gain in production for butter and cheese combined was 2.1 per cent in the month of June and 4.3 per cent in the month of July. During the three months, June to August, the milk used for butter and cheese manufacturing amounted to approximately 1 billion pounds, which represented a gain of 4.2 per cent over the 1937 figures for the three-month period. Butter made on farms showed a significant decline in June, July and August, reversing the situation that had prevailed during previous months. Milk production per farm advanced in June but declined in July and showed practically no change in August. The milk production per cow, based on cows actually milking, coincided with this situation. For the three months, June to August, the figures reveal a net decrease of just 1 per cent as compared with the same months last year.

Prices at the end of August remained comparatively stable. Fluid milk averaged about \$1.60 a hundred, which was slightly higher than last year. Surplus milk for cheese factories and other purposes averaged about \$1.05 a hundred as compared with \$1.00 in 1937, while butter-fat was about 23 cents, or 2 cents lower than last year.

Some uncertain elements exist in respect to the future situation. The prices of dairy products are moving downward and the numbers of cows likely to be employed for dairying in future months will probably be influenced by price developments. Viewing the prospects on the basis of existing information and making proper allowances for time lag, it would seem that the production of milk for the three fall months should exceed the production recorded in the September-November period of 1937 by at least a small margin. The creameries stand to gain through reduced deliveries to cheese factories, but may lose some business through an increase in farm butter making and a greater consumption of fluid milk, resulting from lower market prices.

Ontario

The upward movement in the prices of dairy products during the early part of this year encouraged farmers in this province to become better equipped for dairying, particularly at a time when they might take advantage of higher prices that so frequently prevail after the peak production period has passed. Larger quantities of home grown feeds of suitable quality will place them in a better position to extend dairying activities in the fall and winter than was possible a year ago. There are other factors, however, that enter into this development. Higher hog prices offer the patrons of creameries the opportunity of gaining some extra profits through the utilization of skim milk. The demand for dairy cows has been active and farmers have made provision to meet this demand by retaining more young stock for breeding purposes. Then again, during the past summer farmers have been able to produce milk on pasture more profitably than in former years, and with feed costs at a lower level, this situation may have equal application in the fall and winter months.

The June-August period was remarkably free from extreme temperatures that are so often experienced during the summer. June was rather cool with a good deal of rain. The weather was warm in July, but the hot spells were broken at frequent intervals by heavy showers which kept the crops in a fine, healthy condition. The temperatures ranged quite high in western and southern Ontario, but few extremes were reported elsewhere. Owing to the excessive moisture the humidity was unusually high. Warmer weather prevailed in August and a slight drought condition was experienced in the parts already mentioned. Even in eastern Ontario farmers felt the need of additional rain. At any rate, this situation did not last long; before the end of August adequate precipitation was provided and pastures and forage crops that had suffered from the dry weather made a very rapid recovery.

Pastures received a nice start early in the spring and the development of a good bottom grass helped to maintain the growth in the summer months. The abundance of clover helped the quality of pastures in June, and at the end of the month the condition was estimated at 98. At no period during the summer did the seeded pastures suffer to any extent from a lack of moisture. The use of fertilizers was given as a reason for this favourable situation, but even pastures that had not been treated stood up much better than in other seasons. Native grass dried up toward the end of July in eastern and western Ontario, but the general condition was much better than a year ago. The average rating for all pastures, which includes both native and seeded, was 94 at the end of July, 4 points below the previous month but only 2 points under the July rating a year ago. At the end of August a slight improvement took place, but in comparison with the same month in 1937 a decrease of 3 points was recorded. The aftermath from meadows was quite good. In some cases meadows were kept clear of stock so that a second cutting of hay could be obtained.

Then too, the wet weather which interfered with haying made it necessary to withhold dairy cows from meadow pastures in some parts until well on in July. The advance in dairy products in August reflected the improvements that had taken place as soon as fresher grass was available. It was not that permanent pastures were run down, but rather that they were too heavily covered with clover and other forage for cattle to crop off.

The hay and clover crop as given in the preliminary statement at the end of August showed a production of 4.7 million tons. This figure reveals an increase of 79 thousand tons above the tonnage of the preceding year. Considering conditions as they were a somewhat greater advance was expected, and this may still materialize after the second cutting of hay is obtained. Nor is it yet known how much alfalfa will be produced. The condition estimate for alfalfa at the end of August was 95, which is 4 points down from last year. It is apparent, therefore, that with some decrease in the acreage the production will scarcely equal the 1937 crop. Rust did some damage to grain crops in north-western Ontario, and army worms were responsible for some damage to crops in southern sections, although the loss from this source could hardly be recorded as significant. It is estimated that the oat crop reached approximately 83 million bushels, an increase of 9.2 million bushels over the production of the preceding year. This result was obtained in face of a reduction of 1 thousand acres in the area sown from that of last year. According to the preliminary estimate, the barley crop will amount to 17.1 million bushels, which is about 1 million bushels above the 1937 production. The acreage of barley was also reduced as compared with 1937. Thus, the per acre yields for both crops were considerably higher. There has been a marked improvement in the quality of the oats and barley threshed this year, but the prices are lower and farmers may find it profitable to utilize larger quantities for feeding purposes. Due to heavy rains and a lack of heat during July, the corn crop will scarcely measure up to expectations. Still, it is considered an average crop and will probably yield about the same as it did last year. Silo filling is practically completed and a good quantity of ensilage has been produced.

Live stock improvement work is going steadily forward in many parts of the province. In Middlesex County milking cows infected with tuberculosis are being weeded out to permit the herds to qualify for supplying milk to the London city market, now placed under strict health supervision. More female calves are being raised on farms than formerly and it is possible more cows will freshen this fall and winter than was the case a year ago. It is estimated by Observers, however, that 85 per cent of the cows freshened before June 1. Thus, increased freshenings can hardly play a very important part in advancing milk production. If more milk is produced than last year with the same number of cows, it will probably be the result of better feeding and herd management practices. The trend in the milch cow population would appear to be slightly upward. In common with other eastern provinces, the percentage of cows actually used for milking purposes registered an increase in June and August over the same two months a year ago, but declined in July. Taking the three months together no change was recorded.

A gain in milk production was revealed in the June-August period of 1938 in comparison with the same period in 1937. This was shown in a 1 per cent increase in the quantities of milk used for the production of creamery butter and cheese. Creamery butter production amounted to 32.8 million pounds during these three months, an increase of 10.2 per cent. Cheese production fell to 44.5 million pounds, a decline of 10.7 per cent as compared with the same months in 1937. The production of butter and cheese on a milk basis showed an increase of 1.7 per cent in June, a decline of 2.4 per cent in July and an increase of 3.7 per cent in August as compared with the previous year. This trend in production is also indicated in the farm milk supply reported by Dairy Correspondents. Very little change took place in

the sales of milk, but the quantities used in farm homes were less than last year and farm-made butter also fell below the summer make in 1937. On the other hand larger quantities of milk were fed to livestock in the summer period than was reported in the same period in 1937. This may reflect a larger calf population and possibly an increase in hog litters. Compared with the previous year, the milk production per cow fell in both June and July but increased in August. Based on all cows in the herds of Dairy Correspondents, the net decline for the three months was approximately 2 per cent. Milk sold at lower prices at the end of August than at that time a year ago. Fluid prices averaged about \$1.80 as compared with \$1.90, while surplus milk was worth \$1.05 as against \$1.10 in August, 1937. Churning cream netted the producers about 23 cents in comparison with 26 cents twelve months earlier. Condensaries paid more money for milk, the average of \$1.12 a year ago having advanced to \$1.25 per hundred in August of this year.

Considering the stability of the dairy industry in Ontario, the satisfactory pasture situation, and the possibility of larger numbers of young heifers coming into maturity to increase the milch cow population, it would appear that a slight increase in milk production might be expected during the September-November period of 1938 as compared with the same months in 1937. The relative values of meat and dairy products will probably have an important bearing on the situation in the next few months.

Manitoba

Dairy farming is beginning to expand in certain areas of the province where the conditions are not particularly conducive to successful grain growing. On the other hand, there are sections in both northern and southern Manitoba where grain harvests have caused farmers to withdraw from dairying in favour of the less arduous occupation. Certain agricultural readjustments have accentuated this development. For example, the more extensive use of combines and tractors, requiring the operators to spend a greater number of hours in the fields, would appear to have worked to the disadvantage of dairying; and it is possible that lower butter-fat prices may have a similar effect, although it will depend on whether or not the decline is as great as the reduction in grain prices. Despite these unfavourable tendencies dairying is emerging triumphantly in sections where grain growing has never been a serious competitor, and farmers are beginning to depend more and more upon the revenues derived from dairy cows. What the industry may lose in competition with wheat growing, therefore, is likely to be offset by the increasing stability of dairying where it has proved in the course of time to be the more profitable undertaking.

The cool weather that prevailed in the early spring was followed by quite warm weather early in June. Despite the abundant moisture reserves it did not seem to take long for pastures to show the effects of drought. The absence of warm June rains held back the native grass, and at a time when pastures are usually of the richest green they seemed to be lacking in colour and vitality. At the Experimental Farm at Morden 2.2 inches of rain was recorded in the month of June and only 1.6 inches at Brandon. Timely and frequent showers prevailed throughout the entire month of July, and this was followed by quite heavy rains in August, although the rainfall was by no means general throughout the province. The July precipitation record reveals a total of 4.3 inches at Morden and 2.3 inches at Brandon and Dauphin. In the month of August the rainfall was 1.9, 1.3 and 2.8 inches respectively. The rainfall during the entire season was inclined to be spotty, and this condition left its impression in the variable yields of grain at harvest time. Although there was a good deal of rain in August the weather was fairly satisfactory for harvesting. The two areas in the province where a definite lack of rainfall was in evidence would include that portion of central Manitoba south of the Riding Mountains, and another strip in south-eastern Manitoba beginning with a wide base at the international boundary,

sloping off towards Virden.

Pastures were fair throughout the season, but improved considerably in August, and at the end of the month they were rated at 85, practically on a par with the same date a year ago; whereas at the end of June, the condition rating of 90 revealed a reduction of 12 points as compared with the situation reported at that date in 1937. Invading hosts of grasshoppers did a great deal of damage to pastures as well as to field crops in south-western areas, and where a lack of rainfall was most pronounced the pastures suffered to some extent in the early part of July. Dairy cattle are now being given the run of the fields so that the after-harvest growth and gleanings left by the binders and combines will keep dairy cows in normal production throughout September and most of October, if the weather is at all favourable.

Reports indicate that the province will be well supplied with fodder for feeding purposes during the winter. The estimate of 683 thousand tons for the tame hay crop is approximately 105 thousand tons below last year's production. This, of course, only represents about 30 per cent of the total, wild hay being far the more important both for commercial sales and home use. The indications are that the native hay crop turned out rather better than the seeded fields, and the province will probably have almost as large a tonnage as last year. In any case, there is no shortage of hay, and ample stocks of straw and grain will be available for roughage where hay cannot be conveniently secured. The condition of alfalfa is rather better than in the preceding year, being rated at 93 at the end of August, compared with 87 twelve months ago. Since the acreage is greater than it was last year, it promises to make an important contribution to feed supplies.

The oat crop reached a total of 44.5 million bushels according to the end of August estimate. This was 425 thousand bushels above last year's harvest. It is possible that the amount actually threshed will be higher. Less barley was produced in 1938 than in 1937, the production of 32.8 million bushels representing a decline of exactly 2 million bushels. A good deal of the wheat was rusted, particularly in central Manitoba and also in some northern areas. It is possible that some of this grain will be unfit for the market and will be used for feeding purposes. The corn crop is only fair, the condition throughout the season being 3 to 8 points lower than that reported last year.

The milch cow population is not likely to show much change, and the percentage of cows actually milking has suffered a significant reduction. Dairy Correspondents report that only 79.8 per cent of their milch cows were in production in the month of June, 82.4 per cent in July and 80.2 in August. The three months taken collectively show a reduction of 2.8 per cent as compared with the same months in 1937. According to Observers, about 70 per cent of the cows freshened prior to June 1. On account of irregular breeding the number of late freshenings is higher than usual and may be expected to advance the farm output in the fall months to some extent. One fact that has to be taken into account is the absence of any movement of milch cows into the province such as occurred last year. Any increase in freshenings will probably be required to offset the increased numbers that came into the province in the fall of 1937. All facts considered, it is a safe conjecture that very little change will take place in the numbers of cows used for milk production during the autumn months.

Milk production based on deliveries at dairy factories in the June-August period showed a gain of 2.3 per cent over the same months of 1937. Deliveries to creameries also showed a slight increase during the three months, although the farm output as reported by Dairy Correspondents was slightly lower. This was due to a decline in the quantity of butter made on farms and a similar reduction in the

consumption of milk on farms, the surplus being sent to creameries. The production of creamery butter amounted to 11.6 million pounds during the three months, an advance of 2.5 per cent over the same period of 1937. Due to improved pastures the greatest gain took place in August, the increase being 6.8 per cent. Production of cheese, on the other hand, declined during the summer of 1938, the production of 1.3 million pounds being 1 per cent lower than that recorded during the summer months of the preceding year. Yet it is encouraging to note that this new industry is holding its own against strong competition from creameries which, by virtue of location and number, will continue to receive a larger share of the farmers' patronage. At the end of July fluid milk averaged \$1.54 a cwt. for farmers in the Winnipeg milk shed, as compared with \$1.59 a year ago. Patrons of cheese factories received about \$1.05 a cwt. in August as against \$1.03 a cwt. a year ago, and creameries paid about 20 cents for churning cream as compared with 24 cents in 1937.

The output for the fall period will depend pretty much on two factors, namely, butter prices and the extent to which the competition from grain growing will affect the situation. The two most favourable signs are the abundance of feed, somewhat more than last year, and the lower grain prices may induce farmers to feed larger quantities of coarse grains to dairy cows than was the case a year ago. Consequently, unless unusual developments take place, there will be little or no decline from the previous year.

Saskatchewan

The dairy industry continues to flourish and expand in Saskatchewan and promises to become a prominent feature of the agricultural programme in many areas of the province where grain growing was at one time the only undertaking. The movement in this direction has followed in the wake of a succession of crop failures caused by drought, rust and grasshopper plagues. The drought area, although never exactly defined, has usually been associated with the southern or prairie sections. This year it has touched the northern reaches of the province where a lack of moisture was certainly the least of the difficulties encountered by the settlers twenty years ago.

Variable weather conditions prevailed during the summer months, and a general description of the situation should not be given too specific an application. Taking the province as a whole, the month of June was comparatively warm and dry. Cloudy and showery weather was general during the month of July, and although there was little rain the absence of extreme temperatures reduced the evaporation and gave the crops a fair chance to develop. August was a warm month and there was a good deal of rain in most sections of the province. The variations in precipitation are indicated in the figures below.

INCHES OF RAINFALL

	<u>June</u>	<u>July</u>	<u>August</u>
Prince Albert	0.4	2.4	2.5
Indian Head	2.0	0.7	1.1
Turtleford	1.0	2.5	2.1
Swift Current	2.0	0.8	1.5

South-western Saskatchewan was favoured with good growing weather early in the season while northern parts suffered from inadequate moisture. High temperatures and rather light showers were received in the southern areas during August, while the heavier rains which visited northern sections sustained the growth and gave crops a chance to

partially recover from the drought which was beginning to show its effects. The two sections most severely affected by lack of rainfall were in the south-eastern corner of the province and the north-central section north of Saskatoon extending from Rosthern to Birch Hills and west almost to Battleford.

There was an unusually good stand of grass in the early part of the summer, a striking contrast indeed to the parched and dried-up pastures in these areas a year ago. Cool weather saved the pastures in July, even where there was little precipitation. South-western Saskatchewan had abundance of grass, even at the end of August. One Observer stated that there was more grass than cattle could possibly consume. In most of south-central and south-eastern Saskatchewan, grasshoppers invaded the territory early in August, practically destroying the pasture growth and reducing the yields of grain 50 per cent in some sections. Eastern Saskatchewan was well favoured, pastures were good and the grain crop, although affected by rust, has yielded satisfactory returns. Between Moosejaw and Regina fair crops have been harvested, but in areas south-east of there, touching the Soo and Arcola lines at Weyburn and Francis, the crops suffered so severely with grasshoppers and drought that very little has been harvested. The migrating grasshopper plague took rank among the most destructive insect visitations of recent years.

Pastures were rated at 78 at the end of August, 18 points below the June rating, but 49 points above the rating at the same date in 1937. Alfalfa was rated at 86 as compared with 48 a year ago, while corn was placed at 81 as against 17 for the same month of the preceding year. The tame hay crop, although representing a small proportion of the total, was estimated at 249 thousand tons, an increase of 121 thousand tons over the 1937 crop. Native hay will probably show a proportionate gain and a good deal of feed will be secured from green oats that had been cut and stacked early to avoid grasshopper damage.

The production of oats is placed at 104.3 million bushels, which represents a gain of 81.9 million bushels over that of the previous year. Just what percentage of this will be threshed is, of course, difficult to determine, although it will probably be somewhat lower than usual. Barley is expected to yield 24 million bushels, approximately 18.6 million bushels above the 1937 production. It is now apparent that the feed problem will be definitely solved for the coming winter. With the possible exception of a few points in north-central Saskatchewan, especially around Birch Hills and Kinistino, there will be ample to meet local requirements. Forage for dairy cows during the early fall months will be provided in the after-harvest fields which are now being used for that purpose.

Milch cow numbers are considerably below those of a year ago and the young dairy stock will also show some reduction. A development of particular interest at this time is revealed by Dairy Correspondents, showing an increase of 5.4 per cent in the proportion of cows being milked in June, July and August as compared with the same months last year. There was a decrease in the numbers of cows expected to freshen this fall. Nevertheless, concerted efforts are being put forth to build up dairy herds and put them on a production basis when the normal lactation period commences next spring. Moreover, the weeding out process that took place last year when so many cows were sent to the block or transferred to eastern feed lots has had a marked effect on production during the summer. This will also have its effect during the fall period.

The farm output of milk in the summer months of 1938 was higher than that produced in the summer of 1937, although the cows used for dairying were fewer in number. Better weather and improved pasture conditions must be given credit for this development. The advance in milk production is reflected in an increase of 5.3 per cent in the creamery butter make, and an advance of 16.8 per cent in cheddar

cheese production during the period June to August, 1938, as compared with the same period of 1937. The total make of creamery butter in the summer period was 12.6 million pounds, while the cheese output was 264 thousand pounds. According to Dairy Correspondents the butter made on farms increased 3 per cent in the June-August period over the same months last year; less milk was consumed on farms and about the same quantities were fed to live stock as in the previous summer period. Milk production per cow, based on all cows in the herds of Dairy Correspondents, amounted to 20.3 pounds per day in June, 18.9 pounds in July and 15.1 pounds in August, representing a net advance of 18.8 per cent over the same period a year ago. Based on cows actually milking, the figures were 25, 22.2 and 18.7 pounds respectively, a net gain of 11.3 per cent as compared with the same period of 1937.

It is possible that falling prices may have given rise to the increase in the farm make of butter. In August, 1937, creameries paid an average of 22.39 cents per pound butter-fat; this year the average is 18.83 cents. The average price for 3.5 fluid milk as reported for July in seven cities under control of the Milk Board was \$2.08 per hundred as compared with \$1.92 in June, 1937. Observers advise that cheese factories paid 90 cents a hundred for milk at the end of August as against 95 cents a hundred at approximately the same time in the preceding year. By order of the Milk Board three price categories have been established, effective in August, under which fluid milk is now paid for in accordance with the use to which it is placed, namely, fluid milk, milk for processing or surplus milk. This change in the price basis is equivalent to a reduction in the price level, but may open up a milk market for patrons who were shut out under the system formerly employed.

The production of milk in the autumn period will obviously depend to quite an extent on the maintenance, or otherwise, of existing prices. There is, of course, an abundance of feed, and the production per cow is up from last year so that other things being equal there should be a marked increase in the farm output of milk in the course of the next three months.

Alberta

A diversified system of farming is emerging in Alberta as dairying takes a more important place in the agriculture of the province. Beef production is the pioneer industry and may continue to hold the leading position for some time. This helps to explain the presence of so much ranch bred stock on farms and the tendency for farmers to switch from one occupation to the other as the financial advantages of beef raising or dairying may determine. Nevertheless, dairying is succeeding on its own account and its success has led to the introduction of some splendid dairy herds. Certain districts are becoming quite definitely identified with milk production, and in these areas creameries, cheese factories and milk plants have been built that would do credit to the specialized dairying districts in the eastern provinces.

The past summer was a season of patchy rainfall. The precipitation in June and July was decidedly below normal with shifting and irregular showers. Excessive rainfall occurred in August, and while the change was welcomed by dairymen who were anxious to see a good growth of grass, it delayed harvesting operations much the same as the July rains had delayed haying in the East. At the Lacombe Experimental Farm only 1.7 inches of rain was recorded in the month of June, and only about 2 inches of effective rainfall was registered in July. In striking contrast to this situation, the August precipitation amounted to 4.61 inches. Between the fourth and seventh of August, the precipitation amounted to 3.56 inches, the highest recorded in 31 years. Taking the month as a whole, it was one of the three wettest Augusts of the century, the others being in 1936 and 1912. The rainfall at Lethbridge was less variable. In June there was 1.2 inches of precipitation with 1.3 and 1.7 inches in

July and August respectively. The prairie regions experienced fewer heat waves than usual and the only dry spell came between the twelfth and the twenty-second of the month. During this period crops deteriorated very quickly. The Peace River country experienced an unusual drought during the first part of the season, a condition that was not fully relieved until the heavy rains came in August which were too late, of course, to entirely save the crop. At Beaverlodge 1.4 inches of rain were recorded in June, 0.5 inches in July and 2.4 inches in August. On account of the wet weather the crops ripened slowly and coarse grains in central Alberta were cut on the green side to avoid anticipated frost damage. Fortunately the weather was cloudy and very little frost occurred.

Pastures were uniformly good during the early part of the summer, but began to show the effects of hot weather late in June and remained in a somewhat dry condition, neither very good nor very poor, until the commencement of the August rains. The rating given to pastures at the end of May was 98, but at the end of June a decline of 5 points was recorded and at the end of July the condition had fallen to 88, although it was 25 points higher than a year ago at that date. Due to increased moisture, the hills and valleys assumed a fresh, green colour during August and at the end of the month the condition was raised to 94. It was still 4 points below the end of May condition, but 11 points above the end of August condition in 1937. Compared with August a year ago, the improvement during the month was not so pronounced, the increase during August of last year being 20 points as against 6 points this year.

The alfalfa crop is quite promising. The first cutting yielded a good tonnage and unusually satisfactory results are expected from the second cutting. At the end of August the condition rating of 93 was 10 points above that of the previous year. The hay and clover crop is expected to yield 523 thousand tons, which is a gain of 85 thousand tons over that of 1937. Of course, the bulk of the hay crop is of native origin, but it is expected that the native hay will also yield a larger tonnage than in 1937. The corn crop is somewhat better than it was last year and will help to supplement hay and straw supplies in the southern sections of the province where it is grown.

Owing to the heavy rains the oat crop produced a rank growth of straw and in some places the crop was badly lodged before it could be harvested. The production for the province is estimated at 99 million bushels, a gain of 22 million bushels over the 1937 crop. As usual, a good deal of the oat crop will be fed in the sheaf, augmenting the supplies of roughage in a ready and convenient form. The barley crop is estimated at 29.2 million bushels, which represents a gain of 7.1 million bushels over the production of a year ago. Some of it will probably be used for dairy cattle, although hogs will receive the bulk of the supply.

Milch cow numbers are down slightly from last year and a like reduction is shown in yearling heifers. The percentages of milking cows to total cows are considerably higher than they were a year ago, increases occurring in each of the three months, June, July and August, over the same months in 1937. For the entire three-month period the gain amounted to 3.4 per cent. This satisfactory condition, if it continues, might out-balance the loss due to the reduced numbers. It is recognized that many of the cows sold in the enforced live stock liquidation a year ago were of little value from a milk production standpoint, a fact that accounts for the high percentage now in milk. There is no indication that there will be any increase in freshenings this fall, and with the good crops being harvested in the province there may be a tendency to restrict rather than to expand dairying operations. Yet in a province where spring freshening is the general practice, the presence of a smaller percentage of dry cows is not an unfavourable situation. With plenty of feed available the lactation period of the cows now milking can easily be extended, and

consequently the numbers of cows actually milking in the next three months may be almost as great as a year ago.

The quantity of milk produced on Alberta farms during the summer months was above that of the previous year, and the proportion delivered to creameries showed quite a conspicuous advance. For the months June, July and August the creamery output registered gains of 25 per cent, 17 per cent and 7.2 per cent respectively, as compared with the same months in 1937. During the three months a total of 14.1 million pounds were produced as compared with 12.1 million pounds in the preceding year, an advance of 16.3 per cent. Cheese production also increased, the production of 978 thousand pounds in the summer months representing a gain of 26.8 per cent in comparison with that produced in the corresponding period of 1937. As with butter the margin of difference over the previous year declined as the season advanced. Beginning with a gain of 42.5 per cent in June, it fell to 30.3 per cent in July and to 9.2 per cent in August. Milk production per cow, as reported by Dairy Correspondents, for all cows in the herd increased 8.6 per cent in the June-August period. Based on cows actually milking, the gain over the previous year amounted to 7.2 per cent. A gain in the quantities of butter made on farms was recorded in June, but a substantial reduction took place in July and August. Less milk was used for family consumption during these three months than was recorded in the same months of 1937, but greater quantities were fed to live stock. The fact that the most substantial increase in the consumption of milk by farm live stock occurred in the month of June would reflect an increase in calves and hogs over the holdings of a year ago.

There is little indication of any unfavourable developments during the coming three months that would change the trend in dairy production. The downward movement in the prices of dairy products may cause an unfavourable reaction; but in the last analysis this will depend a good deal on how the lower prices compare with the prices of beef cattle and grains. There are fewer cows on farms than there were last fall, but with abundance of feed available, good pasture prospects and a high percentage of cows still in lactation, some gain in the milk production might be expected during the fall months as compared with the same period a year ago.

British Columbia

The prolonged and unprecedented drought experienced during the past summer has produced financial problems which promise to have a two-sided effect on dairying. Farmers who are required to buy feed for their stock may have to restrict operations to some degree, while those engaged in branches of farming that suffered in equal fashion from the devastating effects of the drought, may find the dairy cow a convenient and ready means of increasing farm revenues during the next few months. Consequently, any reductions in the holdings of cows on the farms of specialized or large scale operators may be offset by increased activities on farms where dairying has always been more or less of a side line. In this way the stability of the industry is likely to be maintained despite the difficulties now being encountered.

The weather during the past summer was unusually dry and hot, with temperatures ranging from 90 to 105 degrees during the hottest period. In the Okanagan valley the weather was reported to be the driest in ten years, and this applies to other areas as well. In the Cariboo the drought surpassed all previous records, and even in the coastal sections the 1938 drought was the worst experienced for many years. A fair indication of the situation may be determined from the rainfall records of Prince George where the total rainfall for the month of June amounted to only 1.17 inches, with twenty hours more sunshine than the average. Frost was recorded on June 6. The July rainfall was slightly higher, being 1.56 inches, and 15 hours sunshine above the average. August registered a slight improvement with approximately 2 inches of precipitation accompanied by cool, cloudy weather. At

Agassiz there was less than a half inch of rain in June, one inch in July and one inch in August. Taking the province as a whole, June was the driest month. Some relief came in the first part of July with heavy rains in coastal sections. August was cooler with a good deal of rain, but precipitation was inclined to be spotty. The cumulative precipitation for the three months averaged less than 3 inches at 28 stations reporting both this year and last year as compared with 6.6 inches a year ago.

Both seeded and native pastures dried up badly in the early part of the season and dairy cows were inadequately supplied with proper forage until well on into August. The condition of pastures as reported to the Dominion Bureau of Statistics at the end of each month showed a decline of 17 points between May and June and a reduction of 10 points from June to July. At the end of July the pasture rating of 69 was 26 points below the July 31 rating of a year ago. On August 31, the condition moved up to 72, but this was still 24 points below the condition of the previous year.

The hay and clover crop was estimated in the preliminary statement at 258 thousand tons. This represents a decline of 67 thousand tons from last year. Since the seeded crop was somewhat better than hay of native origin, which represents about 30 per cent of the total, it may be concluded that the reduction in the entire hay crop of the province may exceed the decline shown in the hay and clover estimate. However, the quality of the crop was good with a fair percentage of clover, and if the growth had not been held back on account of dry weather, farmers would have had a most satisfactory crop from a quality standpoint. The alfalfa crop stood the drought rather better than hay and clover, the condition estimate of 88 at the end of August being 7 points above the crop of a year ago at the same date. The production of oats is down considerably from 1937, being estimated at 4.7 million bushels as against 5.6 million bushels in the previous year. Barley also suffered a sharp decline, the estimate for this crop being 358 thousand bushels as compared with 505 thousand bushels in 1937. In comparison with last year, the decline for the three crops for which estimates have been made, namely, hay, oats and barley, registered reductions of approximately 26.8 per cent, 16.2 per cent and 29.1 per cent respectively. Turnips received quite a setback in the month of July on account of poor growing conditions, the condition figure falling to 76 as compared with 83 at the end of June. The situation improved slightly at the end of August, but it is apparent that roots will be approximately 20 per cent below the long time average and 13 per cent below the production of a year ago.

Despite the dry weather and lack of good pastures in some places, milch cows and dairy cattle kept in a fair state of flesh throughout the season. There was a slight increase in the milch cow population, but a decline in dairy heifers as compared with last year. This was due in part to fewer sales to outside buyers. The percentage of milking cows to total cows, however, as reported by Dairy Correspondents, was 84.4 for June, 83.3 for July and 81.0 for August, recording a net advance of 3.7 per cent over the same period of the preceding year. It is a significant fact that fall freshenings are forecast at a slightly lower level than those of the previous year, a condition of affairs that will have more bearing on production than in other provinces. There is a good deal of speculation as to the quantity of feed available and the prices that will have to be paid for feeds imported into the province. Where there is a shortage of feed it is probable that there will be some reduction in the cow numbers in the early fall. On the other hand, in some districts farmers will depend on dairy cows to carry them through the winter, a situation that may produce some demand for milch cows within the province.

The milk production of the province is up from last year. This is indicated in an increase in the creamery butter production during the summer months which advanced 9.6 per cent in June, 4.6 per cent in July and 1 per cent in August.

The make from June to August amounted to 1.7 million pounds, representing an increase of 5.6 per cent over the summer make a year ago. Cheese production moved up from 58 thousand pounds in the June-August period of 1937 to 165 thousand pounds in the same period of 1938. In terms of milk the increase in the butter and cheese make as compared with last year would represent approximately 3.3 million pounds. Butter made on farms also showed a substantial increase. According to Dairy Correspondents it was 15.4 per cent greater than in the summer period of 1937. There was less milk fed to live stock, but the quantity sold and consumed on farms was about the same as last year. Based on all cows in the herds of Dairy Correspondents, the production of milk per cow in the summer period revealed a slight increase over the same period of 1937, but based on cows actually milking the production per cow was practically the same as in the corresponding period of the preceding year.

The situation in the province affords a good deal of opportunity for speculation because of the apparent shortage of feed. On account of so much feed being imported, feed prices will also determine dairying policies to some degree. The fact that there are more cows on farms and a larger percentage actually milking will have a favourable effect on the situation, but this can scarcely compensate for feed shortage and weaker markets for dairy products that now prevail. Consequently, there is little hope that milk production in the autumn months will equal the quantity produced in the August-November period a year ago.

THE CREAMERY BUTTER POSITION

An analysis of the creamery butter position during the three summer months uncovers some rather remarkable variations in the domestic disappearance from one month to the other. After studying Table IV it is quite apparent that the movement of butter into consumption channels did not follow the unbroken trend which characterized the three previous months. There are some facts in this connection, not indicated in the table, that would seem to be worthy of attention. Since these figures cover a series of years, including 1934 when transit stocks were not available, the disappearance data appearing in Table IV are based on storage stocks only. It will also be noticed that imports are eliminated from the calculation, which confines the domestic disappearance to butter produced in Canada. With the inclusion of transit stocks and the addition of imports the following butter disappearance figures are revealed.

	<u>June</u>	<u>July</u>	<u>August</u>	<u>June-August</u>
1937	21,040,045	21,639,185	23,057,978	65,737,208
1938	21,633,329	21,827,670	23,693,054	67,154,053
Increase	+2.3%	+0.9%	+2.8%	+2.2%

In making the above comparison with last year, it will be observed that the domestic disappearance of butter in the months of June to August was 2.8 per cent above the corresponding months a year ago, while the July figures show an increase of less than 1 per cent. In seeking an explanation for this situation, it is apparent that these variations had no connection with the changes in family incomes. If we use the physical volume of business and the employment of labour as a guide, both of which registered marked declines from last year during each of the three months, it would seem that if everything else were equal there would be a tendency to restrict rather than to extend expenditures on food products. If we examine the trend in prices, however, it will be found that some relationship can be established with domestic disappearances; not in comparison with last year because no declines were recorded until July, but in the general price movement between June 1 and

TABLE IV - THE CREAMERY BUTTER POSITION IN CANADA, JUNE TO AUGUST, 1934 TO 1938.

	June	July	August	June to August
Stocks in storage at first of the month -				
1934	7,064,894	24,780,765	42,326,109	-
1935	6,193,940	23,278,162	40,840,023	-
1936	10,305,845	27,948,331	41,555,603	-
1937	9,221,124	26,542,253	40,602,700	-
1938	13,097,980	32,802,254	50,128,768	-
Stocks in transit at first of the month -				
1935	672,000	784,000	868,000	-
1936	532,000	728,000	912,800	-
1937	728,000	588,000	756,000	-
1938	224,000	700,000	476,000	-
Production during month -				
1934	36,970,219	35,274,332	30,686,683	102,931,234
1935	36,929,479	37,070,528	33,129,723	107,129,730
1936	39,358,790	37,284,185	31,483,748	108,126,723
1937	38,258,922	35,916,043	31,643,332	105,818,297
1938	41,868,648	39,010,048	35,165,484	116,044,180
Imports -				
1934	34,182	6,042	611	40,835
1935	5,747	22,550	30,484	58,731
1936	651	1,488	1,104	3,243
1937	1,052	689	653	2,394
1938	655	336	821	1,812
Exports -				
1934	51,300	43,500	47,800	142,600
1935	30,900	39,500	37,300	107,700
1936	908,900	2,719,100	951,400	4,579,400
1937	38,800	49,100	54,300	142,200
1938	55,700	80,200	159,400	295,300
Prices -				
1934	21	19 1/8	19	19 3/4
1935	20 1/8	20 3/8	20 3/4	20 3/8
1936	22 1/8	23 1/8	24 7/8	23 3/8
1937	24 5/8	26	26 3/4	25 3/4
1938	25 1/4	25	23 1/2	24 5/8
Total Disappearance of				
Canadian made				
butter				
(Domestic and				
Export)				
1934	19,254,348	17,728,988	22,165,417	59,148,753
1935	19,845,257	19,508,667	21,322,915	60,676,839
1936	21,716,304	23,676,913	22,551,224	67,944,441
1937	20,937,793	21,855,596	23,167,625	65,961,014
1938	22,164,374	21,683,534	24,266,033	68,113,941
Domestic Disappearance of				
Canadian made				
butter				
1934	19,203,048	17,685,488	22,117,617	59,006,153
1935	19,814,357	19,469,167	21,285,615	60,569,139
1936	20,807,404	20,957,813	21,599,824	63,365,041
1937	20,898,993	21,806,496	23,113,325	65,818,814
1938	22,108,674	21,603,334	24,106,633	67,818,641

August 31. This relationship is shown in the comparisons below.

	Price Decline		Disappearance Increase	
	From Previous Month		From Same Month in Previous Year	
	<u>In cents</u>	<u>In per cent</u>	<u>In per cent</u>	<u>In pounds</u>
June	-1 $\frac{1}{2}$	- 5.6	+ 2.8	593,681
July	- $\frac{1}{4}$	- 1.0	+ 0.9	188,838
August	-1 $\frac{1}{2}$	- 6.0	+ 2.8	634,908

The above analysis reveals a downward trend in prices from the previous month that coincided quite closely with the upward movement in the domestic disappearance. It is not inferred that this always happens, but in this case the seasonal changes in prices had a greater influence on the demand than the relative values between this year and last year.

Another development of considerable importance at this time is the increased production over last year and the resulting accumulation of butter stocks. The peak production of 41.0 million pounds in the month of June was the highest ever recorded for that month. This also applies to the July output of 39 million pounds and the 35 million pounds produced in August. The total production of 116 million pounds represented a gain of 10.2 million pounds or 9.7 per cent above that recorded in the same period in 1937. Since the peak production was reached somewhat earlier than usual, stocks began to accumulate early in June and by the first of July 33.5 million pounds were in storage. It is interesting to observe that this amount was nearly equal to the August 1 holdings five years ago and was over 13 million pounds above the July 1 figure for that year. On August 1, 1938, the stocks increased to 50.6 million pounds and on September 1, 61.9 million pounds were in storage or in transit. The former was approximately 9.3 million pounds above the holdings at the same date in 1937 and the latter exceeded the September 1 figure of the previous year by approximately 12 million pounds. The increases in production and stocks over last year are shown in percentage terms below. It should be noted that both storage and transit stocks are used in these calculations.

	<u>Production</u>		<u>Stocks</u>
June	9.4 %	July 1	23.5 %
July	8.6 %	August 1	22.4 %
August	11.1 %	September 1	24.1 %

The problem that comes to the fore at the present time is to determine the domestic requirements for the next eight months, what surplus, if any, would be available for export, and the practicability or otherwise of making shipments of butter to Great Britain without incurring financial losses. The former can be calculated with a reasonable degree of accuracy on the basis of the per capita consumption. During the period September 1, 1936 to April 30, 1937, the per capita consumption of creamery butter, both domestic and foreign, amounted to 14.64 pounds. Applying this to the revised population figures of 11,209,000, the disappearance of butter in this period would amount to approximately 164 million pounds. With 62 million pounds on hand on September 1, and assuming that the production is the same as that of the previous year (116,706,020 pounds) this would leave a surplus of 14.6 million pounds as at that date. There is, of course, the possibility of a slight increase in production, but with prices at the existing level this is likely to be partially offset by an increase in consumption over the previous year; for certainly the prices that prevailed in the early part of last winter reduced the demand and had a detrimental effect on consumption long after prices began to move in the opposite direction.

TABLE V - THE CHEESE POSITION IN CANADA, JUNE TO AUGUST, 1936 TO 1938.

		June	July	August	June to August
Stocks in storage at first of the month -	1936	15,860,150	24,373,263	30,700,229	-
(Not adjusted for new firms)	1937	19,908,736	30,571,172	35,508,497	-
	1938	22,478,682	32,061,752	38,445,559	-
Production during month -	1936	21,238,965	22,008,456	19,514,829	62,762,250
	1937	24,818,823	24,823,239	22,075,117	71,717,179
	1938	22,262,013	21,183,060	19,464,722	62,909,795
Imports -	1936	66,865	77,919	90,257	235,041
	1937	76,255	107,193	65,973	249,421
	1938	81,264	106,319	68,827	256,410
Exports -	1936	5,315,100	11,541,100	10,107,100	26,963,300
	1937	6,883,800	15,071,200	13,227,100	35,182,100
	1938	5,477,200	11,694,900	10,569,500	27,741,600
Prices -	1936	13	13 1/2	14 5/8	13 3/4
	1937	15 1/8	14 3/4	14 1/4	14 3/4
	1938	14 3/8	14 1/2	14 3/8	14 3/8
Total Disappearance of Canadian-made Cheese	1936	12,725,852	15,681,490	16,183,283	44,590,625
	1937	14,156,387	19,885,914	15,392,752	49,435,053
	1938	12,678,943	14,799,253	14,488,935	41,967,131
Domestic Disappearance of Canadian-made Cheese	1936	7,410,752	4,140,390	6,076,183	17,627,325
	1937	7,272,587	4,814,714	2,165,652	14,252,953
	1938	7,201,743	3,104,353	3,919,435	14,225,531

With regard to the feasibility of exporting butter, this may be determined by comparing export costs with the prevailing prices in London and Montreal. At the present time of writing the London price for first grade Australian butter is 110 shillings per hundred pounds or 23 5/8 cents per pound. For a time a fixed price prevailed, but this order has now been rescinded. The comparable price of first grade Canadian butter is 23 1/8 cents. The cost of shipping butter to London is approximately \$1.67 cents per hundred pounds. The charges vary somewhat, but the figures below, giving the details in connection with two shipments from Montreal to London in the month of July, offer a fair idea of the obligations that exporters must be prepared to meet.

Shipment No. 1

Ocean Freight, etc.	\$1.28
Wiring, Branding, Cartage	.10
Insurance	.03
Commission	.23
	<hr/>
	\$1.64 per 100 pounds

Shipment No. 2

Ocean Freight	\$1.26
Wharfage & Port Dues	.02
Wiring & Branding	.07
Cartage	.04
Insurance	.03
Commission at $\frac{1}{4}\%$.25
	<hr/>
	\$1.67 per 100 pounds

It will be seen that exporters incur a loss at the present time which would at least equal the export costs of \$1.67 per hundred pounds. These calculations, of course, are made on the assumption that butter can be bought in Canada or can be sold at London for the prices quoted. In this connection there is quite an element of speculation, particularly on the sales side, and those offering butter in the Old Country may be required to sell somewhat below the average quotation. This would result in a proportionately greater loss to the Canadian dealer.

BUTTER PRICES

The butter market was characterized by frequent but minor changes throughout the month of June. Beginning with 25 $\frac{1}{2}$ cents it declined a $\frac{1}{2}$ cent in the course of the first few days, and then increased to 25 3/8 cents. This was followed by a recession which reduced the price to 24 3/8 by the middle of the month. During the next ten days the market reacted to a slightly stronger demand and by a succession of fractional increases prices moved up to 26 cents. Slightly lower prices prevailed during the last part of June, finally closing at 25 $\frac{1}{4}$ cents, which was also the average price for the month. As compared with June last year it represents a gain of 5/8 cents.

Butter prices remained comparatively steady in July, varying less than 1 cent from high to low. Commencing with 25 3/8 cents at the beginning of the month prices fell to 25 cents, and by a series of slight changes the quotation of 24 3/4 cents was reached on July 12. After that date the market showed somewhat more strength and by the middle of the month butter prices had moved up to 25 5/8 cents. A reaction commenced on July 16, however, and prices gradually fell back to the former

TABLE VI - PRODUCTION OF CREAMERY BUTTER IN CANADA, BY PROVINCES,
JUNE TO AUGUST, 1937 AND 1938.
(In Thousands of Pounds)

Province	June		July		August		June to August		Percentage Increase (+) Decrease (-)
	1937	1938	1937	1938	1937	1938	1937	1938	
Prince Edward Island	374	431	440	402	324	356	1,138	1,189	(+) 4.5
Nova Scotia	899	957	846	882	606	730	2,351	2,569	(+) 9.3
New Brunswick	702	822	728	859	560	705	1,990	2,386	(+) 19.9
Quebec	12,195	13,144	10,993	12,267	10,297	11,600	33,485	37,011	(+) 10.5
Ontario	11,407	12,419	9,985	10,647	8,388	9,756	29,780	32,822	(+) 10.2
Manitoba	4,089	4,182	4,051	4,027	3,159	3,375	11,299	11,584	(+) 2.5
Saskatchewan	4,048	4,329	4,193	4,510	3,773	3,809	12,014	12,648	(+) 5.3
Alberta	3,906	4,884	4,172	4,885	4,070	4,363	12,148	14,132	(+) 16.3
British Columbia	639	701	508	531	466	471	1,613	1,703	(+) 5.6
CANADA	38,259	41,869	35,916	39,010	31,643	35,165	105,813	116,045	(+) 9.7

TABLE VII - PRODUCTION OF CHEDDAR CHEESE IN CANADA, BY PROVINCES,
JUNE TO AUGUST, 1937 AND 1938.
(In Thousands of Pounds)

Province	June		July		August		June to August		Percentage Increase (+) Decrease (-)
	1937	1938	1937	1938	1937	1938	1937	1938	
Prince Edward Island	82	68	147	102	113	90	342	260	(-) 24.0
New Brunswick	153	123	145	113	108	96	406	332	(-) 18.2
Quebec	6,258	4,954	6,701	5,302	5,856	4,900	18,815	15,156	(-) 19.5
Ontario	17,550	16,146	17,016	14,744	15,267	13,612	49,833	44,502	(-) 10.7
Manitoba	431	477	463	439	372	337	1,266	1,253	(-) 1.0
Saskatchewan	70	81	80	92	76	91	226	264	(+) 16.8
Alberta	244	348	255	333	272	297	771	978	(+) 26.8
British Columbia	31	65	16	58	11	42	58	165	(+) 184.5
CANADA	24,819	22,262	24,823	21,183	22,075	19,465	71,717	62,910	(-) 12.3

level of 24 3/4 cents which became the ruling quotation until the end of the month. The average price for July was 25 cents, just 1 cent below the average for the same month last year.

During the first half of August butter prices recorded almost continuous declines, falling from 24 5/8 cents at the beginning to 23 cents on August 12 and 22 7/8 cents on August 15. During the following nine days prices held at 23 to 23 1/4 cents, but a subsequent decline established the former quotation of 22 7/8 cents. During the last quarter of the month the prices moved up from 23 1/4 to 23 5/8 cents. The monthly average was 23 1/2 cents, 3 1/4 cents below the average for August, 1937.

While it would be idle to draw conclusions from the price movement during these three months, it is at least apparent that heavy stock holdings have tended to give the market a weaker tone during the last part of the summer period. What happens in future months will depend on the export movement and on the supply position in Great Britain. With prices in Canada nearly on a par with those in Britain, there is little hope of any large movement taking place. Coupled with this situation is the fact that supplies in Great Britain, both potential and actual, are greater than a year ago. Consequently the British market may not be able to readily absorb the apparent surplus on hand in this country. Recognizing that the condition of the British market is the controlling influence, there is little hope of any immediate improvement in prices in this country, although if export arrangements are put into effect it is possible that sufficient may be taken off the domestic market to at least stabilize prices at the present level.

THE CHEESE POSITION

The most encouraging feature of the cheese position is the existence of a relatively stabilized price structure and a slight increase in the domestic disappearance. In the month of June the disappearance figures were 229 thousand pounds above those given for the same month last year. The decline in July was 1.8 million pounds, but this was offset by an increase of 2.1 million pounds in August, making the total for the three-month period 473 thousand pounds above the corresponding figure for the June-August period in 1937. It is apparent that the domestic disappearance was in no way associated with price changes. Considering that so much cheddar cheese is processed before it enters consumption channels, the erratic changes from month to month are easier to understand than a product like butter which is consumed in its original form. The figures shown in Table V are based on unadjusted stock figures, while those quoted above exclude the holdings of new firms. Imports are not used in making the calculation on domestic disappearance because they represent varieties of cheese not commonly produced in this country. The adjusted data with percentage comparisons appear below.

	<u>June</u>	<u>July</u>	<u>August</u>	<u>June-August</u>
1937	7,272,587	4,814,714	2,165,652	14,252,953
1938	7,501,743	3,004,363	4,219,435	14,725,531
% Change	+3.2	-37.6	+94.8	+3.3

Cheese exports as shown in Table V were down from last year during each of the three months, while the total reduction during the period amounted to approximately 7.4 million pounds. Consequently, the stock holdings are abnormally high showing substantial increases during the entire summer as compared with the stocks shown for the same months last year. The data covering the production of cheese, on the other hand, reveal continuous declines in comparison with last year, the total

TABLE VIII - PRODUCTION OF CONCENTRATED MILK PRODUCTS IN CANADA,
JUNE TO AUGUST, 1937 AND 1938.
(In Thousands of Pounds)

Commodity	June		July		August		June to August		
	1937	1938	1937	1938	1937	1938	1937	1938	Percentage Increase (+) Decrease (-)

WHOLE MILK PRODUCTS

Condensed	706	800	977	1,021	715	654	2,398	2,475	(+) 3.2
Evaporated	12,110	15,199	10,355	11,557	9,643	9,907	32,108	36,663	(+) 14.2
Milk Powder	595	841	599	703	591	532	1,785	2,076	(+) 16.3
Cream Powder	2	-	2	-	7	-	11	-	-
TOTAL	13,413	16,840	11,933	13,281	10,956	11,093	36,302	41,214	(+) 13.5

MILK BY-PRODUCTS

Skim Milk:

Condensed	527	709	477	536	463	482	1,467	1,727	(+) 17.7
Evaporated	46	61	80	115	101	65	227	239	(+) 5.3
Powder	2,566	3,458	2,299	3,206	1,930	2,993	6,795	9,657	(+) 42.1
Buttermilk:									
Powder	286	642	202	454	205	381	693	1,477	(+) 113.1
Condensed	354	254	395	77	257	136	1,006	467	(-) 53.6
Casein	190	297	110	226	70	169	370	692	(+) 87.0
Sugar of Milk	25	43	27	39	26	38	78	120	(+) 53.8
TOTAL	3,994	5,464	3,590	4,653	3,052	4,262	10,636	14,379	(+) 35.2

WHOLE MILK AND MILK BY-PRODUCTS, COMBINED

TOTAL	17,407	22,304	15,523	17,934	14,008	15,355	46,938	55,593	(+) 18.4
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reduction for the three-month period as compared with the same period in 1937 being 8.8 million pounds or 12 per cent. In the table below changes are shown in production and stocks by months as compared with the corresponding months of the previous year. The stocks figures upon which the changes are based exclude the holdings of new firms added since January 1, 1938.

	<u>Production</u>	<u>Stocks</u>
Change in position by months, as compared with previous year.		
June	- 10.3 %	+ 7.4 %
July	- 14.7 %	+ 0.3 %
August	- 11.8 %	+ 4.6 %

In view of the steady prices that prevailed during the summer, there would appear to be little reason for a decline in production in the summer period as compared with the June-August period a year ago. A study of the production figures by provinces (see Table VII) indicates that the decrease for the Dominion does not apply to all provinces. The three western provinces, Saskatchewan, Alberta and British Columbia, showed a higher output than last year, while the Manitoba cheese make in the June-August period was practically equal to the summer output of 1937. Comparatively high prices were paid for milk delivered to condensaries in Ontario and Nova Scotia, and in the case of Ontario, cheese factories located in close proximity to the milk plants found it difficult to compete. Higher hog prices also played some part in limiting deliveries to cheese factories. Not only are there more pigs on farms in Quebec and Ontario than there were in 1937, but attractive pork prices influenced farmers to patronize creameries so that they might take full advantage of the opportunities offered in the utilization of milk for feeding the additional numbers; thus gaining profits that would not be open to them as patrons of cheese factories. There is still another factor that played a part in the situation. Patrons of creameries are assured of a continuous outlet, winter and summer. Farmers patronized creameries early in the season before many of the cheese factories had opened for business. At that time butter prices were comparatively high. Farmers do not, as a rule, transfer their patronage in the middle of the season, but are inclined to stay with the concern with which they commenced to do business, unless quite definite changes occur. A study of the comparative figures on production would show that a change was taking place between creamery and cheese factory production, but the movement in this direction was quite gradual. As the season advanced, correspondingly larger proportions of the farm milk supply were used for cheese making.

CHEESE PRICES

The daily quotation for No. 1 Ontario coloured cheese at Montreal remained steady at $14\frac{1}{2}$ cents until June 13 when a fractional decline was recorded, and from that date until June 23, $14\frac{1}{4}$ and $14\frac{1}{8}$ cents were the prevailing quotations. During the last week of June they were slightly higher, varying from $14\frac{3}{8}$ to $14\frac{7}{8}$ cents. The average for the month was $14\frac{3}{8}$ cents, just $\frac{3}{4}$ of a cent below the average for June, 1937.

Beginning with $14\frac{5}{8}$ cents in July, cheese prices moved to $14\frac{3}{4}$ cents. Between July 5 and July 12 prices ranged between $14\frac{1}{2}$ and $14\frac{3}{4}$ cents, after which they advanced to $14\frac{7}{8}$ cents and held at that point until July 19. A fractional recession developed during the last ten days of July bringing prices down to

TABLE IX - WHOLESALE PRICE INDEXES OF THE PRINCIPAL DAIRY PRODUCTS
IN COMPARISON WITH OTHER AGRICULTURAL PRODUCTS, IN CANADA,^x
JUNE TO AUGUST, 1937 AND 1938.

Base 1926 = 100

		June	July	August	June to August
Fresh Milk	1937	80.8	80.7	80.7	80.7
	1938	83.0	81.4	81.7	82.0
	%	(+) 2.7	(+) .9	(+) 1.2	(+) 1.6
Butter	1937	63.7	66.7	69.2	66.5
	1938	65.4	65.2	61.7	64.1
	%	(+) 2.7	(-) 2.2	(-) 10.8	(-) 3.6
Cheese	1937	70.3	71.7	63.0	68.3
	1938	70.2	70.8	69.5	70.2
	%	(-) .1	(-) 1.3	(+) 10.3	(+) 2.8
Coarse Grains [∧]	1937	105.2	116.0	93.3	104.8
	1938	84.3	75.3	59.1	72.9
	%	(-) 19.9	(-) 35.1	(-) 36.7	(-) 30.4
Wheat (All Grades)	1937	84.6	98.8	87.7	90.4
	1938	76.2	65.7	51.5	64.5
	%	(-) 9.9	(-) 33.5	(-) 41.3	(-) 28.7
Veal	1937	69.1	69.2	78.7	72.3
	1938	69.9	71.5	79.8	73.7
	%	(+) 1.2	(+) 3.3	(+) 1.4	(+) 1.9
Steers	1937	116.6	118.6	121.1	118.8
	1938	101.8	99.2	97.0	99.3
	%	(-) 12.7	(-) 16.4	(-) 19.9	(-) 16.4
Hogs	1937	70.1	76.5	80.0	75.5
	1938	84.3	92.5	75.4	84.1
	%	(+) 20.3	(+) 20.9	(-) 5.7	(+) 11.4
All Farm Products	1937	83.7	92.5	84.9	87.0
	1938	76.6	71.5	64.2	70.8
	%	(-) 8.5	(-) 22.7	(-) 24.4	(-) 18.6

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

[∧] Includes Oats No. 2 C.W. and Barley No. 3 C.W.

14 3/4, then to 14 $\frac{1}{4}$ and finally to 14 1/8 cents. The average for July was 14 $\frac{1}{2}$ cents, which represented a $\frac{1}{4}$ cent decline from the same month last year.

The August quotations revealed frequent but minor changes throughout the month. The 14 $\frac{1}{4}$ quotation was advanced to 14 3/8 cents on August 4, and after a few up and downs settled at 14 $\frac{1}{4}$ cents. This was the standing price between August 11 and August 16, after which the market advanced for a few days and then reverted to the former level. Prices advanced to 14 $\frac{1}{2}$ cents on August 29 and then declined to 14 3/8 cents, which also represented the average for the month as compared with 14 $\frac{1}{4}$ cents in 1937. For the three months, June to August, the average price of cheese was 14 3/8 cents, which revealed a difference of 3/8 cents in favour of the 1937 price.

MILK PRODUCTS

In the period June to August, 1938, 41.2 million pounds of whole milk products were manufactured in Canada and 14.4 million pounds of concentrated milk by-products, registering advances of approximately 14 per cent and 35 per cent respectively over the production of the same period in 1937. In the former group the most important product is evaporated milk, the output of which amounted to 36.7 million pounds, or 89 per cent of the total. The production of skim milk powder, which ranks first among the milk by-products, amounted to 9.7 million pounds, representing 67 per cent of the total.

At the first of each month, June to September, the stocks of concentrated whole milk, in comparison with those reported at the same date a year ago, increased 6.7 million pounds, 5.8 million pounds, 6.7 million pounds and 10.1 million pounds respectively; while stocks of milk by-products registered respective increases of approximately 2.5 million pounds, 3.3 million pounds, 4.8 million pounds and 5.6 million pounds. These stocks reflect corresponding advances in the quantity manufactured during the period under review.

British and foreign markets continue to absorb a large proportion of the output of milk plants. In the June-August period of 1938 exports amounted to 13.3 million pounds, compared with 10.7 million pounds in the same period in 1937. Approximately 24 per cent of the Canadian output was shipped out of the Dominion. Shipments made to the United Kingdom represented 78 per cent of the total and those made to the United States represented only 1 per cent of the total. Evaporated milk constituted 11.4 million pounds of all exports, milk powder 1.4 million pounds and condensed milk 605 thousand pounds. As compared with the same period last year, exports of evaporated milk advanced while milk powder declined.

The United States export market for fresh milk has almost disappeared. Exports of cream have also declined, falling from 42 thousand gallons in the three summer months of 1937 to only 590 gallons in the same period of 1938.

PRICE INDEXES

A downward trend in the prices of farm products was quite definitely indicated in the June-August period of 1938 as compared with the same period of 1937. (See wholesale price indexes in Table IX). Furthermore, as the season advanced the decline from the previous year became proportionately greater. This was shown in an 8.5 per cent reduction in June against a 22.7 per cent reduction in July and a 24.4

TABLE X - RETAIL PRICE INDEXES OF DAIRY AND MEAT PRODUCTS IN CANADA,^x
JUNE TO AUGUST, 1937 AND 1938.

Base 1926 = 100

	June	July	August	Average June to August
Creamery Butter				
1937	63.8	64.7	68.9	65.8
1938	70.2	66.9	66.7	67.9
%	(+) 10.0	(+) 3.4	(-) 3.2	(+) 3.2
Cheese				
1937	71.1	72.0	72.3	71.8
1938	74.8	74.8	75.2	74.9
%	(+) 5.2	(+) 3.9	(+) 4.0	(+) 4.3
Milk (Fresh)				
1937	90.0	90.0	90.0	90.0
1938	94.2	92.5	92.5	93.1
%	(+) 4.7	(+) 2.8	(+) 2.8	(+) 3.4
Veal Roast				
1937	74.0	74.5	74.5	74.3
1938	83.3	81.8	81.3	82.1
%	(+) 12.6	(+) 9.8	(+) 9.1	(+) 10.5
Beef Sirloin				
1937	96.3	100.3	98.6	98.4
1938	96.6	96.6	97.3	96.8
%	(+) .3	(-) 3.7	(-) 1.3	(-) 1.6
Beef Chuck				
1937	98.1	101.9	95.6	98.5
1938	101.3	101.3	99.4	100.7
%	(+) 3.3	(-) .6	(+) 4.0	(+) 2.2
Pork Fresh				
1937	72.2	74.8	78.5	75.2
1938	82.1	86.8	90.7	86.5
%	(+) 13.7	(+) 16.0	(+) 15.5	(+) 15.0
Lard				
1937	69.0	69.0	69.0	69.0
1938	62.4	62.0	62.4	62.3
%	(-) 9.6	(-) 10.1	(-) 9.6	(-) 9.7
Eggs				
1937	53.8	57.7	68.8	60.1
1938	59.6	66.2	72.9	66.2
%	(+) 10.8	(+) 14.7	(+) 6.0	(+) 10.1

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

per cent decline in August. Hogs, veal, cheese and fresh milk were the only farm products that did not appear in the record of reduced values. Wheat and coarse grains registered the most outstanding reductions. The former declined 28.7 per cent in the summer period of 1938 as compared with the same period of 1937, while the latter decreased 30.4 per cent. Steers came next with a decline of 16.4 per cent, while butter fell only 3.6 per cent from last year. Other dairy products, fresh milk and cheese, increased 1.6 and 2.8 per cent, respectively. Cheese declined in June and July, but the significant advance in August offset the reduction for the two previous months.

In measuring the seasonal trend as shown in these indexes, it is apparent that wheat made the most radical decline, falling from 76.2 in June to 65.7 in July. The coarse grains came next, the index declining from 84.3 in June to 75.3 in July. In the month of August, when the butter index registered a decrease of 10.8 per cent from the same month last year, coarse grains showed a decline of 36.7 per cent and the wheat index fell 41.3 per cent. A competitive factor was introduced when hog prices advanced in the months of June and July. The net increase in the hog price index for the three-month period over the same period last year was 11.4 per cent. Taking the summer period as a whole, hogs had a distinct preference as a saleable product over cheese and milk, which advanced only 2.8 per cent and 1.6 per cent, respectively, over the prices recorded in the previous summer. In the month of August a different situation existed. The monthly index for cheese went up 10.3 per cent over that of August a year ago, while hogs declined 5.7 per cent and veal only increased 1.4 per cent. A comparison of the actual indexes for the period under review indicates that butter and cheese prices are further below the 1926 base than any of the meat products, and are lower than all other products except wheat. Milk, on the contrary, exceeds all 1938 indexes except hogs and steers, both of which are practically on a par with the base year.

We may conclude from an analysis of the data just reviewed that dairy products offer price advantages to producers over other products in the group, both in comparison with last year and on the basis of the long time trend. In this respect the cheese industry is especially favoured. While the rise in hog prices early in the season created some competition for a time, recent developments would indicate that hog production is no longer a formidable competitor.

An analysis of the retail price indexes and the changes in these indexes from 1937 reveal a relatively satisfactory situation in so far as they affect the disposition of dairy products. During the summer period the retail index for creamery butter was just 3.2 per cent higher than it was last year during the same period. Cheese advanced 4.3 per cent and fresh milk was 3.4 per cent above the 1937 level. In comparison with eggs, veal and pork, dairy products would appear to have the advantage from a consumer's standpoint, eggs having advanced 10.1 per cent, veal 10.5 per cent and pork 15 per cent. Lard and beef are the only meat commodities that offer price competition with dairy products on the basis of comparative figures for last year and this year. The former declined 9.7 per cent in the June to August period as compared with the same period last year, while the latter showed a decrease of 1.6 per cent for sirloin and an increase of only 2.2 per cent for the low-priced cuts. If we compare the actual indexes for dairy products with those given for other products in the group, it will be seen that dairying is not likely to lose out in what might be called the long time competition. For example, the creamery butter index for the three-month period is 67.9 and cheese is 74.9. Eggs and lard, with indexes of 66.2 and 62.3, are the only articles that exceed dairy products in the price decline from 1926. In the case of the cheaper cuts of beef, there was no decline at all.

While it is apparent that lard at present prices might offer some competition with butter, and that meat might be used in place of cheese, the price differences are hardly sufficient to cause any appreciable shift in consumption. Then again, the nutritional value of milk is being more and more emphasized by health authorities, and the convenience of a food product such as cheese, are factors that are apt to play a part in consumer's preferences regardless of minor changes in price.

TABLE XI - STOCKS OF BUTTER^x, CHEESE AND CONCENTRATED MILK PRODUCTS IN CANADA,
BY MONTHS, JUNE TO SEPTEMBER, 1937 AND 1938.

Product	June 1	July 1	August 1	September 1
	Lb.	Lb.	Lb.	Lb.
Creamery Butter				
1937	9,949,124	27,130,253	41,358,700	49,890,407
1938	13,321,980	33,502,254	50,604,768	61,918,619
Dairy Butter				
1937	49,426	286,667	423,547	426,839
1938	29,362	200,365	358,770	434,008
Cheese				
1937	19,908,736	30,571,172	35,508,497	42,190,862
1938	22,478,682	32,061,752	38,445,559	43,421,346
Concentrated Whole Milk Products -				
Condensed Milk				
1937	785,610	2,814,261	2,861,302	583,773
1938	783,188	644,024	948,262	860,295
Evaporated Milk				
1937	7,804,703	11,461,187	13,783,480	14,996,274
1938	14,074,088	18,604,006	21,285,043	22,846,216
Milk Powder				
1937	546,977	517,314	673,293	703,377
1938	945,870	1,380,110	1,791,780	2,649,746
Total Whole Milk Products				
1937	9,141,855	14,795,931	17,320,219	16,287,146
1938	15,812,006	20,635,423	24,029,859	26,359,405
Concentrated Milk By-Products -				
Condensed Skim Milk				
1937	215,968	293,085	259,055	302,955
1938	387,237	541,049	611,765	611,429
Evaporated Skim Milk				
1937	49,988	38,279	53,241	23,192
1938	/	/	/	/
Skim Milk Powder				
1937	950,023	1,552,273	1,666,805	1,858,032
1938	2,575,139	3,715,464	4,977,945	5,955,313
Total By-Products				
1937	1,379,852	2,143,904	2,256,573	2,458,989
1938	3,864,286	5,440,143	7,070,857	8,107,147

^x Butter stocks include transit stocks as well as stocks in storage.

/ Less than three reports received.

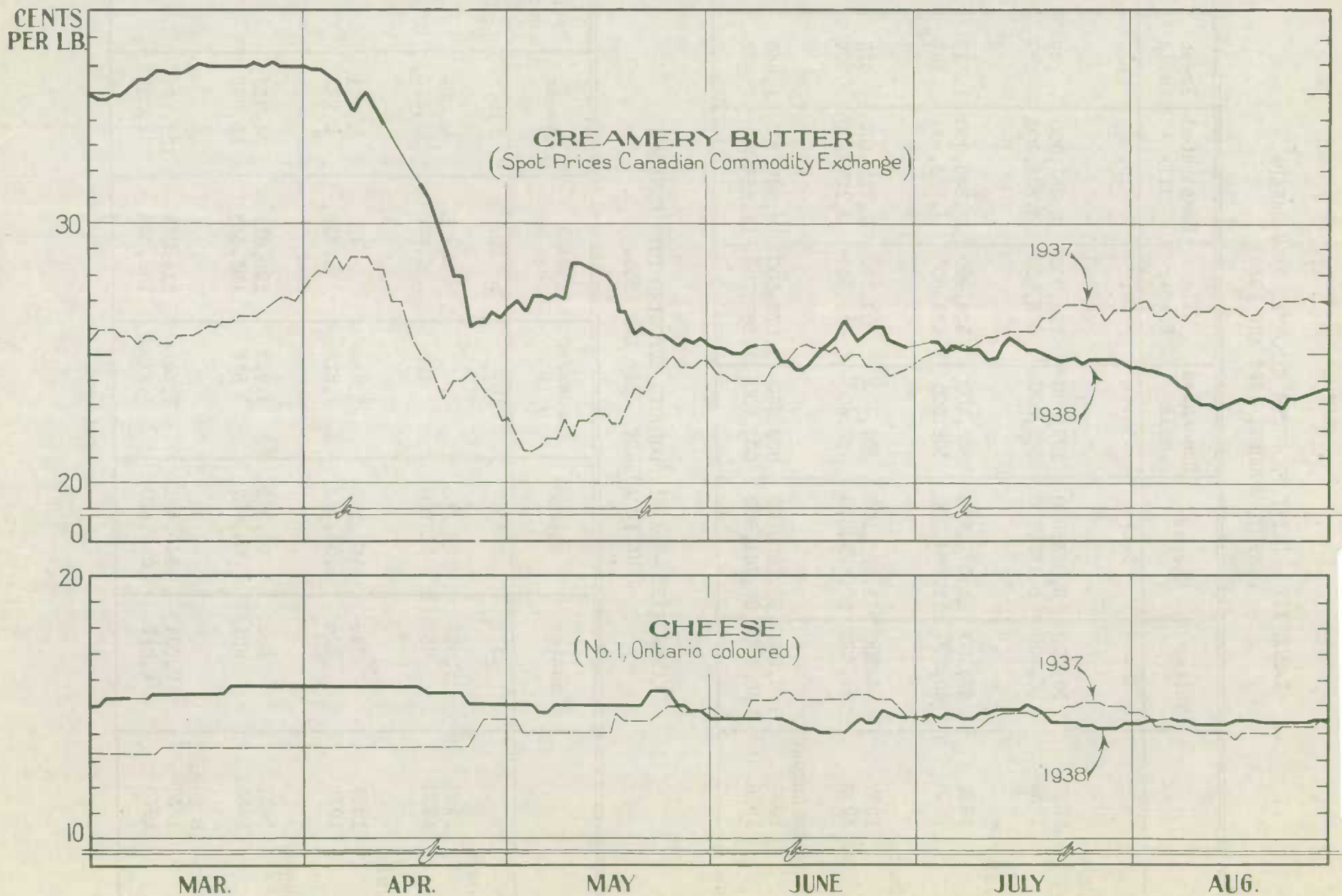
TABLE XII - DAIRY PRODUCTS EXPORTED FROM CANADA,
JUNE TO AUGUST, 1937 AND 1938.

	Butter	Cheese	Condensed Milk	Milk Powder	Evaporated Milk	Fresh Milk	Cream
	lb.	lb.	lb.	lb.	lb.	gal.	gal.
June							
1937	38,800	6,883,800	189,000	532,900	2,951,000	149	15,540
1938	55,700	5,477,200	242,300	376,600	4,506,800	280	285
July							
1937	49,100	15,071,200	343,400	329,900	2,846,600	1,313	15,184
1938	80,200	11,694,900	306,500	489,600	3,733,700	184	145
August							
1937	54,300	13,227,100	307,400	409,700	2,752,100	478	11,679
1938	159,400	10,569,500	56,400	501,500	3,128,700	208	160
June to August							
1937	142,200	35,182,100	839,800	1,272,500	8,549,700	1,940	42,403
1938	295,300	27,741,600	605,200	1,367,700	11,369,200	672	590

TABLE XIII - DAIRY PRODUCTS IMPORTED INTO CANADA,
JUNE TO AUGUST, 1937 AND 1938.

	Butter	Cheese	Condensed Milk	Milk Powder	Casein	Fresh Milk and Cream
	lb.	lb.	lb.	lb.	lb.	gal.
June						
1937	1,052	76,255	-	6,605	91,899	210
1938	655	81,264	398	6,972	11,533	91
July						
1937	689	107,193	2,418	424	1,361	977
1938	336	106,319	2,525	43,316	2,665	280
August						
1937	653	65,973	4,923	106,815	34,931	264
1938	821	68,827	355	133,366	28,093	722
June to August						
1937	2,394	249,421	7,341	113,844	128,191	1,451
1938	1,812	256,410	3,278	183,654	42,291	1,093

DAILY PRICES OF BUTTER AND CHEESE AT MONTREAL DURING MARCH TO AUGUST 1937 AND 1938



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