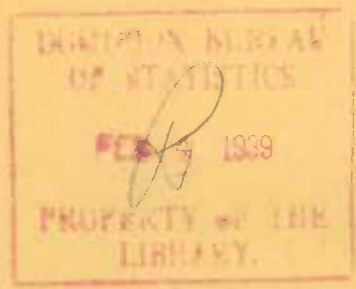


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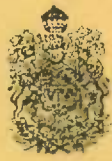
REPORT NO. 4

THE DAIRY SITUATION
IN
CANADA

AUTUMN QUARTER

AUGUST - NOVEMBER

1938



OTTAWA
1939

Price 25 cents

TABLE OF CONTENTS

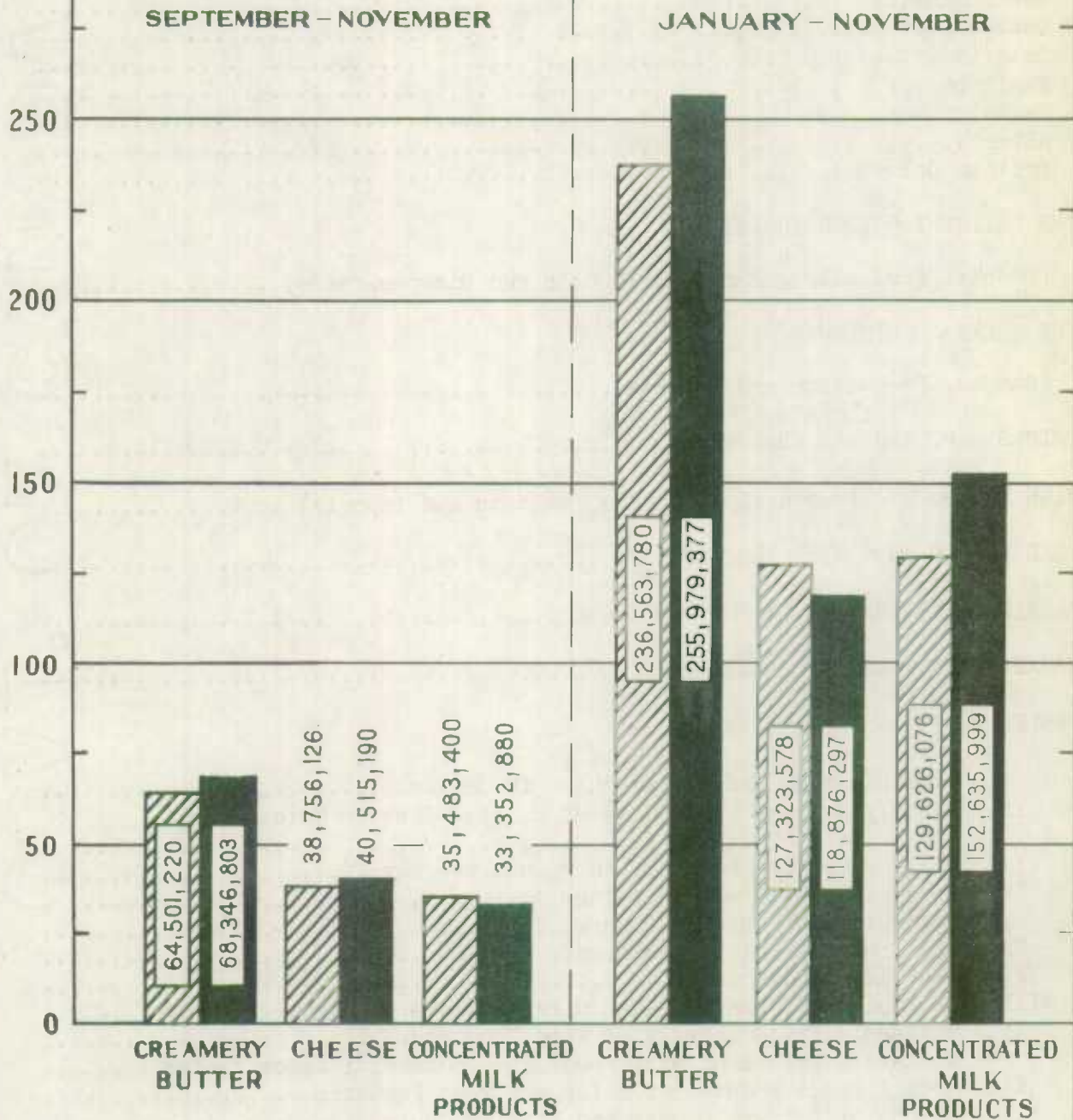
	<u>Page Number</u>
SUMMARY.....	1
THE DAIRY SITUATION BY PROVINCES.....	3
Prince Edward Island.....	3
Nova Scotia.....	5
New Brunswick.....	9
Quebec.....	10
Ontario.....	12
Manitoba.....	13
Saskatchewan.....	15
Alberta.....	17
British Columbia.....	18
THE CREAMERY BUTTER POSITION	
(Stocks, Production, Exports, Imports and Disappearance).....	23
THE CHEESE POSITION	
(Stocks, Production and Exports).....	27
PRICES -- BUTTER AND CHEESE.....	31
MILK PRODUCTS -- (Production, Stocks, Exports and Imports).....	32
FEED PRICES AND PRICE INDEXES.....	33
RETAIL PRICE INDEXES OF FOOD PRODUCTS.....	33
CANADA - UNITED STATES AGREEMENT.....	35
TABLES --	
I -- Precipitation and Temperatures in Canada.....	4
II -- Monthly Average Percentage of Milking Cows to Total Cows in Canada.....	6
III -- Milk Production Per Cow, in Pounds per Day.....	8
IV -- Production of Creamery Butter.....	21
V -- Production of Cheddar Cheese.....	21
VI -- The Creamery Butter Position.....	22
VII -- The Cheese Position.....	26
VIII -- Production of Concentrated Milk Products.....	28
IX -- Wholesale Price Indexes of Farm Products.....	30
X -- Wholesale Prices of Mill Feeds and Commercial Concentrates.....	32
XI -- Retail Price Indexes of Dairy and Meat Products.....	34
XII -- Stocks of Butter, Cheese and Milk Products.....	36
XIII -- Dairy Products Exported from Canada.....	37
XIV -- Dairy Products Imported into Canada.....	37
CHARTS --	
1 -- Production of Butter, Cheese and Concentrated Milk (Back of Table of Contents)	
2 -- Prices of Creamery Butter and Cheese.....	38

PRODUCTION OF CREAMERY BUTTER, CHEESE AND CONCENTRATED MILK PRODUCTS

MILLION
LB.

1937

1938



DOMINION BUREAU OF STATISTICS
AGRICULTURAL BRANCH

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SUMMARY

This issue of the Dairy Situation in Canada covers the autumn period, September to November, 1938, and contains a descriptive analysis of production conditions by provinces, together with a review of the supply, distribution and current prices of dairy products. The report is based on information supplied by Dairy Farm Observers, including Agricultural Representatives, and Superintendents of Experimental Farms, as well as the monthly returns received from Dairy Factories, Dairy Correspondents, Dairy Commissioners, and Provincial Statisticians.

THE CREAMERY BUTTER POSITION as at the end of November, 1938, contained three significant features. Prices were low as compared with last year and as compared with the preceding period, the average for these three months being 22 5/8 cents for the first grade product at Montreal as compared with 28 1/8 cents in the September-November period of 1937 and 24 5/8 cents in the June-August period of 1938. Yet despite reduced prices, the abundant feed supplies, good pastures, and open weather conditions advanced the production during the autumn period to 68.3 million pounds, an increase of 6 per cent over the same period of 1937; while stocks that had reached the all time high of 65.1 million pounds (storage and transit holdings combined) on October 1, still held at 53.6 million pounds at the end of the period on December 1, 1938. Finally, although the Domestic disappearance of butter rose nearly 2 per cent over the September-November period of the preceding year, the net exports (exports of 3.1 million pounds less imports of 3 thousand pounds) represented a decline of 1/2 million pounds from the same period of 1937, and the estimated surplus (apparent supply in excess of domestic requirements to the end of April, 1939) which had stood at 14.7 million pounds at the beginning of the period was virtually unchanged at December 1, 1938.

THE CHEESE POSITION was affected in the autumn period by the decline in butter prices from last year as compared with an increase in cheese prices for the first two months of the period. The average September-November price for first grade Ontario coloured cheese at Montreal was 13 7/8 cents, only 1/2 cent less than the average for the autumn period of 1937. Consequently, cheese production, which had lagged behind the 1937 output up to the end of September, increased 4.0 per cent in October and 61.5 per cent in November, and the September-November production of 40.5 million pounds was over 4 per cent above the output for the three-month period of the previous year. The total disappearance of domestic stocks, amounting to 31.5 million pounds in the three autumn months, represented a decline of 3.4 per cent from the same period of the previous year. This was due to a fall in exports from 45.2 to 38.7 million pounds. Hence, stocks that had fallen 2.2 per cent below the 1937 level on September 1, advanced to 30.3 million pounds on December 1, 1938, an increase of 9.6 per cent over those shown at the same date the year before. Cheese imports were slightly lower than those reported in the same period of 1937.

THE PRODUCTION OF CONCENTRATED MILK PRODUCTS reached a total of 33.3 million pounds in the period under review, 72 per cent of which represented whole milk products and 28 per cent milk by-products. The former declined 15 per cent, while the latter increased 28 per cent, as compared with the same period in 1937.

A REVIEW OF FEED CONDITIONS indicates a satisfactory situation in all provinces except in British Columbia where the severe summer drought reduced available supplies as compared with last year. Dry weather prevailed in many parts of Canada during a part of the fall period; pastures suffered from a lack of moisture and water levels declined. However, in the late fall temperatures rose above normal, moisture conditions improved and the operating period of cheese factories was extended about two weeks longer than in former seasons. All feed crops show increases in production over those of the previous year except alfalfa. The 1938 hay and clover crop exceeded the return for the previous year by 6 per cent, oats increased 38 per cent and barley 23 per cent. Succulent rations have been well provided for in a 12 per cent increase in fodder corn and a 5 per cent increase in turnips in 1938, as compared with 1937. All crops combined reveal a total of 35.3 thousand tons, which is 15.6 per cent above that of the preceding year.

MILCH COWS ON FARMS at June 1, 1938, were estimated at 3.9 million and dairy heifers reached approximately 900 thousand representing declines of 2 per cent from the same date in 1937. The number of heifers per hundred cows at June 1, 1938, was practically the same as at June 1, 1937. Dairy Correspondents reported that the percentage of milking cows to total cows was 77.7 per cent in the autumn of 1938 as compared with 76.7 in the same month of 1937, and the production of milk per cow was 11.1 pounds per day, compared with 11.3 pounds per day in the same period of the preceding year.

MILK PRODUCED ON FARMS was substantially higher in the autumn period of 1938 than in the same months of 1937. With ample feed supplies, more cows milking, and a possible increase in the production of milk per cow, the farm milk supply in the winter period is likely to exceed that of the December-February period of the previous year, the most important increase taking place in the early part of the winter season.

PRICES AND PRICE INDEXES indicate a general decline in the prices of farm products during the fall period of 1938 as compared with the same period of 1937. Next to wheat, coarse grains registered the greatest reduction, revealing a decline of 43 per cent from last year, while mill feeds show a decrease of 30 per cent. When these reductions are compared with a fall of 19 per cent in the wholesale creamery butter index for the autumn period of 1938 as compared with the September-November period of 1937, it would seem that dairy revenues are more closely in line with feed costs than they were at the same time twelve months ago. The retail indexes for the autumn period reveal a substantial reduction in the cost of butter as against higher meat prices, compared with those shown in the fall of 1937, which will tend to increase the consumption of dairy products.

THE CANADA-UNITED STATES TRADE AGREEMENT offers reduced rates of 3 1/4 cents a gallon on milk, 6 7/10 cents a gallon on cream and 1 to 3 cents a pound on cheese exported from Canada to the United States. The extent to which Canadian producers will benefit must depend, of course, on the price relationships between the two countries.

THE DAIRY SITUATION BY PROVINCES

Prince Edward Island

The past season has been a satisfactory one for dairy farmers in the province. Farmers are supplied with ample feed, and although there are fewer cows on farms than there were a year ago dairy production is still moving in an upward direction. There is a feeling of discouragement, however, with regard to market conditions and the lower prices being obtained from dairy products may necessitate a general reduction in farm expenditures.

Due to heavy rainfall during the summer and early fall, the growth of grass on pastures and meadows was well sustained throughout September, October and November. The harvest aftermath provided excellent feed for cattle, and on account of the continuation of mild weather, milch cows were retained on pasture until well on in November. Supplementary feeding was necessary, but not to the same extent as last year. In some parts of the province wells dried up and a shortage of water was threatened for a time, but a heavy fall of snow on November 24 corrected this situation. On account of favourable moisture conditions in the early fall newly seeded grass did very well and the heavy snowfall will provide a good covering. Pastures were not grazed as closely as last year and went into winter in better condition, so that there is quite a promising outlook for the spring of 1939.

Revised figures on the production of feeds reveal an abundance of coarse grains and quite a satisfactory root crop. Oats and barley registered increases of 46 and 41 per cent over last year's production and roots advanced 36 per cent. The hay crop was disappointing in both quantity and quality. The volume was 22.5 per cent below that of a year ago and was reduced in feeding value by weathering and over-maturity. It may be remembered however, that with the exception of Prince County a very good crop was produced in the province in 1937, so that the decline must be considered with this fact in mind. When all feed crops are totalled up on a tonnage basis, the figures reveal a decrease of 3 per cent from last year. The comparative data for 1937 and 1938 are given in the table below.

Production of Feed Crops, 1937 and 1938.
(Expressed in Thousands)

	Unit of Measure	1937	1938	Percentage Change
Hay and clover	Tons	383	297	- 22.5
Barley	Bush.	139	196	+ 41.0
Oats	Bush.	3,437	5,035	+ 46.5
Turnips	Cwt.	2,088	2,850	+ 36.5
Fodder corn	Tons	2.7	3.8	+ 40.7
Total amount of feed	Tons	551.9	533.6	- 3.32

The live stock survey of June 1, 1938, revealed a slight decrease in milch cow numbers as compared with those of the preceding year. In 1938 there were 45.8 thousand reported on farms as compared with 46.1 thousand in 1937. Yearling heifers showed a similar decline, falling from 12 thousand to 11.7 thousand. The proportion of yearling heifers to milch cows was practically the same as that of a year ago, and an increase of about 1 per cent in the calf population would give little indication that there would be any appreciable change in the milch cow.....

TABLE I - PRECIPITATION AND TEMPERATURES IN CANADA, BY PROVINCES
 SEPTEMBER TO NOVEMBER, 1937 AND 1938^x

Province and Year	INCHES OF PRECIPITATION				DEGREES OF TEMPERATURE			
	Sept.	Oct.	Nov.	Cumulative Precipitation	Sept.	Oct.	Nov.	Average Temperature
Prince Edward Island								
1937	3.1	4.9	6.6	14.6	60	48	37	48
1938	4.7	2.7	3.7	11.1	58	50	39	49
Nova Scotia								
1937	5.0	4.7	5.1	14.8	59	48	39	49
1938	4.7	3.3	4.6	12.6	58	50	41	50
New Brunswick								
1937	4.1	4.6	4.1	12.8	57	45	34	45
1938	4.7	2.6	3.5	10.8	55	47	34	45
Quebec								
1937	4.0	4.5	3.5	12.0	55	43	32	43
1938	4.9	1.5	2.2	8.6	53	46	32	44
Ontario								
1937	3.2	3.0	2.4	8.6	56	42	33	44
1938	3.0	1.1	2.3	6.4	55	48	34	46
Manitoba								
1937	1.8	1.5	1.2	4.5	53	40	20	38
1938	0.3	0.7	1.3	2.3	59	46	18	41
Saskatchewan								
1937	1.4	0.9	.7	3.0	54	42	20	39
1938	1.4	1.1	1.1	3.6	61	46	20	42
Alberta								
1937	1.9	0.9	1.3	4.1	52	43	20	38
1938	0.8	0.9	1.2	2.9	60	45	24	43
British Columbia								
1937	1.4	3.6	5.8	10.8	58	48	35	47
1938	1.8	3.2	3.1	8.1	61	47	34	47
CANADA								
1937	2.9	3.2	3.4	9.5	56	44	30	43
1938	2.9	1.9	2.6	7.4	58	48	31	45

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.

population. According to Dairy Correspondents the numbers of cows on farms in the autumn period was slightly greater than those recorded at June 1, and the percentage of milch cows to total cows increased 3.7 per cent as compared with the percentages recorded during the September-November period of 1937. The production of milk per cow, based on all cows in the herds, increased nearly 21 per cent. Good pastures and a better distribution of feed supplies were the two factors responsible for this advance. Fewer cows were freshened in the fall period of 1938 than in the same period of 1937.

Milk production increased in Prince Edward Island during the 1938 season and according to Dairy Correspondents the farm milk supply in the fall months advanced 24 per cent over the corresponding period of 1937. This was reflected in the creamery butter output which revealed a production of 706 thousand pounds in the three months September - November, representing a gain of 40 per cent over the corresponding period of 1937. The production of cheddar cheese amounted to 184 thousand pounds, an increase of 63 per cent. The reports of Dairy Correspondents reveal a decline of 20 per cent in the butter made on farms in the autumn period. The consumption of milk and butter in farm homes and the quantities of milk fed to live stock were reduced in the autumn of 1938 as compared with 1937.

The future situation promises to be governed by feed supplies and prices. On account of low butter-fat prices farmers are loath to invest money in concentrated feeds, but present supplies of roots and grains will keep the cows in production for some time. It is expected, therefore, that production will advance during the early part of 1939 as compared with the corresponding period of 1938, but when grains and succulent feeds become exhausted, it is believed that a reverse situation may develop.

Nova Scotia

The dairy farmers of this province have entered the winter season with abundant feed supplies, and there is a general feeling of satisfaction that weather conditions were so favourable for dairy production during the autumn period. The lack of quality in the feed crops as a result of excessive rains during the summer period caused some disappointment, and the decline in the market for dairy products has created a situation that may affect future production.

The month of September was inclined to be wet in most parts of the province but in October and November there was very little rain and the weather was exceptionally warm for the season. The pastures kept green until after the middle of November when the province received its first snow storm. On account of the heavy rains in the summer and early fall, there is plenty of reserve moisture in the ground and pastures have gone into winter in good condition.

The hay and clover crop was about 9 per cent below the tonnage produced in 1937. This was partly the result of bad haying weather which caused spoilage and over-maturity in the field. The hay that did go into barns was of poor quality and on the basis of actual feeding value will fall far below the 1937 crop. Somewhat larger yields were reported in the Annapolis Valley and Cape Breton but the declines reported in other counties would more than offset the tonnage increase in the two areas mentioned. There was a larger corn crop in 1937 than in 1938 but the acreage was comparatively small. The yield of coarse grains was much greater than in the previous year, oats showing an advance of 29 per cent and barley 25 per cent, although in some areas the grain was inclined to be lighter per measured bushel than it was last year. Another encouraging feature of the feed situation was the increase in roots, turnips showing an advance of 11 per cent over..

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

Province and Year	September	October	November	Average September, October and November
Prince Edward Island				
1937	72.3	83.3	63.0	72.9
1938	76.6	84.1	66.1	75.6
Nova Scotia				
1937	83.8	82.7	82.8	83.1
1938	84.1	86.6	83.1	84.6
New Brunswick				
1937	89.5	88.0	82.4	86.6
1938	84.8	86.2	75.4	82.1
Quebec				
1937	92.2	91.2	85.6	89.7
1938	92.8	92.5	84.7	90.0
Ontario				
1937	83.7	81.4	71.4	78.8
1938	84.0	81.1	76.0	80.4
Manitoba				
1937	77.7	70.4	68.1	72.1
1938	78.6	73.3	64.0	72.0
Saskatchewan				
1937	74.0	67.6	65.1	68.9
1938	73.1	69.7	65.3	69.4
Alberta				
1937	67.3	63.7	61.9	64.3
1938	67.9	66.9	64.0	66.3
British Columbia				
1937	78.1	72.6	71.5	74.1
1938	81.1	76.5	77.6	78.4
CANADA				
1937	79.8	77.9	72.4	76.7
1938	80.3	79.7	72.9	77.7

the preceding year. When all feed crops are reduced to common units a decline of approximately 5 per cent is shown in the total tonnage as compared with corresponding figures for 1937. Comparative data for the two years appears below.

Production of Feed Crops, 1937 and 1938.
(Expressed in Thousands)

	Unit of Measure	1937	1938	Percentage Change
Hay and clover	Tons	766	694	- 9.4
Barley	Bush.	195	243	+ 24.6
Oats	Bush.	2,174	2,802	+ 28.9
Turnips	Cwt.	2,912	3,237	+ 11.2
Fodder corn	Tons	6.4	5.6	- 12.5
Total amount of feed	Tons	960	915	- 4.7

Milch cows went into winter quarters in better condition than they did in the fall of 1937. This is attributed to mild weather which permitted dairy stock to forage in the open with little extra feeding until the first of November. Some decrease in freshenings during the next few months is indicated in the reports of Dairy Correspondents, and the sale and export of milch cows in the fall of 1938 are thought to have exceeded the numbers marketed in the autumn period of 1937. Milch cows on farms at June 1 were estimated at 115.7 thousand in 1937 as compared with 115.5 thousand in 1938, but this slight decline is offset by an 11 per cent increase in the dairy heifer population. This would offer some hope that the milch cow population may continue in an upward direction. The percentage of cows actually milking increased from 83.1 per cent in the September - November period of 1937 to 84.6 per cent in the same period of 1938, and the milk production per cow based on all cows in the herds of Dairy Correspondents advanced from 12.6 pounds per day in the autumn of 1937 to 14.1 pounds in the 1938 period.

The advance in the milk production in the fall months over the same period of 1937, was reflected in the creamery butter output which increased approximately 29 per cent. Good pastures were the important factor in this situation. Butter made on farms in the autumn period increased 19 per cent over the production in the September - November period of 1937. Less milk was used in farm homes but there was more fed to live stock, and the consumption of butter on farms was also greater in the 1938 period than in the same period of 1937. The outlook for the winter period of 1938-1939 will be affected by the decline in butter-fat prices, but it is believed that the increase in the supply of grain and roots will tend to increase production regardless of adverse market conditions. Furthermore, the presence of large quantities of low quality hay on farms that cannot be profitably marketed through the trade is a situation that will enhance supplies for home use. More grains will be fed, but notwithstanding the reduction in the prices of mill feeds and concentrates from a year ago, there is a feeling that the fall in butter-fat prices will discourage farmers from expending additional funds in the purchase of these supplies. All facts considered, it would appear that milk production may be expected to advance over that of the preceding year for at least a part of the winter period. When the supplies of grains and succulent feeds become exhausted and farmers are required to depend on poor quality roughage, a reverse situation may develop that will tend to place the increase for the three-month period only slightly above that of the previous year.

TABLE III - MILK PRODUCTION PER COW IN POUNDS PER DAY IN CANADA, BY PROVINCES,
 SEPTEMBER, OCTOBER AND NOVEMBER, 1937 - 1938.

Province and Year	Based on all cows in herds of Dairy Correspondents			Based on cows actually milking in herds of Dairy Correspondents		
	September	October	November	September	October	November
Prince Edward Island						
1937	11.8	11.8	8.7	16.3	14.2	13.9
1938	15.2	15.1	8.7	19.9	17.9	13.2
Nova Scotia						
1937	13.5	12.6	11.6	16.1	15.3	13.9
1938	16.3	14.3	11.7	19.4	16.5	14.0
New Brunswick						
1937	15.1	14.7	12.6	16.8	16.7	15.3
1938	16.0	17.2	12.2	18.9	19.9	16.1
Quebec						
1937	16.7	13.0	11.1	18.1	14.2	13.0
1938	16.3	13.8	11.1	14.2	15.1	13.2
Ontario						
1937	17.7	14.9	13.0	21.2	18.3	18.2
1938	17.6	15.7	13.5	20.9	19.4	17.8
Manitoba						
1937	13.5	10.9	9.7	17.4	15.5	14.3
1938	13.9	11.0	8.9	17.6	14.9	13.9
Saskatchewan						
1937	11.2	9.0	8.6	15.3	13.2	13.2
1938	12.7	10.3	10.0	17.2	14.4	15.2
Alberta						
1937	12.2	10.4	10.2	17.9	16.2	16.5
1938	12.8	11.7	10.5	18.9	17.5	16.3
British Columbia						
1937	17.4	14.5	14.4	22.2	19.9	20.2
1938	15.7	14.1	14.8	19.3	18.5	19.1
CANADA						
1937	14.3	12.4	11.1	18.0	15.9	15.4
1938	15.2	13.7	11.3	18.5	16.0	15.4

New Brunswick

Dairying received quite an impetus during the summer season as a result of good pastures and comparatively high butter-fat prices. The favourable conditions that existed during the preceding three-month period, continued to stimulate production during the fall months and promises to give the industry a considerable degree of stability during the winter.

The presence of ample moisture supplies permitted the growth of meadow after-grass and afforded good pastures until well on into November. Rains were plentiful in September but averaged about normal during October and the first part of November, thus permitting cows to graze in the open for a somewhat longer period than in the previous year.

The tame hay crop was finally estimated at 904 thousand tons, an increase of nearly 13 per cent over the 1937 crop. Oats and barley also registered increases, the former advancing 15 per cent and the latter 38 per cent over the 1937 production. The hay crop was of poor quality and a considerable proportion of it is believed to be unsaleable. The lack of a suitable market will probably encourage farmers to feed larger quantities, and the lack of quality in the roughage may be offset in some measure by the additional quantities of feed grains. Compared with 1937, the estimated production of fodder corn went up about one thousand tons, but the production of roots fell about 7 per cent. Calculated on a tonnage basis there will be approximately 10 per cent more feed in the farmers hands than there was last year, but the low quality of the hay crop should be taken into consideration in making comparisons with 1937. The following table shows the production of feed crops for the two years, 1937 and 1938, with percentage changes.

Production of Feed Crops, 1937 and 1938.
(Expressed in Thousands)

	Unit of Measure	1937	1938	Percentage Change
Hay and clover	Tons	802	904	+ 12.7
Barley	Bush.	268	370	+ 38.1
Oats	Bush.	5,144	5,919	+ 15.1
Turnips	Cwt.	2,760	2,562	- 7.2
Fodder corn	Tons	7.4	8.4	+ 13.5
Total amount of feed	Tons	1,042	1,150	+ 10.4

Dairy cattle went into permanent winter quarters about the middle of November, although supplementary feeding was necessary for at least a month prior to that date. On account of good fall pastures and more grain for supplementary feeding dairy cows entered the winter in better condition than they did a year ago. The live stock survey of June 1, 1938, showed that there were 112.6 thousand milch cows on farms representing an increase of 1 per cent over the numbers estimated at the same date in 1937. The heifer population was estimated at 28.9 thousand revealing an advance of nearly 5 per cent over that of the preceding year. It would seem, therefore, that unless outside sales increase during the coming winter, more young females will be available for replacements with a consequent increase in the total milch cow numbers. Live stock improvement work is being carried on in many counties of the province. In the more progressive counties herds are being cleared of animals infected with contagious abortion, and sires are being placed on farms under loan or purchase schemes instituted by the Agricultural Societies in co-operation with

Provincial and Dominion Governments. Dairy Correspondents advise that the percentage of milking cows to total cows declined during the autumn period, falling from 86.6 in 1937 to 82.1 in 1938, but the milk production per cow based on all cows in the herds advanced from 14.1 pounds per day in the fall months of 1937 to 15.1 pounds in the same period of 1938.

Milk production increased in the period September - November, 1938, as compared with the same months of last year and a substantially larger share of the total output was sent to creameries in the form of butter fat. This was reflected in the output of dairy factories, showing that butter production advanced 40 per cent and cheese production increased 17.6 per cent, in the autumn period of 1938 as compared with the same period of 1937. It is interesting to observe that the seasonal decline was much less pronounced between September and October, a situation which may be largely attributed to the mild weather that prevailed during the latter month. Cheese factories were in operation for a longer period and produced 12 thousand pounds of cheese in November, whereas in 1937 they were all closed at the first of the month. According to Dairy Correspondents the butter made on farms increased slightly from last year, but the consumption of dairy products in farm homes was somewhat less than that recorded a year ago. Live stock, however, received a greater proportion of the whole milk supply than in the autumn of 1937.

While the price situation promises to play an important part in future production farmers are in a good position to extend their dairying activities on account of the increased supplies of roughage and grains. It is believed that the lactation period may be extended by a more liberal use of feeds in the winter months, and cows freshening in the late winter will be fed for an increased milk flow. The production of milk in the winter period, therefore, may be expected to slightly exceed the winter production in 1937-38.

Quebec

The importance of dairying is becoming more and more recognized as a part of the agricultural programme in this province, and as a result of educational work carried on in recent years the industry has attained a good deal of stability that would seem to prevent any marked decline in farm production.

The past season has been a satisfactory one for the production of butter and feed crops. The weather during the summer produced a sturdy growth of grass and the growth was well maintained during the fall months. The over-grazing of grass lands was not so prevalent as in recent years, and in most parts of Quebec pastures have entered the winter with a good top growth. The weather was wet and rather cold in September, but this was followed by warm weather in October and moderate temperatures in November, which permitted dairy cattle to graze in the open for at least two weeks longer than usual. There was little supplementary feeding done until the first week in November and winter feeding did not commence until nearly the end of the month.

The tame hay and clover crop was disappointing in quality because of the wet weather at haying time, consequently a large proportion of the crop was spoiled, particularly in the lower St. Lawrence and on the North Shore. The tonnage for the province was 14 per cent above that of the preceding year and together with an 18 per cent increase of alfalfa production as well as an abundance of straw, farmers should have ample supplies of roughage for the winter months. The coarse grain harvest was quite satisfactory; the production of oats was 17 per cent greater than in 1937, and barley production registered an increase of 16 per cent.

The 1938 root crop was only 3 per cent above that of the previous year but fodder corn showed a 12 per cent increase over that of 1937. All feeds converted to tons revealed an advance of over three-quarters of a million tons, or approximately 13 per cent above the tonnage recorded a year ago. Detailed comparisons for the principal feed crops are provided in the table below.

Production of Feed Crops in 1937 and 1938.
(Expressed in thousands)

	Unit of Measure	1937	1938	Percentage Change
Hay and clover	Tons	4,799	5,460	+ 13.8
Barley	Bush.	3,589	4,160	+ 15.9
Oats	Bush.	35,850	41,882	+ 16.8
Turnips	Cwt.	6,226	6,392	+ 2.7
Fodder corn	Tons	467	522	+ 11.8
Alfalfa	Tons	34	40	+ 17.6
Total amount of feed	Tons	6,307	7,153	+ 13.4

There were 982 thousand milch cows on farms at June 1, 1938, which represented an increase of 2 per cent over the numbers estimated at the same date in 1937, but a decline of approximately 2 per cent was recorded between December 1, 1937 and June 1, 1938. Heifers raised for milking purposes advanced 3 per cent at June 1, 1937, compared with the same date in 1938, so that the advance in numbers was practically in line with the increase in the cow population. Reports from Dairy Correspondents reveal that milch cow numbers are being well maintained, and that the numbers of cows actually milking in the autumn period of 1938 were about the same as in the 1937 period. The numbers of cows expected to freshen in the winter months would indicate a slight decline from the previous year. The demand for fluid milk and the tendency for butter-fat prices to be high in the winter is leading farmers to freshen more cows in the fall. Milk production per cow amounted to 13.8 pounds per day in the autumn period of 1938, which was only slightly higher than that recorded in the fall of 1937.

The autumn period was a most successful one for dairying. Milk production increased and a somewhat larger proportion of the total supply was used for manufacturing than was the case a year ago. This was shown in an increase of 3.3 per cent in the creamery butter production in the September - November period as compared with the same months of 1937 and a 16.4 per cent increase in cheese production. The increase in the latter year may be credited in part to a longer operating season. Butter made on farms declined from last year in the months of September and October, but increased 6.8 per cent in November, and since creameries are paying less for butter-fat, the farm make may continue to increase in subsequent months. There was a slight decline in the consumption of milk and butter in farm homes from last year, and the quantity of milk fed to live stock was also reduced.

In forecasting the future production it is apparent that butter-fat prices and feed supplies will largely determine the issue, any influence resulting from low prices for dairy products will come into effect later in the winter when feeds begin to run low. Stocks of feed are much greater than they were last year and mill feeds and concentrates are down in price from last year. Based on Montreal quotations, the price of feeds (oats, barley and bran) registered a reduction of approximately 31 per cent at the end of November, 1938, as compared with the same date in 1937 while creamery butter declined 28 per cent. When these facts are.....

considered along with the increase in cow numbers it would appear that milk production might be expected to increase somewhat during the winter period of 1938-39 over that of the previous winter season. If this prophecy is fulfilled, the greater part of the additional supply would be expected to go to cheese factories, the fluid milk industry, or for export to the United States.

Ontario

Regardless of price declines and relatively high production costs dairy production is still favoured as a dependable source of farm revenue in this province, and with the expenditures that have been made in stock and equipment there is little likelihood of any restriction in dairying enterprises during the coming winter.

Ontario experienced exceptionally nice weather during October and November. September was cool and wet, but these conditions favoured the growth of grass in pastures and meadows. The aftermath was particularly good. Dry weather in October and November permitted farmers to complete their work in the fields, so that with the additional fall tillage, coupled with fair moisture reserve from the early fall rains, the situation should be quite satisfactory for an early spring growth. Parts of south-western and eastern Ontario showed the effects of the prolonged autumn drought; water levels ran low in streams and wells and a water shortage was threatened for a time. Snow fell in many parts between November 20 and 23, and followed by rains in southern and western sections after these dates, the drought conditions did not long endure. Pastures were rather scanty during the last part of October, and supplementary feeding was quite general from about the middle of the month onward.

Feed crops yielded well in 1938, and the improved quality as well as the additional supplies will place farmers in a better position than they were a year ago. The hay and clover crop advanced 3 per cent over last year, and while alfalfa is down 8 per cent, corn for fodder purposes was nearly 13 per cent above the 1937 crop. Oats increased 11 per cent over last year and the grain is of better quality. Barley advanced 4 per cent in production as compared with 1937, and roots increased by about the same percentage. The additional supplies of roots and corn for ensilage will have an important effect on milk production this coming winter. Measured on a tonnage basis all feed crops advanced 8 per cent in volume and the improved quality of hay and oats in comparison with the 1937 crop will also have to be considered. The production of the principal feed crops for 1937 and 1938 appears below.

Production of Feed Crops in 1937 and 1938.
(Expressed in Thousands)

	Unit of Measure	1937	1938	Percentage Change
Hay and clover	Tons	4,601	4,735	+ 2.9
Barley	Bush.	16,010	16,646	+ 4.0
Oats	Bush.	73,803	82,147	+ 11.3
Turnips	Cwt.	19,926	20,790	+ 4.3
Fodder corn	Tons	3,081	3,472	+ 12.7
Alfalfa	Tons	1,662	1,526	- 8.2
Total amount of feed	Tons	11,979	12,959	+ 8.2

Live stock went into winter quarters in fair to good condition. In the survey of June 1, 1938, it was shown that 1,174 thousand milch cows were on farms at that date representing a decline of 1.5 thousand from June 1, 1937. Heifers raised mainly for dairying purposes were estimated at 247 thousand, an increase of 2 per cent. Between December 1, 1937, and June 1, 1938, milch cow numbers declined 4 per cent while dairy heifers advanced 3 per cent. At June 1, 1937, the proportion of heifers to milch cows was 20.6 per cent, while at the same date in 1938 this figure was advanced to 21 per cent. Consequently, unless sales increase very materially there will be more cows available for production in 1939 than there were in 1938. In the September - November period the percentage of cows actually milking on the farms of Dairy Correspondents, advanced from 76.7 per cent in 1937 to 77.6 per cent in the autumn period of 1938, and the production of milk per cow, based on all cows in the herds, increased from 15.2 pounds to 15.6 pounds per cow per day.

Considering the facts revealed above a substantial increase in the gross production of milk on farms was to be expected during the period under review as compared with the same period in 1937. The trend in milk production is revealed in the output of creamery butter which increased nearly 11 per cent over the same period last year. Cheese production continued to suffer from the competition arising from high butter-fat prices in the spring and early summer, but a diversion from creameries to cheese factories which commenced in October reduced the percentage decline from 11 per cent in September to only 2 per cent in the following month. Due to mild weather in November the operating period of cheese factories was advanced about two weeks; hence the output of cheese showed a decrease of less than one-half of one per cent as compared with the September-November make a year ago. The production of farm butter revealed the same tendency as creamery butter, advancing 4.6 per cent over the autumn period of 1937. Contrary to the situation described in some other provinces, the consumption of milk in farm homes increased over last year and more whole milk was fed to live stock. The reports reveal, however, that less butter was consumed by farm families.

With an abundance of home-grown feeds on hand and feed costs materially reduced from those that obtained twelve months ago, (see Tables IX and X), the ratio of feed costs to butter-fat prices is more favourable than it was at the end of November, 1937. In other words while butter-fat prices are admittedly lower than they were last year, the decline is not as great as the decline in feed costs. Considering the favourable feed situation, the advantages offered to farmers in the relationship of feed costs to revenues obtained, and the fact that milk production per cow has averaged slightly higher than last year during the fall period, there would seem to be grounds for the conclusion that the production of milk in the winter period will show a substantial gain over the December - February output of 1937-1938. It is possible that the creameries may not receive as large a proportion of the supply as they did a year ago; some of the milk being diverted to cheese factories or into the fluid channels. It is also believed that more milk will be shipped to the United States from some of the border counties.

Manitoba

Dry weather, a lack of pasture and falling butter-fat prices appear to have maintained dairy production at a normal level during the fall period. The abundance of surplus feeds, low feed prices, and reduced revenues from grain crops, however, will not permit any desertion of dairying enterprises, and those who are in a position to do so, are maintaining their herds and aim to utilize surplus feed in the production of dairy products during the winter months.

A lack of rainfall in September caused pastures to dry up in many parts of the province before the harvest fields were cleared for open grazing. The gleanings from the stubble fields provided plenty of feed for dairy cows later in the month, however, and as the autumn advanced, a fresh growth sprang up to provide suitable feed for milking cows.

Final estimates of crop production show that the tame hay and clover crop fell about 3 per cent below that of the previous year but the alfalfa crop was good, yielding over 100 thousand tons or 42 per cent more than in 1937. The oat crop was reduced about 5 per cent in the last year and barley production declined approximately 11 per cent. Fodder corn, although yielding a comparatively small tonnage, increased 2 per cent over 1937, and due to dry weather in the early fall roots suffered a 35 per cent decline from that of the preceding year. All feed crops combined revealed a reduction of 4.5 per cent in the total tonnage as compared with the corresponding production figures for 1937. Complete figures for 1937 and 1938 appear below.

Production of Feed Crops in 1937 and 1938.
(Expressed in thousands)

	Unit of Measure	1937	1938	Percentage Change
Hay and clover	Tons	788	767	- 2.7
Barley	Bush.	34,800	31,000	- 10.9
Oats	Bush.	43,075	41,000	- 4.8
Turnips	Cwt.	723	471	- 34.9
Fodder corn	Tons	275	280	+ 1.8
Alfalfa	Tons	71	101	+ 42.3
Total amount of feed	Tons	2,738	2,613	- 4.5

The Live Stock Survey as of June 1, 1938, revealed a decline of nearly 2 per cent in the milch cow population from the same date of 1937, declining from 390.4 thousand to 383.7 thousand. Heifers raised mainly for milking purposes, on the contrary, advanced from 89.2 thousand to 89.7 thousand, an increase of approximately one-half of one per cent. Both milch cows and dairy heifers recorded substantial increases between December 1, 1937, and June 1, 1938. Despite the dry weather during the autumn period dairy stock went into winter quarters in slightly better condition than they did in the fall of 1937. Feeding commenced about October 1, but the prevalence of mild weather made it unnecessary to place milch cows on full rations until after the first of November. The percentage of cows actually milking in the fall months was practically the same in 1938 as in 1937, and there was practically no change in the milk production per cow, the figures being 11.3 last year and 11.4 in the autumn period of 1938.

On a basis of milk and cream deliveries, the production of milk in the fall period of 1938 registered a slight decline from the same period of the previous year. This was reflected in the fluid sales as well as creamery deliveries. The butter output of creameries declined 5 per cent in the fall period as compared with the same period in the previous year, although the November make was about 4 per cent greater than that recorded in November of 1937. Cheese production which represented on a milk basis approximately 7 per cent of the total used for manufacturing, advanced about 9 per cent over the autumn output of a year ago. Butter made on farms during the period under review increased 2.1 per cent over the September-November period of 1937, and a larger percentage of the butter was sold...

than was the case a year ago. There was a decline in the consumption of milk in farm homes, but an increase in the quantity fed to live stock during the fall period as compared with the same period of 1937. The reduction in the total milk supply was due in part to a decline in cow numbers from the previous year, and to the dry weather which depleted pastures in the early fall before the crops were harvested.

The future situation, though difficult to visualize on account of a conflict of interest between dairy and live stock production, will probably be decided on a basis of the beef and butter-fat prices. Feeds are low in price and can be sold more profitably in the production of dairy and live stock products than in the open grain market. Based on the Winnipeg quotations at the end of November, 1937 and 1938, the value per ton of oats, barley, and bran declined 35 per cent from last year, as compared with a 31 per cent drop in butter prices. On the other hand feeds are not as plentiful as they were in 1937, and with fewer cows on farms and a tendency to utilize larger quantities of feeds for beef cattle, there would appear to be little hope of any advance in milk production during the winter period compared with the same period of 1937-38.

Saskatchewan

Conditions in Saskatchewan throughout the season have been so entirely different from those of a year ago that comparisons are apt to be misleading. The crops harvested this year were only fair, and in some southern and north-central districts the ravages wrought by drought, rust and grasshoppers reduced quite promising crops to meagre yields of grain and forage. Nevertheless, the 1938 harvest far exceeded that of the previous year in both quality and quantity, and even in the face of a reduced milch cow population and comparatively dry weather in September and October, the production of milk in the autumn period was approximately the same as that reported in the September - November period a year ago.

There was a wide variation in the rainfall during September, ranging from five inches at Biggar to about one-half inch at Macklin; and strangely enough both places are located in the north-west part of the province. In southern sections the Experimental Farm at Indian Head reported seven-tenths of an inch while the Swift Current Station received 2.5 inches, compared with a sixteen year average of less than one inch. For the province as a whole, the October precipitation was lighter than that recorded in September but in northern Saskatchewan the reverse situation obtained. The November precipitation was about the same as in the previous month but the rainfall was more evenly distributed. Pastures and after-harvest forage continued to supply dairy cattle with ample feed throughout the fall months, in marked contrast to the situation that existed a year ago.

The final estimate for the tame hay and clover crop showed that the production was more than twice that of the previous year; and what helped the feed situation in many of the southern sections was the necessity of cutting a great deal of the grain on the green side to avoid grasshopper damage, thus materially enhancing feed supplies in the fall months. In addition the alfalfa crop was nearly double that of 1937. Coarse grains increased four-fold; the turnip crop was five times greater than that of the previous year, while the corn crop, although small in acreage, yielded a tonnage seven times greater than that of the previous year. The figures given in the table on page 16 provide the essential details covering the principal feed crops.

Production of Feed Crops in 1937 and 1938.
(Expressed in Thousands)

	Unit of Measure	1937	1938	Percentage Change
Hay and clover	Tons	128	286	+ 123.4
Barley	Bush.	5,518	20,519	+ 271.9
Oats	Bush.	22,338	90,511	+ 305.2
Turnips	Cwt.	43	203	+ 372.1
Fodder corn	Tons	5	36	+ 620.0
Alfalfa	Tons	24	42	+ 75.0
<hr/>				
Total amount of feed	Tons	671	2,405	+ 258.3

The decline in cattle numbers which began early in the fall of 1937 and continued throughout the winter, was shown to have reduced the milch cow population at June 1, 1938, to 496.6 thousand, 12 per cent below that of the previous year. The dairy heifer population was estimated at 116.9 thousand on June 1, 1938, and represented a 20 per cent reduction as compared with the numbers reported at the same date twelve months before. The principal reduction in milch cow numbers took place in the fall of 1937, while the reduction between December 1 and June 1 represented about one-third of the total liquidation. The reduction in dairy heifers, on the other hand, was about evenly distributed between late fall and early spring deliveries. What seems surprising is the rapidity with which the dairy herds were rehabilitated. In many cases the reduction in numbers that took place a year ago was not altogether a disadvantage; by the weeding out of the poorer stock the producing quality of existing herds has been quite definitely improved. This was indicated in the milk production per cow which, based on all cows in the herds of Dairy Correspondents, increased from 9.6 pounds in the autumn period of 1937 to 11.0 pounds in the September-November period of 1938. The percentage of milking cows to total cows remained about the same.

In comparing the milk production in the autumn period with that of the previous year it should be recalled that in 1937 dairy cows were given the run of the fields in many parts of the prairies early in September because the crops were not worth harvesting, whereas in 1938 farmers had to depend on pastures that had commenced to dry up. Hence the September production in 1938 fell below that of the preceding year, although the production for the three-month period was a little above the September-November milk supply in 1937. The creamery butter output was just about the same, while cheese production advanced 54 per cent. Butter made on farms declined considerably in September, but advanced in October and November, making the production for the three months virtually the same as that recorded in the autumn of 1937. The consumption in farm homes during the fall months continued to fall somewhat below that of the previous year but the quantities fed to live stock increased. Butter consumption on farms registered an increase in the September-November period over that of the same period of last year, a fact that may be attributed to low butter-fat prices.

In view of the uncertainties that have attended the production of grain during the past two years farmers are beginning to fasten more hope on the production of dairy products, and the recent declines in butter-fat prices are not altering their attitude in this respect. Obviously the situation has much to commend itself to Saskatchewan farmers; feeds are much more plentiful than they were a year ago and when feed prices are compared with the prices of dairy products this year and last year, it is apparent that dairying still offers a profitable...

outlet for home grown grains and roughage. These considerations would lead to the conclusion that a substantial increase in milk production is to be expected in the winter period as compared with the same period of the previous year.

Alberta

The farmers in this province have benefitted by a satisfactory harvest and the feed supplies are more adequately distributed than in 1937. Cheese manufacturing is being extended, and the production of butter continues to increase. Although the prices of dairy products have given rise to some misdoubts about the future of dairying, farmers are retaining about the usual numbers of cows on their farms, and with plenty of grain and rough feeds on hand it is unlikely that any adverse reactions will develop within the course of the next few months.

In marked contrast to the month of August, which was exceptionally wet, less than the average amount of rainfall was recorded in September. The west side of the province and the Peace River were the only two areas where the precipitation exceeded 2 inches. October was quite dry with less than an inch of rain in most sections, but being followed by snow and rain in November, the cumulative precipitation for the three months was approximately three inches as compared with four inches in the September - November period of 1937. Despite the light rainfall in some parts there seemed to be sufficient moisture to produce a good second growth on stubble fields and the native lowland pastures provided cattle with satisfactory grazing throughout the fall season.

The production of hay and clover was over 24 per cent greater in 1938 than in 1937 and the alfalfa crop was 26 per cent above that of the previous year. Oats and barley advanced 34 per cent and 32 per cent, respectively, while fodder corn yielded one thousand tons more than in 1937. The root crop was poor, turnips showing a decline of nearly 8 per cent from last year. South of Lethbridge where sugar beets are being grown to supply the sugar factory in that area, beet pulp is being utilized to advantage by dairymen and promises to provide additional supplies of succulent feed for the winter months at moderate costs. Sugar beet production although confined to certain irrigated areas in the south country amounted to 251,000 hundredweights in 1938, and exceeded the 1937 crop by approximately 8 per cent. The principal feed crops are listed below, showing the quantities produced in 1937 and 1938.

Production of Feed Crops, 1937 and 1938.
(Expressed in Thousands)

	Unit of Measure	1937	1938	Percentage Change
Hay and clover	Tons	438	545	+ 24.4
Barley	Bush.	22,100	29,200	+ 32.1
Oats	Bush.	77,000	103,000	+ 33.8
Turnips	Cwt.	313	289	- 7.7
Sugar beets	Cwt.	233	251	+ 7.7
Fodder corn	Tons	15	16	+ 6.7
Alfalfa	Tons	156	197	+ 26.3
Total amount of feed	Tons	2,408	3,242	+ 35.0

Live stock went into winter quarters in rather better condition than a year ago, when some areas suffered almost complete crop failures. Supplementary

feeding commenced about November 1, although moderate weather after that date permitted a good deal of open grazing, and made it possible for feed supplies to be kept in reserve for future use. The June 1 Live Stock Survey showed a milch cow population of 440.9 thousand on farms at that date, nearly 3 per cent less than at June 1, 1937. Heifers raised for milking purposes also declined 3 per cent, the numbers being reduced to 104.3 thousand. Between December 1, 1937, and June 1, 1938, the dairy cow population increased 7 per cent, while heifers being raised for milking purposes advanced 27 per cent. These advances were due to the rehabilitation of dairy herds after the liquidation of live stock in the previous fall. But the live stock liquidation that had taken place in the fall of 1937, though sufficient to require the introduction of considerable numbers of young females, was not so extensive a movement as in the neighbouring province where the shortage of feed supplies had prompted more urgent action. The dairy cows that left the farms were principally of an inferior class and their removal tended to improve rather than to weaken the herds. The returns from Dairy Correspondents for the September-November period show that the percentage of cows actually milking increased from 64.3 per cent in the fall period of 1937 to 66.3 per cent in the fall of 1938. Likewise, the milk production per cow, based on all cows in the herds, advanced from 10.9 pounds to 11.7 pounds per cow per day.

Milk production was slightly higher in September, 1938, than in the same month of 1937, and in both October and November substantial increases were recorded as compared with the same months of the previous year. For the entire three month period creamery butter increased nearly 5 per cent over the same period of 1937 and the cheese output exceeded the September - November output of 1937 by 19 per cent. The opening of a new cheese factory at Coaldale, Alberta, was a factor in this situation and its establishment stimulated dairying in that community. The production of home-made butter declined in September and October as compared with the same months of last year, but increased in November. The consumption of milk in farm homes in the fall period continued to fall below the figures recorded in 1937, but the quantities fed to live stock increased. There was no appreciable change in the quantity of butter consumed in farm homes as compared with a year ago.

Two controlling factors in connection with dairy production during the winter months would appear to be feed supplies and butter-fat prices. Feeds are comparatively abundant and as already pointed out are more evenly distributed than they were in 1937. Furthermore, those who have to purchase feeds can do so at prices that will more than compensate them for the reduction in butter-fat values. Moreover, while there are fewer cows on farms, a somewhat larger percentage of these cows are being milked, and with fall freshenings at least equal to those of a year ago, milk production should show at least a small increase over the production recorded in the September - November period of 1937.

British Columbia

The unusually dry weather which prevailed in this province during the summer months gave the dairy industry a temporary set-back. The dry season produced a three-fold result. It decreased the quantities of feeds available, made it necessary for farmers to reduce their holdings of dairy cattle in some areas because of the impending feed shortage, and finally, a shortage of milk is expected in some sections during the winter months as well as a general reduction in the output of manufactured products.

The precipitation in the autumn period was somewhat below normal and extremely variable. September was comparatively dry, ranging from a recorded rainfall of only three-tenths of an inch at Cranbrook to eight inches at Prince Rupert. The western boundary and coastal areas received very light rains during the month. In October and November the precipitation was about normal but lack of moisture reserves were quite definitely indicated in the Peace River district, the Cariboo, the Kootenay and parts of Vancouver Island where protracted drouth conditions were experienced during the summer season.

While autumn rains brought some relief to parched and over-grazed pastures it came too late to save feed crops that had already reached the harvest stage. The hay and clover crop was reduced almost 17 per cent below the 1937 tonnage, although the quality of the hay was rather better than in the previous year. Barley registered the greatest decline, showing a reduction of 21 per cent as compared with the figures reported in 1937, while the oat crop declined approximately 11 per cent. There was a 4 per cent decline in fodder corn from that of the previous year, the production of alfalfa fell 5 per cent and turnips registered a 10 per cent decline as compared with the 1937 production. Reduced to a tonnage basis all feed crops combined showed a 12 per cent reduction from 1937. The following table, showing the figures for 1937 and 1938 will permit convenient comparisons.

Production of Feed Crops, 1937 and 1938.
(Expressed in Thousands)

	Unit of Measure	1937	1938	Percentage Change
Hay and clover	Tons	325	271	- 16.6
Barley	Bush.	505	397	- 21.4
Oats	Bush.	5,621	5,019	- 10.7
Turnips	Cwt.	1,309	1,176	- 10.2
Fodder corn	Tons	68	65	- 4.4
Alfalfa	Tons	160	152	- 5.0
Total amount of feed	Tons	726	642	- 11.6

Milch cows went into winter quarters in a somewhat poorer condition than they did in the autumn of 1937. In order to prevent pastures from being over-grazed, it was necessary to start supplementary feeding in parts of British Columbia in September or early October, but due to the continuation of exceptionally mild weather, winter feeding did not commence until well on in December. The numbers of milch cows on farms at June 1 amounted to 122.3 thousand, representing an increase of about one per cent over those of June 1, 1937. Dairy heifers on the other hand fell to 25.7 thousand, a decline of nearly 8 per cent as compared with the June 1 estimate a year earlier. Between December 1, 1937 and June 1, 1938, milch cows declined a little over 5 per cent while the dairy heifer population was reduced 7 per cent. It will be seen, therefore, that the young females being raised for milking purposes were not sufficient in number to fill the gaps in the milch cow population that had been created by export shipments, slaughterings, etc. The export movement in the fall months was perhaps slightly greater than in the same period of 1937 but what seems more significant is that the shipments were made up of animals from the choicest herds. Nevertheless the revenues obtained from the sale of milch cows may produce a new interest in the breeding of dairy stock. Large operators have temporarily decreased their holdings, but farmers who experienced failures with specialized cash crops this year are commencing to link up these enterprises with dairy farming to a greater extent than before. Nor is the production situation as...

gloomy as it might seem; Dairy Correspondents report a marked increase in the percentage of cows being utilized for milking purposes, advancing from 74.1 per cent in the autumn of 1937 to 78.3 per cent in the autumn of 1938, and milk production per cow, based on all cows in the herds, was 15.4 pounds per cow per day in the autumn period of 1938, as compared with 14.9 pounds per day in the autumn of 1937. Such a result if carried into the winter period would tend to offset some of the unfavourable factors that appear on the horizon.

Production figures for the autumn period would indicate that milk production had changed little from the previous year, although the proportion converted into butter was somewhat larger than a year ago. Creamery butter production increased approximately 7 per cent in the fall months of 1938 as compared with the same months in 1937, while cheese production advanced about 200 per cent. The latter was due in part to the operations of a new cheese factory at Armstrong and to a change from butter making to cheese making in certain combined factories. The increase in manufactured products can also be attributed to a smaller consumption in farm homes and to a lesser amount fed to live stock than that shown a year ago. There was also a reduction in the quantity of butter used on farms in the fall months with a consequent increase in sales as compared with the same period of 1937. The sales of whole milk in urban communities appear to be down from last year, but the future market for fluid milk is being viewed with a good deal of confidence as a result of the single agency plan recently approved by the majority of the milk producers in the Lower Mainland Milk Area.

The production outlook for the winter months must be considered from many angles. There is obviously a shortage of feed, although some observers declare that this can be overcome by effecting a proper distribution. Those who usually depend on purchasing grains and mill feeds, however, are finding that these feeds (oats, barley and bran) can be purchased more cheaply than a year ago. Based on Vancouver prices a 31 per cent decline is shown at the end of November, 1938, as compared with the same date in 1937, while butter prices were only reduced about 21 per cent. It is expected that milch cow numbers may show some decline from last year when the survey of December is completed, and the production of milk per cow would scarcely be expected to reach the 1937 level. It is apparent though, that there will be some increase in the percentage of cows actually milking which would tend to partly offset the decrease in the per cow production. It may be concluded that there will be a general decline in the milk production in the winter period as compared with the winter of 1937-1938, but deliveries to dairy factories in the form of milk and cream would not be expected to show the full effects of the decline in the farm supply.

TABLE IV - PRODUCTION OF CREAMERY BUTTER IN CANADA, BY PROVINCES,
SEPTEMBER TO NOVEMBER, 1937 AND 1938.
(In Thousands of Pounds)

Province	September		October		November		September to November		Percentage Increase (+) Decrease (-)
	1937	1938	1937	1938	1937	1938	1937	1938	
Prince Edward Island	231	289	156	243	117	174	504	706	(+) 40.1
Nova Scotia	526	681	438	595	359	426	1,323	1,702	(+) 28.6
New Brunswick	407	547	273	402	135	192	815	1,141	(+) 40.0
Quebec	10,531	10,826	8,452	8,527	4,368	4,757	23,351	24,110	(+) 3.3
Ontario	8,096	9,113	6,451	7,094	4,705	5,128	19,252	21,335	(+) 10.8
Manitoba	2,872	2,781	1,965	1,723	1,035	1,073	5,872	5,577	(-) 5.0
Saskatchewan	2,915	2,494	1,685	1,911	692	871	5,292	5,276	(-) 0.3
Alberta	3,078	3,078	2,292	2,506	1,523	1,633	6,893	7,217	(+) 4.7
British Columbia	436	444	433	454	330	386	1,199	1,284	(+) 7.1
CANADA	29,092	30,253	22,145	23,455	13,264	14,640	64,501	68,348	(+) 6.0

TABLE V - PRODUCTION OF CHEDDAR CHEESE IN CANADA, BY PROVINCES,
SEPTEMBER TO NOVEMBER, 1937 AND 1938.
(In Thousands of Pounds)

Province	September		October		November		September to November		Percentage Increase (+) Decrease (-)
	1937	1938	1937	1938	1937	1938	1937	1938	
Prince Edward Island	72	89	41	69	-	26	113	184	(+) 62.8
New Brunswick	81	83	55	65	-	12	136	160	(+) 17.6
Quebec	4,785	4,791	3,127	3,729	470	1,235	8,382	9,755	(+) 16.4
Ontario	14,268	12,636	10,800	10,595	3,625	5,370	28,693	28,601	(-) 0.3
Manitoba	359	360	262	232	150	198	771	840	(+) 8.9
Saskatchewan	53	61	25	56	4	9	82	126	(+) 53.7
Alberta	219	255	182	250	129	194	530	699	(+) 31.9
British Columbia	10	43	21	52	18	55	49	150	(+) 206.1
CANADA	19,847	18,318	14,513	15,098	4,396	7,099	38,756	40,515	(+) 4.5

TABLE VI - THE CREAMERY BUTTER POSITION IN CANADA, SEPTEMBER TO NOVEMBER, 1934 to 1938.

	September	October	November	September to November
Stocks in storage at first of the month -				
1934	50,847,375	53,264,375	49,417,604	-
1935	52,646,831	55,613,578	48,396,176	-
1936	50,488,127	55,375,933	53,162,252	-
1937	49,078,407	54,187,078	47,763,203	-
1938	61,192,486	64,494,094	62,470,086	-
Stocks in transit at first of the month -				
1935	980,000	1,248,800	448,000	-
1936	464,800	644,000	476,000	-
1937	812,000	1,030,400	940,800	-
1938	890,400	593,600	364,000	-
Production during month -				
1934	23,978,600	20,499,693	12,840,445	57,318,738
1935	27,421,990	21,278,747	12,971,104	61,671,841
1936	28,663,998	22,923,851	13,553,522	65,141,371
1937	29,092,478	22,144,824	13,263,918	64,501,220
1938	30,252,520	23,454,669	14,639,614	68,346,803
Imports -				
1934	11,828	22,915	9,535	44,278
1935	44,593	7,351	641	52,585
1936	953	966	841	2,760
1937	6,736	1,418	1,207	9,361
1938	1,258	598	1,138	2,994
Exports -				
1934	32,700	64,100	36,900	133,700
1935	220,300	6,496,700	643,500	7,360,500
1936	215,000	58,800	57,200	331,000
1937	52,000	1,724,600	1,918,100	3,694,700
1938	1,571,200	1,247,200	367,800	3,186,200
Prices -				
1934	19 5/8	19 5/8	20 1/2	19 7/8
1935	22 3/4	24	25 3/8	24
1936	24 5/8	23 7/8	25 1/8	24 1/2
1937	26 3/8	28 1/8	29 7/8	28 1/8
1938	22 3/4	22 7/8	22 1/8	22 5/8
x Total Disappearance of Canadian made butter (Domestic and Export)	1934 21,561,600 1935 24,455,243 1936 23,776,192 1937 23,983,807 1938 26,950,912	24,346,464 23,496,149 25,137,532 23,568,699 25,478,677	20,743,493 20,751,382 22,327,616 22,981,712 23,865,464	66,651,557 73,702,774 71,241,340 75,534,218 76,295,053
x Domestic Disappearance of Canadian made butter	1934 21,528,900 1935 24,234,943 1936 23,561,192 1937 23,931,807 1938 25,379,712	24,232,364 21,999,449 25,078,732 26,844,099 24,231,477	20,706,593 20,107,882 22,270,416 21,063,612 23,497,664	66,517,857 66,342,274 70,910,340 71,839,518 73,108,853

x Disappearance figures are calculated on the basis of storage stocks only.

THE CREAMERY BUTTER POSITION

The butter position is presented statistically in Table VI on the opposite page, showing comparative figures for a series of years. All data used in the calculations appear in the table except the stock figures at the end of the period (December 1). These figures, together with the transit stocks at the same date are shown below.

<u>Year</u>	<u>Stocks at December 1</u>	<u>Transit stocks at December 1</u>
1934	41,514,556	-
1935	40,615,898	504,000
1936	44,388,158	212,800
1937	38,045,409	252,000
1938	53,244,236	392,000

The disappearance figures in Table VI are based on storage stocks only, as the transit holdings do not cover the entire five-year period. The export figures, although complete for the five years are based on reports as they are received from Customs port officials, and in order to make an exact analysis, these figures have been adjusted to a strictly calendar month period for the years 1937 and 1938. In the table below, the total disappearance figures shown in the first column are obtained by adding the stocks at the beginning of the period to the production during the period, and subtracting from the total so obtained the stocks at the end of the month or the end of the period as the case may be. The adjusted export figures are shown in the second column, and after deducting these figures from the total disappearance, the Domestic Disappearance of Canadian-made butter is obtained. While the consumption of imported butter in Canada amounts to a very small percentage of the total, in order to obtain a complete picture of the situation the import figures shown in Table VI are added to the disappearance figures which appear in the third column, giving the Total Domestic Disappearance as the final step in the compilation.

	Total Disappearance (Canadian only)	Adjusted Exports	Domestic Disappearance (Canadian only)	Domestic Disappearance (All butter)
September				
1937	23,765,407	52,000	23,713,407	23,720,143
1938	27,247,712	2,437,100	24,810,612	24,811,870
October				
1937	28,658,299	2,611,000	26,047,299	26,048,717
1938	25,708,277	366,800	25,341,477	25,342,075
November				
1937	23,670,512	1,031,700	22,638,812	22,640,019
1938	23,837,464	308,600	23,528,864	23,530,002
September to November				
1937	76,094,218	3,694,700	72,399,518	72,408,879
1938	76,793,453	3,112,500	73,680,953	73,683,947

It will be noted that significant variations occur in the total disappearance of Canadian butter. This situation will be understood after examining the export figures in the second column showing that the principal export movement a year ago took place in October and November, whereas in 1938 the bulk of our butter was shipped overseas in September. As already explained the figures in the third and last columns are identical except that the latter includes the imports. Since these imports are very small, amounting to less than 3,000 pounds in the period under review, we shall confine our analysis to the domestic disappearance of all butter, including imported goods as well as the Canadian make.

Any attempt to determine the underlying reasons for the changes in the domestic disappearance during the autumn period must take the supply position into account (see Table VI) and also the stock position, including both storage and transit holdings (see Table XII). These stocks represent a residual or reserve supply, and shall be referred to later in connection with the surplus situation. In order to reduce our analysis to the simplest terms the variations that have occurred in the disappearance, production and stocks from the previous month and from the same month of the previous year are shown below.

	Total Domestic Disappearance		Production of Creamery Butter		Total Stocks (Storage and Transit)	
	Last Month	Last Year	Last Month	Last Year	Last Month	Last Year
September	+ 4.7 %	+ 4.6 %	- 14.4 %	+ 4.0 %	+ 22.7 %	+ 24.4 %
October	+ 2.1 %	- 2.7 %	- 22.5 %	+ 5.9 %	+ 4.8 %	+ 17.9 %
November	- 7.2 %	+ 3.9 %	- 37.6 %	+ 10.4 %	- 3.5 %	+ 29.0 %
September- November	-	+ 1.8 %	-	+ 6.0 %	-	-

The most significant fact in connection with the butter disappearance was the increase shown for September over that of the previous month and also over the same month of the previous year. The percentage increases of 4.7 and 4.6, respectively, were due in part to lower butter prices, and in part to an increase in demand, separate and apart from price influences. The price recession had gained considerable momentum during the preceding month and its effect was evident, but an equally important factor in the situation was the delayed farm operations in eastern Canada, and the heavy harvest in the west as compared with the previous year which necessitated the employment of more labour on farms and gave rise to an increase in consumption. The demand was further increased by a shortage of farm-made butter, the production of which had fallen nearly 10 per cent as compared with the same month of the previous year. A reverse situation developed in October. The decrease of 2.7 per cent in the domestic disappearance of creamery butter from that of the previous year was partially accounted for in an advance of nearly 2 per cent in the farm make. Moreover the exceptionally mild weather in October delayed the movement of butter stocks into winter camps and withheld the movement of labour into seasonal occupations such as the logging and lumbering industry. With the advent of colder weather in November, operators began to purchase stores for frontier development work, and with butter prices practically 8 cents below those of November, 1937, a general increase in demand was to be expected. Hence the November disappearance increased nearly 4 per cent over the same month of the previous year.

The supply position has shown increasing strength during each successive month in comparison with the same months last year. Good pastures and...

mild weather which permitted open grazing until late in the season may be given the credit for these advances in production; although high butter-fat prices earlier in the season cannot be entirely lost sight of in valuating this condition. The price declines of nearly 4 cents in September to 8 cents a pound in November, as compared with the same months of the previous year, had little or no effect on production because farmers felt obliged to protect their previous investments that had been made on the basis of the higher price level. The production advance resulted in substantial increases in stocks, showing an increase of 12 million pounds on September 1 over the same date of the previous year, storage and transit stocks included, (see Table XII). The difference in stocks between last year and this year was reduced to 10 million pounds on October 1 by virtue of the heavy export movement, but the unusually heavy production in October which was approximately 1.3 million pounds above that of the previous October, coupled with a decline of about 3 million pounds in the total disappearance produced an increase of 14 million pounds in stock holdings at November 1. On December 1 stocks registered an advance of 15 million pounds over the December 1 holdings in 1937.

Canadian butter dealers are now faced with the disposal of surplus stocks far in excess of those shown in the previous year; and on account of heavy offerings on Old Country markets the opportunities for speculation no longer exist. The close of navigation on the St. Lawrence early in November erected a further barrier against the profitable movement of butter overseas. Although there is some hope that dealers may find a place for a considerable amount of low grade butter on overseas markets, the shipment of first grade butter to London to be sold below the Australian product now quoted at 26.34 cents is still regarded as a risky and unattractive undertaking.

While it is known that the quantity of butter now on hand is considerably in excess of domestic requirements during the off-production season (December to April), it cannot be assumed that this is represented by the difference in the stock holdings at corresponding dates in 1937 and 1938. There are two uncertain factors that always have to be considered. One is the winter and early spring production and the other is the quantity of butter that is likely to be distributed into consumption channels in the course of this five-month period. Since definite figures cannot be given, the surplus must be estimated on the basis of last year's production and the per capita consumption for the December-April period of 1937-38 applied to the existing population. All steps in this process are revealed in the following table, showing the estimated surplus as at September 1, and at December 1, 1938.

TABLE VII - THE CHEESE POSITION IN CANADA, SEPTEMBER TO NOVEMBER, 1936 TO 1938.

		September	October	November	September to November
Stocks in storage at first of the month -	1936	34,031,775	38,623,581	33,044,012	-
(Not adjusted for new firms)	1937	42,190,862	43,246,764	36,562,193	-
	1938	42,872,825	46,735,076	44,135,202	-
Production during month -	1936	18,866,370	15,303,471	5,514,546	39,684,387
	1937	19,846,550	14,513,355	4,396,221	38,756,126
	1938	18,318,431	15,098,036	7,098,723	40,515,190
Imports -	1936	117,149	150,247	270,983	538,379
	1937	79,617	106,141	223,806	409,564
	1938	56,681	146,442	189,774	392,897
Exports -	1936	9,908,600	15,802,000	15,140,200	40,850,800
	1937	14,847,900	15,628,800	14,761,200	45,237,900
	1938	13,992,900	12,165,300	12,535,700	38,693,900
Prices -	1936	15	13 1/4	13 1/2	13 7/8
	1937	14 1/8	14 1/2	14 3/8	14 3/8
	1938	14 1/2	14 3/8	12 5/8	13 7/8
Total Disappearance of Canadian-made Cheese	1936	14,274,564	20,883,040	15,787,171	50,944,775
	1937	18,790,648	21,197,926	13,315,289	53,303,863
	1938	14,456,180	17,697,910	19,027,534	51,181,624

THE SURPLUS BUTTER POSITION AS AT SEPTEMBER 1, AND DECEMBER 1, 1938.

	Sept.1,1937, to April 30, 1938.	Dec.1, 1937, to April 30, 1938.
Stocks at beginning of period	49,890,407	38,297,409
Production during period	116,706,020	52,204,800
Imports during period	<u>5,240,980</u>	<u>5,231,619</u>
	171,837,407	95,733,828
Exports during period	<u>3,936,900</u>	<u>242,200</u>
	167,900,507	95,491,628
Stocks at May 1, 1938	<u>5,085,740</u>	<u>5,085,740</u>
Total consumption	162,814,767	90,405,888
Population as at June 1, 1937	11,120,000	11,120,000
Consumption per capita during the period	14.64	8.13
Population as at June 1, 1938	11,209,000	11,209,000
x Domestic Disappearance, 1938-39	164,099,760	91,129,170
	Sept.1,1938, to April 30, 1938	Dec.1, 1938 to April 30, 1939.
Stocks at beginning of period	62,082,886	53,636,236
Production during period (using last year's figures)	<u>116,706,020</u>	<u>52,204,800</u>
	178,788,906	105,841,036
Apparent Supply for 1938-39		
Probably Disappearance (on basis of last year's per capita consumption)	<u>164,099,760</u>	<u>91,129,170</u>
Surplus	14,689,146	14,711,866

x Based on the per capita consumption for 1937-38 applied to the population as at June 1, 1938.

The surplus shown at September 1 was 14,689,146 and at December 1 it was 14,711,866. If production had remained the same, the latter would have been reduced by virtue of the net exports which amounted to 3.1 million pounds, but with an increase of 3.8 million pounds in production during the fall period over that of the previous year, the surplus showed a slight increase instead of a decline. Between December 1, 1938, and April 30, 1939, there promises to be some increase in the domestic disappearance over that of the December to April period in 1937-38, particularly in February and March; for in the same months of the preceding year consumers were buying butter on the crest of a high price wage. It is quite possible that the expected increase in disappearance may partially or even entirely offset the advance in production from December to April over that of December to April, 1937-38. In any case it is not expected that the surplus as at December 1 will show a very substantial change in subsequent months; allowances will have to be made, of course, to cover net exports during the intervening period.

THE CHEESE POSITION

During the September to November period of 1938 the production of cheese in Canada amounted to approximately 40.5 million pounds. This represented an increase of 1 3/4 of a million pounds over the same period of the preceding year. It was due in part to the mild weather which extended the operating period for about two weeks longer than usual, and in part to the fall in butter prices as against an advance in cheese prices during the first two months of the period over the same months of the preceding year. In the month of November cheese prices declined 1 3/4 cents below those of November, 1937, but before these price...

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

Commodity	September		October		November		September to November		
	1937	1938	1937	1938	1937	1938	1937	1938	Percentage Increase(+) Decrease(-)
	<u>WHOLE MILK PRODUCTS</u>								
Condensed	949	815	902	858	926	712	2,777	2,385	(-) 14.1
Evaporated	9,455	8,023	8,574	6,991	5,916	5,344	23,945	20,358	(-) 15.0
Milk Powder	565	603	536	384	412	376	1,513	1,363	(-) 9.9
Cream Powder	5	7	-	4	1	-	6	11	(+) 83.3
TOTAL	10,974	9,448	10,012	8,237	7,255	6,432	28,241	24,117	(-) 14.6

MILK BY-PRODUCTS

Skim Milk:									
Condensed	452	454	379	212	202	164	1,033	830	(-) 19.7
Evaporated	57	69	876	52	118	53	1,051	174	(-) 83.5
Powder	1,711	2,691	1,298	2,362	912	1,464	3,921	6,517	(+) 66.2
Buttermilk:									
Powder	216	427	187	319	93	241	496	987	(+) 99.0
Condensed	274	193	215	129	58	41	547	363	(-) 33.6
Casein	69	121	47	93	23	63	139	277	(+) 99.3
Sugar of Milk	23	32	20	32	12	24	55	88	(+) 60.0
TOTAL	2,802	3,987	3,022	3,199	1,418	2,050	7,242	9,236	(+) 27.5

WHOLE MILK AND MILK BY-PRODUCTS, COMBINED

TOTAL	13,776	13,435	13,034	11,436	8,673	8,482	35,483	33,353	(-) 6.0
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changes became effective most of the cheese factories had closed for the season. In Table VII, page 26, the total disappearance of cheddar cheese is given for the months September to November, 1936 to 1938. Some adjustments have been made in the stock figures, however, to cover the holdings of new firms, so that the total disappearance of Canadian cheddar cheese as shown in the table is subject to some amendments. The adjusted stock figures are shown below.

	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>
1937	42,190,862	43,246,764	36,562,193	27,643,125
1938	41,272,825	45,235,076	42,335,202	30,306,391

Since the exports of cheese during the three-month period represent 75.2 per cent of the total disappearance and 95.5 per cent of the September-November production, the variations in the monthly disappearance and stocks on hand at the first of the month are principally due to variations in the export movement. The percentage changes in the total disappearance, production, exports, and stock holdings as compared with the previous year appear below in the order given.

Changes in the Cheese Position by Months, as Compared with the
Previous Year

	<u>Total Disappearance</u>	<u>Production</u>	<u>Exports</u>	<u>Stocks</u>
	%	%	%	%
September	- 23.6	- 7.7	- 5.8	- 2.2
October	- 15.1	+ 4.0	-22.2	+ 4.6
November	+ 43.6	+61.5	-15.1	+15.8

Compared with last year the September exports declined 5.8 per cent, and while the stock position was slightly weaker at September 1 than it was at the same date in 1937, on October 1 the cheese holdings were 2 million pounds or 4.6 per cent above the October holdings at the same date twelve months before. A further decline of 3.5 million pounds in the export movement during the month of October from the same month of the preceding year, and a substantial increase in the production, placed the November 1 stocks 5.8 million pounds above those shown at the same date in 1937. In the month of November exports fell 2.2 million pounds and accompanied by an increase of 2.7 million pounds in production compared with November, 1937, the stock position at December 1 showed an advance of 2.7 million pounds above that shown at that date in the preceding year.

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

Base 1926 = 100.

		September	October	November	September to November
Fresh Milk	1937	87.0	88.6	92.4	89.3
	1938	86.8	87.8	87.9	87.5
	%	(-) .2	(-) .9	(-) 4.9	(-) 2.0
Butter	1937	69.1	71.2	75.8	72.0
	1938	59.3	58.3	57.3	58.3
	%	(-)14.2	(-)18.1	(-)24.4	(-)19.0
Cheese	1937	68.9	70.1	68.8	69.3
	1938	71.5	71.5	64.9	69.3
	%	(+) 3.8	(+) 2.0	(-) 5.7	-
Coarse Grains /	1937	95.2	98.6	90.4	94.7
	1938	54.4	54.4	53.4	54.1
	%	(-)42.9	(-)44.8	(-)40.9	(-)42.9
Wheat (All Grades)	1937	88.4	90.7	85.8	88.3
	1938	41.9	40.3	38.5	40.2
	%	(-)52.6	(-)55.6	(-)55.1	(-)54.5
Veal	1937	81.2	82.9	84.4	82.8
	1938	85.7	83.5	89.2	86.1
	%	(+) 5.5	(+) .7	(+) 5.7	(+) 4.0
Steers	1937	115.7	102.8	98.6	105.7
	1938	81.9	78.6	81.5	80.7
	%	(-)29.2	(-)23.5	(-)17.3	(-)23.7
Hogs	1937	77.4	65.9	62.4	68.6
	1938	71.7	62.2	62.4	65.4
	%	(-) 7.4	(-) 5.6	-	(-) 4.7
All Farm Products	1937	86.3	86.5	83.9	85.6
	1938	63.8	63.8	64.9	64.2
	%	(-)26.1	(-)26.2	(-)22.6	(-)25.0

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

/ Includes Oats No. 2 C.W. and Barley No. 3 C.W.

BUTTER PRICES

The market for No. 1 creamery solids, as reported by the Canadian Commodity Exchange at Montreal, showed a brisk demand during the opening week of September with a ruling quotation of 23 5/8 cents. On September 7 the market sagged to 23 1/2 cents, and although there was a temporary recovery, it fell again to 23 1/4 cents and finally to 22 3/4 cents. A fractional recovery took place on the 15th of the month but a weaker market reduced butter prices to 22 1/4 cents on September 21, and to 21 1/4 cents the following day. Prices moved up to 22 cents on the 26th and finished at 22 1/4 cents at the end of the month. The average for the month was 22 3/4 cents, as compared with 26 3/8 cents in September, 1937.

During the first week of October the prices of butter ranged from 21 3/8 to 23 cents, but advanced to 23 1/8 cents on October 7 and from that time until the 21st of the month the market remained steady at 23 1/8 to 23 1/4 cents. Reduced activity during the last week of October brought prices down to 22 3/4 cents and then to 22 1/2 and finally to 22 1/4 cents on October 26. Buyers were more aggressive during the last few days of the month; prices increased fractionally, and then rose to 23 cents on October 29. At the end of the month prices fell again to 22 7/8 cents, which represented also the average price for the month. The average price for October, 1937, was 28 1/8 cents.

Starting with 22 3/8 cents on November 1 the market began to show a weaker tone and by November 7 butter prices had fallen to 21 7/8 cents. They returned to 22 cents on the 14th, and with the exception of a slight decline on the following day prices were maintained at 22 to 22 1/4 cents until the last day of the month when the market fell to 21 1/2 cents. The average for the month was 22 1/8 cents, as compared with 29 7/8 cents in November, 1937. The three-month average was 22 7/8 cents, 5 1/4 cents below the average September-November price a year ago.

CHEESE PRICES

The daily prices of first grade Ontario coloured cheese at Montreal are charted along with creamery butter prices on the final page of this report. It will be seen that the trend in cheese prices for the first two months was comparatively steady, but the November quotations reveal a gradual but definite decline. Beginning with 14 3/8 cents at the first of September, prices remained fairly steady until September 12, and from that date until September 24 became stabilized at 14 1/2 cents. The market strengthened to 14 5/8 cents, and subsequently to 14 3/4 cents, and remained at this point for the last three days of the month. The average price for September was 14 1/2 cents as compared with 14 1/8 cents in September, 1937.

Commencing at 14 3/4 cents on October 1, prices rallied fractionally but fell again to the former figure and then settled at 14 5/8 cents until after the 10th of the month. From October 11 to 17, 14 3/4 cents became the ruling quotation, after which prices declined to 14 3/8 and to 14 cents on October 20. The market advanced a quarter of a cent and maintained this position for a couple of days, but returned again to 14 cents on the 26th and remained there until the end of the month. The average price for October was 14 3/8 cents, compared with 14 1/2 cents in the same month of 1937.

A decline in cheese prices began to operate at the beginning of November. The opening quotation was 14 cents, but the market fell to 13 1/2 cents on November 7, and again to 13 3/8 cents for a few days. But reacting to the heavy stock position, the market declined to 12 3/4 cents on November 14. This was followed by a further decline the next day, and on the 17th prices had fallen to 12 1/2 cents. On the 21st prices fell to 12 cents, and a subsequent recession reduced the ruling price level to 11 7/8 cents. On November 25th prices declined to 11 1/2 cents and fell to 11 3/8 cents two days later. This became the ruling price...

TABLE X - WHOLESALE PRICES OF MILL FEEDS AND COMMERCIAL CONCENTRATES,
AT DECEMBER 1, 1937 AND 1938. /

		Saint John	Montreal	Winnipeg	Vancouver
		\$ per ton	\$ per ton	\$ per ton	\$ per ton
Bran	1937	31	28	24	31
	1938	22	20	16	22
Molasses (live stock)					
	1937	-	22.31	-	-
	1938	-	22.31	-	-
Linseed Meal (35% protein)					
	1937	42	34	38 x	49
	1938	45	36	35	41
Cotton Seed Meal(41% protein)					
	1937	42	37	-	43
	1938	43	35	-	38
Alfalfa Meal (15% protein)					
	1937	33	21	-	37
	1938	33	17	40	33

/ Data supplied by The Plant Products Division, Department of Agriculture.
x List and carlot prices.

until the end of the month. The average for the month was 12 5/8 cents as compared with 14 3/8 cents in the same month of the preceding year. For the three months, September to November, the average was about 13 7/8 cents, approximately 1/2 cent lower than in the September-November period of 1937.

MILK PRODUCTS

In the period September to November, 1938, 24.1 million pounds of whole milk products were manufactured in Canada and 9.2 million pounds of concentrated milk by-products, the former registering a decline of approximately 15 per cent and the latter an increase of approximately 28 per cent as compared with the production in the same period in 1937. In the former group the most important product is evaporated milk, the output of which amounted to 20.4 million pounds, or 84 per cent of the total. The production of skim milk powder, which ranks first among the milk by-products, amounted to 6.5 million pounds, representing 71 per cent of the total.

At the first of each month, September to December, the stocks of concentrated whole milk, in comparison with those reported at the same date a year ago, increased 10.1 million pounds, 8.6 million pounds, 5.3 million pounds and 6.7 million pounds respectively; while stocks of milk by-products registered respective increases of approximately 5.9 million pounds, 6.8 million pounds, 6.9 million pounds and 7.3 million pounds.

British and foreign markets continue to absorb a large proportion of the output of milk plants. In the September-November period of 1938 exports amounted to 9.2 million pounds, compared with 11.2 million pounds in the same period in 1937. Approximately 27 per cent of the Canadian output was shipped out of the Dominion in the September-November period of 1938 as compared with 24 per cent in the....

previous quarter period. Shipments made to the United Kingdom represented 66 per cent of the total and those made to the United States represented only 1 per cent of the total. Evaporated milk constituted 7.2 million pounds of all exports, milk powder 1.4 million pounds and condensed milk 595 thousand pounds. As compared with the same period last year, exports of milk powder advanced while evaporated milk and condensed milk declined.

The United States export market for fresh milk has almost disappeared. Exports of cream have also declined, falling from 33 thousand gallons in the three fall months of 1937 to only 415 gallons in the same period of 1938.

FEED PRICES AND PRICE INDEXES

The indexes presented in Table IX offer striking evidence of the declines in the prices of farm products during the preceding year. The price index for wheat revealed a reduction of 54.5 per cent in the autumn period as compared with the same period of 1937. Coarse grains came next with a 43 per cent decline, followed by steers and butter with approximately 24 per cent and 19 per cent respectively. Fresh milk and cheese remained comparatively steady until November when the former fell practically 5 per cent and the latter 6 per cent from the same month of 1937. For the period as a whole no change was recorded in the cheese index while milk declined only 2 per cent from the autumn period of the previous year. From a dairying standpoint, the important feature of the situation reported in Table IX is the 43 per cent decline in coarse grains (oats and barley) from the preceding year; and although the butter index also fell to a lower level than that reported for the September-November period of 1937, the reduction was less than half of that shown for feed indexes. It may be observed, too, that the coarse grain index in the autumn period of 1937 stood at 94.7, indicating that it was closer to the 1926 base than any of the dairy products. The price decline that took place in 1938, however, placed the coarse grain index 4 points below butter, and considerably lower than fresh milk and cheese. It would seem, therefore, that an advantage is offered to commercial dairymen in the purchase of home grown feeds which is not likely to be overlooked.

The prices of concentrated feed stuffs shown in Table X would indicate that there were slight changes at the end of November, 1938, as compared with the prices quoted at the same time in 1937; in some cases the prices are higher than they were at the same time last year, and in some cases they are lower. Mill feeds, on the other hand, were definitely lower in price, bran being 8 to 9 dollars a ton below the 1937 quotations at four principal markets. Thus while there is scant hope of any increase in the use of concentrated feeds at existing prices, an average decrease of approximately 30 per cent in the price of bran and a still greater decrease in coarse grain prices in the three-month period as compared with the preceding year will be a distinct benefit to dairymen in reducing the cost of producing milk on farms during the winter months.

RETAIL PRICE INDEXES OF FOOD PRODUCTS

Since butter represents an important item in family expenditures, the reduction in butter prices as shown in the index of 61.8 in the autumn period of 1938, compared with 71.2 in the autumn period of the preceding year, will make an important contribution toward lower living costs. This decline of 13.2 per cent is the most significant change shown in Table XI. Lard fell 12.5 per cent below the 1937 index, but all other products revealed the opposite tendency. Both butter and lard registered still greater declines in the month of November, the former showing a reduction of 16.2 per cent and the latter 13.5 per cent. The price indexes for....

TABLE XI - RETAIL PRICE INDEXES OF DAIRY AND MEAT PRODUCTS IN CANADA,*
SEPTEMBER TO NOVEMBER, 1937 AND 1938.

Base 1926 = 100.

		September	October	November	September to November
Creamery Butter	1937	70.2	70.5	72.9	71.2
	1938	63.3	60.9	61.1	61.8
	%	(-) 9.8	(-) 13.6	(-) 16.2	(-) 13.2
Cheese	1937	73.3	73.0	73.0	73.1
	1938	74.2	73.3	73.3	73.6
	%	(+) 1.2	(+) .4	(+) .4	(+) .7
Milk (Fresh)	1937	90.0	92.5	92.5	91.7
	1938	92.5	94.2	94.2	93.6
	%	(+) 2.8	(+) 1.8	(+) 1.8	(+) 2.1
Veal Roast	1937	76.6	76.6	76.6	76.6
	1938	82.3	83.9	81.8	82.7
	%	(+) 7.4	(+) 9.5	(+) 6.8	(+) 8.0
Beef Sirloin	1937	93.2	90.5	87.1	90.3
	1938	93.5	91.2	87.4	90.7
	%	(+) .3	(+) .8	(+) .3	(+) .4
Beef Chuck	1937	92.5	89.9	86.8	89.7
	1938	95.0	92.5	89.3	92.3
	%	(+) 2.7	(+) 2.9	(+) 2.9	(+) 2.9
Pork Fresh	1937	81.8	80.8	75.5	79.4
	1938	85.4	82.1	76.5	81.3
	%	(+) 4.4	(+) 1.6	(+) 1.3	(+) 2.4
Lard	1937	69.4	69.4	69.8	69.5
	1938	61.2	60.8	60.4	60.8
	%	(-) 11.8	(-) 12.4	(-) 13.5	(-) 12.5
Eggs	1937	73.7	83.8	94.0	83.8
	1938	76.9	84.8	93.8	85.2
	%	(+) 4.3	(+) 1.2	(-) .2	(+) 1.7

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

eggs averaged slightly higher in the three-month period but there was practically no change between November, 1937, and November, 1938.

While it is recognized that low prices do not always produce an increase in consumption, it is apparent that consumers of butter are enjoying price preferences that will tend to exert an influence in the direction of increased purchases. Furthermore, where families are required to curtail their expenditures of essential foods, the principal dairy products are likely to be bought in preference to meats. Lard indexes are lower than butter in relation to the base price but in comparison with those shown for the same period of 1937 the price advantages are definitely in favour of the latter.

CANADA - UNITED STATES AGREEMENT, 1938.

Under the new trade agreement with the United States effective from January 1, 1939, some important concessions have been made to Canada in connection with dairy products exported to that country. The most important reductions are those applying to milk and cheese. The former is now admitted at 3 1/4 cents per gallon on a maximum of 3 million gallons, in place of 6 1/2 cents under the 1935 agreement. The former duty will apply to shipments in excess of the maximum allowed under the new rate. Cheddar cheese in original loaves is now admitted at 4 cents a pound and a minimum of 25 per cent ad valorem as against 5 cents a pound under the 1935 agreement. Cheddar cheese in other forms, but not processed, is admitted at the same rate, but under the 1935 agreement it was 7 cents a pound and a minimum of 35 per cent ad valorem. The rate on fresh or sour cream is reduced from 35 cents per gallon under the 1935 agreement, to 28 3/10 cents per gallon, applicable to not more than 1.5 million gallons annually. On quantities in excess of this amount the 1935 tariff will apply. The tariff on dried buttermilk is reduced from 3 cents per pound to 1 1/2 cents per pound. The tariff on dairy cows remains the same as it was under the 1935 agreement at 1 1/2 cents a pound as against 3 cents under the 1930 Tariff Act, except that the maximum quota of 20 thousand head is removed. Calves are admitted at the same rate, 1 1/2 cents a pound, but the maximum weight is increased from 175 to 200 pounds. Cattle weighing 700 pounds or over will be subject to a duty of 1 1/2 cents a pound instead of 2 cents under the 1935 agreement, with a maximum of 60 thousand in each quarter period and 223 thousand annually.

In evaluating the new agreement it may be pointed out that exports of whole milk to the United States have increased from 2.3 thousand gallons in 1935 to 5.3 thousand gallons in 1937, but fell to 2.5 thousand gallons in 1938, while cream shipments increased from seven gallons to a little more than 110 thousand gallons, but declined to 7.4 thousand gallons in 1938. It will be seen, therefore, that the export volume is still quite insignificant. There appears to be some promise of a market for cheese under the new plan, but this will be regulated by the market prices in the two countries. At the present time American cheese varieties equivalent to Canadian cheddar are selling at 15 cents on the New York market while Canadian cheddar is quoted at only 12 1/8 cents at Montreal. In 1936, the exports of Canadian cheddar cheese to the United States amounted to 11.5 million pounds, but since that time they have declined.

Exports of dairy cattle reached the maximum under the 1935 agreement in 1937 when 6.8 thousand head were shipped to the United States, so that the quota of 20 thousand head was found unnecessary. It is unlikely that the concessions affecting beef cattle will offer any competition with the dairy industry in this country.

TABLE XII - STOCKS OF BUTTER*, CHEESE AND CONCENTRATED MILK PRODUCTS IN CANADA,
BY MONTHS, SEPTEMBER TO DECEMBER, 1937 AND 1938.

Product	September 1	October 1	November 1	December 1
	Lb.	Lb.	Lb.	Lb.
Creamery Butter				
1937	49,890,407	55,217,478	48,704,003	38,297,409
1938	62,082,886	65,087,694	62,834,086	53,636,236
Dairy Butter				
1937	426,839	364,488	359,066	185,320
1938	431,014	467,333	490,772	475,789
Cheese				
1937	42,190,862	43,246,764	36,562,193	27,643,125
1938	42,872,825	46,735,076	44,135,202	32,206,391
Concentrated Whole Milk Products -				
Condensed Milk				
1937	583,773	553,800	518,739	555,123
1938	860,295	1,035,032	745,019	1,130,250
Evaporated Milk				
1937	14,996,274	14,904,910	13,534,786	10,245,232
1938	22,846,216	21,974,360	17,575,854	15,375,267
Milk Powder				
1937	703,377	722,591	605,059	485,997
1938	2,649,746	1,815,331	1,612,925	1,478,777
Total Whole Milk Products-				
1937	16,237,146	16,186,930	14,661,081	11,287,873
1938	26,359,405	24,828,903	19,940,849	17,990,516
Concentrated Milk By-Products -				
Condensed Skim Milk				
1937	302,955	351,604	285,466	117,888
1938	632,570	672,210	517,128	352,610
Evaporated Skim Milk				
1937	23,192	30,146	15,832	12,784
1938	/	/	/	8,314
Skim Milk Powder				
1937	1,858,032	2,073,472	1,938,868	1,248,893
1938	6,068,356	6,824,933	6,872,378	6,740,077
Total By-Products				
1937	2,458,989	2,773,743	2,442,539	1,600,776
1938	8,332,223	9,562,002	9,361,250	8,889,601

x Butter stocks include transit stocks as well as stocks in storage.
/ Less than three reports received.

TABLE XIII - DAIRY PRODUCTS EXPORTED FROM CANADA,
SEPTEMBER TO NOVEMBER, 1937 AND 1938.

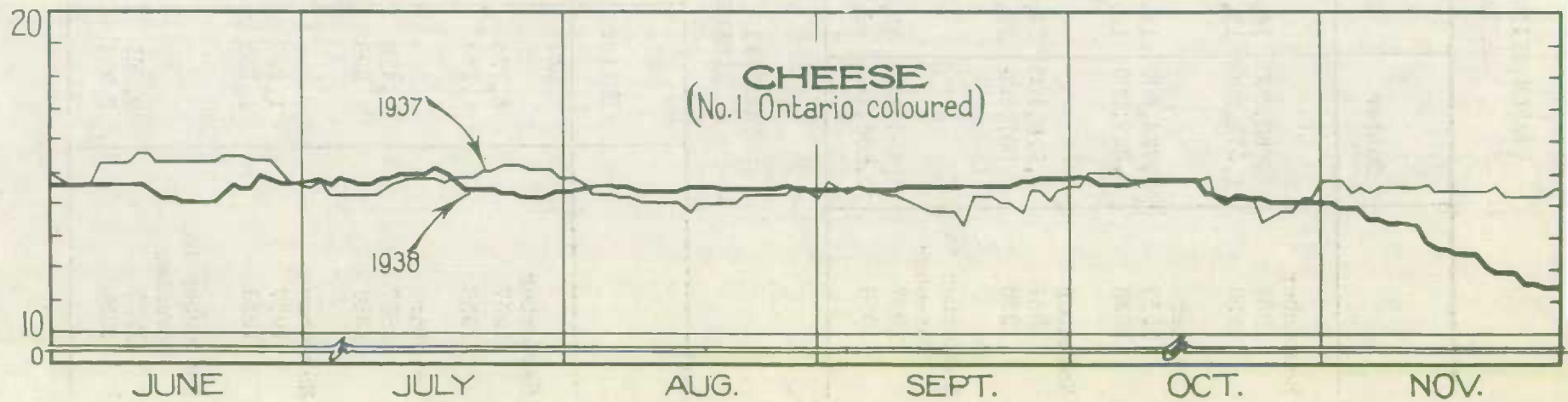
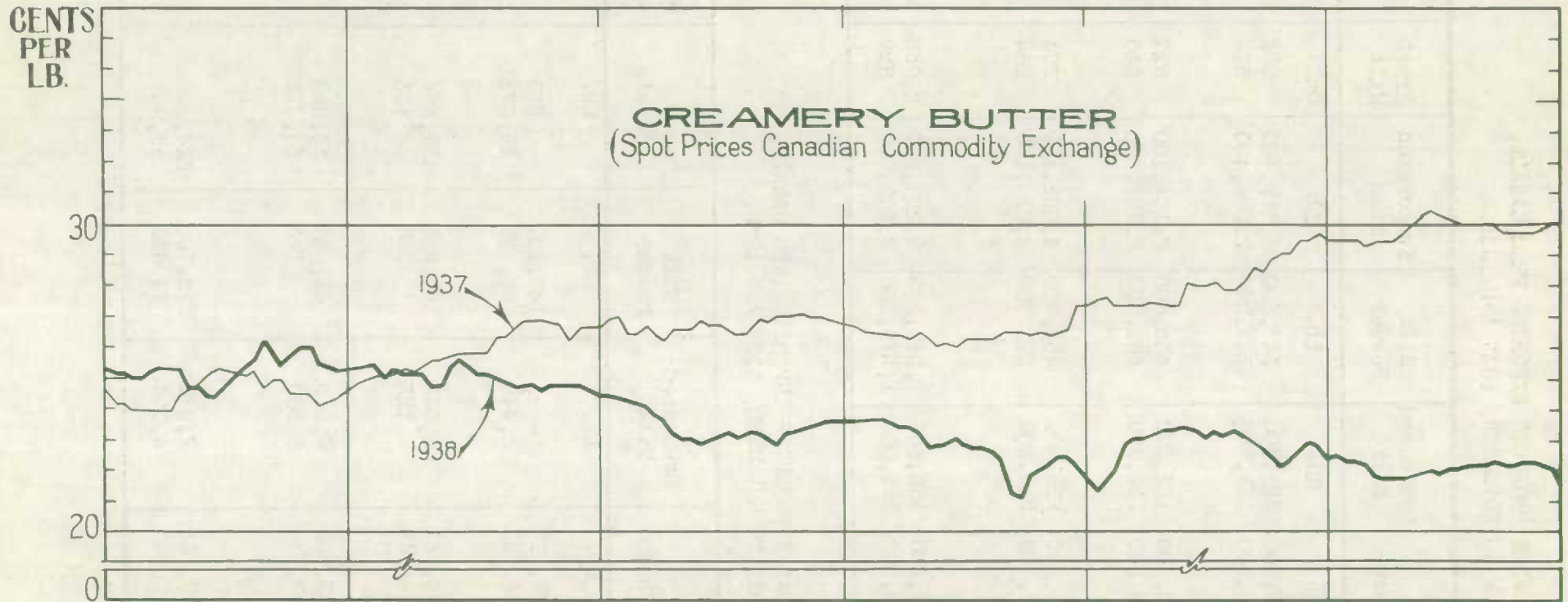
	Butter	Cheese	Condensed Milk	Milk Powder	Evaporated Milk	Fresh Milk	Cream
	Lb.	Lb.	Lb.	Lb.	Lb.	Gal.	Gal.
September 1937	52,000	14,847,900	327,300	347,500	3,119,400	902	10,744
1938	1,571,200	13,992,900	151,900	345,200	2,004,400	318	160
October 1937	1,724,600	15,628,800	125,200	435,800	2,104,100	827	12,866
1938	1,247,200	12,165,300	132,800	661,600	2,383,400	240	125
November 1937	1,918,100	14,761,200	233,800	465,900	4,065,100	304	9,848
1938	367,800	12,535,700	310,300	372,300	2,818,100	264	130
September to November 1937	3,694,700	45,237,900	686,300	1,249,200	9,288,600	2,033	33,458
1938	3,186,200	38,693,900	595,000	1,379,100	7,205,900	822	415

TABLE XIV - DAIRY PRODUCTS IMPORTED INTO CANADA,
SEPTEMBER TO NOVEMBER, 1937 AND 1938.

	Butter	Cheese	Condensed Milk	Milk Powder	Casein	Fresh Milk and Cream
	Lb.	Lb.	Lb.	Lb.	Lb.	Gal.
September 1937	6,736	79,617	-	148,107	350	826
1938	1,258	56,681	3,449	94,179	29,573	1,984
October 1937	1,418	106,141	1,053	186,557	191,504	271
1938	598	146,442	125	358	303	2,929
November 1937	1,207	223,806	6,919	45,044	33,098	551
1938	1,138	189,774	580	145	38,973	1,011
September to November 1937	9,361	409,564	7,972	379,708	224,952	1,648
1938	2,994	392,897	4,154	94,682	68,849	5,924

DAILY PRICES OF BUTTER AND CHEESE AT MONTREAL

JUNE-NOVEMBER, 1937 AND 1938



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