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**CANADA**  
**DOMINION BUREAU OF STATISTICS**  
**AGRICULTURAL BRANCH**

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REPORT NO. 2

**THE DAIRY SITUATION**  
**IN**  
**CANADA**

**SPRING QUARTER**

**MARCH - MAY**

**1939**

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**OTTAWA**  
**1939**

Price \$1 a year

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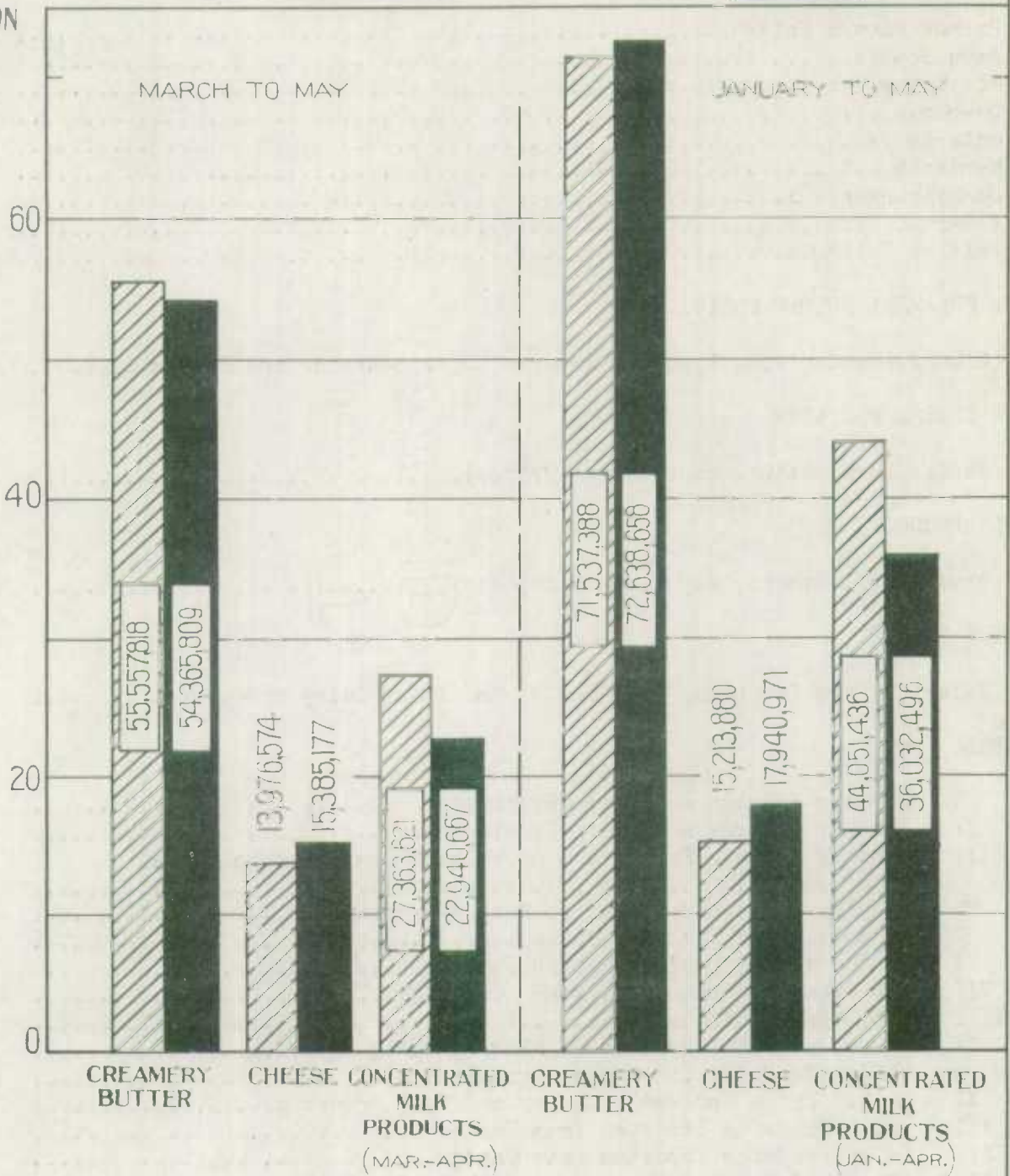
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# PRODUCTION OF CREAMERY BUTTER, CHEESE AND CONCENTRATED MILK PRODUCTS

1938.....

1939.....

MILLION  
LB.



DOMINION BUREAU OF STATISTICS  
AGRICULTURAL BRANCH

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SUMMARY

This statement, issued by the Dominion Bureau of Statistics, covers the dairy situation in Canada during the March to May period of 1939. The information used as a basis for this report was collected through the co-operation of Dairy Correspondents, Provincial Dairy Commissioners, Statisticians, and a special group of Dairy Farm Observers, including the Superintendents of Dominion Experimental Farms, District Representatives, Dairy Inspectors, and the managers of some of the dairy factories located in typical sections of the different provinces.

The income from dairy farms was reduced to a low level during the spring period, March to May, 1939. Low butter-fat prices attended by a decline in the production of milk from last year as the result of the slow spring growth, backward weather, inadequate moisture and short pastures were the chief factors in the situation. Fluid milk prices were quite consistently maintained, so that farmers supplying the whole milk market fared better than the patrons of dairy factories. Milk producers located within hauling distance of condenseries are also enjoying price advantages that have not been seriously impaired. Regardless of unsatisfactory conditions farmers are not forsaking dairying as readily as might be expected. Low grain prices, improved pasture prospects, a large hog population and the difficulties of turning to the production of beef without making long time alterations in the breeding programme, will tend to arrest this development. Farmers are feeding more calves, and while some increase in veal production is expected, it is not likely to affect milk production during the coming season.

THE BUTTER POSITION during the spring period was characterized by exceptionally heavy stock holdings, low prices and pronounced gains in the domestic disappearance as compared with the same period of 1938. Stocks were up 13 million pounds at March 1, 8.3 million pounds at April 1, and 5.2 million pounds at May 1 (the end of the storage period) as compared with the same dates of the previous year. Exports amounting to 3.8 million pounds in the March to May period of 1939 were reflected in the stock position of June 1 which revealed a gain of only 1.7 million pounds over the holdings reported at June 1 a year ago. A gain of 3.3 per cent in the total domestic disappearance (imported butter included) and a decline of 2.2 per cent in the Dominion production during the spring months as compared with the March-May period of the preceding year were important factors in producing this result. Creamery butter solids at Montreal, based on daily quotations of the Canadian Commodity Exchange averaged 21 1/4 cents during the March-May period as compared with 31 1/8 cents in the same period of the preceding year. Price advances of 1 1/4 to 1 3/4 cents in the Old Country during the month ended June 19 may produce a favourable reaction.

THE CHEESE POSITION was subjected to various tides of influence during the spring period of 1939. There was an increase of 1.4 million pounds in production; the domestic disappearance advanced approximately one-half million pounds in comparison with the figures reported in the same period of the preceding year, and stocks at June 1 were 3.1 million pounds above those of June 1 a year ago. Exports during the three months, March to May, amounted to 6.7 million pounds which represented a gain of 8.2 per cent over the exports during the same period of 1938. Ontario coloured cheese at Montreal averaged 10 7/8 cents in the spring period of 1939, whereas in the spring of 1938 the average price was 15 3/8 cents. The latest cable advice indicates that cheese prices in the Old Country have strengthened during the past month.

CONCENTRATED MILK PRODUCTS were manufactured in smaller quantities in the spring period of 1939 than in the spring period of 1938. Whole milk products suffered a decline of nearly 20 per cent. Milk by-products declined 2 per cent, although certain products in this group registered increases over the output of the spring period a year ago. Exports of concentrated milk products advanced from 3 million pounds in the spring of 1938 to 5.3 million pounds in the same period of 1939. While stocks were up 1.7 million pounds at March 1 there was a reduction of nearly 5 million pounds at June 1 compared with the same dates of the previous year.

PASTURE AND FEED CONDITIONS: Cool, backward weather prevailed in the Maritime Provinces during the spring months; dry weather was reported in many sections of the Central Provinces, while drouth and high winds delayed crop growth on the Prairies. On the whole, pastures and meadows made rather slow progress until late in May, and a shortage of grain and hay in the Maritimes made the situation more acute in those provinces. Pastures were rated at 92 and hay and clover at 94 at May 31. The former was 8 points below the condition reported at the same date last year, while the latter was within 6 points of the condition at May 31, 1938. Some clover was winter killed in the Maritime Provinces and parts of Quebec but little injury was reported elsewhere. Recent information reveals some further improvement in pasture conditions, and a fair hay crop is in prospect in the Eastern Provinces. Central and eastern counties of Ontario require more rain. The Prairie Provinces have been well supplied with moisture, with the possible exception of south-eastern Saskatchewan and northern Alberta. Continued cool weather on the Prairies has limited the activities of grasshoppers now hatching in large numbers.

MILCH COWS were released to pasture a week to ten days earlier than last year but extra feeding was necessary until nearly the end of May. The numbers of milch cows on farms appear to be slightly greater than those of a year ago, and the percentage of milking cows to total cows was practically the same in the spring months of 1939 as was reported by Dairy Correspondents during the same period of 1938. Freshenings in the spring period were about equal to those of a year ago but the forecast would offer some hope of an increase in June.

MILK PRODUCTION AND DISTRIBUTION: The quantity of milk produced on farms in the early spring period of 1939 was slightly above the spring production of a year ago. Butter production fell 2.2 per cent while cheese production increased 10.1 per cent. The production of milk per cow registered a slight gain over last year. More butter was made on farms; greater quantities of milk and cream were sold for the fluid trade; more was consumed in farm homes; and substantial increases were recorded in the quantities fed to live stock in the March-May period of 1939 as compared with the same period of the preceding year. Milk production in Canada during the summer months of 1939 is expected to fall just slightly below the amount produced in the summer months of 1938.

PRICE INDEXES show a continuation of low prices for farm products. Wheat and grain prices declined more than dairy products since last year, but beef and veal are higher than a year ago. Dairy products offer quite definite price advantages to consumers that would tend to increase consumption.

## Review of the Production Situation by Provinces

### Prince Edward Island

The lack of suitable feed during the latter part of the winter, followed by an exceptionally backward spring, gave the dairy industry of this province a temporary set-back. The situation was aggravated by the low butter-fat prices, making it difficult for farmers to find sufficient money to purchase commercial feeds from dealers. There is no likelihood of any extension of dairying enterprises; but dairy herds have not been reduced, and if pasture conditions are favourable throughout the summer months the farm milk supply in the June-August period of 1939 may be nearly equal to that of the previous summer season.

Cold backward weather prevailed during the early spring and continued to delay seeding operations until quite late in May. Clover plants suffered from intermittent freezing and thawing, and bare spots have appeared in old pastures. Farmers experienced difficulty in feeding hay of an inferior quality during the winter and used larger quantities than would have been needed otherwise. Consequently, feeds became scarce by spring and pastures were used before the grass had made a proper start. Pastures at May 31 were only 9 points below the condition reported at the same date in 1938, but a shortage of clover as well as a deficiency in pastures may tend to limit production during the early part of the season.

Dairy herds were stabled until quite late in May, very few being released until after May 25 which was about a week later than in 1938. Live stock were released to pasture in very poor condition. Pastures were short; feed supplies were low, and farmers did not feel that they could afford to buy grain and hay when so little was received from the sales of milk and butter-fat. The milch cow population is apparently as high as it was a year ago. The percentage of milch cows to total cows advanced from approximately 45 per cent in March, 1938, to 53.6 per cent in March, 1939, and from 54.9 per cent in April, 1938, to 62.5 per cent in April, 1939. There was a slight increase in the number of cows freshening this spring as compared with the spring of 1938, probably due to the large numbers of young heifers coming into maturity.

The production of milk on farms was slightly below that of the previous spring, a condition that was reflected more definitely in the production of butter which fell 17.4 per cent in March, 24.3 per cent in April and 37.2 per cent in May. There were no cheese factories in operation during the spring months. The milk production per cow, based on those actually milking, registered a slight decline during the first two months of the spring period as compared with the March-April period a year ago, but based on all cows in the herds there was a slight increase. The March make of dairy butter was below that of March, 1938, but a reverse situation developed in April. Fresh milk sold off farms for the fluid trade registered an increase, but the quantity of milk consumed in farm homes was practically the same as that recorded in the same period of the preceding year. Live stock received a larger proportion of the supply than they did a year ago, which may be taken to indicate that less milk was used for manufacturing.

With pastures still suffering from the effects of premature grazing and dairy cows in poorer condition for milking than they were a year ago, it may take some time for production to come back to normal. There is no indication, however, that dairying is being seriously affected by competitive branches of farming; and if pasture conditions are favourable the milch cows now on farms would be expected to produce almost as much milk during the next three months of 1939 as those that were in production during the summer period of 1938.

TABLE I - WEATHER RECORDS REPORTED FROM REPRESENTATIVE STATIONS IN EASTERN CANADA,  
MARCH AND APRIL, 1938 - 1939.

Station and Year		Inches of Precipitation		Mean Temperature		Hours of Sunshine	
		March	April	March	April	March	April
Charlottetown	1938	2.8	3.9	22	38	162	115
	1939	4.7	4.4	21	35	154	159
Kentville	1938	2.5	2.4	25	42	133	119
	1939	4.5	4.5	24	37	142	141
Nappan	1938	1.3	3.1	21	39	133	117
	1939	3.5	3.1	21	36	137	141
Sydney	1938	2.9	5.3	24	38	-	-
	1939	5.4	3.3	23	36	-	-
Chatham, N.B.	1938	1.0	1.8	22	39	-	-
	1939	2.5	2.9	18	34	-	-
Fredericton	1938	1.8	3.9	23	42	138	142
	1939	4.3	4.6	19	36	151	157
Cap Rouge	1938	3.2	2.8	22	40	132	144
	1939	2.1	4.3	19	34	142	124
Lennoxville	1938	3.0	2.9	24	43	126	142
	1939	4.3	4.1	19	35	121	137
Quebec	1938	3.3	3.4	24	40	141	138
	1939	2.2	3.7	19	35	147	136
Sherbrooke	1938	2.5	3.1	25	43	135	143
	1939	3.9	4.0	20	36	120	146
North Bay	1938	3.8	4.1	26	40	-	-
	1939	1.3	2.4	18	35	-	-
Ottawa	1938	3.6	3.2	24	44	138	169
	1939	2.1	2.4	19	34	130	137
Peterboro	1938	2.4	1.9	33	45	-	-
	1939	2.4	3.1	25	39	-	-
Orillia	1938	3.2	2.2	30	43	-	-
	1939	1.4	2.8	21	36	-	-
Chatham, Ont.	1938	2.7	1.5	40	47	143	174
	1939	2.1	3.9	33	43	118	148
Woodstock, Ont.	1938	2.3	2.0	35	45	124	184
	1939	2.3	4.3	27	40	140	144

Nova Scotia

Faced with a shortage of suitable feeds during the winter and unfavourable weather conditions in the early spring, dairy farmers in this province suffered from declines in both production and price. The shrinkage in dairy farm income has weakened the position of those engaged in the industry and permanent improvement must await the return of higher prices and lower costs of production. The picture has brightened to some extent however, by more favourable growing weather, but it is unlikely that the production of milk in the summer period of 1939 will equal the amount produced in the three summer months of 1938.

Large quantities of feed were necessary to maintain the milk flow during the winter months. This was due to a general lack of quality in hay, grains, and other feeds. Low butter-fat prices also made it difficult for farmers to purchase mill feeds, although the feed costs were considerably below those of the previous year. In many sections hay supplies were practically exhausted before spring opened up, and on account of reduced income from dairying farmers were reluctant to make any cash expenditures to tide them over this period. The exceptionally cold weather that prevailed throughout April and May prolonged the feeding period and aggravated a situation that might have been suitably adjusted under normal conditions. The advent of better growing conditions toward the end of May has improved the pastures, however, which were rated at 83 at May 31, compared with 94 at the same date a year ago.

Dairy herds were not permanently released to pastures until almost the first of June. Those turned out to grass early in the month suffered from the effects of inadequate feeding and milk production declined. On the whole the season was practically two weeks later than the 1938 season. Farmers report some losses in calving but freshenings were higher during the spring period of 1939 than was the case in the same period of 1938. The cow population has been well maintained. In fact, there are more cows in production than there were a year ago. This is due in part to fewer sales and in part to the numbers of young heifers coming into maturity. The percentage of cows milking to total cows was practically the same in the spring period of 1939 as in the spring of 1938. Live stock improvement work is being carried on in many parts of the province and increased interest is being taken in the elimination of tubercular infected animals.

Dairy Correspondents reveal a decline in milk production, a situation that was also shown in the production of creamery butter which fell 13 per cent in March and 19 per cent in April. The May, 1939, output was 18.5 per cent below that of May, 1938. Milk production per cow suffered a very small decline, a condition that may be attributed to short pastures when feed supplies ran low. The quantity of dairy butter made on farms declined in March, but this was offset by a substantial increase in April. Low revenues from the sale of dairy products apparently caused farmers to produce and sell their own products to a greater extent than in former months. Sales of fluid milk corresponded closely to the sales reported a year ago, but larger quantities were consumed in farm homes and farmers fed much larger quantities to live stock.

The future situation will doubtless depend on the time it takes for dairy cows to come back into full production. Weather and pasture conditions will practically decide the issue. With cow numbers slightly higher than a year ago, and very little opportunity for farmers to turn to more profitable branches of farming, it seems likely that the supply of milk during the summer period will fall only slightly behind that of the preceding summer period.



TABLE II - WEATHER RECORDS REPORTED FROM REPRESENTATIVE STATIONS IN WESTERN CANADA,  
MARCH AND APRIL, 1938 - 1939.

Province and Year		Inches of Precipitation		Mean Temperature		Hours of Sunshine	
		March	April	March	April	March	April
Brandon	1938	1.2	0.7	26	37	172	231
	1939	Nil	0.9	15	38	177	245
Morden	1938	0.6	1.6	31	39	183	222
	1939	0.1	1.4	19	39	176	235
Dauphin	1938	1.5	1.4	27	36	-	-
	1939	0.2	0.2	16	39	-	-
Battleford	1938	0.7	0.2	26	38	-	-
	1939	0.3	0.3	13	40	-	-
Prince Albert	1938	0.6	0.5	27	37	-	-
	1939	0.5	1.0	13	37	-	-
Saskatoon	1938	1.0	0.7	27	38	186	240
	1939	0.6	0.3	16	40	202	264
Indian Head	1938	1.7	0.5	27	38	144	178
	1939	0.4	0.4	15	39	139	-
Swift Current	1938	1.2	0.5	30	41	178	225
	1939	0.6	0.7	21	42	166	227
Beaverlodge	1938	0.7	0.4	29	39	175	205
	1939	1.3	1.0	20	39	154	241
Edmonton	1938	0.4	0.5	30	40	165	208
	1939	0.8	0.9	20	42	166	258
Calgary	1938	0.8	0.7	31	39	163	201
	1939	1.6	1.1	22	42	154	228
Cardston	1938	1.4	0.9	31	40	-	-
	1939	1.0	0.7	30	45	-	-
Victoria	1938	2.6	1.9	45	50	151	315
	1939	1.2	0.4	44	50	143	222
Prince George	1938	1.2	0.6	32	42	140	163
	1939	1.0	2.6	28	41	129	154
Agassiz	1938	4.5	5.8	45	51	101	141
	1939	4.0	2.0	45	51	111	122
Kamloops	1938	0.1	0.2	42	50	174	270
	1939	0.2	0.2	38	52	203	244

The natural advantages of a humid climate enjoyed by dairy farmers of this province in other years produced a reverse result in 1938. Hence, with so much of the hay crop rendered unfit for use, producers found themselves short of feed before the long winter and cool, backward spring had run its course. Widespread dissatisfaction with butter-fat prices and inadequate forage contributed to a reduced milk supply in the spring period as compared with that of the previous year. Feed conditions are improving, however, and it is generally believed that milk production during the summer months will approximate the summer production of a year ago.

There was a comparatively light fall of snow in this province during the winter and continued freezing and thawing left the fields covered with ice for a considerable time. In common with other parts of the Maritimes the spring was cold, and rains delayed seeding operations. Pasture grass grew slowly and tender clover plants were killed out with heavy frosts. The weather began to warm up about the end of May, and better growing conditions are now anticipated. Where farmers depend on seeded pasture a shortage of clover will probably cause some disappointment and heavy spring-time grazing may retard recovery for a time. At the end of May the average condition of pastures reported by Crop Correspondents was 84 compared with 96 at the same date in 1938. More recent telegraphic advice reports some further improvement in pasture prospects.

Live stock went out to pasture about the end of May which would be almost a week later than last year. The long winter combined with the use of low quality feeds left the dairy herds in poor condition and it may take some time for dairy cows to come back into full production. The milch cow population seems to be somewhat higher than it was in the spring of 1938. Some shipments of cows were made to Maine, Nova Scotia and Quebec, but total sales were reduced from last year, thus accounting for larger numbers on farms. The percentage of cows milking advanced from 65.8 to 77.9 in March, but fell in April from 72.0 to 69 per cent. This change was probably the result of short feed supplies. There was apparently no increase in freshenings this spring as compared with the spring period of a year ago, but there is nothing to indicate that any reduction is likely to develop in the numbers of cows available for milking purposes during the summer months.

During the early part of the spring period milk production was maintained on practically a level with that of the preceding year. The milk production per cow remained steady during the month of March, but suffered a decline of 2.4 per cent in April when feed became scarce. The creamery butter output fell 1.7 per cent in March, 17.9 per cent in April and 20.7 per cent in May. This decline was partly due to an increase in the make of dairy butter which advanced approximately 33 per cent during the two early spring months over the March-April production a year ago. The quantities of dairy butter made on farms has been definitely on the increase since the first of the year. There has been no appreciable change in the quantity of milk sold for fluid use, but quite a distinct increase was recorded in the quantities of milk used in farm homes, and in the quantities fed to live stock. Cheese factories opening up during the month of May obtained a larger share of patronage than in the previous year and showed an advance of 42.5 per cent. Dairy herds are being retained at about the same size as in the previous years and pastures are showing steady improvement as the weather becomes warmer. It seems probable that the dairy production would stage a recovery during the summer months. If these hopes are realized, the production of milk during the summer of 1939 will probably equal that of the 1938 summer season.

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

(BASED ON REPORTS OF DAIRY CORRESPONDENTS, BY PROVINCES,

MARCH AND APRIL, 1938-1939).

Province and Year	March	April	Average March and April
Prince Edward Island			
1938	44.9	54.9	49.9
1939	53.6	62.5	58.0
Nova Scotia			
1938	70.9	77.8	74.3
1939	70.1	78.2	74.1
New Brunswick			
1938	65.8	72.7	69.2
1939	77.3	69.0	73.4
Quebec			
1938	54.2	78.3	66.2
1939	55.2	75.8	65.8
Ontario			
1938	74.6	83.1	79.1
1939	75.2	82.7	78.9
Manitoba			
1938	61.7	71.3	67.5
1939	66.3	72.5	69.4
Saskatchewan			
1938	56.9	69.1	63.0
1939	59.7	60.6	64.6
Alberta			
1938	60.8	71.0	65.9
1939	56.8	73.4	65.1
British Columbia			
1938	81.4	86.7	84.0
1939	82.5	86.2	84.3
CANADA			
1938	63.5	74.2	68.8
1939	66.4	74.4	70.4

Quebec

While sharing with other provinces the disappointment resulting from declining milk and cream revenues the farmers of Quebec are not inclined to forsake the dairy industry which has been so closely linked with the agricultural development of the province. Naturally the low prices have forced farmers to seek supplementary sources of revenue. There is little indication of any competition from beef production, but veal and hogs are undoubtedly occupying a more important place in the farm programme. The former, though competitive with dairying, is not expected to have an adverse effect on the milk supply during the summer months, and the latter as a complementary enterprise is likely to encourage farmers to give greater attention to dairying. The decline in milk production which characterized the spring period was regarded as a temporary reaction to unusual conditions in the early spring, a situation it is believed that may be corrected as the season advances.

Weather conditions were unfavourable during the spring months of this year. Low temperatures and a lack of moisture in some areas retarded the growth of grass, and some ill results may be expected from the winter killing of clovers, a condition that appears to have been particularly evident in the counties along the St. Lawrence, on both the north and south shores. Farmers, however, are giving a great deal of attention to pasture management, and plans are being made to use fertilizers more extensively. At the end of May, Crop Correspondents reported that pastures were only four points below normal, and eight points below the condition reported at the same date in the previous year. The prospects for the hay crops are also quite encouraging, showing virtually the same situation as that reported for pastures. Cool nights and heavy frosts were quite general until late in the month, but there was no reported injury to feed crops.

Dairy herds were kept in stables throughout the greater part of the spring months and received supplementary feeding until after May 24. Some herds were permanently released to pastures at an earlier date where feed supplies were not available. On the whole the season was a week or ten days later than a year ago. Herds on pastures were reported by observers to be in fair condition where they were kept in the stables and given some extra feed during the short pasture period, but where this was not done dairy cows are reported to be in poor flesh. In any case the condition of cows will improve with the use of more satisfactory forage although they may not come into full production until somewhat later than usual. Dairy Correspondents advise that the numbers of cows on farms were higher than those recorded during the spring period a year ago. The percentage of cows actually milking, however, declined sharply in the month of April as compared with April, 1938. In previous months the reverse situation was reported. Freshenings were delayed during the early spring period and there was a tendency to permit milch cows to dry off prematurely. Young stock coming into milk in June will doubtless offset this unsatisfactory condition. The numbers of cows freshening in the 1939 spring period was practically the same as in 1938, but those expected to freshen in the next two months show a reduction from the forecast made for the same months in 1938. Farmers made a number of sales to American buyers and a few shipments to other provinces. The total sales, however, were not equal to those of a year ago. A good deal of live stock improvement work is being carried on with the object of increasing production through the use of better sires. Educational efforts in this direction are being continued.

The milk supply fell below that of the previous year, but there was no apparent reduction in the milk flow per cow. Based on cows actually milking an advance of 1 per cent was recorded, but when all cows are included in the calculation the percentage was just about equal to the March-April period of 1938.

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

MARCH AND APRIL, 1938-1939.

Province and Year	Based on all cows in herds of Dairy Correspondents		Based on cows actually milking in herds of Dairy Correspondents	
	March	April	March	April
Prince Edward Island				
1938	9.7	8.9	21.5	16.3
1939	10.8	10.3	20.0	16.5
Nova Scotia				
1938	11.9	13.9	16.9	17.9
1939	11.6	13.4	16.7	17.2
New Brunswick				
1938	11.2	13.6	16.9	18.7
1939	11.5	11.2	14.2	16.2
Quebec				
1938	8.1	14.2	14.7	18.2
1939	8.6	14.3	15.4	19.0
Ontario				
1938	15.5	18.2	20.9	21.8
1939	16.2	17.6	21.4	21.7
Manitoba				
1938	9.9	14.1	16.2	19.2
1939	12.8	14.8	19.3	20.3
Saskatchewan				
1938	9.1	12.1	15.7	17.5
1939	11.1	15.2	18.7	21.7
Alberta				
1938	10.5	14.7	17.4	20.8
1939	11.3	18.3	19.7	24.9
British Columbia				
1938	17.1	19.2	20.8	22.2
1939	16.3	19.5	20.0	22.6
CANADA				
1938	11.4	14.3	17.9	19.2
1939	12.2	15.0	18.4	20.0

Creamery butter production moved up 19 per cent in March but fell 5.5 per cent in April and 14.4 per cent in May as compared with the same months of the preceding year. Cheese production also showed an upward trend with increases of 57.2 per cent and 51.1 per cent respectively in March and April as compared with the same months of 1938. A decline of 8.6 per cent in the cheese output was recorded, however, in the month of May. Differing from some other provinces, dairy butter production registered declines in both March and April showing a reduction of 14.4 per cent for the two months in comparison with the same months of last year. Sales of fluid milk increased, and the consumption of milk in farm homes was greater in the early spring months than in the same period of 1938. Milk fed to live stock in the spring period advanced 42.1 per cent above the corresponding period of the preceding year. The development already referred to in connection with veal and hog production would help to explain this increase. With a general improvement in pasture conditions now in sight, the production of milk in the summer period will depend on the number of cows that will be used for milking purposes. There is little to indicate that milk production will suffer a severe reduction from last year, although the facts available at the present time would offer little hope of any increase being recorded.

### Ontario

The permanency of the dairy industry in this province promises to be a safeguard against farmers making any radical change in the farm programme as the result of low butter-fat prices. In some respects Ontario farmers are in a preferred position. The province was well supplied with feed from last year's harvest, and dairy herds were maintained without any special cash outlays for commercial feeds. There has been very little reduction in the milch cow population, and the weather during the spring period was a less severe agency in its effect on dairying than was the case in the other provinces of Eastern Canada. While many are seeking other opportunities to increase their income, it is unlikely that competitive influences will develop to the detriment of dairying. Indeed, it is becoming more and more apparent that an exceptionally heavy production of milk may be expected during the summer months.

A cold, late spring was experienced in all sections of Ontario. The weather was unusually dry, with little or no rain in some parts of the province until the last week of May. Moisture reserves were quite badly depleted in some of the southern and western counties. Clover came through the winter without any apparent injury, and while heavy frosts were recorded in different parts of the province during May, feed crops did not suffer any ill effects. Pastures have made very excellent progress since about May 25, the condition at the end of the month being estimated at 93, only six points below the rating given at the same date in 1938.

Some herds were released to pastures in southern counties as early as May 18, but in most of the dairying districts of the province, the pastures were too short at that time to maintain the milk flow without supplementary feeding. Herds were not permanently released, therefore, until about May 25-27, or about ten days later than last year. Some farmers are developing an outlet for baby beef and utilizing larger quantities of milk for that purpose; it is the general belief, however, that any change to beef production is not likely to be far enough advanced to have any effect on the dairy industry this season. The cow population, according to Dairy Correspondents, has declined very little. The market for good dairy cows was relatively active in the spring months, most of the shipments being made to the United States. The percentage of cows milking in the month of March continued as in the winter slightly above the figures given for the corresponding period of the previous year. A decline was recorded in April

TABLE V - PRODUCTION OF CREAMERY BUTTER IN CANADA, BY PROVINCES,  
MARCH TO MAY, 1938 and 1939.  
(In Thousands of Pounds)

Province	March		April		May		March to May		Percentage Increase (+) Decrease (-)
	1938	1939	1938	1939	1938	1939	1938	1939	
Prince Edward Island	74	61	90	68	165	104	329	233	(-) 29.2
Nova Scotia	385	335	425	344	561	457	1,371	1,136	(-) 17.1
New Brunswick	118	116	211	173	385	305	714	594	(-) 16.8
Quebec	1,015	1,209	4,161	3,931	9,115	7,803	14,291	12,943	(-) 9.4
Ontario	4,875	5,269	6,678	6,542	9,960	9,341	21,513	21,152	(-) 1.7
Manitoba	1,239	1,305	1,563	1,618	2,813	2,919	5,615	5,842	(+) 4.0
Saskatchewan	729	774	936	1,025	2,155	2,795	3,820	4,594	(+) 20.3
Alberta	1,370	1,325	1,917	1,678	3,075	3,178	6,362	6,181	(-) 2.8
British Columbia	356	505	453	495	734	691	1,543	1,691	(+) 9.6
CANADA	10,161	10,899	16,434	15,874	28,963	27,593	55,558	54,366	(-) 2.2

TABLE VI - PRODUCTION OF FACTORY CHEESE IN CANADA, BY PROVINCES,  
MARCH TO MAY, 1938 and 1939.  
(In Thousands of Pounds)

Province	March		April		May		March to May		Percentage Increase (+) Decrease (-)
	1938	1939	1938	1939	1938	1939	1938	1939	
New Brunswick	-	-	-	-	49	70	49	70	(+) 42.9
Quebec	64	101	173	262	1,647	1,505	1,884	1,868	(-) 0.9
Ontario	333	1,020	1,153	2,135	9,171	8,440	10,657	11,595	(+) 8.8
Manitoba	181	241	234	273	351	366	766	880	(+) 14.9
Saskatchewan	2	2	4	4	24	39	30	45	(+) 50.0
Alberta	97	172	108	181	206	266	411	619	(+) 50.6
British Columbia	48	93	58	88	73	127	179	308	(+) 72.1
CANADA	725	1,629	1,730	2,943	11,521	10,813	13,976	15,385	(+) 10.1

Note: There was no cheese made in the Maritime Provinces during March and April.

however, which was probably associated with the unusually backward weather conditions and a lack of green feed. The numbers of cows freshening during the early spring months fell slightly below March-April freshenings of the preceding year.

The milk supply was well maintained during the spring period, increasing in March but falling in April, as compared with the same months of 1938. The milk production per cow averaged a little above that of the preceding year, but followed the same trend as the total production. Dissatisfaction with price conditions is leading farmers to question the reasons for so much variation between fluid milk prices which averaged about \$2.10 per hundred at Toronto and other large markets, as compared with butter-fat prices ranging in the neighbourhood of 19 to 21 cents per pound. Cheese milk is fetching an average of about 75 cents per hundred and where cheese factories are located within hauling distance of farms there is a tendency to switch to cheese factories rather than to patronize the creameries. Condenseries too, are paying fair prices, averaging about \$1.05 per hundred, and in the areas where these plants are established the creameries may lose some business. The production of butter on farms during the spring period registered a slight reduction, as compared with the preceding spring months, but the quantity of milk sold for fluid purposes showed a moderate gain. A slight increase was recorded in the quantities of milk used on farms, and a significant advance in the milk used for live stock feeding was shown in the spring months of 1939, as compared with the same period of 1938.

The facts of the situation as described offer evidence of an increase in milk production during the June-August period as compared with the same months of the preceding year. The fact that farmers were able to maintain their herds without unduly sacrificing them during this low price period is an important consideration. Dairy herds went through the spring calving months without serious losses, and with the general pasture improvement already observed, there would seem to be grounds for the belief that a marked recovery will take place early in the summer season. Since prices are more favourable to the cheese industry there has been a tendency for farmers to shift their patronage from creameries to cheese factories. This change will become more pronounced as the season advances, and the summer cheese production should show a substantial gain over the summer output in 1938.

### Manitoba

Dairying enterprises in this province have become so closely associated with the general prosperity of agriculture, that feed supplies and weather conditions are about the only factors that have played an important part in limiting dairy production during the past few years. The fact that milk production was maintained throughout the winter and spring period of 1939 on a consistently higher level than that of the previous year would support this conclusion. Regardless of low prices, farmers made more money in feeding grain to dairy cows than by selling it at elevator prices. Some of those engaged in mixed farming in the newer parts of the province seem to be shifting to beef production, while in the older settled communities there is a tendency to maintain dairy herds at about the usual numbers, and milk production in these districts has shown a substantial gain. On the whole the outlook is quite promising, and with the passing of a prolonged spring-time drouth, it is now hoped that the summer production of this year will exceed the quantity produced in the summer of 1938.

The spring opened up early. On account of light rainfall in the autumn the soil was unusually dry, and old timers were astonished to witness the complete disappearance of snow and ice without the accumulation of any quantities of surface water. The water level in sloughs was said to be the lowest in thirty years.



The weather was inclined to be cool throughout the whole of April and the greater part of May. High winds prevailed in the month of May and heavy frosts late in the month were another feature of the situation that was somewhat unusual. Seeding was completed early, but the grain crop grew slowly and the grass seemed to make a very poor showing. Heavy rains, however, during the month commencing May 22, came as a great relief to pastures and meadows which were beginning to show the effects of the prolonged spell of dry weather. At the end of May pastures were rated at 81 which was 15 points below the condition reported at the same date in 1938 while the hay and clover crop was placed at 84, a decrease of 12 points from that of the preceding year. Since that date there has been some further improvement.

Live stock was well supplied with feed during the winter months; even in the western sections of the province where hail had caused damage in 1938 the after-growth from the 1938 harvest supplied the farmers' needs. Dairy herds were released from the stables about May 1 to 5, almost ten days earlier than last year; yet on account of the cool weather that followed, farmers found it necessary to do some supplementary feeding to maintain milk production. Low butter-fat prices seem to have produced some minor changes in the farm programme. A few more cows were turned into beef than in former years and there has been an increase in the use of "nurse" cows for the raising of beef calves. The movement toward beef production is not likely to make much progress at the existing price of that product, but increased quantities of milk being fed to live stock would indicate that farmers are making some additional revenues from the sale of veal calves. Dairymen are inclined to see the situation from a long-time point of view. The fluid milk market has proved to be a financial attraction, and those situated close to large centres are increasing production through the improvement of dairy stock. The demand for milk of better quality has encouraged the establishment of tubercular free areas. These are common around Carmen and Morden, and another municipality near Winnipeg is qualifying this year, which, it is reported, will result in a temporary reduction in cow numbers in that section. Dairy live stock has been imported into some of the older and more established districts in southern Manitoba under the Dominion government "cow scheme". Dairy Correspondents report that the numbers of cows on farms declined in the early spring period as compared with a year ago, and that there was also a slight decline in the percentage of cows milking (see table III). In the month of April, 1938, the proportion of milking cows to total cows was reported at 73.3 per cent while in April, 1939, the percentage fell to 72.5 per cent. The numbers of cows freshening in the spring period also suffered a slight decline but prospective freshenings are somewhat higher.

Milk production as reported by Dairy Correspondents recorded a gain of 9.2 per cent during the months of March and April as compared with the same months of the previous year. Butter production reported by creameries increased 5.3 per cent in March, 3.5 per cent in April and 3.8 per cent in May. Cheese production advanced 32.8 per cent, 16.4 and 4.3 per cent, respectively, over the same months of the preceding year. Butter made on farms showed a substantial increase in March but declined in April. This also applied to the use of whole milk for live stock feeding. The early opening which permitted farmers to proceed with seeding early in April would seem to explain this situation. The consumption of milk in farm homes advanced in both March and April while fluid milk and cream sales in the same months topped the deliveries for the same period a year ago by a substantial margin.

Despite the tendency indicated in some sections to forsake dairying in favour of other revenue producing enterprises it is the opinion that the farmers on the whole are not disposed toward any radical change under existing price relationships. If weather conditions continue favourable milk production in.....

Manitoba during the summer period promises to show a slight gain over the production recorded in the summer of the previous year.

### Saskatchewan

While some dissatisfaction exists in regard to the prices of dairy products in this province, there is no indication that the dairy industry is losing any ground. Low wheat prices and relatively large holdings of hogs are destined to keep dairying at the forefront of Saskatchewan agriculture. Feed conditions have greatly improved with recent rains, and although cow numbers have been reduced slightly in the last few months favourable pasture conditions will tend to place milk production on a par with that of the previous year.

Spring opened up with a gust of warm weather, placing the temperatures well above normal. This was followed up by a prolonged cool spell accompanied by high winds which caused some soil drifting and threatened to dry up pasture and forage crops. The rainfall which came about May 20 and 21 relieved the situation almost overnight. By Monday, May 22, over an inch of rain was recorded at Qu'Appelle and approximately one-half of an inch at Regina, Indian Head, Broadview, Moosomin and other southern points.

Pastures that had commenced to dry out recovered quite rapidly, and by the 31st of May the conditions were reported by Crop Correspondents to be only 4 points below those of the previous year. In northern Saskatchewan the growth of grass was quite excellent all spring, and in south-western, south-eastern and west-central Saskatchewan where a lack of rainfall was causing farmers some anxiety, pastures have made a splendid "come-back".

Grasshoppers hatched in large numbers in many different sections of the province. Heavy rains have limited their activities for a time but the expected damage to forage and pastures during the summer months is not likely to be avoided. Crested wheat grass which withstands dry weather so admirably has been seeded in large quantities in southern districts. Benefiting by past experiences, farmers in some of the dry areas of the province have surplus stocks of green feed still in the stack, which may serve a useful purpose if drouth or grasshoppers destroy the satisfactory prospects so apparent at this time.

Live stock was released to pastures at varying dates ranging on the average from April 25 to May 1. Compared with 1938 the season was about ten days earlier. Dairy cattle left the barns in good condition. Stock improvement work seems to be confined more to the beef breeds, but attention is also being given to the production of a better class of milk through the development of tubercular free areas in the province. Competition with the beef industry does not appear to be particularly pronounced; and it is possible that the reaction to increased beef prices will not develop very quickly on account of so many farmers having swung to dairying to obtain a steady income. Farmers are taking advantage of favourable veal prices, but Observers state that the increased use of milk for the feeding of calves promises to benefit the dairy industry as well as the beef industry through the raising of good calves designed for milk production. At the present time there appear to be fewer cows on farms. However, Dairy Correspondents report an increase of 3 per cent in the percentage of milk cows to total cows in March, 1939, compared with March, 1938. In April very little difference was recorded. Freshenings advanced slightly in the former month and forecasts indicate that further increases may be anticipated.

Milk production on farms ranged well above that of the previous spring period. This was shown in the production of butter which increased 6.2 per cent in..

March, 9.5 per cent in April, and 29.7 per cent in May, as compared with the same months of the previous year. Cheese production recorded an increase of 26.1 per cent in March, but fell 12.9 per cent in April below that of April, 1938. The May output, however, revealed an astonishing recovery being 66.1 per cent above the May production of the preceding year. The abundant feed supplies provided in the 1938 harvest together with the green forage supplied in the early spring produced this striking improvement. Hence, milk production per cow in the spring period based on all cows in the herds, maintained the lead established in the winter months, increasing 24.1 per cent over the figures recorded for the same period of the preceding year. Low butter-fat prices encouraged farmers to produce more butter on farms. This was revealed in an increase of 15.5 per cent in March and 25.7 per cent in April, as compared with the dairy butter output in the spring of 1938. The sales of fluid milk have been substantially greater than those recorded in the spring of 1938. According to Dairy Correspondents milk fed to live stock made a substantial gain in March and increased still more in April as compared with the figures reported a year ago. This situation may be attributed in part to low butter-fat prices and greater profits from the sale of veal. The prospects for future months are quite encouraging. Low butter-fat prices have caused widespread complaint, but the experiences of recent years have tended toward greater diversification in agriculture; hence it is the expectation that dairying will continue to flourish. The improvement of pastures in the last part of May promises to boost production, and considering all facts of the situation there should be as much or more milk produced in the summer months of 1939 than in the same period of 1938.

### Alberta

There is no indication as yet that the farmers of this province are forsaking dairying for other enterprises. One reason is that the industry is closely linked with hog production and any recessions in dairy production would have a two-fold effect on farm income. It is apparent, however, that reduced revenues from dairying tend to influence many of the erstwhile beef producers to give less attention to the dairy herds, permitting the cows to raise calves for early slaughter. The make up of the herds in this province allows of greater diversification in this respect than in other parts of the Dominion. Low prices and short pastures in the early spring are unfavourable factors that will have some effect on dairy production; but this may be entirely offset by an increase in winter feed reserves, a lack of outside markets for hay and coarse grains, an increased acreage of pastures and forage crops in some areas, low wheat prices and a larger hog population.

Weather conditions have been quite favourable in Alberta. The spring opened up early, and gave farmers an opportunity to shorten the feeding period by the use of pasture. A prolonged period of dry weather was experienced, however, particularly in southern areas, although conditions in northern and central Alberta remained fairly uniform. Pastures in the areas mentioned were quite satisfactory throughout the spring season. The dry spell was arrested by heavy rains starting about May 19, which revived pastures and advanced the growth of grains and forage crops in all parts of Alberta. It is reported that an inch of rain fell at Olds on that date.

The early spring permitted farmers and ranchers to turn their stock out to grass about ten or twelve days earlier than in 1938. Dairy herds were placed on grass at the beginning of May, and with the use of more feed during the winter the condition of live stock was much better than that reported a year ago.

Dairy Correspondents showed a slight increase in cow numbers in March, and through the introduction of heifer cows into the herds the numbers on farms in April were about equal to the numbers reported in April, 1938. Some shortage of feed in the Peace River district tended to reduce the size of herds in that part of the province, and in some areas where dual purpose stock is employed, there is a tendency to milk fewer cows and to use them for nursing beef calves. On the other hand the close association between dairying and hog production in the central sections of Alberta may tend to maintain the balance, regardless of lower hog prices. In practically all sections of Alberta increased freshenings were indicated, although for the province as a whole the percentage of milking cows to total cows in the two spring months showed very little change from last year. In March the percentage declined from 60.8 to 56.8, but increased in April from 71.0 to 73.4. The condition of pastures at the end of May was rated at 90, only 8 points below the condition recorded at the same date a year ago; hay and clover was rated at 92 which was only 5 points below the condition reported at the same date in 1938.

While the milk production on farms was slightly higher in the spring months of 1939 than was the case a year ago, the quantities used for the production of butter were substantially reduced. This was due to two things: First, a shift to cheese production, and second, a substantial increase in the quantities of milk fed to live stock. In the month of March butter production fell 3.3 per cent and in April a decline of 12.5 per cent was recorded as compared with the same months of the preceding year. A recovery was reported in May when the production advanced 3.4 per cent above that of May, 1938. Cheese production on the other hand, increased 78.4 per cent in March, 67.9 per cent in April, and 28.7 per cent in May. The quantities of milk used for butter and cheese, therefore, were only slightly below those of a year ago. Milk production per cow increased substantially during the months of March and April, as compared with the early spring months of the preceding year, the most significant advance taking place in April. Butter made on farms was higher in March, but declined slightly in April as compared with April a year ago. Milk and cream sold off farms as well as the quantities used in farm homes registered heavy gains over the spring period of the preceding year. Dairy Correspondents advise that milk fed to live stock advanced 73.4 per cent in March and 99.3 per cent in April over the corresponding months of 1938. This development was practically identical with the situation in the neighbouring province of Saskatchewan.

While it is apparent that the outlook for the summer months will depend a good deal on the butter-fat prices and the opportunities for increasing revenues from other sources, it appears that milk production may be expected to fall to a slightly lower level during the summer months of 1939 as compared with the same period of 1938. The extent of the decline, of course, will depend on pasture conditions, always so important a factor in this province.

#### British Columbia

Dairy farmers in this province have been greatly encouraged by the excellent feed prospects this season, and although milk and butter prices are far below expectations the difference between the summer seasons of 1938 and 1939 in respect to the feed supply promises to give rise to a considerable increase in production.

In common with many other parts of Canada, pastures were late in starting due to the protracted cool spell in April and May. British Columbia also shared with the Prairie Provinces in a moderate period of drouth, but this condition was arrested by heavy rains which swept across the four western provinces after the middle of May. In many parts the rain was quite badly needed, particularly on Vancouver Island where pastures were beginning to show a backward condition.

TABLE VII - THE CREAMERY BUTTER POSITION IN CANADA, MARCH TO MAY, 1935 to 1939.

		March	April	May	March to May
Stocks in storage at first of the month	1935	15,043,571	7,103,184	3,722,698	-
	1936	16,429,074	8,797,312	4,824,048	-
	1937	18,775,193	9,152,773	5,817,243	-
	1938	10,222,772	4,465,780	4,542,881	-
	1939	22,882,822	12,516,349	9,643,807	-
Stocks in transit at first of the month -	1935	476,000	588,000	196,000	-
	1936	632,800	224,000	140,000	-
	1937	800,800	336,000	308,000	-
	1938	117,600	224,000	140,000	-
	1939	464,800	509,600	196,000	-
Production during month -	1935	9,134,906	13,684,048	23,548,193	46,367,147
	1936	9,518,260	14,489,750	25,403,949	49,411,959
	1937	9,683,033	15,256,072	24,756,556	49,695,661
	1938	10,161,091	16,434,225	28,962,502	55,557,818
	1939	10,898,750	15,873,553	27,593,506	54,365,809
Imports -	1935	13,999	1,484	8,521	24,004
	1936	16,922	5,770	56,289	78,981
	1937	17,932	9,212	1,158	28,302
	1938	3,794,050	338,854	526	4,133,430
	1939	1,180	44	-	-
Exports -	1935	26,800	57,800	23,600	108,200
	1936	30,300	29,700	35,600	95,600
	1937	40,900	36,400	42,600	119,900
	1938	25,700	23,200	66,300	115,200
	1939	2,179,700	633,100	1,036,500	3,849,300
Prices -	1935	24	23 1/4	21 1/8	22 3/4
	1936	22 5/8	22 1/4	19 7/8	21 5/8
	1937	26	26 1/8	22 7/8	25
	1938	35 3/4	30 3/4	26 3/4	31 1/8
	1939	21 3/4	21 1/4	20 7/8	21 1/4
x Total Disappearance of Canadian made butter (Domestic and Export)	1935	16,963,293	17,456,534	20,600,951	55,020,778
	1936	17,558,822	18,547,014	19,530,152	55,635,988
	1937	19,770,253	18,619,602	20,932,675	59,322,530
	1938	15,811,683	16,441,124	20,380,255	52,633,062
	1939	21,220,423	19,059,695	22,506,586	62,786,704
x Domestic Disappearance of Canadian made butter	1935	16,936,493	17,398,734	20,577,351	54,912,578
	1936	17,528,522	18,517,314	19,494,552	55,540,388
	1937	19,729,353	18,583,202	20,890,075	59,202,630
	1938	15,785,983	16,417,924	20,313,955	52,517,862
	1939	19,040,723	18,426,595	21,470,086	58,937,404

x Disappearance figures are calculated on the basis of storage and transit stocks combined.

Pastures at the end of May were rated at 98 and with the further improvement reported since that date it is probable that they are now about normal. Last year the condition of pastures at May 31 was estimated at 96 which was 4 points below normal. Districts that seem to be particularly favoured this season are the Okanagan Valley and the Northern Interior. Observers also advise that conditions in the Cariboo were never better, in marked contrast to the situation which existed there a year ago. There is plenty of moisture in the ground and the absence of night frosts gave the young clover seedlings a chance to become established.

Where farmers were short of feed, cattle were turned out to grass in rather poor condition, but on the whole herds were reported to be in fair to good flesh. The feeding period was reduced by an early spring and the new pasture growth came as a great relief to farmers whose supplies of grain were beginning to run low. Dairy cows were released at varying dates depending on the feeds available as well as the locality. Those who had any reserves were inclined to do some supplementary feeding until about the end of April or even for a longer period. The season was about twelve days earlier than last year. Sales of cows to United States markets have fallen off in recent months and were considerably below the numbers sold in the spring of 1938. This loss may be a gain in the long run because with better feed prospects farmers will probably avail themselves of the opportunity afforded to build up their dairy herds. New settlers are moving into the central interior and are increasing the holdings of dairy stock in that area. Dairy Correspondents report about the same numbers of cows on farms as a year ago. The percentage of milking cows to total cows, however, increased in both March and April as compared with the same months of the previous year. Freshenings are about the same as in the spring of 1938, and replacements are apparently keeping pace with the reductions that have taken place through sales during the course of the past year.

The milk production in British Columbia was about the same as that of a year ago; there was a slight decline in March, but this was offset by an increase in April. The output of manufactured products in the spring period of 1939 was above the output recorded in the spring of 1938. Butter production advanced 2 per cent in March and 9.1 per cent in April; and although a reverse situation developed in May, with a decline of 5.8 per cent, for the period as a whole the production of this product exceeded the three-month output of the preceding spring period by 9.6 per cent. Cheese production registered gains of 94.6 per cent in March, 51.3 per cent in April and 73.9 per cent in May above the output recorded in the same months of 1938. Milk production per cow, based on all cows in the herds, declined from 17.1 pounds per cow in March, 1938, to 16.3 pounds in March, 1939, but the April average of 19.5 pounds per cow per day was slightly above that of the preceding year. The production of dairy butter in the spring months showed a substantial decline as compared with the same period of 1938. The sales of fluid milk were approximately on a par with those of the preceding year, and this also applies to the milk and cream consumed in farm homes. A slight reduction in the quantities fed to live stock was reported early in the spring, but in the month of April a gain over April of the preceding year partially offset the reduction recorded in the previous month.

It would appear from the foregoing review that the dairy industry in British Columbia is relatively stabilized and with the feed prospects so much better than they were a year ago, there is every evidence that milk production will exceed the farm supply of the preceding summer period by a considerable margin. With fluid milk prices somewhat low as compared with last year at this time, it is probable that a somewhat larger proportion of the milk produced this season will be manufactured than was the case in 1938. The cheese industry promises to maintain a substantial share of the farmers' patronage where these facilities are available.

#### THE BUTTER POSITION

A general survey of the butter position during the March-May period for the years 1935 to 1939 appears on the opposite page. One outstanding feature of the situation is shown in the strong stock position at April 1 in relation to the holdings.

TABLE VIII - THE CHEESE POSITION IN CANADA, MARCH TO MAY, 1938 AND 1939.

		March	April	May	March to May
Stocks in storage at first of the month - (Adjusted for new firms)	1938	24,178,278	21,403,767	17,786,833	-
	1939	26,855,052	25,884,919	26,392,686	-
Production during month -	1938	724,634	1,730,543	11,521,397	13,976,574
	1939	1,628,979	2,942,761	10,813,437	15,385,177
Imports -	1938	8,504,900	17,327,600	17,152,900	42,985,400
	1939	9,120,300	9,840,700	-	-
Exports -	1938	858,300	1,620,400	3,725,700	6,204,400
	1939	890,400	376,600	5,448,500	6,715,500
Prices -	1938	15 1/2	15 1/2	15	15 3/8
	1939	11 3/8	10 7/8	10 1/4	10 7/8
Total Disappearance of Canadian-made Cheese (Domestic and Export)	1938	3,499,145	5,347,477	6,451,183	15,297,805
	1939	2,599,112	2,434,994	11,290,775	16,324,881
Domestic Disappearance of Canadian-made Cheese	1938	2,640,845	3,727,077	2,725,483	9,093,405
	1939	1,708,712	2,058,394	5,842,275	9,609,381

at the same date of the previous year. Even at May 1 which is considered to be the end of the storage period, the stocks on hand were practically twice those shown at May 1 of the previous year. This surplus of 9.8 million pounds, though admittedly large, did not prove to be a permanent carry-over. The stock position at June 1 shown in the following table will make the situation clear:

Year	Stocks at <u>June 1</u>	Transit Stocks <u>at June 1</u>	Total <u>Stocks</u>
1935	6,193,940	672,000	6,865,940
1936	10,305,845	532,000	10,837,845
1937	9,221,124	728,000	9,949,124
1938	13,041,128	224,000	13,265,128
1939	14,237,927	688,800	14,926,727

Whereas the 13 million pounds of Canadian butter in storage and transit on April 1 represented a gain of 8.3 million pounds over those shown at the same date of the previous year, the 14.9 million pounds at June 1 were only 1.7 million pounds greater than those of June 1, 1938. This sudden change in the stock position was due to three factors. First, there was an increase of 4.7 per cent in the total domestic disappearance of creamery butter which includes imports as well as the home produced product; second, a decline of 4.7 per cent in production; and finally the exports advanced to approximately 1 million pounds in May, 1939, compared with 66 thousand pounds in May, 1938, and 633 thousand pounds in the previous month. Taking the three-month period as a whole, the situation was still more revealing. Stocks of Canadian butter at March 1, 1939, amounting to 23.3 million pounds were 13 million pounds above those shown at that date the previous year; whereas at June 1, 1939, the holdings of 14.9 million pounds were only 1.7 million pounds greater than those shown at the same date a year ago. During this three-month period the total domestic disappearance of butter increased 3.3 per cent over the same period in 1938 and production fell 2.2 per cent, while exports advanced to 3.8 million pounds in comparison with 115 thousand pounds in the same period of 1938. The percentage variations in the total domestic disappearance, production and stocks of creamery butter are shown in the table 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
	%	%	%	%	%	%
March	+ 8.1	+ 2.5	+ 28.6	+ 7.3	- 33.1	+ 125.8
April	- 3.2	+ 2.5	+ 45.6	- 3.4	- 44.2	+ 177.8
May	+ 16.5	+ 4.7	+ 73.8	- 4.7	- 24.5	+ 110.1
March to May	-	+ 3.3	-	- 2.2	-	-

The general improvement in the distribution of Canadian butter during the winter months was slow to react on prices on account of being partially offset by increased production. Based on the daily quotations of the Canadian Commodity Exchange for first grade solids at Montreal, which are shown on the chart (page 30) it will be seen that the price movement has inclined in a downward direction since the middle of January. The heavy holdings of butter in this country were an important factor in this situation. At the beginning of March butter was quoted at 21 3/4 cents. The market showed some strength for about two weeks. Prices rose to 22 1/8 cents early in the month and advanced to 22 3/8 cents by the 11th. A reaction developed, however, on the 18th of the month reducing prices to 21 1/2 cents. This was followed by a fractional recovery, but by the end of the month prices had fallen again to the former figure. The average for March was 21 3/4 cents as compared with 35 3/4 cents in March, 1938.



TABLE IX - PRODUCTION OF CONCENTRATED MILK PRODUCTS IN CANADA,  
MARCH AND APRIL, 1938 AND 1939.

( In Thousands of Pounds ).

Commodity	March		April		March and April		Percentage Increase (+) Decrease (-)
	1938	1939	1938	1939	1938	1939	
<u>WHOLE MILK PRODUCTS</u>							
Condensed	915	487	913	572	1,828	1,059	(-) 42.1
Evaporated	8,311	6,326	10,550	9,140	18,861	15,466	(-) 18.0
Milk Powder	582	487	744	713	1,326	1,200	(-) 9.5
Cream Powder	7	-	8	-	15	-	-
TOTAL	9,815	7,300	12,215	10,425	22,030	17,725	(-) 19.5

MILK BY - PRODUCTS

Skim Milk:

Condensed	435	181	451	176	886	357	(-) 59.7
Evaporated	66	27	55	157	121	184	(+) 52.1
Powder	1,355	1,586	2,068	1,752	3,423	3,338	(-) 2.5
Buttermilk:							
Powder	231	213	348	343	579	556	(-) 4.0
Condensed	67	200	68	284	135	484	(+) 256.6
Casein	49	118	110	143	159	261	(+) 64.2
Sugar of Milk	10	11	21	24	31	35	(+) 16.7
TOTAL	2,213	2,336	3,121	2,879	5,334	5,215	(-) 2.2

WHOLE MILK AND MILK BY-PRODUCTS, COMBINED

TOTAL	12,028	9,636	15,336	13,304	27,364	22,940	(-) 16.2
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The market rallied to increased demand for a few days during the early part of April, with 22 1/8 cents as the top quotation; but by April 11 prices had fallen to 21 7/8 cents and to 21 1/2 cents by the middle of the month. Another quarter cent reduction was registered on the 18th, and two days later the market had weakened to 21 cents. During the last week of April butter prices ranged from 20 1/2 to 20 3/4 cents. The average price for the month was 21 1/4 cents as compared with 30 3/4 cents for the same month of the preceding year.

Only small fractional changes were indicated during the greater part of May although a general market weakness was quite definitely indicated until May 26 when buyer support advanced prices to 21 1/2 cents and finally to 21 3/4 cents at the close of the month. The average price at Montreal for May was 20 7/8 cents as against 26 3/4 cents in May, 1938. For the three-month period prices averaged 21 1/4 cents in comparison with 31 1/8 cents for the same period of the previous year. The upward turn in prices at the end of the period was associated with the increase in domestic disappearance already noted. Old Country markets are still receiving heavy shipments from exporting countries although a smaller production in England and Wales and also in New Zealand may have a favourable effect. Butter production in Australia is now beginning to show a seasonal decline. The latest cable advice quotes New Zealand at 23.97 and Australia at 23.24, compared with 22.24 and 22.03 last month.

#### THE CHEESE POSITION

The increase in production was the most outstanding feature of the cheese position during the spring months. The total production of 15.3 million pounds during the March-May period was approximately 1.3 million pounds above that of the same period in 1938. Stocks were also higher, exports advanced slightly, but the domestic disappearance of 9.6 million pounds for the spring period was only about one-half million pounds above the estimate made for the same three-month period of the preceding year.

Cheese prices at Montreal moved to somewhat lower levels during the spring period. Ontario coloured cheese was quoted at 12 cents at the beginning of March but fell a quarter of a cent two days later, followed by another quarter of a cent decline on March 7. About a week later prices declined to 11 1/4 cents. There was a temporary recovery for a few days when the price just quoted again became the ruling quotation. On March 22 prices fell to 11 cents and remained at that point for the remainder of the month. The average price for March was 11 3/8 cents, compared with 15 1/2 cents the same month of the preceding year.

The 11 cent quotation prevailed during the first two weeks of April, while during the last half of the month the market was stabilized at 10 3/4 cents. Cheese prices remained at this level for the first two days of May after which they declined to 10 5/8 cents and subsequently to 10 1/2 cents. A temporary decline to 10 3/8 cents held for a few days but on May 15 the market again fell to 10 1/4 cents and finally dropped to 9 3/4 cents on May 25. The following day it rose to 10 1/8 cents and was established at that price for the remainder of the month. For the three months, March to May, the average price was 10 7/8 cents as against 15 3/8 cents in the same period of 1938.

#### MILK PRODUCTS

The production of concentrated whole milk products declined 19.5 per cent in the March-April period of 1939 as compared with the same period of 1938. Condensed milk registered a decrease of 42 per cent while evaporated milk fell 18 per cent. Milk by-products also showed a reduction of 2.2 per cent in comparison with the output reported for the spring period last year, but the reductions were confined to condensed skim milk, condensed skim milk powder, and buttermilk powder.

TABLE X - WHOLESALE PRICE INDEXES OF THE PRINCIPAL DAIRY PRODUCTS IN  
COMPARISON WITH OTHER AGRICULTURAL PRODUCTS IN CANADA, x  
MARCH TO MAY, 1938 AND 1939

Base 1926 = 100

		March	April	May	Average March to May
Fresh Milk	1938	91.8	91.7	88.9	90.8
	1939	88.0	88.0	88.0	88.0
	%	(-) 4.1	(-) 4.0	(-) 1.0	(-) 3.1
Butter	1938	89.8	85.2	69.1	81.4
	1939	57.4	55.9	54.2	55.8
	%	(-) 36.1	(-) 34.4	(-) 21.6	(-) 31.4
Cheese	1938	74.2	71.5	68.8	71.5
	1939	60.2	59.6	55.7	58.5
	%	(-) 18.9	(-) 16.6	(-) 19.0	(-) 18.2
Coarse Grains /	1938	95.2	90.5	90.1	91.9
	1939	54.6	56.1	59.9	56.9
	%	(-) 42.6	(-) 38.0	(-) 33.5	(-) 38.1
Wheat (All Grades)	1938	88.3	88.4	76.9	84.5
	1939	38.6	39.4	42.9	40.3
	%	(-) 56.3	(-) 55.4	(-) 44.2	(-) 52.3
Veal	1938	84.8	82.5	75.5	80.9
	1939	87.2	82.0	75.6	81.6
	%	(+) 2.8	(-) .6	(+) .1	(+) .9
Steers	1938	80.6	85.7	91.1	85.8
	1939	99.6	99.9	97.5	99.0
	%	(+) 23.6	(+) 16.6	(+) 7.0	(+) 15.4
Hogs	1938	76.7	77.2	79.9	77.9
	1939	71.4	67.2	66.2	68.3
	%	(-) 6.9	(-) 13.0	(-) 17.1	(-) 12.3
All Farm Products	1938	83.0	82.5	77.3	80.9
	1939	65.1	65.5	65.2	65.3
	%	(-) 21.6	(-) 20.6	(-) 15.7	(-) 19.3

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

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

TABLE XI - RETAIL PRICE INDEXES OF DAIRY AND MEAT PRODUCTS IN CANADA,<sup>x</sup>  
MARCH TO MAY, 1938 AND 1939.

Base 1926 = 100

		March	April	May	Average March to May
Creamery Butter	1938	87.5	88.8	74.5	83.6
	1939	59.7	59.5	58.4	59.2
	%	(-) 31.8	(-) 33.0	(-) 21.6	(-) 29.2
Cheese	1938	73.6	74.5	74.8	74.3
	1939	69.8	69.5	69.2	69.5
	%	(-) 5.2	(-) 6.7	(-) 7.5	(-) 6.5
Milk (Fresh)	1938	95.8	95.8	95.8	95.8
	1939	92.5	92.5	92.5	95.5
	%	(-) 3.4	(-) 3.4	(-) 3.4	(-) 3.4
Veal Roast	1938	82.8	81.3	81.3	81.8
	1939	87.0	86.5	82.3	85.3
	%	(+) 5.1	(+) 6.4	(+) 1.2	(+) 4.3
Beef Sirloin	1938	85.4	87.8	91.5	88.2
	1939	92.5	93.9	94.9	93.8
	%	(+) 8.3	(+) 6.9	(+) 3.7	(+) 6.3
Beef Chuck	1938	88.1	90.6	95.0	91.2
	1939	97.5	99.4	100.6	99.2
	%	(+) 10.7	(+) 9.7	(+) 5.9	(+) 8.8
Pork (Fresh)	1938	74.8	78.1	80.5	77.8
	1939	78.1	78.8	77.8	78.2
	%	(+) 4.4	(+) .9	(-) 3.4	(+) .5
Lard	1938	62.4	62.9	62.9	62.7
	1939	51.8	50.6	48.6	50.3
	%	(-) 17.0	(-) 19.6	(-) 22.7	(-) 19.8
Eggs	1938	68.4	62.0	55.3	61.9
	1939	64.3	60.3	55.8	60.1
	%	(-) 6.0	(-) 2.7	(+) .9	(-) 2.9

<sup>x</sup> Data supplied by the Internal Trade Branch, Dominion Bureau of Statistics.

TABLE XII - DAIRY PRODUCTS EXPORTED FROM CANADA,  
MARCH AND APRIL, 1938 AND 1939.

	Butter	Cheese	Condensed Milk	Milk Powder	Evaporated Milk	Fresh Milk	Cream
	Lb.	Lb.	Lb.	Lb.	Lb.	Gal.	Gal.
March							
1938	25,700	858,300	267,300	434,400	1,388,800	66	326
1939	2,179,700	890,400	220,000	793,400	1,906,500	408	416
April							
1938	23,200	1,620,400	100,600	324,300	568,100	342	350
1939	633,100	376,600	40,800	561,400	1,818,400	144	216
March and April							
1938	48,900	2,478,700	367,900	758,700	1,956,900	408	676
1939	2,812,800	1,267,000	260,800	1,354,800	3,724,900	552	632

TABLE XIII - DAIRY PRODUCTS IMPORTED INTO CANADA,  
MARCH AND APRIL, 1938 AND 1939.

	Butter	Cheese	Condensed Milk	Milk Powder	Casein	Fresh Milk and Cream
	Lb.	Lb.	Lb.	Lb.	Lb.	Gal.
March						
1938	3,794,050	85,049	310	147,391	41,926	423
1939	1,180	91,203	125	219	61,094	1,662
April						
1938	338,854	173,276	-	45,961	39,822	83
1939	44	98,407	399	897	56,650	410
March and April						
1938	4,132,904	258,325	310	193,352	81,748	506
1939	1,224	189,610	524	1,116	117,744	2,072

TABLE XIV - STOCKS OF BUTTER<sup>+</sup>, CHEESE AND CONCENTRATED MILK PRODUCTS IN CANADA,  
BY MONTHS, MARCH TO JUNE, 1938 AND 1939.

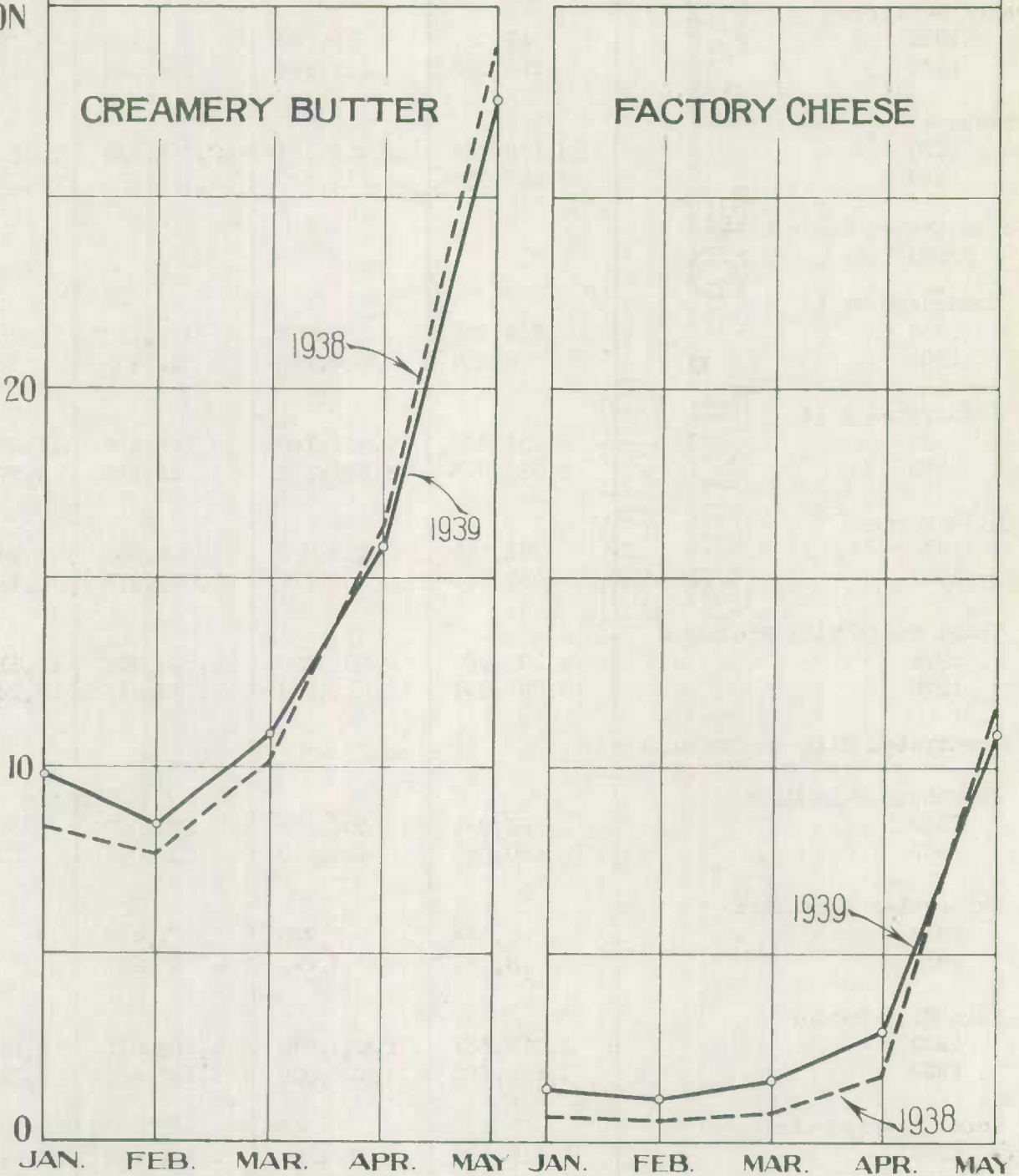
Product	March 1	April 1	May 1	June 1
	Lb.	Lb.	Lb.	Lb.
<b>Creamery Butter</b>				
1938	10,340,372	4,689,780	4,682,881	13,265,128
1939	23,347,622	13,025,949	9,839,807	14,926,727
<b>Dairy Butter</b>				
1938	41,081	12,747	9,958	28,844
1939	258,035	157,866	104,358	117,916
<b>Cheese</b>				
1938	24,178,278	21,403,767	17,786,833	22,857,047
1939	27,258,588	26,014,340	26,435,686	26,230,348
<b>Concentrated Whole Milk Products:</b>				
<b>Condensed Milk</b>				
1938	344,981	352,083	438,116	783,188
1939	772,209	624,774	639,471	860,021
<b>Evaporated Milk</b>				
1938	7,453,967	7,817,148	10,145,467	14,074,088
1939	8,059,973	5,835,244	6,122,559	8,970,294
<b>Milk Powder</b>				
1938	301,189	426,085	651,388	945,870
1939	982,235	759,696	1,011,277	1,116,317
<b>Total Whole Milk Products</b>				
1938	8,102,250	8,601,402	11,244,802	15,812,006
1939	9,821,097	7,225,274	7,778,451	10,946,652
<b>Concentrated Milk By-Products:</b>				
<b>Condensed Skim Milk</b>				
1938	84,082	102,258	195,930	387,237
1939	480,095	416,810	354,028	202,768
<b>Evaporated Skim Milk</b>				
1938	2,076	1,760	1,496	3,520
1939	8,187	3,271	18,267	5,014
<b>Skim Milk Powder</b>				
1938	1,076,351	1,035,580	1,634,975	2,613,539
1939	5,525,222	4,426,008	4,336,436	3,714,489
<b>Total By-Products</b>				
1938	1,617,586	1,572,105	2,441,498	3,910,556
1939	7,751,559	6,284,936	6,284,906	5,276,959

+ Butter stocks include transit stocks as well as stocks in storage.

# TREND IN CREAMERY BUTTER AND CHEESE PRODUCTION

JAN. TO MAY 1938 AND 1939

MILLION  
LB.



The former revealed the most significant decline. Of the remaining products casein revealed the greatest gain in production on a percentage basis. The total output of all concentrated milk products fell 16.2 per cent as compared with the spring output in 1938.

Exports of condensed milk declined considerably during the spring period from those of the preceding year, but milk powder and evaporated milk revealed substantial gains. Total exports of these three products amounted to 5.3 million pounds as compared with 3 million pounds in the March-April period of 1938. Stocks of concentrated whole Milk Products which stood at 9.8 million pounds at March 1, 1939, were 1.7 million pounds above those shown at the same date a year ago. At June 1 stocks amounting to 10.9 million pounds registered a reduction of 4.9 million pounds as compared with those in store at that date in 1938. Stocks of milk by-products were 7.8 million pounds at March 1, and 5.3 million pounds at June 1, representing gains over the corresponding dates of the previous year of 6.2 million pounds and 1.4 million pounds respectively.

#### PRICE INDEXES

The wholesale price indexes of farm products in Table X reveal the substantial declines that have occurred in the principal farm products during the spring period as compared with a year ago. The average March-May price index for butter dropped 31.4 per cent; cheese declined 18.2 per cent and fresh milk fell 3.1 per cent. Both wheat and coarse grains registered somewhat more significant reductions, reaching to 52.3 and 38.1 per cent respectively. Hogs only fell 12.3 per cent, while steers increased 15.4 per cent and veal advanced about 1 per cent. From the producers' standpoint dairy products would appear to be outclassed in price by steers and veal. The decline in the average three-month price index for hogs was less than that shown for butter and cheese, but fresh milk on the other hand, is still a formidable competitor.

In making a comparative analysis of the retail price indexes for the March-May period of 1939 as compared with the same months of 1938 it is evident that creamery butter shows the greatest percentage reduction while lard takes second place as a competitive price factor. The former is down 29.2 per cent and the latter shows a reduction of 19.8 per cent. Dairy products, therefore, are still offering price advantages to consumers that are not likely to be overlooked.



# DAILY PRICES OF BUTTER AND CHEESE, AT MONTREAL

DECEMBER-MAY, 1937-38 AND 1938-39

