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AGRICULTURAL BRANCH



SERIES NO. VII

REPORT NO. 3

THE DAIRY SITUATION
IN
CANADA

SUMMER QUARTER

JUNE - AUGUST

1940



OTTAWA
1940

Price \$1 a year

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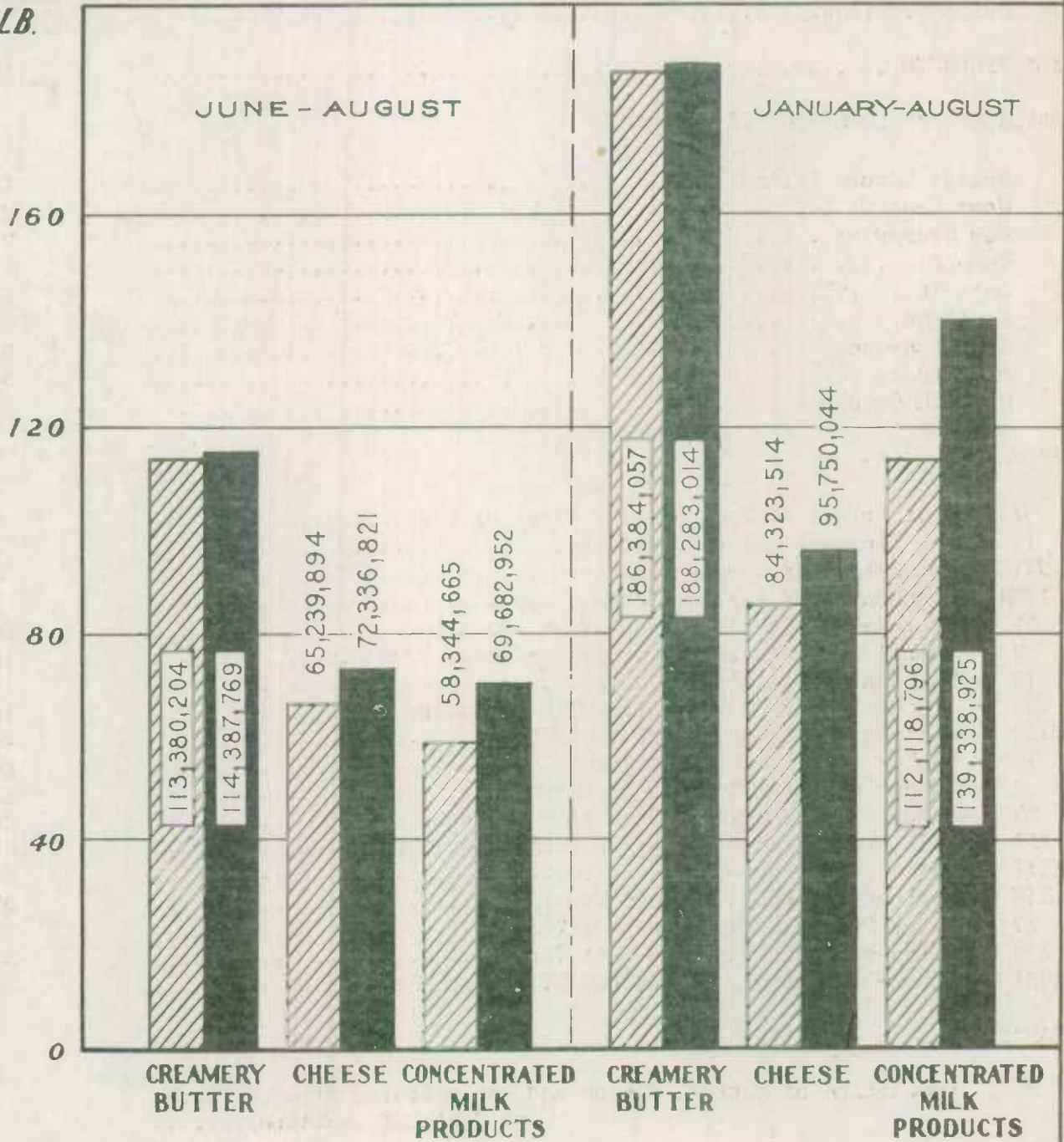
CHART 1

PRODUCTION OF CREAMERY BUTTER, CHEESE AND CONCENTRATED MILK PRODUCTS

MILLION
LB.

1939 

1940 



DOMINION BUREAU OF STATISTICS
AGRICULTURAL BRANCH

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SUMMARY

A stabilized price structure characterized the Dairy Situation during the summer quarter; and coupled with a slight increase in cow numbers and a fairly adequate supply of forage, the production of milk was well sustained. Moreover, the proportion used for manufacturing butter, cheese and concentrated milk products in the June-August period of 1940 was about 1 per cent greater than that revealed in the summer period of the previous year.

Costs and Marketing Values — The costs of butter-fat and milk delivered at dairy factories are offered for the first time in this statement. These data, based on the quantities and values of milk and cream reported by dairy factories, represent the monthly averages by provinces for 1939 and 1940. During the summer months of this year cream used for butter making was worth 21 cents per pound butter-fat as against the three-month average of 20 cents in the same period of 1939. Milk for cheese making showed a much wider variation, being 96 cents per hundred pounds compared with 81 cents in the summer period of the preceding year. On a butter-fat basis, milk for cheese making was worth 27½ cents per pound, thus offering the patrons an advantage of 6½ cents in comparison with butter-fat.

Butter and cheese prices at Montreal (First Grade) averaged 22½ cents and 14 cents, respectively, during the three summer months of 1940. These prices represent increases over the same period of the preceding year of 1¾ cents for butter and 2 1/8 cents for cheese. The spread between the all-Canada average value of butter-fat and the average price of butter at Montreal as quoted above, was 2½ cents; and the spread between the average value of milk used in a pound of cheese and the worth of the finished product in Montreal was 3 cents.

The Creamery Butter Position — The production of creamery butter during the June-August period advanced approximately 1 per cent above the output of the previous summer. Competition with the cheese industry was not very definitely indicated until August. Combining butter and cheese production on a milk basis, the quantity of milk represented in creamery butter, though greater in amount, was only 76.8 per cent of the total as against 78.3 per cent in the June-August period of the preceding year. This may be accounted for by an estimated reduction of about 11 per cent in the quantity of milk used for farm butter making, and slight declines in the quantities fed to live stock and used for household purposes on farms; thus releasing larger quantities for factory sales. Comparing operating creameries and combined factories in the aggregate, with those manufacturing in the summer of 1939, a reduction of 30 factories was recorded in June, 86 factories in July, and 41 factories in August; and while the production per factory declined 103 pounds in June, increases were recorded in July and August which placed the per factory averages at 1,770 pounds and 641 pounds, respectively, above those shown for the same months of the previous year.

The domestic disappearance of butter in the summer quarter was approximately 71 million pounds, a gain of 3 per cent over that reported in the June-August period of 1939, and a cumulative increase since January 1 of 3.4 per cent. Including goods both in transit and store, the stock position at the first of each month registered substantial increases in comparison with the same dates of the preceding year. On September 1 there were 58.5 million pounds in store and transit, a gain of nearly 8 per cent over the holdings of September 1 a year ago.

The Cheese Position — The fact that cheese prices were set at a somewhat higher level than those shown in the market quotations of the previous summer had a stimulating effect on production. In the June-August period of 1940 the output rose to 72 million pounds, a gain of exactly 10 per cent over the amount.....

produced in the same period of 1939. As already observed, this increase was realized without any serious loss to creamery butter production. In June and July the diversion of milk to cheese factories was less than $1\frac{1}{2}$ per cent, although it increased in August to 3 per cent. During the three-month period cheese production on a milk basis represented 23.2 per cent of the total milk used by the two industries, as against 21.7 per cent a year ago. In comparison with the 1939 season the number of operating factories, cheese factories and combined factories together, showed increases of 3 factories in June, 13 factories in July, and 23 factories in August, 12 of which were combined factories. The production per factory also increased by 842 pounds in June, 1,632 pounds in July and 2,465 pounds in August.

The total disappearance of cheese amounted to 61.6 million pounds in the summer quarter, 45.9 million pounds of which were exported, principally to the United Kingdom. The former represented an increase of 58.8 per cent over the total disappearance of the preceding summer, and the latter an increase of 43.5 per cent. Naturally stocks fell to lower levels and on September 1, 1940, only 32.4 million pounds were in store compared with 53.3 million pounds at the same date in 1939.

Milk and Milk Products — The production of concentrated whole milk products reached an all-time high of 56 million pounds, an increase of over 10 million pounds above that of the June-August period of the preceding year. Milk by-products also advanced from 12.4 million pounds in 1939 to 13.7 million pounds in the summer quarter of 1940. New and reorganized plants contributed to the advance in production, and may have caused some reduction in the numbers of dairy factories in adjacent territories. The export movement was similarly enhanced. The total shipments out of Canada during the June-August period reached 14.4 million pounds, an increase of 50 per cent over the 1939 summer season. Imports amounted to 520 thousand pounds, and stocks on hand at September 1, moved up to 37.2 million pounds as compared with 17.8 million pounds at the same date a year ago. Trade in fresh milk and cream was quite unimportant, showing virtually no change from last year.

Weather and Feed — Rainfall was plentiful, although a shortage was felt in Western Canada during the early part of the season and in the Maritimes, Quebec and eastern Ontario in late July and August. The hours of sunshine fell slightly below normal but temperatures were a little above normal. Pastures in the Eastern Provinces were better than in the previous year, while in the Western Provinces they were somewhat below the June-August average in 1939. For the whole Dominion the ratings for June, July and August, 1940, were 102, 99, and 92, respectively, compared with 96 in June and 90 in July and August, 1939. Feed crops were more satisfactory than those of a year ago, and were better distributed. Roots registered a decline of 228 thousand hundredweight in comparison with the previous year, but increases in the products of other feed crops were recorded as follows:

Oats,	20.7 million bushels;	Hay and clover	339 thousand tons;
Barley,	7.4 million bushels;	Fodder corn	79 thousand tons.

Feed Costs — Based on Montreal and Winnipeg quotations for oats, barley, and bran, price increases of 14 per cent and 12 per cent were revealed in the summer quarter of 1940 as compared with the summer of 1939, but compared with the five year average, respective declines of 2.5 per cent and 3 per cent were recorded.

Milch Cow Numbers — increased one half of one per cent at June 1, 1940, as compared with the numbers shown a year ago at the same date, and heifers raised for milking purposes declined 4.4 per cent. The average percentage of cows actually milking stood at 83.2 per cent, the same as last year.

THE DAIRY SITUATION

Production conditions were relatively satisfactory in the summer period although pastures were rather short in parts of the west, particularly in Saskatchewan, during the early part of the season. Likewise, in the Maritime Provinces, Quebec, and eastern sections of Ontario, drought conditions prevailed in late July and August, which dried up pastures and checked the milk flow during the month of September.

Regardless of these limitations, the supply of milk in the Dominion would seem to have increased about 1 1/2 per cent during the summer months of 1940, as compared with the corresponding period of 1939. This increase may have been brought about to some extent, by an increase in the numbers of cows on farms, notably in Quebec and Ontario, although the numbers shown in the survey of June 1 for Canada as a whole, increased only one-half of one per cent as compared with the numbers on farms at the same date in the preceding year. Probably a more important factor in the situation was the increase in the milk production per cow as reported by Dairy Correspondents, cows actually milking averaging 22.2 pounds per day in the June-August period of 1940 as compared with 21.7 pounds in the 1939 period.

Both cheese factories and creameries benefited by the increase in milk production. The total volume of cheese produced in the three summer months advanced 6.6 million pounds over the June-August production of the preceding year; and although creameries lost some patronage to cheese factories, the larger quantities of milk made available for manufacturing increased the butter-fat deliveries to creameries and advanced the production approximately 1 million pounds above that reported in the same period in 1939. The numbers of factories in operation by months, during the summer of 1939 and 1940, as shown below, reveal a sharp decline in creameries and small increase in cheese factories. It will be noticed from the figures given for August that the loss in the number of creameries, as compared with the same month of the previous year, was more than twice that gained by both cheese factories and combined factories.

Numbers of Operating Dairy Factories in Canada

		<u>June</u>	<u>July</u>	<u>August</u>
<u>Creameries</u>	1939	1,319	1,288	1,302
	1940	1,288	1,261	1,249
	More or less	- 31	- 27	- 53
<u>Cheeseries</u>	1939	1,032	1,059	1,051
	1940	1,034	1,059	1,062
	More or less	+ 2	-	+ 11
<u>Combined</u>	1939	130	124	125
	1940	131	137	137
	More or less	+ 1	+ 13	+ 12

The advance in industrial production continued to follow in the wake of war activity, recording an increase of 19.4 per cent in the physical volume of business, 7.8 per cent in the employment of labour in all industries, and 17.4 per cent in the employment of factory labour during the June-August period of 1940, as compared with the corresponding period of the preceding year. Seasonal increases were also recorded in these indexes. The index of the physical volume of business

TABLE I - FEED PRICES AT MONTREAL AND WINNIPEG AT END OF JUNE, JULY AND AUGUST, 1940, WITH COMPARATIVE FIGURES FOR THE SAME DATE OF 1939, AND THE AVERAGES FOR THE FIVE YEARS 1935 to 1939.

	June 30		July 31		August 31		June-August Average	
	MONTREAL Price Per ton	WINNIPEG Price Per ton	MONTREAL Price Per ton	WINNIPEG Price Per ton	MONTREAL Price Per ton	WINNIPEG Price Per ton	MONTREAL Price Per ton	WINNIPEG Price Per ton
	\$	\$	\$	\$	\$	\$	\$	\$
Oats No. 3 C.W.								
1935-39	28.30	22.65	27.10	22.70	23.10	20.90	27.15	22.10
1940	22.65	17.05	23.55	15.35	22.65	15.95	22.95	16.10
Per unit change \$	-5.65	-5.60	-3.55	-7.35	-3.45	-4.95	-4.20	-6.00
Percentage change%	-20.0	-24.7	-13.1	-32.4	-13.2	-23.7	-15.5	-27.1
1939	22.80	15.00	17.85	13.75	19.50	15.45	20.05	14.75
1940	22.65	17.05	23.55	15.35	22.65	15.95	22.95	16.10
Per unit change \$	-.15	+2.05	+5.70	+1.60	+3.15	+.50	+2.90	+1.35
Percentage change%	-1.0	+13.6	+31.9	+11.6	+16.2	+3.2	+14.5	+9.2
Barley No. 3 C.W.								
1935-39	20.15	16.20	20.65	17.15	18.85	14.75	19.90	16.05
1940	13.95	9.85	15.15	11.35	15.30	11.20	14.80	10.80
Per unit change \$	-6.20	-6.35	-5.50	-5.80	-3.55	-3.55	-5.10	-5.25
Percentage change%	-30.8	-39.2	-27.6	-33.8	-18.8	-24.1	-25.6	-32.7
1939	15.35	12.30	14.50	12.15	15.20	9.80	15.00	11.40
1940	13.95	9.85	15.15	11.35	15.30	11.20	14.80	10.80
Per unit change \$	-1.40	-2.45	+.65	-.80	+.10	+1.40	-.20	-.60
Percentage change%	-9.1	-20.0	+4.5	-6.6	+.7	+14.2	-1.3	-5.3
Bran								
1935-39	23.25	21.80	23.75	22.60	22.45	20.40	23.15	21.60
1940	24.25	23.00	25.25	23.00	25.25	23.00	24.90	23.00
Per unit change \$	+1.00	+1.20	+1.50	+.40	+2.80	+2.60	+1.75	+1.40
Percentage change%	+4.3	+5.5	+6.3	+1.8	+12.5	+12.7	+7.6	+6.5
1939	21.25	21.00	18.75	18.00	19.25	16.00	19.75	18.35
1940	24.25	23.00	25.25	23.00	25.25	23.00	24.90	23.00
Per unit change \$	+3.00	+2.00	+6.50	+5.00	+6.00	+7.00	+5.15	+4.65
Percentage change%	+14.1	+9.5	+34.7	+27.8	+31.2	+43.8	+26.1	+25.3
All Feeds								
1935-39	23.90	20.20	23.85	20.80	22.45	18.65	23.40	19.80
1940	20.30	16.65	21.60	16.55	21.05	16.70	20.90	16.65
Per unit change \$	-3.60	-3.55	-2.55	-4.25	-1.40	-1.95	-2.50	-3.15
Percentage change%	-15.1	-17.6	-10.7	-20.4	-6.2	-10.5	-10.7	-15.9
1939	19.80	16.10	17.05	14.65	18.00	13.75	18.30	14.83
1940	20.30	16.65	21.30	16.55	21.05	16.70	20.90	16.65
Per unit change \$	+.50	+.55	+4.25	+1.90	+3.05	+2.95	+2.60	+1.82
Percentage change%	+2.5	+3.4	+24.9	+13.0	+16.9	+21.4	+14.2	+12.3

which stood at 141.3 in June had advanced to 152.5 in August. Similarly, the All Industries Employment Index advanced from 120.9 to 131.6, and the index of factory employment moved from 129.2 to 138.4.

FEED COSTS - The price of feeds continued to show advances over those of the previous year, although the increases were not as great as those recorded in the spring period. The prices shown for oats at Montreal in the June-August period averaged about \$3.00 per ton higher than those shown in the same period of 1939, and at Winnipeg the increase was \$1.35 per ton. Barley, however, declined about twenty cents per ton at Montreal and sixty cents at Winnipeg, while bran advanced \$5.15 and \$4.65 respectively. All three classes of feed taken collectively, revealed an increase of 14.2 per cent at Montreal and 12.3 per cent at Winnipeg.

Comparing feed prices in 1940 with the 1935-39 average, it is interesting to observe that the price of oats recorded a decline of \$4.20 per ton at Montreal and \$6.00 per ton at Winnipeg. Similarly, in the case of barley, the June-August average at Montreal in 1940 was \$5.10 per ton below the five-year average for that period, and at Winnipeg a decline of \$5.25 was recorded. The reverse situation was revealed in the case of bran which was higher both in relation to the previous year and in relation to the five year average. All feeds taken together, however, showed a decline of 10.7 per cent at Montreal, and 15.9 per cent at Winnipeg.

PRICE INDEXES - Wholesale price indexes reveal significant advances in whole milk quotations between the summer of 1939 and the same period of 1940. The average June-August index, constructed as usual on the 1926 base, showed an advance of 7.4 per cent over the same three-month period of the preceding year. Cheese registered a still greater increase, being 10.4 per cent above the average of the preceding summer period, while butter exceeded the index shown for the previous year by 3 per cent. It is revealing to observe that the coarse grains index, often regarded as an indicator of farm costs, increased only 2.7 per cent. Compared with the indexes shown in the spring quarter, the butter and cheese price advances were considerably less, although much greater gains were recorded in the while milk index than those shown in the earlier months. In studying the relationship to other products, dairy farmers would seem to have lost to the beef industry the competitive advantage which was so apparent in the spring quarter; and likewise, the price increase in wheat would make this product a more formidable competitor with the dairy industry.

Retail price indexes would suggest that the advance in the price of cheese might have an effect on that section of the consuming public which makes its selection of food products on a strictly price basis. This is shown in a 13 per cent increase in cheese as compared with increases of 8 and 9 per cent in beef. The advance in the whole milk index on the other hand, was only 3 per cent and creamery butter was just 4 per cent. The two latter products might be regarded as being in a favourable price position in comparison with beef products which showed quite substantial increases during the period under review. Pork, lard and eggs, on the other hand, still offer the consumer price preferences over those dairy products with which they compete.

THE CREAMERY BUTTER POSITION

Contrary to earlier expectations, creamery butter production lost but little from competition with the cheese industry. During the month of June, the production decreased 2.4 per cent, but this was followed by a 5.5 per cent increase...

TABLE V - THE CREAMERY BUTTER POSITION IN CANADA, JUNE TO AUGUST, 1936 to 1940.

	Year	June	July	August	June to August
Stocks in storage at first of the month -	1936	10,305,845	27,943,331	41,555,603	-
	1937	9,221,124	26,542,253	40,602,700	-
	1938	13,041,128	32,810,624	50,211,216	-
	1939	14,274,258	31,797,913	45,826,401	-
	1940	14,824,147	32,543,209	49,966,824	-
Stocks in transit at first of the month -	1936	532,000	728,000	912,800	-
	1937	728,000	588,000	756,000	-
	1938	224,000	700,000	476,000	-
	1939	688,800	1,064,000	952,000	-
	1940	845,600	896,000	616,000	-
Production during month -	1936	39,358,790	37,284,185	31,483,748	108,126,723
	1937	38,364,837	36,011,612	31,730,133	106,106,582
	1938	41,763,804	38,782,003	35,180,766	115,726,573
	1939	41,328,994	38,008,402	34,042,808	113,380,204
	1940	40,327,158	40,106,416	33,954,195	114,387,769
Imports -	1936	651	1,488	1,104	3,243
	1937	1,052	689	653	2,394
	1938	655	333	821	1,812
	1939	432	97	257	786
	1940	164	872	-	-
Exports -	1936	908,900	2,719,100	951,400	4,579,400
	1937	38,800	49,100	54,300	142,200
	1938	55,700	80,200	159,400	295,300
	1939	1,260,900	1,644,800	1,014,700	3,920,400
	1940	136,300	129,000	149,900	415,200
Prices -	1936	22 1/8	23 1/8	24 7/8	23 3/8
	1937	24 5/8	26	26 3/4	25 3/4
	1938	25 1/4	25	23 1/2	24 5/8
	1939	21 7/8	21 3/4	21 1/2	21 3/4
	1940	22 3/8	22 5/8	22 3/8	22 1/2
x Total Disappearance of Canadian-made Butter (Domestic and Export)	1936	21,520,304	23,492,113	22,993,224	68 011,641
	1937	21,183,708	21,783,165	23,198,423	66,165,299
	1938	21,518,308	21,605,411	23,833,952	66,987,671
	1939	23,430,139	24,091,914	25,476,616	72,998,669
	1940	22,557,696	22,962,801	26,047,883	71,568,380
x Domestic Disappearance of Canadian-made Butter	1936	20,611,404	20,773,013	22,047,824	63,432,241
	1937	21,144,908	21,734,065	23,144,126	66,023,099
	1938	21,462,608	21,525,211	23,704,552	66,692,371
	1939	22,169,239	22,447,114	24,461,916	69,078,269
	1940	22,421,396	22,833,801	25,897,983	71,153,180

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

in the month of July, and in August the output was within nine-tenths of one per cent of the production recorded in the same month in 1939. For the three-month period there was an increase of approximately one per cent over the June-August period of the preceding year.

Although it is always difficult to determine the actual diversion of milk from one industry to the other, the calculations shown for Canada, Quebec and Ontario, in the table below, offer a fair indication of what actually happened.

		Percentage of Factory Milk Made into Butter	Percentage of Factory Milk Made into Cheese
		%	%
Canada	1939	78.3	21.7
	1940	76.8	23.2
Quebec	1939	82.2	17.8
	1940	79.7	20.3
Ontario	1939	59.2	40.8
	1940	57.8	42.2

It may be seen from these figures that the principal diversion took place in the province of Quebec, with a somewhat lesser change in Ontario; while the average for all cheese producing provinces was 1.4 per cent. The volume of creamery butter was further increased over that of the previous year by larger supplies of milk being made available for manufacturing. The increased supply of factory milk was partly due to a decline of about 11.5 per cent in the production of dairy butter in the three summer months as compared with the same period of 1939. Likewise, the use of smaller quantities of whole milk for livestock feeding and family consumption also contributed to this result.

In view of the reduction which took place in the number of operating creameries, it is of interest to know just how this change affected the production per factory. It was seen from the figures given on page 3, that 1,288 creameries were in operation in June, 1,261 in July, and 1,249 in August. Adding in the combined factories the total units engaged in the production of butter would stand as follows, the 1939 numbers being shown within brackets: June, 1,419 (1,449); July, 1,398 (1,312); August, 1,386 (1,427). Using these figures as a basis for our calculation the average production per factory is thus revealed: June, 1940, 28,419 pounds, compared with 28,522 pounds in June 1939; July, 1940, 28,688 pounds as compared with 26,918 pounds in July, 1939; August, 1940, 24,497 pounds in comparison with 23,856 pounds in the same month of 1939. Thus, with the exception of June, the production per factory was greatly increased over the corresponding month of the previous year. It seems proper to assume that if the same number of creameries were in operation in 1940 as those shown in the preceding year, that the production of butter would have far exceeded the June-August output of 1939. The closing of these factories may be attributed in part to cheese factory competition but it is also the result of competition with the powdered milk industry to which reference will be made in subsequent sections of this report.

The gain in production referred to above was accompanied by a still greater advance in the domestic disappearance of creamery butter. From June to August, 1940, 71 million pounds of creamery butter were absorbed into consumption channels, representing an increase of 3 per cent in domestic disappearance over the

TABLE III-A-PRODUCTION OF CREAMERY BUTTER IN CANADA, BY PROVINCES,
JUNE TO AUGUST, 1939 and 1940.
(In Thousands of Pounds)

Province	June		July		August		June to August		Percentage Increase(+) Decrease(-)
	1939	1940	1939	1940	1939	1940	1939	1940	
Prince Edward Island	316	313	401	462	294	316	1,011	1,091	(+) 7.9
Nova Scotia	814	863	842	877	643	676	2,299	2,416	(+) 5.1
New Brunswick	723	764	852	851	672	656	2,247	2,271	(+) 1.1
Quebec	13,366	12,942	12,340	12,195	11,346	10,527	37,052	35,664	(-) 3.7
Ontario	12,099	11,698	10,027	10,899	9,555	9,753	31,681	32,350	(+) 2.1
Manitoba	4,123	3,933	3,834	4,428	3,234	3,511	11,191	11,872	(+) 6.1
Saskatchewan	4,480	4,457	4,427	4,810	3,702	3,985	12,609	13,252	(+) 5.1
Alberta	4,698	4,596	4,713	4,977	4,094	4,023	13,505	13,596	(+) 0.7
British Columbia	710	761	572	608	503	507	1,785	1,876	(+) 5.1
CANADA	41,329	40,327	38,008	40,107	34,043	33,954	113,380	114,388	(+) 0.9

TABLE III-B-PRODUCTION OF FACTORY CHEESE IN CANADA, BY PROVINCES,
JUNE TO AUGUST, 1939 and 1940.
(In Thousands of Pounds).

Province	June		July		August		June to August		Percentage Increase(+) Decrease(-)
	1939	1940	1939	1940	1939	1940	1939	1940	
Prince Edward Island	74	68	153	158	126	161	353	387	(+) 9.6
New Brunswick	141	145	142	153	106	182	389	480	(+) 23.4
Quebec	5,087	5,477	6,340	6,727	5,324	6,738	16,751	18,942	(+) 13.1
Ontario	16,400	16,920	14,974	16,584	14,282	15,934	45,656	49,438	(+) 8.3
Manitoba	465	558	466	537	368	410	1,299	1,505	(+) 15.9
Saskatchewan	79	82	82	108	77	78	238	268	(+) 12.6
Alberta	286	350	261	377	216	374	763	1,101	(+) 44.3
British Columbia	117	89	104	77	70	50	291	216	(-) 25.8
CANADA	22,649	23,689	22,522	24,721	20,569	23,927	65,740	72,337	(+) 10.0

corresponding period in 1939. The cumulative increase from January to August was slightly greater, being 3.4 per cent above the disappearance shown for the first eight months of 1939. Several factors seem to be responsible for this increase, but those that would have any real effect on the butter movement are directly or indirectly related to the Dominion war effort, to which reference has already been made. These include the advance in employment, coupled with larger payrolls, and an increase in the physical volume of business.

The strong stock position shown at the first of each month reflected the production trend of the early summer. As the season advanced stocks increased, reaching the high level of 58.5 million pounds on September 1, 1940. Data for September 1, appear below, together with percentage comparisons covering the domestic disappearance, production and stocks for the previous four years.

<u>Year</u>	<u>Stocks at September 1</u>	<u>Transit Stocks at September 1</u>	<u>Total Stocks</u>
1936	50,488,127	464,800	50,952,927
1937	49,078,407	812,000	49,890,407
1938	61,113,630	890,400	62,004,030
1939	54,935,793	408,800	55,344,593
1940	57,464,336	1,024,800	58,489,136

<u>Year</u>	<u>Total Domestic Disappearance</u>		<u>Production of Creamery Butter</u>		<u>Total Stocks (Storage-Transit)</u>	
	<u>Last Month</u>	<u>Last Year</u>	<u>Last Month</u>	<u>Last Year</u>	<u>Last Month</u>	<u>Last Year</u>
	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>
June	+ 2.1	+ 1.1	+ 48.4	- 2.4	+ 49.2	+ 4.7
July	+ 1.8	+ 1.7	- 0.5	+ 5.5	+113.4	+ 1.8
August	+13.4	+ 5.9	- 15.3	- 0.3	+ 51.3	+ 8.1
June to August	-	+ 3.0	-	+ 0.9	-	-

BUTTER-FAT COSTS - During the past two years data have been submitted by dairy factories showing the quantities of butter-fat and milk purchased by them for manufacturing butter and cheese, together with the money paid to patrons for said products. Based on these figures the cost of butter-fat at factories (weighted average values) have been calculated by months and by provinces as follows:

Cost of Butter-fat delivered at factories in cents per pound

<u>Provinces</u>	<u>Year</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>June-August Weighted Average</u>
CANADA	1939	.20	.20	.21	.20
	1940	.21	.21	.21	.21
P. E. I.	1939	.23	.21	.23	.23
	1940	.22	.23	.23	.23
Nova Scotia	1939	.22	.22	.23	.22
	1940	.23	.23	.24	.24

CHART 2

DOMESTIC DISAPPEARANCE OF CREAMERY BUTTER IN CANADA

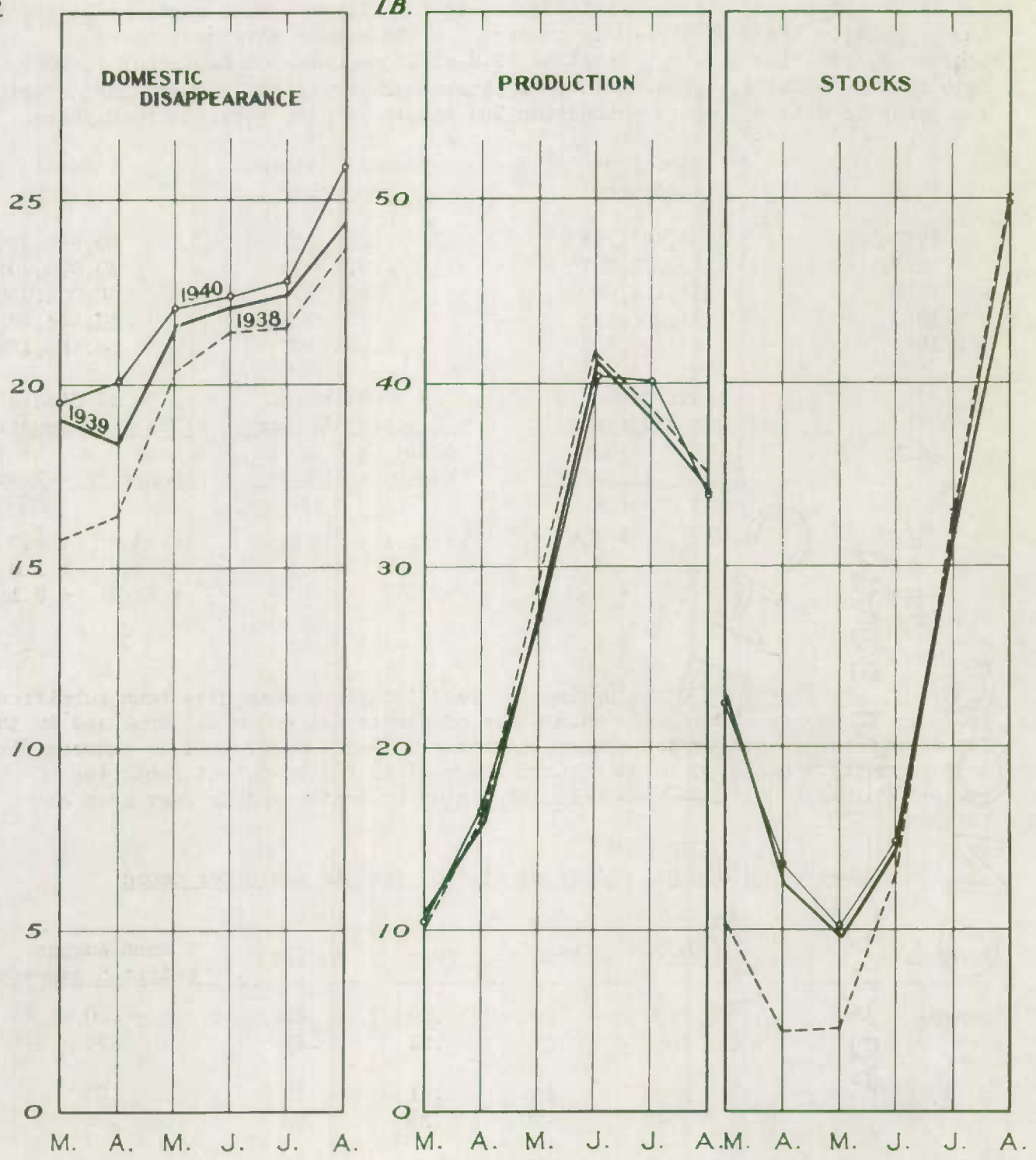
COMPARED WITH

PRODUCTION AND STOCKS

March - August, 1938 to 1940

MILLION
LB.

MILLION
LB.



Cost of Butter-fat delivered at factories in cents per pound - Con.

Provinces	Year	June	July	August	June-August Weighted Average
New Brunswick	1939	.22	.20	.21	.21
	1940	.23	.21	.22	.23
Quebec	1939	.23	.23	.23	.23
	1940	.23	.23	.24	.23
Ontario	1939	.23	.22	.20	.22
	1940	.23	.22	.22	.22
Manitoba	1939	.17	.18	.18	.18
	1940	.18	.18	.18	.18
Saskatchewan	1939	.17	.18	.18	.18
	1940	.19	.18	.19	.19
Alberta	1939	.17	.17	.17	.17
	1940	.17	.17	.17	.17
British Columbia	1939	.19	.19	.22	.20
	1940	.19	.20	.20	.19

CREAMERY BUTTER PRICES - First grade creamery butter solids, as quoted by the Canadian Commodity Exchange at Montreal, showed a tendency toward a lower price level. Beginning with 23 3/4 cents, the market weakened to 23 3/8 cents on June 4, and before the end of the week had reached 23 cents, although the market strengthened 1/8 cent on Saturday, 23 cents was again quoted the following Monday. At the end of the second week 22 5/8 cents was the price reported, and on the 17th it fell to 22 1/4 cents. This was followed by a further decline to 21 1/2 cents, and although only fractional changes were recorded, there was a slightly stronger undertone on the market during the remainder of the month, and on June 29, 21 7/8 cents was quoted by the Exchange. The average for June was 22 3/8 cents as compared with 21 7/8 cents in June of the preceding year.

Commencing at 21 3/4 cents on July 2, a fractional increase was recorded the following day. During the next three days the market was stabilized at 22 1/4 cents but fell at the beginning of the second week of July to 21 7/8 cents and then to 21 3/4 cents. Prices increased to 22 cents on July 10 with fractional increases above this figure during the remainder of the week. On July 15, creamery butter stood at 22 3/4 cents, but moved up to 23 3/8 cents on the 18th. 23 1/4 cents was quoted until July 23, after which butter prices declined to 22 7/8 cents. The market moved up 1/8 of a cent the following day but this was followed by another price recession which reduced the price level to the former figure. On July 30, however, 23 1/8 cents was quoted and terminated at the end of the month with a quotation of 23 1/2 cents. The average for July was 22 5/8 cents as compared with 21 3/4 cents in July, 1939.

On August 1 the market opened at 23 1/2 cents and showed some indication of a strong market the following day, but weakened thereafter to 23 1/4 cents, and...

TABLE IV - WHOLESALE PRICE INDEXES OF THE PRINCIPAL DAIRY PRODUCTS
IN COMPARISON WITH OTHER AGRICULTURAL PRODUCTS IN CANADA, x
JUNE TO AUGUST, 1939 and 1940.

Base 1926=100.

		June	July	August	Average June to August
Fresh Milk	1939	81.4	80.4	80.8	80.9
	1940	86.8	87.0	87.0	86.9
	%	(+) 6.6	(+) 8.2	(+) 7.7	(+) 7.4
Butter	1939	56.1	56.2	55.5	55.9
	1940	57.3	57.6	57.5	57.6
	%	(+) 2.7	(+) 2.5	(+) 3.6	(+) 3.0
Cheese	1939	61.5	64.2	61.1	62.3
	1940	68.7	67.8	69.8	68.8
	%	(+) 11.7	(+) 5.6	(+)14.2	(+) 10.4
Coarse Grains /	1939	56.6	50.4	50.9	52.6
	1940	54.5	55.1	52.3	54.0
	%	(-) 3.7	(+) 9.3	(+) 2.8	(+) 2.7
Wheat (All Grades)	1939	40.0	35.4	35.4	36.9
	1940	47.8	47.2	47.9	47.6
	%	(+) 19.5	(+)33.3	(+)35.3	(+) 29.0
Veal	1939	73.9	75.3	79.9	76.4
	1940	84.3	83.8	91.7	86.6
	%	(+) 14.1	(+)11.3	(+)14.8	(+) 13.4
Steers	1939	93.3	92.0	89.1	91.6
	1940	117.5	119.0	113.7	116.7
	%	(+) 25.3	(+)29.3	(+)27.6	(+) 27.4
Hogs	1939	70.1	72.2	61.6	68.0
	1940	63.0	65.5	66.0	64.8
	%	(-) 10.1	(-) 9.3	(+) 7.1	(-) 4.7
All Farm Products	1939	63.3	62.7	58.4	61.5
	1940	64.3	64.6	62.7	63.9
	%	(+) 1.6	(+) 3.0	(+) 7.4	(+) 3.9

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

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

subsequently to 23 1/8 cents. This was followed by further decline to 22 5/8 cents and finally to 22 1/2 cents on August 9. At the beginning of the third week of August, the butter market had fallen to 21 3/8 cents, and although there seemed to be stronger bidding in the next few days, practically no change took place until August 22, when the market reacting to new buying power, moved up to 22 cents, then to 22 1/8 cents, and finally to 22 1/4 cents. On August 27, 22 1/2 cents was the Exchange quotation, and on the following day it moved up to 22 5/8 cents. During the last two days of August, 22 1/2 cents was the ruling quotation. The average for August was 22 3/8 cents as compared with 21 1/2 cents for August a year ago. The average price for the three months was 22 1/2 cents, whereas in the June-August period of 1939, the average was 21 3/4 cents.

THE CHEESE POSITION

Contrary to expectations, competition between the butter and cheese industries, was not very definitely established until the latter part of the summer. Butter production, as already observed, was well maintained throughout June and July, and it was not until August that the creamery patronage began to show any marked decline at the expense of the cheese output. This change in the situation was not due to any adjustment in price relationships. The bargain with the British Government for the purchase of 78 million pounds of cheese as per Order in Council at the set price of 14 cents (basis No. 1 cheese at Montreal) was effective before the summer commenced; and owing to steady butter prices, the price differentials were more or less stabilized throughout the entire June-August season. The fact that creameries offer more widespread marketing facilities, and frequently a more convenient market than cheese factories, is inclined to give the latter some advantage regardless of price. In the early part of the season when field work has to be carried on, this tends to be a factor of greater importance than later on when farmers have more time to study markets and give attention to this end of the business. Besides, owing to the late spring, this was probably a more significant factor than would be the case in a normal season.

Notwithstanding the facts related above, the cheese production in Canada for the month of June advanced 4.6 per cent over that of June 1939, and in July, an increase of 9.8 per cent was recorded. In August, due to competitive advantages already referred to, the cheese-make exceeded that of the same month of the preceding year by 16.7 per cent. The advance in cheese production which occurred in June and July caused no appreciable injury to the creamery trade, for the percentage of dairy factory milk diverted to the cheese factories was only 1.5 per cent in June and less than 1 per cent in July. In August, however, the diversion increased to 3 per cent and the patronage gained by cheese factories during that month, may have been responsible for the closing of some of the creameries at the end of the summer season. But in addition to receiving increased quantities of milk by competition, the cheese industry benefited mostly from the increase in milk production, and what would appear to have had an equal bearing on the situation was the increase in the quantity of milk made available for manufacturing.

The number of operating cheese factories in the summer period offer some explanation for the trend in production. In June, 1,034 factories were reported to be in operation, and with the addition of 131 combined factories, a total of 1,165 were engaged in manufacturing cheese. In July, 1,059 cheese factories and 137 combined factories, a total of 1,196, were making this product; while in August the number of listed cheese factories advanced to 1,062, which, with the addition of 137 combined factories gave a total of 1,199. Compared with corresponding months...

TABLE V - RETAIL PRICE INDEXES OF DAIRY AND MEAT PRODUCTS IN CANADA, x
JUNE TO AUGUST, 1939 and 1940.

Base 1926 = 100.

		June	July	August	Average June to August
Creamery Butter	1939	57.0	58.6	58.2	57.9
	1940	61.7	59.1	59.7	60.2
	%	(+) 8.2	(+) 0.9	(+) 2.6	(+) 4.0
Cheese	1939	67.0	67.3	67.6	67.3
	1940	77.0	75.5	74.5	76.0
	%	(+) 14.9	(+) 12.2	(+) 10.2	(+) 12.9
Milk (Fresh)	1939	92.5	90.8	90.8	91.4
	1940	94.2	94.2	94.2	94.2
	%	(+) 1.8	(+) 3.7	(+) 3.7	(+) 3.1
Veal Roast	1939	80.2	81.3	80.2	80.6
	1940	85.4	86.5	87.5	86.5
	%	(+) 6.5	(+) 6.4	(+) 9.1	(+) 7.3
Beef Sirloin	1939	96.3	96.3	95.2	95.9
	1940	98.0	105.4	106.5	103.3
	%	(+) 1.8	(+) 9.4	(+) 11.9	(+) 7.7
Beef Chuck	1939	100.6	100.0	98.1	99.6
	1940	103.8	111.9	111.3	109.0
	%	(+) 3.2	(+) 11.9	(+) 13.5	(+) 9.4
Pork (Fresh)	1939	78.8	78.1	78.8	78.6
	1940	75.5	75.8	76.5	75.9
	%	(-) 4.2	(-) 2.9	(-) 2.9	(-) 3.4
Lard	1939	48.6	47.3	46.1	47.3
	1940	44.5	43.7	43.7	44.0
	%	(-) 8.4	(-) 7.6	(-) 5.2	(-) 7.0
Eggs	1939	54.5	53.1	64.7	59.1
	1940	56.4	58.5	64.5	59.8
	%	(+) 3.5	(+) 0.7	(-) 0.3	(+) 1.2

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

of the previous year, the figures shown for June, 1940, reveal the following increases: June, 2 cheese factories and 1 combined factory; July, 13 combined factories; August, 11 cheese factories and 12 combined factories. Based on these figures, the average monthly production of cheese per factory was 20,333 pounds in June, 20,670 pounds in July, 19,955 pounds in August. In the corresponding months of the previous year the production per factory was 19,491, 19,038, and 17,490, respectively.

The total disappearance of cheese including both the domestic and export distribution amounted to 61.6 million pounds during the June-August period of 1940 as compared with 39.6 million pounds during the same period of 1939. This increase of 22 million pounds was principally the result of the unprecedented export movement, the advance in exports during the same months being nearly 14 million pounds above that shown in the 1939 period. Another point worth noting is that the domestic disappearance advanced as well as the total disappearance, a development that might be credited to the extensive use of cheese in military camps. Due to heavier exports, stocks fell to lower levels in 1940, registering respective declines of 20 per cent, 26 per cent, and 28 per cent on June 1, July 1 and August 1, compared with the same dates of the preceding year.

Cheese prices being set at 14 cents for the first grade product on board cars or ships at Montreal, the only variations of any account were the freight differentials between the local markets and the St. Lawrence Sea Board. Offerings of white cheese at the Cheese Boards in Ontario and Quebec revealed average quotations of 13 3/8 cents in June, and 13 5/16 cents in August. Since only white cheese is being exported, the production of coloured cheese has been confined more or less to the amount required on the domestic market, and quotations were about the same as that quoted for white. Based on weekly gradings of cheese in the provinces of Quebec and Ontario, as reported by the Dominion Department of Agriculture, the percentages of white cheese to total gradings are shown as follows: June, 82.4 per cent; July, 30.0 per cent, and August, 88.5 per cent.

COSTS OF FACTORY MILK - The costs of factory milk are shown in the table below by months, and by provinces. These costs are weighted average values, calculated from the quantities of milk and the money paid to patrons for same delivered at the factories.

Cost of Factory Milk

(Weighted Average Values in dollars and cents per Hundred Pounds).

Provinces		June	July	August	June-August Weighted Average
CANADA	1939	.87	.84	.79	.81
	1940	.98	.97	.97	.96
P. E. I.	1939	.90	.90	.64	.75
	1940	.95	.94	.93	.95
New Brunswick	1939	.88	.80	.78	.83
	1940	1.03	1.02	.99	1.01
Quebec	1939	.91	.84	.86	.87
	1940	1.11	1.10	1.09	1.10

TABLE VI - THE CHEESE POSITION IN CANADA, JUNE TO AUGUST, 1939 and 1940.

		June	July	August	June to August
Stocks in storage at first of the month -	1939	27,121,831	38,715,395	45,603,784	-
	1940	21,732,524	28,466,342	32,726,148	-
Production during month -	1939	22,648,905	22,521,963	20,569,026	65,739,894
	1940	23,688,820	24,721,478	23,926,525	72,336,821
Imports -	1939	89,699	54,844	47,822	192,365
	1940	77,766	29,481	-	-
Exports -	1939	6,449,000	12,750,200	12,763,300	31,962,500
	1940	3,876,500	19,195,000	22,804,800	45,876,300
Prices -	1939	12 3/8	12 1/4	11 1/8	11 7/8
	1940	14	14	14	14
Total Disappearance of Canadian-made Cheese -	1939	11,055,341	15,633,574	12,874,768	39,563,683
	1940	16,955,002	20,461,672	24,227,341	61,644,015

PERCENTAGE CHANGE IN CHEESE DISAPPEARANCE, PRODUCTION AND STOCKS

	Total Disappearance		Production of Cheese		Total Stocks	
	Last Month	Last Year	Last Month	Last Year	Last Month	Last Year
	%	%	%	%	%	%
June	+258.8	+ 53.4	+ 88.6	+ 4.6	+ 56.4	- 19.9
July	+ 20.7	+ 30.9	+ 4.4	+ 9.8	+ 31.0	- 26.5
August	+ 18.4	+ 88.2	- 3.2	+ 16.3	+ 15.0	- 28.2
June to August	-	+ 55.8	-	+ 10.0	-	-

COST OF FACTORY MILK

Weighted Average Values in dollars and cents per Hundred Pounds.- Con.

Province	Year	June	July	August	June-August Weighted Average
Ontario	1939	.90	.82	.81	.86
	1940	1.06	1.07	1.04	1.07
Manitoba	1939	.89	.70	.71	.80
	1940	1.01	.89	.90	.94
Saskatchewan	1939	.77	.84	.71	.77
	1940	.80	.80	.79	.80
Alberta	1939	.66	.72	.79	.71
	1940	.82	.82	.85	.82
British Columbia	1939	.88	.89	.86	.88
	1940	.90	.97	1.00	.96

Milk and Milk Products

The production of concentrated milk products, in common with cheese, showed a considerable increase as a result of the war time demand for these products in the United Kingdom. The fact that the greater part of the milk production of Great Britain is now being used in the fluid form has released smaller quantities for manufacture than was the case a year ago. Consequently, this development has tended to enlarge the market for concentrated milk products produced in this country.

During the three summer months the output of concentrated whole milk products amounted to 56 million pounds, an increase of 10.1 million pounds or 22 per cent above the June-August production of 1939. Condensed milk made the greatest percentage gain, moving from 1.6 million pounds to 4.6 million pounds; but evaporated milk showed the greatest increase in volume, exceeding the production of the previous summer period by 6 3/4 million pounds. Milk powder registered a gain of nearly 400,000 pounds.

Less spectacular advances were made in the production of milk by-products as compared with the output of the preceding summer; yet it may be observed from Table VII that five out of seven of the listed products registered increases. The only products showing declines were evaporated skim milk and casein. All milk by-products combined advanced from 12.4 million pounds to 13.7 million pounds, an increase of 10 per cent.

In making comparisons with the previous year it should be mentioned that two milk plants are now operating in Quebec, neither of which were in production a year ago. Another fact of some interest is that the reduction recorded in the numbers of creameries on Page 3 as compared with the corresponding period of the preceding year would seem to show results of competition from the concentrated milk industry in those areas where milk plants are located.

TABLE VII - PRODUCTION OF CONCENTRATED MILK PRODUCTS IN CANADA,
JUNE TO AUGUST, 1939 and 1940.

(In Thousands of Pounds)

Commodity	June		July		August		June to August		
	1939	1940	1939	1940	1939	1940	1939	1940	Percentage Increase(+) Decrease(-)

Whole Milk Products

Condensed	324	1,323	797	2,097	475	1,166	1,596	4,586	(+) 187.3
Evaporated	16,098	18,665	13,793	15,480	12,401	14,900	42,292	49,045	(+) 16.0
Milk Powder	817	886	701	768	522	743	2,040	2,397	(+) 17.5
Cream Powder	-	-	-	-	2	-	2	-	-
Total	17,239	20,874	15,291	18,345	13,400	16,809	45,930	56,028	(+) 22.0

Milk By-Products

Skim Milk:									
Condensed	276	405	378	318	337	431	991	1,154	(+) 16.4
Evaporated	72	109	74	87	267	103	413	299	(-) 27.6
Powder	3,375	3,588	2,757	3,193	2,585	2,920	8,717	9,701	(+) 11.3
Buttermilk:									
Powder	585	578	439	564	377	440	1,401	1,582	(+) 12.9
Condensed	72	187	41	59	43	94	156	340	(+) 117.9
Casein	321	259	166	132	143	78	630	469	(-) 25.6
Sugar of Milk	41	46	39	35	27	28	107	109	(+) 1.9
Total	4,742	5,172	3,894	4,388	3,779	4,094	12,415	13,654	(+) 10.0

Whole Milk and Milk By-Products, Combined

Total	21,981	26,046	19,185	22,733	17,179	20,903	58,345	69,682	(+) 19.4
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Exports of concentrated milk were confined as usual to three items, viz., evaporated milk, milk powder, and condensed milk. The former increased from 7.3 to 10.7 million pounds; condensed milk moved from 150.5 thousand to nearly two million (1,961,300) pounds, while milk powder registered a substantial reduction. The total exports of concentrated milk products during the three summer months exceeded those of the preceding summer by 50.2 per cent.

Sharp declines were recorded in the imports of condensed milk and milk powder, while casein showed a considerable gain over the 1939 figure. The total imports into the Dominion during the June-August period of 1940 amounted to approximately 520 thousand pounds which was just one thousand pounds more than that shown in the same period of 1939. Very little change was shown in the trade figures for fresh milk and cream. Exports of the former increased slightly, while the latter declined. The imports of milk and cream combined were slightly less than those recorded a year ago.

REVIEW OF THE SITUATION BY PROVINCES

Prince Edward Island

The dairy industry in this province during the summer season showed the effect of a reduced cow population. There was a good harvest of the principal feed crops, however, and the hay crop was quite satisfactory; so that even with the reduced number of cows the milk production in future months would not be expected to register any more than a moderate reduction as compared with that recorded in the previous year.

Prince Edward Island experienced a favourable growing season with frequent showers during June and July, while August was inclined to be hot and comparatively dry. There was less sunshine than usual during the summer period and temperatures were about normal. On the whole there was more rain than in 1939, and there was a sturdy growth of forage.

Native pastures were above the average, while seeded pastures were considerably better than they were in the summer months of the previous year. The average June-August pasture rating for the province was 93 as compared with 83 in the 1939 period. The hay crop yielded a larger tonnage than in the preceding year. It was gathered in good condition and the quality was better than that harvested in 1939. Preliminary estimates revealed a tonnage of 332 thousand in 1940 as compared with 294 thousand tons in 1939. Oats were estimated at 4.9 million bushels, a reduction of only 23 thousand bushels compared with the harvest of a year ago; and barley yielded 371 thousand bushels as compared with 252 thousand bushels in the former harvest. The root crop suffered from a lack of warm weather in the early part of the season and was slow in reaching maturity. On the whole, however, the volume of roots available for feeding purposes will be practically equal to that harvested a year ago.

Live stock was reported to be in quite good condition on the Island at the end of August, and with a continuation of favourable pastures milch cows would be expected to produce as much or more per cow than they did a year ago. Dairy herds suffered a slight reduction, however, the numbers at June 1, 1940 being approximately 4 per cent below those of the same date in 1939. According to Dairy Correspondents reporting for the three summer months, the percentage of cows actually milking also registered a decline, being 83.5 per cent as compared with....

TABLE VIII - PASTURE CONDITIONS AT THE END OF JUNE AND JULY, 1920 TO 1930 AND JUNE, JULY AND AUGUST, 1930 TO 1940.

Year	P. F. Island			Nova Scotia			New Brunswick			Quebec			Ontario		
	June	July	Aug.	June	July	Aug.	June	July	Aug.	June	July	Aug.	June	July	Aug.
1920	94	94	-	88	93	-	85	89	-	91	97	-	93	98	-
1921	77	73	-	86	76	-	76	70	-	83	77	-	92	92	-
1922	103	105	-	99	107	-	108	105	-	104	101	-	103	104	-
1923	101	106	-	99	105	-	88	92	-	-	95	-	-	93	-
1924	100	94	-	97	95	-	100	89	-	100	103	-	98	102	-
1925	103	104	-	104	105	-	104	104	-	106	107	-	93	96	-
1926	101	101	-	96	99	-	100	101	-	96	97	-	94	98	-
1927	101	105	-	95	105	-	101	105	-	100	105	-	102	106	-
1928	101	102	-	108	107	-	101	102	-	102	104	-	98	106	-
1929	100	92	-	95	88	-	98	95	-	103	100	-	99	94	-
1930	101	91	88	90	96	84	103	99	98	105	103	103	100	97	80
1931	103	106	99	108	102	101	104	103	96	103	99	94	99	99	89
1932	92	98	99	93	98	95	91	99	100	83	90	90	90	94	94
1933	93	88	66	101	88	66	92	90	75	84	81	83	90	70	66
1934	94	85	85	84	75	67	90	85	82	98	93	85	72	61	60
1935	104	95	73	101	94	80	98	96	77	102	102	97	107	105	96
1936	110	109	106	108	106	100	108	106	101	105	99	96	94	61	58
1937	107	99	72	106	98	83	96	94	85	96	95	97	103	96	98
1938	99	101	105	103	105	102	104	102	105	101	100	102	98	94	95
1939	79	89	80	88	96	88	86	96	90	98	101	101	95	75	88
1940	105	101	80	103	99	83	102	99	86	101	98	93	107	104	99

Year	Manitoba			Saskatchewan			Alberta			B.C.			CANADA		
	June	July	Aug.	June	July	Aug.	June	July	Aug.	June	July	Aug.	June	July	Aug.
1920	105	93	-	106	88	-	111	106	-	92	98	-	94	96	-
1921	106	96	-	108	98	-	83	83	-	108	97	-	102	86	-
1922	100	103	-	102	92	-	67	76	-	78	67	-	99	98	-
1923	102	105	-	107	110	-	112	112	-	107	108	-	101	102	-
1924	90	94	-	90	72	-	90	78	-	100	82	-	93	97	-
1925	109	102	-	107	97	-	112	100	-	101	88	-	106	99	-
1926	90	90	-	99	85	-	104	101	-	100	91	-	98	94	-
1927	107	109	-	107	111	-	113	114	-	108	104	-	101	106	-
1928	103	106	-	101	103	-	105	105	-	104	101	-	101	105	-
1929	88	68	-	87	66	-	85	69	-	101	93	-	99	93	-
1930	103	101	87	92	87	81	94	99	98	100	95	88	101	99	92
1931	58	65	70	44	52	65	31	83	86	101	95	90	98	96	91
1932	93	88	78	101	87	83	109	99	90	95	97	98	89	93	92
1933	94	69	62	85	60	52	85	64	63	97	94	85	89	77	73
1934	83	58	58	84	58	49	95	76	68	100	95	87	86	76	71
1935	109	108	104	105	98	94	101	92	92	94	97	96	103	101	93
1936	93	62	54	85	52	47	86	52	65	96	94	87	100	82	79
1937	102	87	86	45	35	29	61	63	83	100	95	96	96	91	90
1938	90	88	85	96	84	78	93	88	94	79	69	72	99	97	97
1939	92	76	70	107	101	73	106	91	68	106	99	84	96	90	90
1940	88	75	80	88	82	74	101	103	90	96	83	86	102	99	92

85.4 per cent in the summer period of 1939; and the fact that fewer cows are due to freshen in the next few months, would offer little hope of any change in the immediate future.

Milk production declined about 1 1/2 per cent during the summer of 1940 in comparison with the same period of the preceding year, which can be attributed entirely, to a reduction in cow numbers. On account of good pastures cows actually milking made a slight gain over those used for milking purposes in the summer of 1939, although when the dry cows are included the average was just about the same, namely, 17 pounds per cow. The production of creamery butter increased about 8 per cent and cheese advanced 9.6 per cent. The two industries combined absorbed 8 per cent more milk in the 1940 period than in the summer of 1939. A reduction occurred in the quantity of milk used in farm homes; there were also lesser quantities of milk directed into the fluid channel. On the other hand greater quantities of butter were made on farms and the consumption of butter in farm homes registered a slight increase. The average price of fluid milk delivered at plants was about \$1.85 per hundred. Surplus milk for cheese making averaged about 95 cents per hundred and creameries paid an average of about 23 cents per pound butter-fat.

Nova Scotia

Despite a reduction in cow numbers from that of the previous year, milk production declined very little and the production of butter recorded a substantial advance over the June-August output of the preceding year. Although much will depend on weather conditions, the fact that farmers have more feed than they had in 1939 will tend to place the fall and winter production at about the same level as that of a year ago.

Cool, wet weather prevailed during June and the greater part of July in this province, which tended to delay plant growth. August, however, in common with other parts of the Maritimes was comparatively warm and rather dry. The excess precipitation at Kentville and Nappan over that of the previous year was approximately one inch during the three-month period, although in Cape Breton County 16.8 inches of rain was recorded as compared with 7.9 inches in the June-August period of the preceding year.

Pastures were inclined to be short and dry, and showed the effects of heavy grazing toward the end of the summer season. On the whole they were somewhat better than in 1939, the ratings at the end of each of the three months being 103, 99, and 83, respectively. The former was 15 points above last year's June rating and the same as that of 1938; the July estimate was 3 points above the corresponding month of the previous year but below that of two years ago; the August rating was 5 points below the 1939 figure and 19 points below the August 1938 rating. The hay crop turned out well with an estimated tonnage of 669 thousand compared with 605 thousand tons in the preceding year. It was cured in fairly good condition and the quality was reported to be good. Oats yielded 3.383 million bushels, an increase of 58 thousand bushels over the 1939 crop, and barley yielded 369 thousand bushels as against 297 thousand bushels in the preceding harvest. The root crop was a little heavier than a year ago, yielding 3.25 million hundredweight, and fodder corn estimated at 7 thousand tons in 1940, represented an increase of one thousand tons compared with the return of a year ago.

TABLE IX - NUMBERS OF MILCH COWS ON FARMS IN CANADA, BY PROVINCES,
AS AT JUNE 1 AND DECEMBER 1, 1939 AND JUNE 1, 1940.

Province	Numbers on Farms			Percentage Change	
	June 1, 1939	June 1, 1940	Dec.1, 1939	Dec.1,1939 to June 1,1940	June 1,1939 to June 1,1940
Prince Edward Island	46,400	44,400	43,400	+ 2.8	- 4.3
Nova Scotia	118,300	113,100	122,000	- 7.3	- 4.6
New Brunswick	114,300	113,100	124,400	- 9.1	- 1.0
Quebec	1,001,700	1,018,600	1,045,400	- 1.6	+ 2.7
Ontario	1,182,900	1,195,100	1,187,500	+ 0.6	+ 1.0
Manitoba	365,800	350,500	356,200	- 1.6	- 4.2
Saskatchewan	490,400	502,500	527,000	- 4.6	+ 2.5
Alberta	423,200	416,800	397,400	+ 4.9	+ 2.9
British Columbia	124,500	129,400	130,000	- 0.5	+ 3.9
CANADA	5,873,500	5,894,800	5,933,300	- 1.0	+ 0.5

TABLE X - NUMBERS OF DAIRY HEIFERS ON FARMS IN CANADA, BY PROVINCES,
AS AT JUNE 1 AND DECEMBER 1, 1939 AND JUNE 1, 1940.

Province	Numbers on Farms			Percentage Change	
	June 1, 1939	June 1, 1940	Dec.1, 1939	Dec.1,1939 to June 1,1940	June 1,1939 to June 1,1940
Prince Edward Island	12,200	10,800	9,300	+ 16.1	- 11.5
Nova Scotia	30,200	27,300	28,300	- 3.6	- 9.6
New Brunswick	29,600	26,200	23,600	+ 11.0	- 11.5
Quebec	253,700	220,400	203,200	+ 8.5	- 13.2
Ontario	248,200	256,200	248,200	+ 3.2	+ 3.2
Manitoba	86,600	82,900	75,600	+ 9.6	- 4.3
Saskatchewan	132,700	131,000	104,100	+ 25.8	- 1.3
Alberta	103,800	100,600	84,500	+ 19.0	- 3.1
British Columbia	29,100	30,200	30,900	- 2.3	+ 3.8
CANADA	926,100	885,500	807,700	+ 9.6	- 4.4

Dairy stock was maintained in good flesh during the summer season, the majority of the cows freshening between May 15th and June 15th, which would give about the normal lactation period. Forecasts by Dairy Correspondents in regard to future freshenings offer little hope of an increase in the cow population which was estimated at 27.3 thousand at June 1, a reduction of 9.6 per cent as compared with the numbers shown at the same date in 1939. The percentage of milking cows to total cows advanced, however, from 85.9 in the summer period of 1939 to 86.6 per cent in the same period of 1940.

The summer milk production in Nova Scotia would seem to have fallen about 1 per cent below the June-August production of 1939. Normally, the reduction would have been more than this, but the decline in cow numbers was offset to quite an extent by an increase in the milk production per cow, all cows included averaging 17.9 pounds or about 1 pound per cow per day above the average recorded in the corresponding period in 1939.

An increase of 5 per cent in the production of butter over that of the preceding summer period would indicate that creameries received more than the usual percentage of milk in the form of butter-fat. A reduction of about 12 per cent in the production of dairy butter would offer an explanation for this increase; and coupled with a reduction in the quantity fed to live stock would release larger quantities for use in manufacture. More milk was used in farm homes, however, and greater quantities were sold in the fluid form. The situation now revealed would offer little hope of any substantial increase in milk production but the tendency is definitely in the direction of increased sales of milk for both fluid and manufacturing purposes. Much, of course, will depend on the price situation. At the end of the summer period fluid milk netted farmers about \$1.95 cents at plants. Milk sold to concentrated milk plants averaged \$1.35 cents, and butter-fat was worth 24 cents delivered at creameries.

New Brunswick

Dairying offers quite a progressive picture in New Brunswick when comparisons are made with the summer period of 1939. Regardless of smaller numbers of cows the production was above that of a year ago. The tendency appears to be in the direction of more dairying rather than increased beef production, and a slight increase in production is anticipated in future months.

There was an abundance of moisture in New Brunswick during the month of June, rather too much in some sections to permit farmers to complete haying operations. The weather in July was more satisfactory however, and in August high temperatures with little rainfall were general throughout the province. Excess rainfall was reported at both Chatham and Fredericton, showing respective increases of $1\frac{1}{2}$ and 5 inches as compared with the June-August period of 1939. Although the August precipitation was light in the northern and central sections of the province, generous supplies of moisture were received in southern areas.

The pastures in June and July were reported to be the best in three years and the August pastures though showing the effects of dry weather toward the end of the month averaged 86 as compared with 90 at the same date in 1939. The average for June, July and August, 1940, was 96, compared with 91 in 1939. The estimated tonnage of hay was less than that produced in the preceding year, the figures being 801 thousand tons as compared with 844 thousand tons. However, oats and barley yielded well, the former showing a production of 6.4 million bushels,

TABLE XI - MONTHLY AVERAGE PERCENTAGE OF MILKING COWS TO
TOTAL COWS IN CANADA, BY PROVINCES,
JUNE, JULY AND AUGUST, 1939-1940.

Province and Year		June	July	August	Average June to August
Prince Edward Island	1939	95.2	78.8	82.3	85.4
	1940	84.5	80.5	85.7	83.5
Nova Scotia	1939	83.3	87.3	87.0	85.9
	1940	87.1	88.0	90.7	88.6
New Brunswick	1939	91.3	89.5	81.4	87.4
	1940	91.8	98.9	92.4	94.4
Quebec	1939	92.5	92.1	93.1	92.6
	1940	89.3	94.9	95.6	93.4
Ontario	1939	88.2	86.0	86.7	86.6
	1940	87.9	87.0	84.0	86.3
Manitoba	1939	82.7	80.0	79.5	80.7
	1940	75.0	80.0	77.9	77.6
Saskatchewan	1939	74.5	79.0	73.5	75.7
	1940	76.5	79.0	67.2	74.2
Alberta	1939	75.5	73.0	68.3	72.4
	1940	73.7	71.0	63.2	69.3
British Columbia	1939	84.0	83.0	79.3	82.1
	1940	84.9	76.0	82.9	81.3
CANADA	1939	85.2	83.2	81.2	83.2
	1940	83.4	83.9	82.2	83.2

which was within 270 thousand bushels of that produced in the preceding harvest. The barley crop showed an estimated yield of 526 thousand as compared with 459 thousand bushels in 1939. The root crop also exceeded that of the preceding year yielding 2.8 million hundredweight, an increase of 73 thousand.

The excellency of the summer pasturage was reflected in the condition of live stock, considered by observers to be rather better than usual. There has been no indication of a switch toward beef production as yet, and the freshenings of dairy cows forecast for the next few months promise to be slightly higher than those recorded a year ago. Milch cow numbers were down about 1 per cent compared with June 1, 1939 and Dairy Correspondents report a continuation of this tendency. This decline in numbers however, has been offset by an advance in the percentage of milking cows, the average percentage for the June-August period of 1940 being 9.4 in comparison with 87.4 per cent in the summer months of the preceding year.

The upward swing in the percentage of milking cows to total cows mentioned above, was reflected in an increase in milk production over that reported in the summer period of last year. Due to improved pastures, production per cow also increased, all cows in the herds of Dairy Correspondents advancing from 17.3 pounds in the 1939 period to 19.6 pounds in the summer of 1940. Likewise, cheese production increased 23 per cent, and despite competition, creamery butter production advanced a little more than 1 per cent. The quantity of milk used by the two industries moved up about 3 per cent, and some increase was also recorded in the milk used for fluid purposes compared with the summer period of 1939. Smaller amounts of dairy butter were used in farm homes, necessitated by a reduction in the farm-make, and lesser quantities of whole milk were fed to live stock.

Observers report that fluid milk prices averaged about 1.80 cents per hundred in the summer period of 1940. Returns from dairy factories revealed an average value of 1.01 per hundred for milk delivered at cheese factories and creameries paid an average of 23 cents per pound butter-fat.

Quebec

The trend from butter to cheese making was a prominent feature of the situation in Quebec during the June-August period. The advance in cheese making was not accompanied by any appreciable change in milk production in the summer period of 1940 as compared with the same period of 1939; but there are more cows on farms, feed is plentiful, and if prices are reasonably satisfactory the tendency promises to be in the direction of an increased milk supply during the late winter and early spring when dry cows and maturing heifers come into production.

The weather was wet and cold in June, fair in July, and warm and dry in August. On the whole there was less rain, fewer hours of sunshine and slightly lower temperatures during the summer period of 1940 than that reported in the summer of 1939. At Quebec weather records showed a reduction in rainfall from last year, while little or no change was reported at Riviere du Loup, except in June, which was abnormally wet with 5.1 inches of rainfall as compared with 3.2 inches in the previous year. At Sherbrooke, in the Eastern Townships, it was exceptionally dry in August. At Quebec the total summer rainfall was $3\frac{1}{2}$ inches less than that reported in the June-August period a year ago, and temperatures were about three degrees lower.

TABLE XII - MILK PRODUCTION PER COW IN POUNDS PER DAY, IN CANADA,
BY PROVINCES, JUNE, JULY AND AUGUST, 1939-1940.

Province and Year		Based on all cows in herds of Dairy Correspondents			Based on cows actually milking in herds of Dairy Correspondents		
		June	July	August	June	July	August
Prince Edward Island	1939	20.3	18.2	12.9	21.4	23.1	15.6
	1940	18.9	18.5	14.3	22.3	22.9	16.7
Nova Scotia	1939	16.7	17.7	17.0	20.1	20.3	19.5
	1940	18.8	17.6	17.2	21.6	20.0	18.9
New Brunswick	1939	19.0	18.7	14.3	20.1	20.9	17.6
	1940	18.6	24.1	16.0	20.2	21.6	17.4
Quebec	1939	21.8	19.3	18.7	23.5	20.9	20.0
	1940	19.3	19.9	18.5	21.6	20.9	19.3
Ontario	1939	27.6	19.9	18.5	26.7	23.0	21.3
	1940	23.3	21.4	19.7	26.5	24.7	24.4
Manitoba	1939	18.7	16.8	15.3	22.6	20.9	19.3
	1940	18.2	17.7	16.1	23.6	22.3	20.6
Saskatchewan	1939	19.7	17.4	15.4	26.5	21.9	21.0
	1940	20.3	18.7	15.6	26.5	23.6	21.0
Alberta	1939	20.3	18.6	13.7	27.0	25.5	19.9
	1940	20.3	18.3	12.8	27.6	26.5	20.3
British Columbia	1939	20.7	18.0	16.1	24.7	21.7	20.3
	1940	21.3	20.4	16.6	25.1	23.9	20.2
CANADA	1939	20.5	18.3	15.8	23.6	22.0	19.4
	1940	19.9	19.7	16.7	23.9	22.9	19.9

Pastures in the province were poorer than they were last year; the average rating for the summer season was 97 as compared with the normal rating in 1939. At the end of June the pastures were slightly above the long-time average. At the end of July they fell somewhat below normal, and in August the average pasture rating was 93 as compared with 101 in the previous year and 102 two years ago. Farmers harvested a good hay crop, the estimated tonnage being 5.1 million tons as compared with 4.9 million tons in 1939. The oat crop fell slightly below the preceding year with 44.9 million bushels as compared with 45.3 million bushels. Likewise, the barley crop was reduced to 3.8 million bushels as against 4 million bushels in the preceding year. The root crop was fair, the estimated yield of 6.2 million hundredweights being practically on a par with the 1939 crop. Fodder corn grew slowly early in the season, and neither in appearance or tonnage did it measure up to the corn crop of the previous year. Yet, it is believed that the estimated tonnage of 540 thousand, against 559 thousand tons in 1939, will give farmers sufficient for their needs.

Dairy cows came into lactation about the usual time, the majority of the cows freshening from May 1 to June 20, and despite a period of dry weather in some sections of the province the milk flow was fairly well maintained throughout the season. There seems to be some indication of a switch toward beef production in some districts on account of low butter-fat prices, but this condition is not believed to be general. The numbers of cows at June 1 showed an increase of 2.7 per cent over those recorded in the survey made at the same date in 1939, and the reports of Dairy Correspondents indicate that this lead is being maintained. The percentage of cows in milk showed a slight increase, advancing from 92.6 per cent in the summer of 1939 to 93.4 per cent in the summer of 1940, but a decline in prospective freshenings may alter this picture to a small extent in the next few months.

Milk production would appear to have increased somewhat over the corresponding period of the preceding year. However, the production per cow declined a little, all cows both dry and in milk dropping from 19.9 to 19.2 pounds. There was a decrease of 3.7 per cent in the creamery butter make as compared with the corresponding period of 1939, while cheese production advanced 13.1 per cent; and the quantity of milk used for the two industries declined about 1 per cent below that utilized for this purpose in the summer period of the preceding year. There was also a sharp reduction in the dairy butter made on farms, and smaller quantities were fed to live stock and used in farm homes. The sales of milk for fluid purposes held closely to the summer sales of a year ago, although prices were slightly higher. Fluid milk delivered at plants averaged about 1.80 cents per hundred. Milk used for cheese-making netted farmers 1.10 cents per hundred and butter-fat was worth 23 cents delivered at creameries. The latter was exactly the same as that revealed in the June-August returns a year ago.

Ontario

The outlook for the dairy industry in Ontario is quite promising. Differing from most of the other provinces both the milch cow and dairy heifer population advanced at June 1, in comparison with the numbers shown at June 1 in the previous year. Pastures were good and in most sections of the province, milk production exceeded that of the preceding summer period. Higher prices benefited the patrons of cheese factories and tended to encourage deliveries during the summer months, in some cases at the expense of butter production. As conditions now stand there seems to be a fairly definite indication of an upward movement in the production of milk as compared with the previous year, which promises to be.....

TABLE XIII—WEATHER RECORDS REPORTED FROM REPRESENTATIVE STATIONS IN EASTERN CANADA,
JUNE TO AUGUST, 1939 AND 1940.

Stations and Year	Inches of Precipitation				Mean Temperature				Hours of Sunshine				
	June	July	Aug.	Total	June	July	Aug.	Average	June	July	Aug.	Total	
Charlottetown	1939	1.2	2.6	1.5	5.3	57	67	69	64	276	262	281	819
	1940	2.8	3.3	1.3	7.9	57	68	65	63	200	266	299	765
Kentville	1939	1.2	2.6	1.9	5.7	58	67	69	65	275	231	258	764
	1940	2.8	2.2	1.7	6.7	58	66	63	62	-	229	300	-
Nappan	1939	2.3	1.3	1.7	5.3	54	66	68	63	265	250	275	790
	1940	2.1	3.4	1.2	6.7	56	65	62	61	178	253	290	721
Sydney	1939	2.7	3.6	1.6	7.9	54	65	67	62	-	-	-	-
	1940	10.9	2.9	3.0	16.8	54	63	64	60	-	-	-	-
Chatham, N.B.	1939	3.1	2.8	0.8	6.7	58	68	69	65	-	-	-	-
	1940	4.5	2.4	1.4	8.3	57	66	65	63	-	-	-	-
Fredericton	1939	2.2	2.5	0.7	5.4	60	68	68	65	226	208	242	676
	1940	3.9	2.5	3.8	10.2	59	67	64	63	191	229	283	703
Rivière du Loup	1939	3.2	3.9	2.9	10.0	57	66	65	63	-	-	-	-
	1940	5.1	1.4	2.0	8.5	56	64	63	61	-	-	-	-
Quebec	1939	7.2	4.3	4.9	16.4	62	69	69	67	190	224	236	650
	1940	5.9	3.3	3.8	13.0	60	67	64	64	159	204	265	628
L'Assomption	1939	4.1	3.8	2.0	9.9	63	67	70	67	249	252	287	788
	1940	3.3	4.4	2.3	10.0	61	69	67	66	223	259	279	761
Sherbrooke	1939	5.1	4.0	3.5	12.6	62	68	69	66	232	267	267	766
	1940	5.4	4.0	1.8	11.2	62	67	64	64	200	263	260	723
Ottawa	1939	3.6	6.3	3.2	13.1	64	68	69	67	242	294	303	839
	1940	2.5	2.8	1.4	6.7	62	67	66	65	226	283	256	765
Kapuskasing	1939	3.0	4.2	3.9	11.1	58	64	62	61	203	278	186	667
	1940	4.0	1.2	3.0	8.2	55	64	63	61	161	263	221	645
Gore Bay	1939	3.8	1.1	3.2	8.1	61	67	66	65	-	-	-	-
	1940	2.4	2.4	3.6	8.4	58	67	64	63	-	-	-	-
Peterboro	1939	1.7	2.6	2.4	6.7	65	72	72	70	-	-	-	-
	1940	2.0	1.5	2.6	6.1	63	70	68	67	-	-	-	-
London	1939	4.2	2.3	1.2	7.7	65	69	69	68	244	333	277	854
	1940	5.2	3.0	8.9	17.1	64	69	66	67	253	315	234	802
Chatham, Ont.	1939	3.9	3.5	1.8	9.2	69	72	72	71	213	269	262	744
	1940	3.7	1.3	6.8	11.8	67	72	70	70	212	275	205	692

reflected in the output of butter during the fall and winter months.

The weather was extremely variable in the province during the summer, particularly with respect to rainfall. June was cool with heavy precipitation in the western and southern counties of the province. July was warm but rather dry in the eastern and central counties, although good growing weather prevailed. Manitoulin Island and western Ontario had more rain in June, 1940, than in the same month of 1939, but these sections had less rain in July. August was inclined to be warm and dry in eastern Ontario, while heavy rains continued in the western counties. At London, 17.1 inches of rain was recorded during the three-month period as compared with 7.7 inches in the same period of the previous year, while Ottawa received a total of only 6.7 inches as compared with 13.1 inches in the June-August period of 1939.

The pasture situation in Ontario was unusually satisfactory and more so during the early part of the season. The pasture rating of 107 at the end of June was the highest for five years. At the end of July pastures stood at 104, which was also the highest since 1935, and at the end of August the normal rating of 100 was the highest June-August pasture rating in a decade. The most favoured areas were western and southern Ontario and some of the northern counties, while the eastern and central counties of the province suffered from very dry weather, especially during late July. The heavy hay crop of 1939 was exceeded by the 1940 crop which amounted to 4.9 million tons as compared with 4.7 million tons in the preceding year. The quality was fair although farmers in some sections experienced great difficulty in gathering the crop on account of the wet weather. Grain lodged badly in some sections, yet the estimated yield of oats was 88.6 million bushels, an advance of 1.9 million bushels over the preceding harvest. Barley production declined from 16.6 million bushels to 15.9 million bushels, while field peas slightly exceeded the 1939 crop with a total of 889 thousand bushels. Roots were late in reaching full growth; still, the total tonnage was almost equal to that produced in 1939, being 20.5 million hundredweight as compared with 21 million hundredweight in the previous year. The corn crop which made such poor progress during the summer, especially in the high-rainfall districts, has now been estimated at 2.8 million tons as compared with 3.5 million tons in 1939. Thus with the possible exception of fodder corn, farmers will be well supplied with feed for the fall and winter months.

Live stock was reported by Observers to be in excellent condition at the end of August, and the milk flow was well maintained throughout the season. The numbers of milch cows on farms at June 1, increased 1 per cent as compared with the numbers reported at the same date in the preceding year, and subsequent reports from Dairy Correspondents would indicate that the numbers are still above those of the previous year. The percentage of cows being milked was virtually the same as it was last year, - 86.3 as compared with 86.6. Dairy Correspondents forecast a slight decline in freshenings but at this season of the year the difference in numbers would not materially affect production.

According to Dairy Correspondents the farm milk supply during the summer period exceeded the 1939 production by approximately 3 per cent. This estimate is supported by an increase of 2.1 per cent in creamery butter production and an advance of 8.3 per cent in the output of factory cheese; and on a milk basis the two combined represent an advance of 4.6 per cent. A decline of 9.3 per cent in the production of home-made butter would seem to indicate that farmers marketed larger quantities in the form of milk and cream. Fluid milk sales also advanced somewhat, while the quantities of milk used in farm homes and fed to live stock...

TABLE XIV - WEATHER RECORDS REPORTED FROM REPRESENTATIVE STATIONS IN WESTERN CANADA, JUNE TO AUGUST, 1939 AND 1940.

Station & Year	Inches of Precipitation				Mean Temperature				Hours of Sunshine			
	June	July	Aug.	Total	June	July	Aug.	Average	June	July	Aug.	Total
Brandon 1939	2.9	1.9	1.9	6.7	56	69	66	64	211	334	284	829
1940	2.5	2.9	3.7	9.1	60	69	66	65	235	296	284	815
Morden 1939	3.8	0.6	4.1	8.5	60	73	69	67	216	308	262	786
1940	2.7	4.8	1.8	9.3	62	70	67	66	243	263	250	756
Dauphin 1939	2.2	3.0	1.9	7.1	58	70	67	65	-	-	-	-
1940	2.6	2.1	3.8	8.5	60	68	67	65	-	-	-	-
Battle- 1939	4.2	1.3	0.7	6.2	54	67	65	62	-	-	-	-
ford 1940	2.5	2.6	0.2	5.3	58	64	65	62	-	-	-	-
Prince 1939	4.3	1.3	0.6	6.2	55	67	64	62	-	-	-	-
Albert 1940	2.7	1.1	0.5	4.3	56	64	65	62	-	-	-	-
Saskatoon 1939	6.6	1.8	0.4	8.8	55	69	66	63	244	385	319	948
1940	2.5	2.4	0.9	5.8	59	65	66	63	292	302	357	951
Indian 1939	4.1	1.2	1.6	6.9	56	69	65	63	-	-	277	-
Head 1940	2.4	2.4	1.0	5.8	59	67	66	64	-	250	264	-
Swift 1939	5.4	2.2	0.3	7.9	53	66	64	61	211	384	311	906
Current 1940	3.1	1.6	0.2	4.9	59	66	66	64	288	295	344	927
Beaver- 1939	1.6	3.7	1.9	7.2	55	61	60	59	276	291	332	899
ledge 1940	1.3	2.3	0.4	4.5	55	60	59	58	313	278	270	861
Edmonton 1939	1.8	1.5	0.0	3.3	53	63	61	59	203	340	-	-
1940	2.5	3.7	0.7	6.9	57	61	62	60	285	251	309	845
Calgary 1939	8.0	0.7	0.5	9.2	50	62	61	58	181	352	309	842
1940	1.8	4.0	0.2	6.0	56	61	62	60	301	270	323	894
Cardston 1939	4.5	0.0	1.1	5.6	53	67	64	61	-	-	-	-
1940	1.2	3.2	0.1	4.5	61	66	64	64	-	-	-	-
Victoria 1939	1.2	1.2	0.3	2.7	55	60	62	59	219	320	331	870
1940	0.1	0.9	0.4	1.4	59	59	62	60	371	288	319	978
Prince 1939	1.6	3.2	0.8	5.6	56	60	59	56	253	281	290	824
George 1940	1.6	4.6	1.8	8.0	55	61	59	58	265	215	242	722
Agassiz 1939	4.4	3.2	1.1	8.7	57	64	67	63	111	-	258	-
1940	0.9	2.7	2.3	5.9	62	64	65	64	257	178	203	638
Kamloops 1939	3.1	0.7	0.0	3.8	60	70	70	67	199	326	351	876
1940	0.4	0.9	0.2	1.5	66	70	68	68	300	277	241	818

registered declines as compared with the amounts recorded in the summer period of the preceding year. The increased production of cheese was due in part to a diversion of milk to creameries, so that from now on creameries would be expected to gain by the increased volume of milk made available for manufacturing as the cheese factories close down for the season. Much will depend, of course, on the price situation. On a rising market deliveries would increase because creamery patrons would reap some of the advantages now enjoyed by the patrons of cheese factories. On a lower market farmers would be tempted to make butter at home and feed more of the surplus milk to live stock.

The average price of fluid milk as reported by Observers at the end of August was \$1.75 per hundred. Based on the reports received from dairy factories, milk for cheese-making netted farmers \$1.07 per hundred delivered at factories and butter-fat was worth 22 cents per pound. Compared with the 1939 summer period, cheese factory patrons benefited by an increase of 21 cents per hundred-weight. Butter-fat, however, averaged the producers exactly the same as that reported in the three summer months of 1939.

Manitoba

The dairy situation in Manitoba continues to be dominated to some extent by the price of grain and by the price of live stock. During the summer, dairying appears to have held its own despite a shortage of pasture in the early part of the season. But competition is now beginning to develop from the beef industry, and coupled with the fall in milch cow numbers as reported at June 1, there seems to be some evidence that any further extension of dairying enterprises should not be expected at the present time.

The weather during the early part of the season was inclined to be dry and a shortage of moisture was more or less general. The summer season was quite favourable for growth, however, with warm sunny days and frequent showers. The precipitation at Brandon during the three-month period amounted to 9.1 inches as compared with 6.7 inches in 1939; at Morden, 9.3 inches of rainfall were recorded as against 8.5 inches in the preceding year, while Dauphin received 8.5 inches as compared with 7.1 inches.

Pastures were fair to good throughout the season, although they were affected to some extent by warm weather in late July and August. Seeded pastures were inclined to be rather poor in several areas, but native pastures were generally satisfactory. The territories which seemed to show the greatest effect from drought were the interlake area, some sections of northern Manitoba and limited parts in central Manitoba, more particularly along the western border. The pasture rating of 88 as shown at the end of June was the poorest since 1934; the July rating of 75 was the poorest since 1936, but August pastures estimated at 80 per cent of the long-time average represented an advance of 10 points over that of the preceding year.

The hay crop suffered a slight reduction this season on account of the dry weather in June, the estimated yield being 610 thousand tons as compared with 706 thousand tons in 1939. Oats yielded 34.5 thousand bushels, being exactly the same as that of the preceding year, and barley 28.5 thousand bushels, a slight increase over the 1939 harvest. Roots suffered a reduction in yield, falling from 637 thousand to 409 thousand hundredweight. Fodder corn on the other hand, yielded an estimated tonnage of 349 thousand tons as compared with 270 thousand....

TABLE XV - DAIRY PRODUCTS EXPORTED FROM CANADA,
JUNE TO AUGUST, 1939 AND 1940.

	Butter	Cheese	Condensed Milk	Milk Powder	Evaporated Milk	Fresh Milk	Cream
	Lb.	Lb.	Lb.	Lb.	Lb.	Gal.	Gal.
June							
1939	1,260,900	6,449,000	69,600	974,300	4,111,500	232	15
1940	136,300	3,876,500	455,300	1,067,100	1,058,700	244	60
July							
1939	1,644,800	12,750,200	42,100	456,600	2,157,100	264	225
1940	129,000	19,195,000	541,700	260,000	3,561,900	425	30
August							
1939	1,014,700	12,763,300	38,800	692,100	1,026,700	202	278
1940	149,900	22,804,800	964,300	331,200	6,128,400	274	-
June to August							
1939	3,920,400	31,962,500	150,500	2,123,500	7,295,300	698	518
1940	415,200	45,876,300	1,961,300	1,658,300	10,749,000	943	90

TABLE XVI - DAIRY PRODUCTS IMPORTED INTO CANADA
JUNE AND JULY, 1939 AND 1940.

	Butter	Cheese	Condensed Milk	Milk Powder	Casein	Fresh Milk and Cream
	Lb.	Lb.	Lb.	Lb.	Lb.	Gal.
June						
1939	432	89,699	46	13,416	140,603	144
1940	164	77,766	-	689	166,516	63
July						
1939	97	54,844	2,452	5,258	135,884	65
1940	872	29,481	240	31	238,911	70
August						
1939	257	47,822	2,630	154,173	44,044	115
1940	194	16,259	300	3,924	109,564	-
June to August						
1939	786	192,365	5,128	172,847	340,531	324
1940	1,230	123,506	540	4,644	514,991	133

in the preceding year. It may be seen from the foregoing that dairy farmers will be relatively well supplied with feed, and in some respects they may be in a better position than they were a year ago.

Live stock was reported by Observers to be in good condition at the end of August. The numbers of dairy cows registered a decline of 4.2 per cent at June 1 as compared with the survey figures shown at the same date a year ago, and dairy heifers revealed about the same reduction. This downward trend in numbers of dairy cows was accompanied by a decline in the percentages of cows actually milking, the averages for the three months being 77.6 in the summer of 1940, as compared with 80.7 in the 1939 period. The production of milk on the farms of Dairy Correspondents registered a decline of approximately 1 per cent. Nevertheless, the milk production per cow showed a substantial gain, those actually milking yielding an average of 22.2 pounds per day as compared with 20.9 pounds in the summer of 1939; and a slight increase was recorded when all cows are included, the average yield per day being 17.3 pounds against 16.9 pounds. Despite the apparent reduction in the milk flow the production of creamery butter advanced 6.1 per cent during the summer of 1940, and cheese production increased 15.9 per cent as compared with the output of the June-August period of 1939. The milk equivalent of butter and cheese combined, advanced 6.6 per cent over that of the preceding summer period, partially offsetting a 15 per cent decline in the butter manufactured on farms as reported by Dairy Correspondents. Smaller quantities of milk were used for live stock feeding, although the consumption of milk in farm homes showed a substantial gain as compared with the same three-month period of the preceding year. A slight reduction was recorded in the milk sold for fluid purposes, which may be explained by the smaller quantities sold by peddlers.

Fluid milk prices reported by Dairy Farm Observers at the end of August averaged about \$1.85 per hundredweight, while butter-fat prices averaged 18 cents on a delivered basis. Compared with 1939, the former showed very little change from last year; cheese factory milk increased 14 cents and butter-fat averaged exactly the same. Returns from dairy factories show that milk for cheese making netted farmers an average of 94 cents at factories during the three summer months.

Saskatchewan

Milk production in this province showed a substantial increase during the summer period, compared with the June-August period of the previous year. Although feed crops did not yield as large a harvest as a year ago there is no indication of a shortage, and with greater numbers of cows on farms and a larger percentage available for milking purposes in future months, it seems probable that the upward trend in milk production will continue for a time. The only adverse condition that appears in the offing is a reduction in the dairy heifer population (See Table X), which of course, would not affect the dairy situation until the summer of 1941.

The weather was warm during the summer period and the total rainfall was somewhat less than that received during the summer of 1939. June was moderately warm with frequent showers, and the precipitation was below normal. Higher temperatures prevailed in July with rainfall almost equal to that of the preceding month. Extreme variations were revealed in the month of August, but for the most part the weather was hot and dry with some low temperature periods. Compared with the preceding summer the total rainfall for the three months showed deficiencies of 3 inches at Saskatoon and Swift Current, and 1 inch at Indian Head and Battleford.

TABLE XVII - STOCKS OF BUTTER+, CHEESE AND CONCENTRATED MILK PRODUCTS IN CANADA,
BY MONTHS, JUNE TO SEPTEMBER, 1939 AND 1940.

Product	June 1	July 1	August 1	September 1
	Lb.	Lb.	Lb.	Lb.
Creamery Butter				
1939	14,953,058	32,861,913	46,778,401	55,344,593
1940	15,669,747	33,439,209	50,582,824	58,489,136
Dairy Butter				
1939	121,351	184,328	292,658	292,567
1940	134,523	284,408	494,626	512,312
Cheese				
1939	27,121,831	33,715,395	45,603,784	53,298,042
1940	21,732,524	28,466,342	32,726,148	32,425,330
Concentrated Whole Milk Products:				
Condensed Milk				
1939	871,462	487,653	554,318	653,849
1940	663,161	1,055,924	1,555,561	1,280,613
Evaporated Milk				
1939	9,074,878	7,986,009	5,496,386	8,332,737
1940	11,800,617	19,536,067	25,083,086	28,996,337
Milk Powder				
1939	1,224,817	1,651,424	1,677,022	1,593,975
1940	875,874	914,880	1,314,332	1,544,520
Total Whole Milk Products				
1939	11,175,839	10,128,796	7,731,166	10,584,621
1940	13,344,778	21,511,445	27,952,979	31,821,470
Concentrated Milk By-Products:				
Condensed Skim Milk				
1939	202,768	169,640	252,259	228,430
1940	257,819	286,669	219,042	219,391
Evaporated Skim Milk				
1939	5,014	4,837	4,632	4,139
1940	/	/	/	/
Skim Milk Powder				
1939	4,726,355	4,809,473	5,474,299	5,431,723
1940	2,295,877	3,507,178	4,060,437	4,325,764
Total By-Products				
1939	6,325,699	6,640,171	7,403,230	7,222,368
1940	3,025,543	4,702,896	5,136,618	5,394,102

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

/ Included in Condensed Skim Milk.

The growth was inclined to be slow during the early summer as a result of insufficient spring-time moisture reserves; while later in the season dry weather caused pastures to deteriorate in some sections of the province. On the whole, crop growth was inclined to be variable, even between different sections of the same district. Generally speaking the east and south-central areas were the most adversely affected. South western Saskatchewan and the north-central part of the province had fair crops and grazing conditions were relatively favourable. The pasture rating at the end of June was 88 as compared with 107 in 1939, and at the end of July pastures were estimated at 82 as compared with 101 in the preceding year. For these two months the pasture ratings were the lowest for three years, while the estimate of 74 at the end of August, was 1 point above that of the preceding year, and 4 points below the August pasture rating two years previous.

Feed crops did not yield as well as in the preceding year. The tame hay crop of 301 thousand tons represented a decline of 144 thousand tons as compared with 1939, and the alfalfa estimate of 48 thousand tons was 9 thousand tons below the estimate of the preceding year. Oats yielded 103 million bushels as compared with 112 million bushels in 1939; barley yielded 26 million bushels, which was exactly the same as that a year ago, and the fodder corn production of 37 million bushels represented a decline of 1 thousand tons. Dairy Farm Observers advise that total supplies of feed were less than those of the preceding year, but the distribution was considerably better. Thus, no shortage is anticipated. There is also a good supply of water in the dug-outs, and in this respect dairy farmers will be somewhat better situated than they were a year ago.

Despite poor pastures in some areas live stock went through the summer in nice condition. The numbers of milch cows on farms as shown in the Survey of June 1 registered an increase of 2.5 per cent, but there was a decline of 1.3 per cent in the heifer population. Subsequent reports from Dairy Correspondents would indicate that there has been very little change, possibly a slight reduction as a result of weeding out the herds for market or local slaughter. The increase in cow numbers was reflected, too, in a larger number of cows actually milking, although the percentage milking to total numbers fell from 75.7 in the summer of 1939 to 74.2 in the 1940 period. A decline in freshenings was forecast by Correspondents. This, of course, is not so important in itself, and can easily be corrected in the normal spring-time calving season.

Milk production showed a substantial advance in the summer season, and the milk production per cow also increased. Cows actually milking produced an average of 23.7 pounds and all cows averaged 18.2 pounds per day as compared with 17.5 pounds in the same three-month period of a year ago. An increase in milk production was reflected in a 5.1 per cent advance in the output of creamery butter and a 12.6 per cent advance in cheese production; while the combined amount on a milk basis moved up about 5 per cent. The dairy butter-make registered a reduction of nearly 8 per cent from last year and less milk was used in farm homes. The quantity fed to live stock was about the same as that reported in the June-August period of 1939.

Fluid milk prices averaged about \$1.95 per hundred which showed little change compared with that recorded in the summer of 1939. Milk for cheese-making increased a little, the delivered price at factories being approximately 80 cents a hundred, and butter-fat netted farmers 19 cents, an advance of 1 cent over the delivered price reported by factories in the summer months of the preceding year.

Alberta

The outlook for dairying in this province must depend a good deal on financial results from the sale of milk products in comparison with that of live stock. During the past summer there has been a tendency to look more favourably on the latter as a revenue producing enterprise. Nevertheless, farmers have a considerable investment in dairy stock and equipment; cow numbers are above those of the previous year, and feed is plentiful, so that providing the prices of dairy products remain at a reasonably high level, milk production should show a normal increase between now and next spring.

The precipitation was comparatively low in the month of June. In July there was more rain than in the previous month, while August was marked by dry weather conditions in many sections of the province. Deficiencies in rainfall during the summer period as compared with the June-August period of the previous year were revealed in reports from Cardston, Beaverlodge, and Calgary. At Lacombe, in Central Alberta, only about one-half inch of rain recorded in the month of August as against an average of $2\frac{1}{2}$ inches over a period of 32 years. Compared with the previous year the summer temperatures were slightly higher, and there was more sunshine.

Pastures in June were estimated at 101, somewhat poorer than in 1939. In the months of July and August the growth of grass was better than in the previous year. The July pasture rating of 103 established a twelve-year record, the best for that month since 1928; while the August rating was 90, the best for three years. The average condition of pastures for the three-month period was 98 per cent of the long-time average, or 10 points above that of the preceding year. Feed crops turned out very well in 1940. The estimated production of tame hay was 638 thousand tons as compared with 569 thousand a year ago. Alfalfa yielded 272 thousand tons against 207 thousand in 1939, and the quality was reported to be exceptionally good. A large oat crop was harvested in the province this year, totalling 114 million bushels as compared with 85 million bushels in the 1939 harvest. The barley crop of 34 million bushels was also about 7 million bushels higher than that of the previous harvest and there was a good crop of roots. The latter will serve to supplement fodder corn which yielded a smaller tonnage than that recorded in 1939.

Live stock came off summer pastures in very good condition and the abundant forage provided in the harvest fields maintained the milk flow at a high level. At June 1, the cow population was up about 3 per cent over the numbers reported last year, although this was offset by the same percentage decline in the number of heifers that would be used for replacement purposes in 1941. But the most unfavourable development from a dairying

standpoint was the reduction in the percentage of milking cows, which fell from 72.4 per cent in the June-August period of 1939 to 63.9 per cent in the 1940 period. It is probable, therefore, that many of the cows formerly employed for dairying were used instead for raising beef calves. If the forecasts made by Dairy Correspondents materialize there will be fewer cows coming into lactation in the next few months; but since this is not the normal freshening season, such a decline cannot be regarded as an important factor in production. The dual character of the dairy cattle population makes it possible for farmers to change to dairying quite readily and this development is quite probable if higher price levels are maintained.

The production of milk, based on the reports of Dairy Correspondents, declined about 4 per cent in the summer months below that of the June-August period of 1939. In the production of milk per cow, those actually milking advanced from 24.1 to 24.8 pounds per day, while all cows showed a decline, falling from 17.5 in the summer of 1939 to 17.3 in the June-August period of 1940. The factory output of butter was just slightly greater than that of a year ago, as against an increase in cheese production of 44.3 per cent; and the two combined on a milk basis was 1.8 per cent greater than that recorded in the summer of 1939. This increase in face of a decline in the total supply may be accounted for by the additional quantities of milk previously used on the farm for domestic use, and for home butter making. The latter showed a sharp decline on the farms of Dairy Correspondents, falling approximately 15 per cent below the summer production of the previous year. Very little change was shown in fluid sales, although in some areas where military camps are in operation quite unusual increases were recorded.

The average price of fluid milk delivered at plants was estimated by Observers to average about \$1.80 a hundred. Reports from dairy factories reveal that cheese milk hauled to factories yielded farmers an average of 82 cents a hundred as compared with 71 cents in the summer period of 1939; and that butter-fat netted the producers 17 cents a pound, exactly the same as that recorded a year ago.

British Columbia

The farmers of this province are maintaining a favourable attitude toward dairying, despite an element of disappointment in respect to butter-fat values. The survey of June 1 revealed an increase in cow numbers and since there is a good supply of roughage for feeding purposes, the tendency to hold non-producing cows on the farm rather than to market them would suggest that future opportunities are not being overlooked. Production of milk in the summer period showed a substantial increase over the June-August period of the preceding year, and there was also a

corresponding advance in the output of factory products. A stabilized price structure tending toward higher levels would produce a favourable reaction in the production of dairy products in 1941.

The month of June was warm and dry with the exception of the early part of the month which was somewhat damp. Temperatures were moderate in July and August but the precipitation was extremely light. The total rainfall at Victoria for the three months was only 1.4 inches compared with 2.7 inches in the summer of 1939. At Agassiz 5.9 inches of rainfall was recorded as compared with 8.7 inches a year ago; and at Prince George in the northern interior, there was a rainfall of 8 inches in the summer of 1940 as compared with 5.6 inches in the June-August period of 1939.

June pastures were inclined to be poor in British Columbia. The growth of grass in July was also less favourable than in the same month of the preceding year, and although August showers greatly improved pastures during the latter part of the summer, the average for the whole period was only 88, although it represented an advance of eight points above that of the preceding summer. The pasture rating as reported by Crop Correspondents at the end of each of the three months are shown as follows with the figures for the previous year in brackets -- June 96 (106); July 83 (99); August 86 (84).

Indications are that there will be plenty of roughage, but not so much grain for feeding purposes during the fall and winter months. The estimated yield of hay in 1940 was 317 thousand tons as compared with 315 thousand tons in 1939, and the alfalfa crop of 154 thousand tons fell just slightly below that of the preceding year. The oat crop, on the other hand, with a yield of 5.4 million bushels, was nearly a million below the amount harvested in 1939. The barley crop, amounting to 576 thousand bushels, offset this decline to some extent and the root crop of 1,133 thousand hundredweight was also greater than that recorded a year ago.

Although pasture forage did not measure up to requirements in some areas during the midsummer period, the absence of extreme temperatures was a saving factor in maintaining the milk-producing condition of dairy cows. The numbers of dairy cows on farms on June 1, 1940 registered an increase of approximately 4 per cent and dairy heifers advanced 3.8 per cent, compared with the numbers shown at June 1, 1939. According to Dairy Correspondents, fewer cows were actually milked, however, and consequently the percentage of milking cows to total cows fell from 82.1 to 81.3 per cent. There would seem to be no immediate prospect of a change in this direction since the numbers of cows expected to freshen promise to be slightly less than those of a year ago.

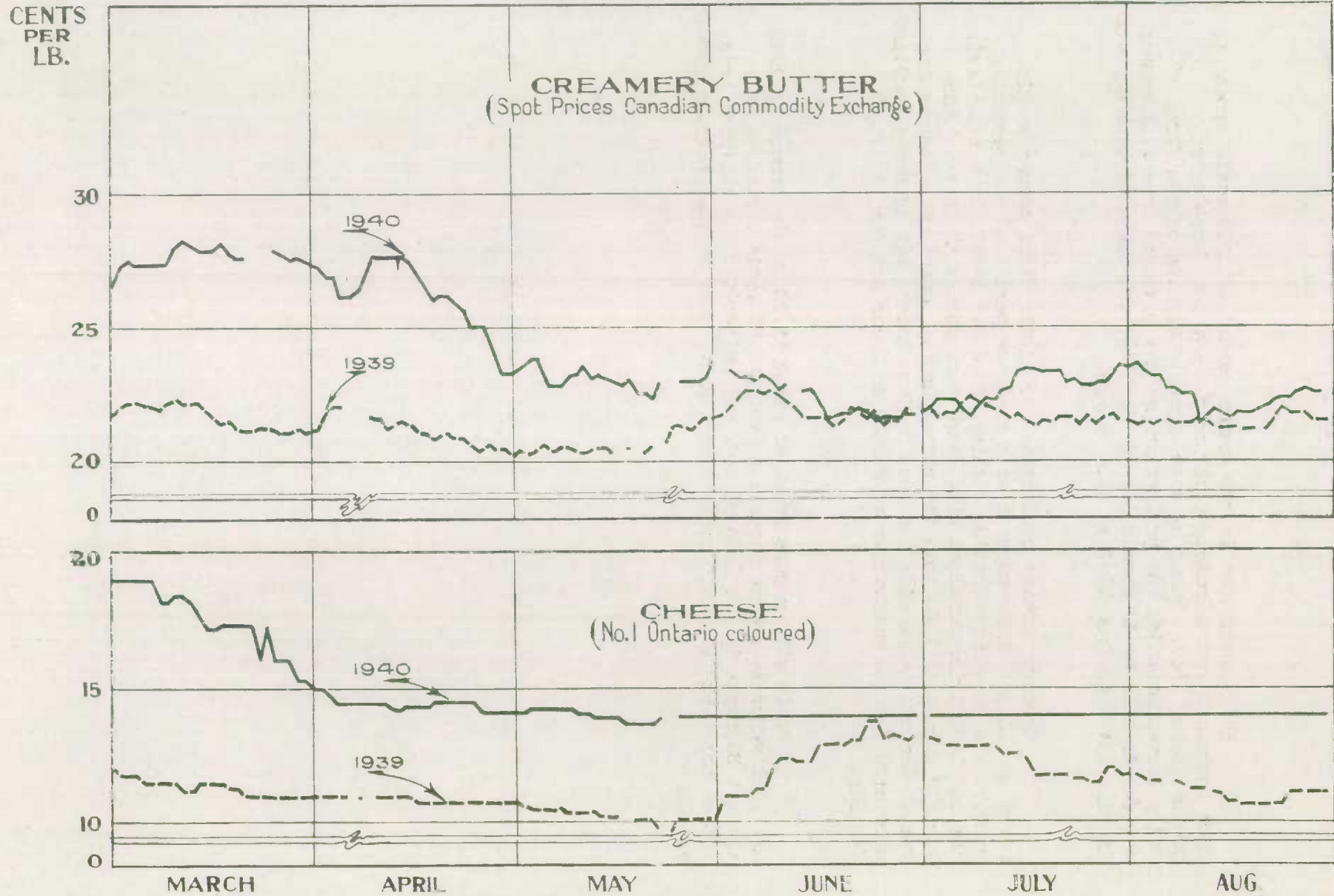
Milk production in the summer period of 1940 would appear to have increased approximately 5 per cent above the June-August production of 1939. Based on cows actually milking on the farms of Dairy Correspondents, the production per cow advanced from 22.2 pounds per day in 1939 to 23 pounds per day in 1940; and all cows both dry and in milk moved up from 18.3 to 19.4 pounds.

Creamery butter production during the first summer months moved up 5.1 per cent compared with the same period of the preceding year, while cheese production declined 25.8 per cent. On a milk basis the two industries combined used 3 per cent more milk in the "June-August" period of 1940 than the corresponding period of the preceding year. Somewhat more milk was used in farm homes, but lesser quantities were used for the production of butter on farms and for livestock feeding.

Fluid milk prices averaged about \$2.20 in the summer of 1940, milk delivered to cheese factories averaged 96 cents a hundred as against 88 cents in the 1939 period, and butter-fat for churning into butter was worth 19 cents, only 1 cent above that of the previous summer season.

DAILY PRICES OF BUTTER AND CHEESE, AT MONTREAL

MARCH-AUGUST 1939 AND 1940



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