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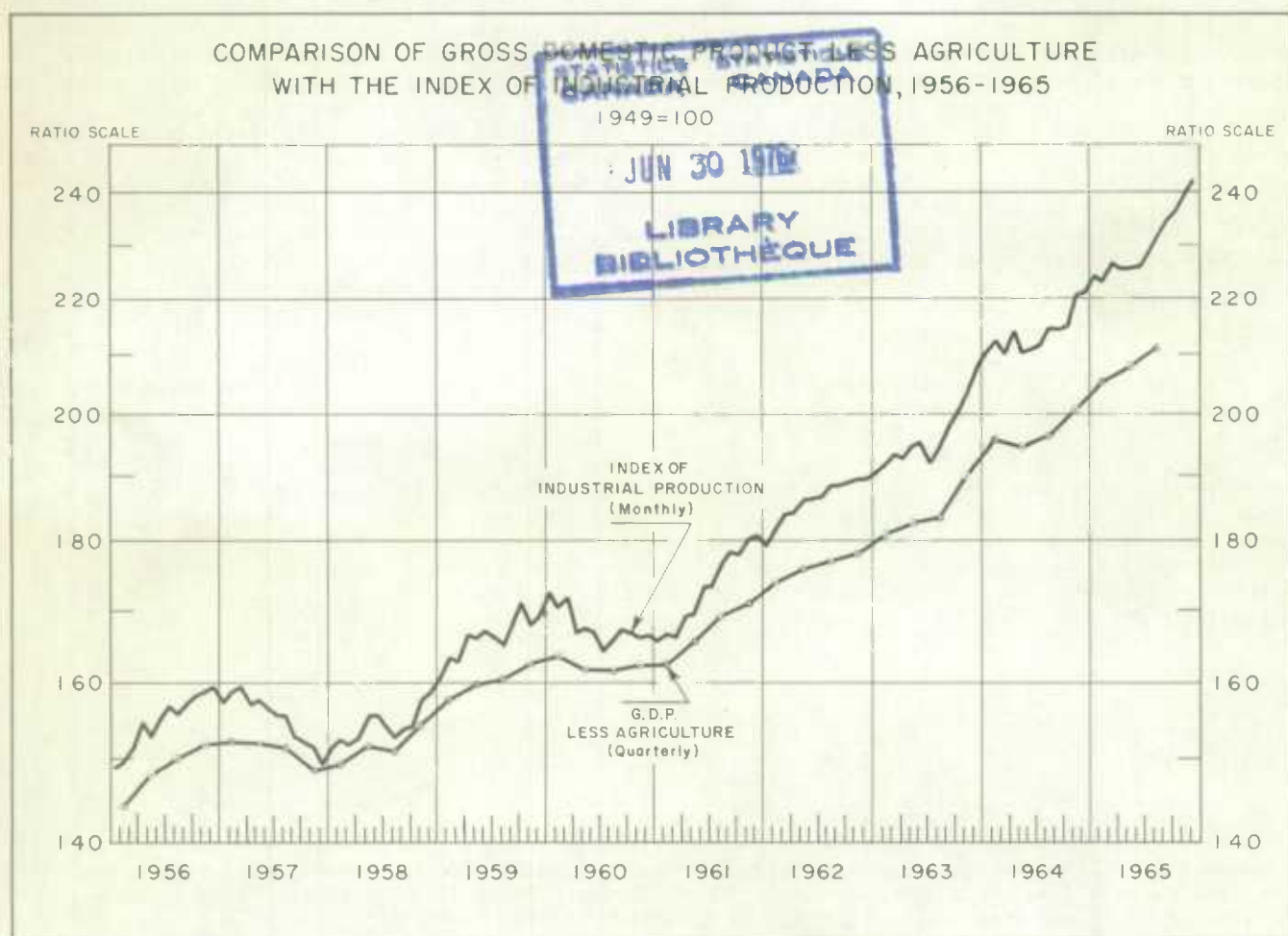
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INDEX OF INDUSTRIAL PRODUCTION (1949=100)

DECEMBER 1965

The seasonally adjusted index of industrial production advanced by 1.1 per cent in December.



This issue contains indexes of non-agricultural real output for the latest available quarter (3rd quarter 1965).

Industrial Output Section
National Accounts and Balance of Payments Division

February 1966
2205-502

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DECEMBER INDEX OF INDUSTRIAL PRODUCTION

The seasonally adjusted Index of Industrial Production rose by 1.1 per cent from the revised November level of 239.5, closing out the year at the record level of 242.2. The latest gain left the total 1965 Index nearly 8 per cent higher than in 1964. Manufacturing was the major contributor to the gain in December as mining rose fractionally and electric power and gas utilities fell by 2.5 per cent. Both durables and non-durables contributed to the gain in manufacturing, rising by 1.9 and 1.6 per cent respectively.

Textiles were the major factor in the non-durable increase, rising by more than 6 1/2 per cent. Rubber products also registered a strong increase of 8.1 per cent. All other major non-durable components, with the exception of beverages, clothing, and printing, publishing and allied industries, also showed gains ranging up to 5%.

Iron and steel products and electrical apparatus and supplies were the major contributors to the 1.9 per cent increase in durable manufacturing, rising by 3.0 and 4.5 per cent respectively. The bulk of the increase in iron and steel products was attributable to a large rise in iron castings. Telecommunication equipment was primarily responsible for the increase in electrical apparatus and supplies. All other major durable groups, (with the exception of non-ferrous metal products) also registered gains of from 1/2 to 3 per cent. Primary iron and steel rose by 2.1 per cent.

In mining, the gains of 15 per cent and nearly 1 per cent in non-metals and metals respectively were almost entirely offset by a 3 per cent drop in fuels. The rise in non-metals was general, asbestos rising by more than 8 per cent while other components also showed a strong advance. The bulk of the latter increase was attributable to potash. Gains in most components of metals mining were nearly offset by a fall in iron ore from the high November level. The decline in fuels was common to all components, as decreases ranged between 3 and 6 per cent.

In electric power and gas utilities both electric power and gas fell, the former by nearly 2 and the latter by more than 5 per cent.

For the year 1965 as a whole the following changes from the previous year are now shown for the Index of Industrial Production and its principal components:

Index of Industrial Production	+ 7.8%
Mining	+ 6.3%
Manufacturing	+ 7.9%
Non-durables	+ 5.3%
Durables	+ 10.6%
Electric Power and Gas Utilities	+ 10.5%

NOTES

1. For a continuous record of the Index of Industrial Production and its components, use the March 1963 supplement to this report for the period from 1919 to 1934, Reference Paper 61-502 for the period from 1935 to 1956, the March 1964 supplement to 61-005 for 1957 to 1959, the March 1965 supplement for 1960 to 1964, and these regular monthly reports thereafter.

For a continuous record of Gross Domestic Product and its components, use D.B.S. reference paper 61-505 for the period from 1935 to 1962, the March 1965 supplement for 1963 and 1964, and these regular monthly reports thereafter.

2. An explanation of the discontinuity in the total Clothing index is contained in the March 1964 issue of this report, page 2, note 2.
3. The figures in tables 1 and 2 may not reconcile with those on the Index of Industrial Production in table 3 because of small revisions to Sept. which have not been incorporated in the latter table.

TABLE 1. Index of Industrial Production
(1949=100)

Industry or industry group	1949 weights	MCD	Seasonally adjusted					
			1965					
			July	Aug.	Sept.	Oct.	Nov.	Dec.
INDEX OF INDUSTRIAL PRODUCTION	32.231	1	228.5	232.4	234.4	236.4	239.5	242.2
MINING,	3.245	2	339.3	354.8	360.6	340.6	362.2	363.3
Metals	1.925	2	211.2	209.9	217.7	208.5	226.9	228.0
Gold	0.624	5	82.2	87.4	83.7	85.0	83.1	82.8
Copper	0.356	4	204.5	186.8	191.1	180.6	201.1	204.3
Iron ore	0.099	3	803.3	787.4	785.0	905.5	1,065.4	916.0
Nickel	0.337	4	208.5	207.2	193.6	199.6	203.9	212.8
Non-metals	0.268	5	383.5	390.7	377.1	407.6	396.6	455.0
Asbestos	0.214	5	274.1	261.1	262.1	283.2	258.0	279.6
Fuels	0.915	3	579.3	633.8	641.1	579.6	614.4	594.8
Coal	0.553	6	49.8	57.9	55.7	53.5	58.0	54.6
Natural gas	0.035	2	1,511.9	1,574.2	1,434.7	1,527.2	1,540.0	1,468.0
Petroleum	0.327	3	1,375.0	1,507.2	1,546.2	1,367.9	1,456.2	1,414.8
MANUFACTURING, TOTAL	27.340	3	203.1	204.8	206.2	209.4	210.3	214.0
NON-DURABLE MANUFACTURES	14.742	3	194.6	195.8	197.5	200.3	200.1	203.4
Foods and beverages	3.814	4	178.5	179.7	182.1	185.5	188.5	188.1
Foods	2.896	4	173.9	175.5	177.1	179.9	181.0	182.9
Meat products	0.523	4	202.0	197.8	194.4	198.0	194.6	185.9
Dairy products	0.450	3	168.2	179.1	174.5	173.8	176.1	177.6
Canning and processing	0.453	4	168.1	176.4	183.6	168.3	178.0	197.0
Grain mill products	0.322	4	184.0	183.7	195.3	198.1	195.1	203.8
Bakery products	0.558	3	149.2	147.5	148.7	155.3	154.0	152.9
Miscellaneous foods	0.590	4	175.6	174.2	175.6	190.9	193.0	190.3
Beverages	0.918	6	192.9	192.9	198.0	203.1	212.1	204.7
Carbonated beverages	0.231	6	167.9	184.4	199.6	183.2	188.9	201.4
Breweries	0.463	6	166.6	167.7	156.4	172.1	187.1	167.9
Distilleries	0.203	6	284.7	261.9	297.8	292.8	297.8	293.5
Tobacco and tobacco products ..	0.248	6	213.0	219.8	228.4	234.9	227.8	230.4
Rubber products	0.430	3	206.5	214.9	219.5	230.3	226.9	245.3
Leather products	0.508	2	122.4	129.0	130.5	130.6	128.4	130.4
Boots and shoes	0.307	4	129.9	135.4	140.2	142.3	137.5	140.1
Textiles	1.623	3	188.1	194.4	198.4	193.9	183.9	196.4
Cotton goods	0.507	4	127.8	131.0	138.5	127.8	115.2	132.8
Wool goods	0.300	3	86.0	85.9	101.2	92.1	85.5	89.9
Synthetic Textiles and Silk	0.429	3	362.1	379.4	374.0	374.9	354.1	376.9
Clothing	1.801	3	143.7	138.8	147.6	136.3	148.1	147.8
Paper products	2.649	3	190.9	192.0	191.2	196.0	192.4	196.5
Pulp and paper	2.108	3	191.4	191.9	190.2	195.8	191.8	197.4

TABLE 1. Index of Industrial Production - Concluded
(1949=100)

Industry or industry group	1949 weights	MCD	Seasonally adjusted					
			1965					
			July	Aug.	Sept.	Oct.	Nov.	Dec.
NON-DURABLE MANUFACTURES - Concluded:								
Printing,publishing and allied industries	1.273	4	172.9	175.6	173.6	179.5	184.0	182.3
Products of petroleum and coal	0.513	3	330.9	318.9	302.3	315.2	303.2	317.1
Petroleum products	0.454	3	359.3	345.7	326.6	341.6	327.8	343.1
Chemicals and allied products	1.359	2	307.1	308.6	312.2	326.3	324.0	327.2
Acids, alkalies, salts and fertilizers	0.346	2	377.8	365.5	384.2	396.8	410.7	426.5
Miscellaneous manufactures	0.524	1	276.8	276.6	276.0	275.8	277.6	278.7
DURABLE MANUFACTURES	12.598	3	213.1	215.4	216.2	220.0	222.3	226.5
Wood products	2.108	2	163.9	167.7	173.0	178.7	180.5	183.6
Saw and planing mills	1.444	3	171.0	177.5	185.0	192.0	192.7	196.7
Veneers and plywoods	0.122	3	351.4	410.3	407.8	424.4	429.9	428.6
Sawmills	0.994	4	163.0	164.3	175.8	183.4	183.0	188.5
Furniture	0.460	2	177.3	174.7	174.6	177.2	181.6	182.0
Iron and steel products	4.026	2	200.5	203.1	205.7	205.3	204.8	211.0
Machinery	0.851	1	204.1	208.3	210.9	210.6	212.2	214.3
Iron castings	0.387	3	209.2	172.4	203.6	191.6	203.1	241.6
Primary iron and steel	0.845	2	268.5	279.1	278.8	274.8	267.7	273.2
Sheet metal products	0.359	1	180.7	179.9	182.3	184.9	185.4	186.8
Transportation equipment	2.651	4	245.9	246.3	237.0	252.2	254.0	254.9
Aircraft and parts	0.203	1	263.2	251.6	208.1	254.8	264.6	279.4
Motor vehicles	1.035	4	373.5	373.6	357.8	381.1	379.9	376.0
Motor vehicle parts	0.462	2	266.6	269.9	266.9	280.1	284.1	292.2
Railway rolling stock	0.621	1	50.8	50.9	50.5	49.6	50.4	50.4
Shipbuilding and repairs	0.261	1	188.7	192.3	200.0	203.3	210.3	209.6
Non-ferrous metal products	1.601	3	173.5	168.7	176.1	175.2	183.0	181.4
Brass and copper products ...	0.241	1	135.1	140.5	169.3	176.9	179.9	184.0
Smelting and refining	1.028	3	193.3	184.9	189.3	185.3	196.0	192.1
Electrical apparatus and supplies	1.418	2	260.6	271.5	269.8	270.6	273.2	285.6
Heavy electrical machinery ..	0.489	1	177.8	175.6	176.0	180.8	184.5	184.8
Telecommunication equipment	0.142	3	625.9	731.1	655.8	622.6	656.9	760.9
Refrigerators and appliances	0.227	3	255.3	249.9	261.1	270.1	252.9	260.3
Non-metallic mineral products	0.794	2	292.8	294.8	300.4	296.8	304.1	309.2
Concrete products	0.098	4	872.4	865.1	887.7	874.7	891.9	913.3
Hydraulic cement	0.117	5	286.2	275.8	275.6	287.9	296.2	310.1
Domestic clay products	0.083	3	141.9	145.6	153.3	148.6	149.2	162.5
ELECTRIC POWER AND GAS UTILITIES	1.646	2	431.6	449.8	454.5	480.6	483.5	471.3
Electric power.....	1.480	2	393.3	412.9	411.9	433.7	437.6	429.8
Gas	0.166	3	773.1	778.8	834.1	898.5	892.8	841.3

TABLE 2. Index of Industrial Production

(1949=100)

Industry or industry group	Annual averages		Without seasonal adjustment					
			1964			1965		
	1963	1964	Oct.	Nov.	Dec.	Oct.	Nov.	Dec.
INDEX OF INDUSTRIAL PRODUCTION	195.9	213.3	222.8	228.0	213.2	243.6	248.7	238.1
MINING,	294.4	326.5	340.3	340.2	319.7	354.2	368.2	352.0
Metals	193.8	210.7	221.3	210.2	185.4	219.6	227.3	210.7
Gold	95.5	91.0	91.3	98.2	85.7	86.5	86.4	81.6
Copper	174.0	186.4	189.9	211.9	190.2	180.6	222.2	200.2
Iron ore	670.8	834.2	1,040.4	719.0	573.4	1,041.3	926.9	641.2
Nickel	171.0	181.2	185.9	201.8	215.9	198.8	214.1	227.7
Non-metals	228.1	324.9	363.5	379.7	326.8	467.5	441.9	422.6
Asbestos	239.1	259.9	283.9	302.1	253.1	305.9	281.2	268.4
Fuels	513.6	554.7	549.4	576.5	598.6	565.2	612.1	625.4
Coal	52.0	55.1	62.4	66.4	63.5	58.9	68.7	61.3
Natural gas	1,179.8	1,382.3	1,395.1	1,483.7	1,763.4	1,435.6	1,597.0	1,713.2
Petroleum	1,221.6	1,300.8	1,279.7	1,340.4	1,377.2	1,328.2	1,425.6	1,462.9
MANUFACTURING, TOTAL	173.9	188.2	198.2	202.1	184.6	218.0	219.2	207.3
NON-DURABLE MANUFACTURES	172.2	184.5	199.0	199.4	182.7	212.0	208.7	195.0
Foods and beverages	162.1	174.1	198.3	193.7	173.7	205.8	202.0	176.3
Foods	157.2	170.0	198.2	185.4	170.7	203.1	190.2	173.4
Meat products	163.6	182.8	196.0	207.4	203.7	208.5	214.8	174.4
Dairy products	163.5	171.5	166.9	154.0	142.8	169.3	154.1	150.4
Canning and processing	165.4	174.9	271.8	192.4	154.3	263.6	187.2	164.0
Grain mill products	145.9	182.5	184.8	186.7	174.8	201.3	203.2	199.8
Bakery products	138.8	147.7	160.8	159.1	153.6	159.5	157.5	153.0
Miscellaneous foods	164.3	169.3	210.4	208.4	189.4	220.0	222.3	202.2
Beverages	177.6	187.3	198.6	219.9	183.2	214.2	239.1	185.3
Carbonated beverages	178.7	181.0	153.5	179.8	176.3	151.9	181.3	195.4
Breweries	159.9	168.2	152.3	185.4	164.7	154.9	192.7	157.3
Distilleries	220.3	242.5	358.1	352.9	238.7	411.7	416.9	239.5
Tobacco and tobacco products	207.7	214.0	233.3	236.2	199.1	239.1	241.7	207.4
Rubber products	190.5	213.8	216.3	237.3	213.6	237.2	245.0	237.9
Leather products	127.0	130.9	131.6	133.8	122.2	131.8	133.0	122.6
Boots and shoes	136.9	139.3	136.7	139.0	122.4	141.2	140.5	124.7
Textiles	159.5	172.2	179.4	184.5	171.6	200.0	193.0	196.2
Cotton goods	109.6	120.1	128.8	130.7	109.7	134.2	125.1	128.4
Wool goods	89.8	89.8	97.4	89.9	79.3	103.1	88.9	83.6
Synthetic textiles and silk	281.0	306.8	314.6	337.4	322.8	378.6	370.7	383.7
Clothing	137.0(1)	135.8	162.6	152.5	116.8	163.5	157.9	122.8
Paper products	164.3	179.0	188.7	194.3	178.5	202.1	199.5	190.4
Pulp and paper	163.8	180.0	189.2	197.3	178.9	201.7	200.4	190.5

(1) See page 2 footnote (2).

TABLE 2. Index of Industrial Production - Concluded
(1949=100)

Industry or industry group	Annual averages		Without seasonal adjustment					
			1964			1965		
	1963	1964	Oct.	Nov.	Dec.	Oct.	Nov.	Dec.
NON-DURABLE MANUFACTURES -								
Concluded:								
Printing, publishing and allied industries	156.7	164.6	177.1	173.1	159.5	189.4	191.1	179.6
Products of petroleum and coal	296.0	304.2	298.3	312.9	325.3	317.0	309.7	331.8
Petroleum products	319.7	329.5	322.0	338.6	353.1	343.6	335.3	360.3
Chemicals and allied products	249.1	279.0	289.4	292.4	285.3	327.3	320.7	316.7
Acids, alkalies, salts and fertilizers	302.0	331.7	346.9	361.2	364.4	396.8	405.8	443.6
Miscellaneous manufactures	246.6	261.9	281.4	278.5	266.9	291.2	290.6	279.5
DURABLE MANUFACTURES	175.9	192.7	197.3	205.2	186.8	225.0	231.5	221.6
Wood products	159.0	165.1	167.8	157.4	145.5	177.4	166.3	164.6
Saw and planing mills	172.1	179.3	179.2	164.2	147.9	186.3	169.6	167.3
Veneers and plywoods	358.8	399.3	408.2	414.6	386.8	430.3	438.5	414.3
Sawmills	162.3	167.0	165.9	143.8	125.0	172.4	147.3	148.0
Furniture	153.0	157.9	167.9	167.9	165.3	187.7	188.9	187.1
Iron and steel products	161.8	182.4	191.4	195.2	183.3	208.9	208.4	197.5
Machinery	160.2	179.2	189.9	192.7	192.8	214.0	215.6	215.4
Iron castings	151.1	180.7	164.0	175.3	157.0	182.0	192.9	198.1
Primary iron and steel	216.9	244.9	257.3	261.9	242.3	277.5	278.7	251.3
Sheet metal products	156.9	164.3	174.9	171.1	166.2	189.9	183.4	177.1
Transportation equipment	181.4	198.5	171.2	213.3	174.2	245.6	283.8	274.2
Aircraft and parts	233.8	270.9	273.3	275.6	275.6	254.3	269.9	285.3
Motor vehicles	257.6	276.1	203.5	309.1	225.5	365.9	451.3	420.0
Motor vehicle parts	179.5	215.6	214.9	214.5	178.2	276.2	292.6	301.3
Railway rolling stock	41.1	47.3	49.2	50.0	49.9	51.0	51.4	51.2
Shipbuilding and repairs	197.2	187.6	191.3	195.2	193.7	203.1	208.2	206.9
Non-ferrous metal products	148.8	162.0	168.7	168.9	172.5	178.2	183.6	181.5
Brass and copper products ...	133.4	149.6	152.5	154.6	157.5	177.3	179.2	180.7
Smelting and refining	161.6	176.0	185.1	184.1	189.8	188.5	195.6	192.5
Electrical apparatus and supplies	223.5	239.2	265.8	267.2	250.8	289.1	292.2	285.7
Heavy electrical machinery ..	154.3	161.0	167.1	167.8	168.9	183.3	186.5	187.6
Telecommunication equipment	546.9	584.0	754.7	747.0	641.7	766.4	794.8	760.9
Refrigerators and appliances	221.6	233.8	249.8	258.0	221.4	272.3	265.5	247.3
Non-metallic mineral products	243.0	277.6	328.0	318.3	270.5	343.7	336.3	285.7
Concrete products	652.3	849.6	1,069.7	1,030.2	789.0	1,093.4	1,052.5	803.7
Hydraulic cement	246.0	277.5	360.2	315.0	218.6	367.6	319.9	232.6
Domestic clay products	136.7	146.1	162.3	165.5	145.3	164.9	164.1	159.7
ELECTRIC POWER AND GAS UTILITIES	367.4	405.6	400.4	437.1	478.2	451.6	502.4	525.8
Electric power	339.2	371.5	375.5	402.3	425.3	424.6	458.6	468.3
Gas	620.1	711.0	623.5	748.8	952.5	691.9	892.8	1,037.1

Real Domestic Product less Agriculture

Note to Users

The indexes of real domestic product at factor cost (the sum of the unduplicated output of all industries located in Canada) are an extension of the "Index of Industrial Production" to cover the whole range of domestic industries. In addition to mining, manufacturing and electric power and gas utilities, total domestic product includes the following industry groups: agriculture; forestry; fishing and trapping; construction; transportation, storage and communication; trade; finance, insurance and real estate; public administration and defence; and community, recreation, business and personal service.

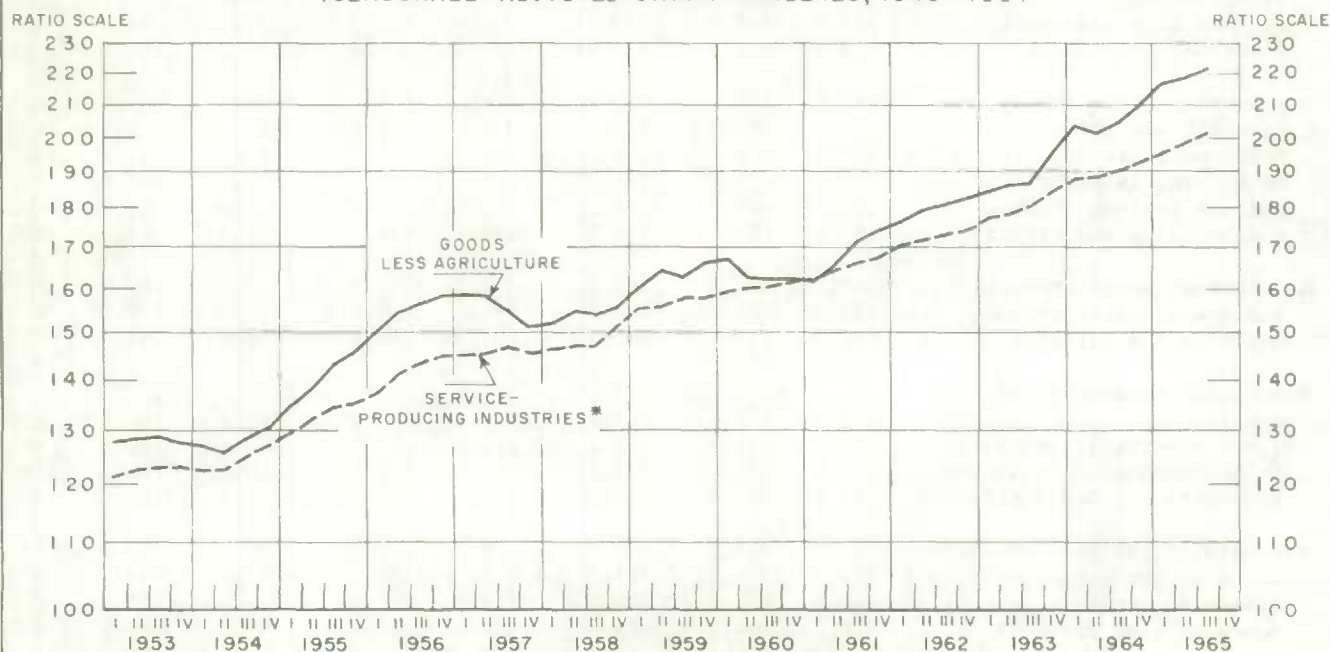
The real domestic product indexes are also an elaboration of the supply side of the National Accounts. Total domestic product differs conceptually from constant dollar expenditure on Gross National Product by (1) the inclusion of income paid to non-residents (2) the exclusion of income received from non-residents, and (3) the exclusion of "indirect taxes less subsidies". In addition, of course, statistical differences may exist between these two measures of aggregate production.

The real output indexes in Table 3 serve to bring up to date the historical record of production in Canada published in DBS Occasional Paper 61-505, "Indexes of Real Domestic Product by Industry of Origin, 1935-61". This reference paper contains a detailed description of concepts and methods used as well as other relevant material.

The monthly "Index of Industrial Production" publication 61-005 will henceforth contain quarterly indexes of real domestic product, less agriculture, with component industry detail. Quarterly indexes for agriculture and for aggregate domestic production will not be available, except on a once-a-year basis; they will appear in the annual supplement to this report each spring.

COMPARISON OF GOODS LESS AGRICULTURE WITH THE SERVICE-PRODUCING INDUSTRIES
BY QUARTERS, 1953-65

(SEASONALLY ADJUSTED QUANTITY INDEXES, 1949=100)



REAL DOMESTIC PRODUCT LESS AGRICULTURE, THIRD QUARTER, 1965

Seasonally adjusted real domestic product less agriculture reached an index level of 211.3 in the third quarter of 1965, an increase of 1.8 per cent from the second quarter of this year. Most of the major industry divisions contributed to this gain

Over the eighteen quarters of the current expansion, non-agricultural real output has increased by 30 per cent from its first quarter, 1961, cyclical low. This compared with the 22 per cent gain achieved during the full course of the 1954-56 expansion and the 10 per cent advance made during the 1957-60 cyclical upturn. The current expansion has also been of considerably longer duration than either of the two preceding ones, the longest of which extended over 10 quarters. The following table shows the percentage increases of the major industry groups and their contributions to the advance in non-agricultural real output over the course of the current cyclical expansion in production

	IQ'61 - IIIQ'64		IQ'61 - IVQ'64		IQ'61 - IQ'65		IQ'61 - IIQ'65		IQ'61 - IIIQ'65	
	% △	Effect on GDP less Agri- culture	% △	Effect on GDP less Agri- culture	% △	Effect on GDP less Agri- culture	% △	Effect on GDP less Agri- culture	% △	Effect on GDP less Agri- culture
Gross domestic product less agriculture	21.4	21.4	23.9	23.9	26.6	26.6	28.0	28.0	30.3	30.3
Forestry	29.1	.6	21.3	.4	30.9	.6	35.0	.6	19.9	.4
Fishing and trapping ..	15.6	-.1	- 3.5	--	- 11.4	-.1	- 17.8	-.1	- 17.1	-.1
Mining	26.9	1.5	33.6	1.9	38.1	2.1	35.3	2.0	39.9	2.2
Manufacturing	28.2	7.9	30.5	8.5	33.7	9.4	35.1	9.8	38.5	10.8
Non-durable	19.8	3.1	24.1	3.8	24.0	3.8	24.7	3.9	27.9	4.4
Durable	38.5	4.8	38.4	4.7	46.0	5.6	48.2	5.9	52.0	6.4
Construction	15.8	1.1	25.6	1.8	32.1	2.2	33.4	2.3	35.5	2.5
Electric power and gas utilities	34.5	1.2	40.6	1.4	43.5	1.5	42.6	1.5	47.3	1.5
Other goods, n.e.c. ...	14.1	.1	14.1	.1	14.1	.2	14.5	.2	14.9	.2
Transportation, storage and communication ...	25.3	2.5	27.1	2.6	29.0	2.8	31.2	3.0	34.8	3.4
Transportation	26.3	1.9	28.8	2.0	30.7	2.2	33.3	2.3	37.3	2.6
Trade	18.7	2.9	19.8	3.1	23.4	3.6	26.1	4.1	28.5	4.5
Wholesale	26.2	1.4	27.7	1.5	36.2	1.9	38.0	2.0	40.2	2.2
Retail	14.7	1.5	15.6	1.6	16.6	1.7	19.9	2.0	22.3	2.3
Finance, insurance and real estate	17.7	1.9	19.2	2.1	19.8	2.2	21.7	2.4	22.9	2.5
Public administration and defence	3.7	.2	3.8	.2	4.9	.3	4.8	.3	5.5	.3
Community, recreation, business and personal service	15.4	1.6	16.3	1.7	16.6	1.8	18.5	1.9	19.7	2.1

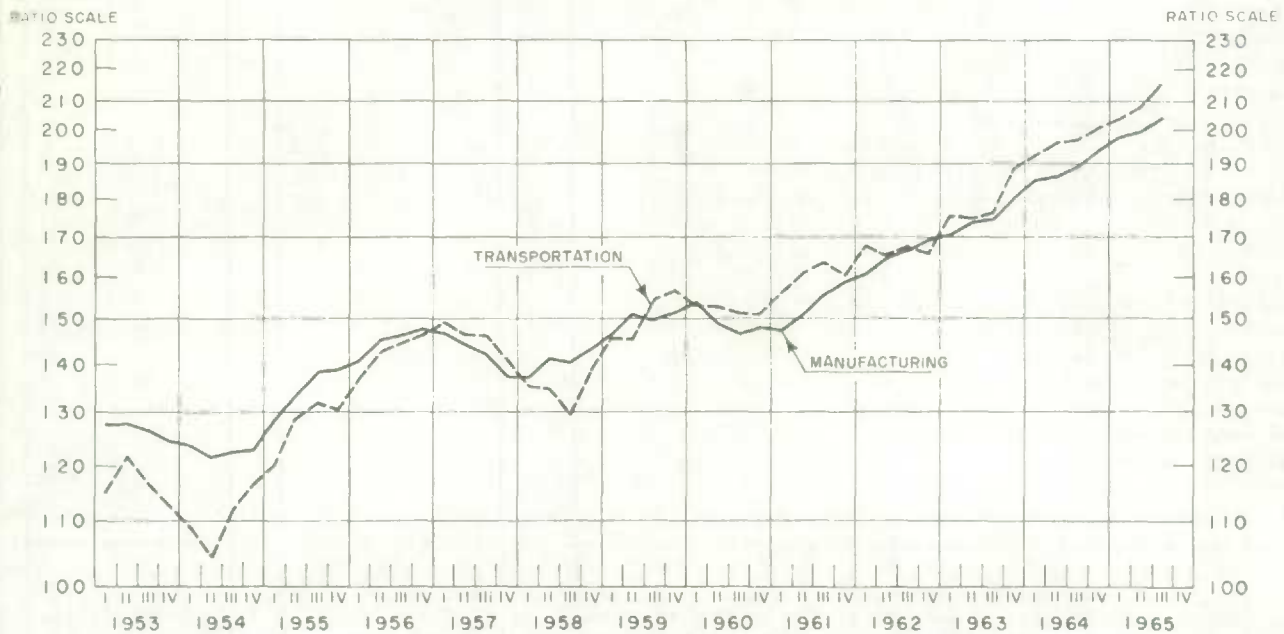
In the third quarter of 1965, just over one-half of the increase in non-agricultural real output came from the goods-producing industries. Manufacturing alone contributed over 40 per cent of the increase, while the gains in the other goods-producing industries were to some extent dampened by a drop in forestry which was the only major industry division to show a decline. This decline was attributable largely to a drop in pulpwood production from very high second quarter levels. Within services, most of the gain came from trade and the transportation, storage and communication group, which jointly accounted for about one-third of the increase in non-agricultural real output. The remaining service-producing industry divisions showed increases of up to one per cent in the third quarter.

Manufacturing increased by 2 1/2 per cent, with both durables and non-durables increasing at the same rate and thus contributing about equally to the third quarter gain.

Within non-durables, the textiles and chemicals groups showed the largest increases, 8 and 3 1/2 per cent, respectively. Together these two industry groups accounted for over one-half of the third quarter increase in non-durable manufacturing output. The synthetic textiles and silk industry accounted for most of the advance in textiles, while a large part of the gain in chemicals came from the acids, alkalies, salts and fertilizers component. The next largest contributors to the increase in non-durables were the foods and beverages and the paper products groups. The gain in the former was largely the result of increased production of beverage products, as the output of the distillery industry rose sharply from its strike-affected second quarter levels. Within foods, movements were mixed, as they have been through most of the year, resulting in only moderate advances in the output of the food products group. In the third quarter, there were strong gains in meat products and some components of grain milling and bakery products, while canning and preserving and confectionery products showed a decline. Increases of up to 2 1/2 per cent were also recorded by the other major groups in non-durables, with the exception of printing and publishing and tobacco products which declined marginally.

Within durables, almost all of the increase came from a 4 per cent gain in iron and steel products and a 5 1/2 per cent advance in the production of transportation equipment. Motor vehicles and parts production accounted for the entire gain in the latter group. In the case of the iron and steel group, most of the components contributed to the gain. Among the other major groups, increases of 3 1/2 and one per cent were recorded by non-metallic mineral products and non-ferrous metal products, respectively, while the wood products and the electrical apparatus and supplies groups showed small declines in the third quarter.

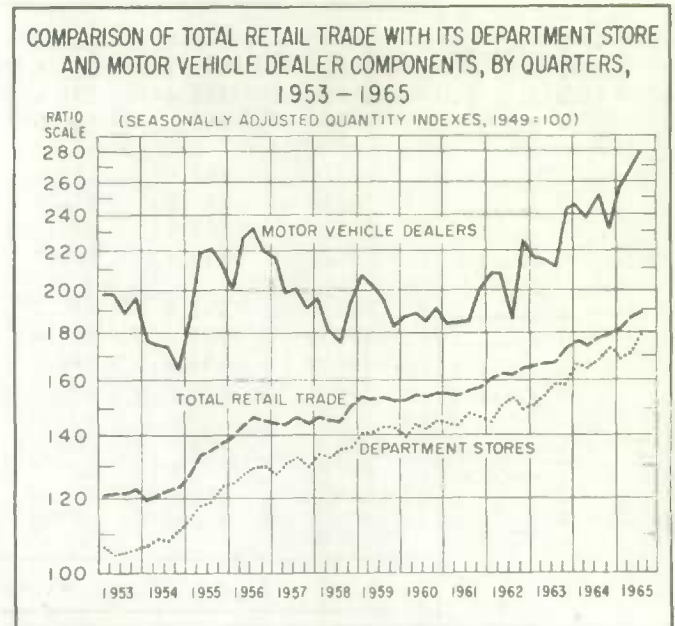
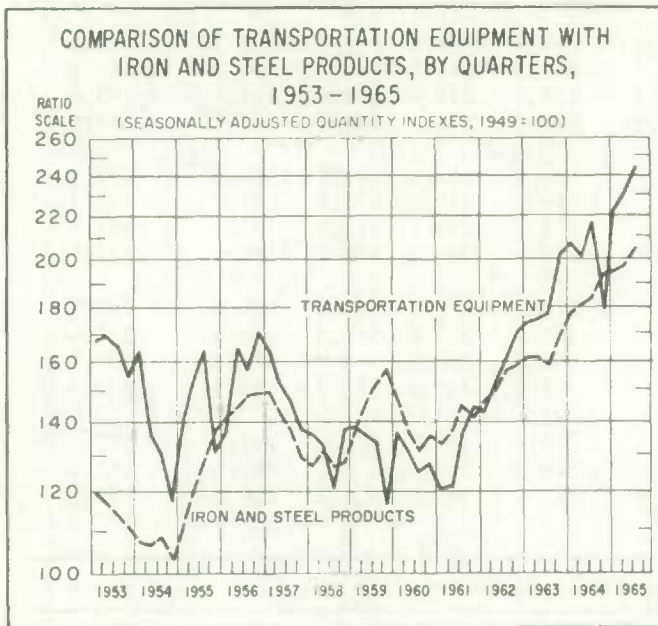
COMPARISON OF MANUFACTURING WITH TRANSPORTATION
BY QUARTERS, 1953-64
(SEASONALLY ADJUSTED QUANTITY INDEXES, 1949=100)



The next largest contributions to the gain in total non-agricultural real output came from the transportation, storage and communication group, which advanced by 3 per cent, and from trade, which was up 2 per cent in the third quarter. All three components of the former group showed increases from second quarter levels, although the gains within the communications group were dampened by a drop in the post office component. Storage showed another strong quarterly increase, following substantial declines in the latter part of 1964 and early this year. This was largely the result of increased handling of grain at grain elevators, in the third quarter, particularly during August. Within transportation, increases ranging from 2 1/2 to 7 per cent were recorded by most major components, among them railway transport and shipping. Urban and interurban passenger bus transport showed particularly

strong gains, following a decline in the second quarter which was associated with labour disputes in Quebec during the month of June. The larger part of the 2 per cent advance in retail trade came from increased sales by motor vehicle dealers, department stores and clothing stores. Lumber and building material dealer sales also increased after having declined in the second quarter. Garages and filling stations and used car dealers were among the few retail trades to show a decline in the third quarter. Within wholesale trade, movements were mixed. Among those wholesale trades recording fairly strong gains were groceries and food specialties and meat and dairy products.

Among the remaining industry groups, increases ranging from one and a half to 3 1/2 per cent were recorded by construction, mining and electric power and gas utilities. Within mining, almost all of the strength came from fuel mining, particularly crude petroleum. Within metal mining, declines were widespread. Increases of up to one per cent were recorded by all the other industry divisions.



Real domestic product less agriculture for the first nine months of 1965 was 6.1 per cent above the corresponding period of 1964. The comparable increase in the first three quarters of last year was 7 per cent, which was the same as the rate of increase for the year 1964 as a whole. Seasonally adjusted non-agricultural real output would have to advance by 3 1/2 per cent in the final quarter of this year before a 7 per cent increase could be achieved for 1965. A one per cent increase in the fourth quarter would yield an annual level 6.3 per cent above the year 1964, while a one per cent decline would result in a 5.8 per cent increase from last year.

In making these comparisons, it is important to note the pattern of production and some of the factors which have affected the industrial scene during the past few years. In 1963 there was a particularly strong fourth quarter, as a result of export shipments of grain, sharp advances in construction, and an acceleration in the already rapid advance in the output of the industries engaged in the production and sales of motor vehicles and parts. The same factors persisted through the first quarter of 1964, resulting in a further increase in production. This was followed by a fractional decline in the second quarter when motor vehicle production, construction and the output and sales of many building materials showed a drop. The advance in non-agricultural real output resumed during the third quarter of 1964 and has continued throughout the past year. In the final quarter of 1964, the strong advances in construction and the output and sales of building materials, together with the basic strength in most other industries, were dampened to a considerable extent by a drop of almost 20 per cent in the output and sales of the motor vehicle industry group. This drop was the result of strikes in the automobile industry both in the United States and Canada during the fourth quarter which persisted into the first quarter of 1965. A new peak in motor vehicle production was not reached until March of this year. By the third quarter of 1965, motor vehicle production and sales had increased by more than 111 per cent as measured from the beginning of the current expansion in the first quarter of 1961. In other industry areas as well output levels in 1965 have been affected by labour disputes,

TABLE 3. Indexes of Real Domestic Product, less Agriculture
1949=100

	Gross Domestic Product, less agriculture	Forestry	Fishing and trapping	Mining				Manufacturing	
				Total	Metals	Non-metals	Fuels	Total	Non-durable manu- facturing
									Total
1949 Weights ...	89.286	2.108	0.540	3.245	1.925	0.268	0.915	27.340	14.742
	Seasonally adjusted								
1962 - 1	173.5	146.9	144.1	280.4	194.2	221.8	471.8	160.5	162.8
2	175.5	141.7	123.6	287.7	205.3	224.1	463.0	164.1	165.3
3	176.8	140.4	131.4	291.1	199.6	227.4	488.3	166.5	165.4
4	178.0	143.6	130.0	290.6	192.0	213.7	505.0	168.5	165.9
1963 - 1	180.9	148.8	122.4	290.3	194.6	215.4	503.7	170.3	168.8
2	182.4	137.8	134.6	293.0	198.2	219.8	502.3	172.6	171.7
3	183.3	149.4	130.0	290.6	188.2	233.1	512.0	173.1	172.5
4	190.0	161.4	121.1	306.6	199.3	240.5	539.2	180.4	177.1
1964 - 1	195.7	161.4	131.1	329.5	219.5	324.8	538.0	186.0	180.7
2	194.9	153.3	115.9	325.5	213.1	317.8	551.3	186.9	183.4
3	196.9	166.4	119.7	318.5	202.5	320.0	548.3	189.3	183.7
4	200.9	156.3	136.9	335.3	212.2	339.2	572.3	192.7	190.3
1965 - 1	205.4	168.7	125.7	346.4	226.1	395.9	564.1	197.5	190.1
2	207.6	174.0	116.7	339.4	214.5	377.7	575.2	199.6	191.1
3	211.3	154.5	117.6	351.1	213.0	383.8	616.2	204.6	196.0
4									
	Without seasonal adjustment								
1962	175.8	140.5	130.4	287.4	197.7	222.5	480.8	164.9	164.8
1963	184.1	149.4	125.2	294.4	193.8	228.1	513.6	173.9	172.2
1964	196.9	159.3	123.6	326.5	210.7	324.9	554.7	188.2	184.5
1965									
1962 - 1	161.7	117.2	74.9	277.5	180.6	210.4	515.4	155.7	156.6
2	177.9	126.4	127.8	283.7	204.9	228.7	444.3	168.0	166.1
3	181.8	163.8	189.6	300.8	214.2	227.5	472.1	166.0	167.8
4	181.9	154.5	129.4	287.6	191.3	223.6	491.4	169.7	168.7
1963 - 1	169.2	123.7	78.0	283.6	175.6	204.7	547.3	164.6	161.6
2	184.9	129.1	136.9	290.9	202.4	224.5	479.5	176.4	171.8
3	188.0	175.8	168.4	298.0	199.9	232.3	493.8	172.3	175.4
4	194.1	169.0	117.5	304.9	197.4	250.9	533.8	182.4	180.2
1964 - 1	183.4	138.5	78.6	317.9	198.1	286.4	588.3	180.6	174.2
2	197.8	135.9	118.3	327.8	224.3	328.2	526.9	191.5	183.8
3	200.6	195.7	168.2	326.9	214.7	328.5	528.8	185.9	186.2
4	205.6	166.9	129.3	333.4	205.6	356.7	547.4	195.0	193.7
1965 - 1	193.4	144.3	76.6	333.4	202.3	342.5	615.7	192.6	183.1
2	210.1	151.5	118.1	339.6	222.9	392.0	547.8	204.2	191.2
3	214.0	184.8	163.3	357.2	223.8	394.3	588.6	200.2	197.6
4									

TABLE 3. Indexes of Real Domestic Product, less Agriculture - Continued
1949=100

	Manufacturing							
	Non-durable manufacturing							
	Foods and beverages	Tobacco and tobacco products	Rubber products	Leather products	Textiles	Clothing (1)	Paper products	Printing, publishing and allied industries
1949 Weights ...	3.814	0.248	0.430	0.508	1.623	1.801	2.649	1.273
	Seasonally adjusted							
1962 - 1	159.3	205.1	154.0	128.6	142.3	106.2	157.7	152.1
2	162.1	201.2	167.7	126.2	145.1	111.6	158.1	155.0
3	157.5	203.3	169.9	126.4	150.5	112.9	161.0	154.5
4	158.3	206.2	176.7	125.4	150.6	114.0	159.6	152.9
1963 - 1	164.0	213.6	190.8	127.2	151.4	134.8	157.4	152.9
2	161.6	211.8	189.8	125.8	157.0	136.9	162.7	157.1
3	161.2	202.9	185.2	124.1	161.2	135.5	165.7	158.4
4	165.5	203.9	195.4	129.7	167.9	141.8	169.8	157.7
1964 - 1	170.7	195.8	210.3	128.8	168.0	133.0	174.4	162.1
2	173.6	213.3	214.8	131.7	172.6	132.0	176.4	172.0
3	172.0	223.6	208.0	131.3	172.1	138.2	179.2	158.8
4	181.7	223.5	217.2	131.4	173.8	139.5	185.7	165.6
1965 - 1	180.1	219.1	210.9	127.9	179.0	137.0	186.7	171.2
2	176.9	221.6	208.6	125.3	179.5	139.3	187.6	174.5
3	180.1	220.4	213.7	127.3	193.6	143.4	191.4	174.0
4								
	Without seasonal adjustment							
1962	158.9	203.7	167.6	126.7	146.6	111.0	159.1	154.0
1963	162.1	207.7	190.5	127.0	159.5	137.0	164.3	156.7
1964	174.1	214.0	213.8	130.9	172.2	135.8	179.0	164.6
1965								
1962 - 1	134.3	202.3	157.5	137.2	147.7	111.3	153.5	151.4
2	160.9	215.2	173.9	128.6	148.6	106.9	160.5	156.4
3	176.0	191.8	156.6	117.3	136.4	112.9	161.3	150.0
4	164.6	205.6	182.4	123.7	153.5	113.0	161.1	158.1
1963 - 1	138.0	213.1	192.5	136.5	156.6	135.4	153.4	151.6
2	161.5	224.4	200.7	127.5	161.7	124.3	164.3	158.7
3	177.1	188.8	168.6	116.2	148.3	145.2	167.0	153.8
4	172.0	204.3	200.2	127.7	171.5	143.2	172.4	162.7
1964 - 1	147.1	195.5	215.8	139.0	171.9	133.6	170.0	158.5
2	172.7	226.6	230.4	133.2	178.7	117.2	178.0	174.7
3	188.1	211.1	186.5	122.3	159.6	148.2	180.8	155.3
4	188.6	222.9	222.4	129.2	178.5	144.0	187.1	169.9
1965 - 1	154.5	220.6	219.4	137.6	182.2	136.5	182.2	167.1
2	176.2	237.2	223.2	126.5	185.2	120.4	188.5	178.2
3	196.0	210.4	189.5	118.8	177.8	155.9	192.0	168.4
4								

(1) An explanation of the discontinuity in the Clothing index is contained in the March, 1964 issue of this report (page 2, note 2).

TABLE 3. Indexes of Real Domestic Product, less Agriculture - Continued
1949=100

	Manufacturing							
	Non-durable manufacturing			Durable manufacturing				
	Products of petroleum and coal	Chemicals and allied products	Miscellaneous manufacturing	Total	Wood products	Iron and steel products	Transportation equipment	Non-ferrous metal products
1949 Weights	0.513	1.359	0.524	12.598	2.108	4.026	2.651	1.601
Seasonally adjusted								
1962 - 1	269.7	232.7	231.8	157.7	148.5	144.8	141.5	151.3
2	263.8	237.3	234.3	162.7	149.4	149.5	151.0	150.2
3	267.2	232.7	240.9	167.8	153.3	156.8	160.7	149.1
4	287.7	228.2	241.2	171.5	157.9	157.7	169.9	144.9
1963 - 1	289.7	238.1	241.9	172.1	157.4	160.1	172.6	146.4
2	293.5	249.9	249.0	173.6	157.1	160.6	173.6	150.3
3	301.2	250.8	249.1	173.7	157.1	158.2	177.4	149.7
4	306.4	259.1	246.5	184.2	165.0	168.2	202.0	149.8
1964 - 1	304.6	274.5	256.7	192.2	167.3	177.4	207.5	156.7
2	306.3	269.7	261.2	191.1	162.2	180.4	201.1	161.7
3	303.0	278.3	266.2	195.7	164.4	181.7	217.3	159.3
4	308.6	295.6	263.0	195.5	168.1	191.5	179.6	168.6
1965 - 1	317.3	286.9	265.6	206.3	166.6	192.0	221.2	169.8
2	316.8	299.3	269.6	209.4	169.3	195.9	230.4	170.2
3	317.3	309.3	276.4	214.8	168.2	203.0	243.1	172.1
4								
Without seasonal adjustment								
1962	272.8	233.2	237.2	165.0	151.5	152.1	156.7	148.9
1963	296.0	249.1	246.6	175.9	159.0	161.8	181.4	148.8
1964	304.2	279.0	261.9	192.7	165.1	182.4	198.5	162.0
1965								
1962 - 1	273.1	229.0	224.8	154.8	146.8	139.1	153.9	150.6
2	253.9	245.4	228.9	170.2	152.0	154.8	178.0	149.9
3	275.3	233.3	242.3	164.0	162.7	158.5	121.9	147.9
4	288.6	225.3	252.7	170.9	144.6	155.8	172.9	147.2
1963 - 1	291.2	234.2	234.2	168.2	156.0	153.5	182.6	146.7
2	276.8	259.3	241.6	181.7	159.5	166.6	203.1	148.9
3	309.3	250.4	251.2	168.6	167.6	161.7	129.6	147.6
4	306.7	252.7	259.4	184.9	153.1	165.2	210.3	152.2
1964 - 1	306.3	273.4	247.5	188.2	168.3	170.4	222.1	156.4
2	290.3	281.3	254.7	200.4	162.4	186.4	236.2	163.4
3	308.0	272.2	269.7	185.6	172.8	182.7	149.4	158.0
4	312.2	289.0	275.6	196.4	156.9	189.9	186.2	170.0
1965 - 1	320.8	288.1	257.2	203.8	168.5	186.3	241.4	169.9
2	300.1	311.9	264.4	219.5	169.3	203.8	265.6	172.6
3	325.7	299.0	281.0	203.2	177.0	202.5	171.3	169.1
4								

TABLE 3. Indexes of Real Domestic Product, less Agriculture - Continued
1949=100

	Manufacturing		Con- struction	Electric power and gas utilities	Transportation, storage and communication			Trade	
	Durable manufacturing				Total	Transpor- tation	Storage	Total	Wholesale
	Electrical apparatus and supplies	Non- metallic mineral products							
1949 Weights ...	1.418	0.794	6.379	1.646	8.363	6.528	0.230	14.562	4.995
	Seasonally adjusted								
1962 - 1	206.6	227.4	172.1	335.7	179.8	167.8	202.8	164.2	171.3
2	211.2	242.7	173.8	337.7	177.2	165.4	161.0	166.7	175.7
3	213.1	242.6	169.8	343.4	179.8	167.3	180.1	166.7	176.8
4	221.3	248.2	170.4	339.0	181.5	166.8	231.8	168.4	175.5
1963 - 1	220.0	236.7	172.0	352.1	188.3	175.7	217.2	171.1	182.0
2	223.4	242.0	174.4	359.2	187.8	174.1	202.8	171.5	180.6
3	222.1	246.5	169.8	369.8	190.5	176.2	230.7	171.5	177.9
4	228.6	247.5	180.6	390.2	201.0	188.8	253.6	177.3	185.0
1964 - 1	231.0	285.2	195.8	390.6	204.5	191.9	233.7	184.7	199.9
2	237.0	265.6	181.7	399.7	208.9	195.8	259.3	181.9	195.5
3	240.6	271.3	183.5	409.1	210.7	197.1	252.8	183.8	195.4
4	248.5	300.6	199.1	427.6	213.8	201.0	215.4	185.6	197.7
1965 - 1	258.9	313.5	209.3	436.3	217.0	203.9	206.7	191.1	210.9
2	269.3	286.4	211.5	433.7	220.7	208.0	223.4	195.4	213.6
3	267.3	296.0	214.8	448.0	226.7	214.2	244.5	199.1	217.1
4									
	Without seasonal adjustment								
1962	212.9	240.9	171.0	337.7	179.2	166.4	192.9	166.8	174.9
1963	223.5	243.0	173.6	367.4	192.0	178.8	227.1	173.2	181.6
1964	239.2	277.6	190.4	405.6	209.3	196.4	239.6	183.8	197.2
1965									
1962 - 1	203.3	180.3	109.0	374.9	161.8	145.4	164.5	148.4	167.0
2	205.3	249.3	175.8	328.5	181.4	171.5	173.1	173.6	187.3
3	213.5	279.8	215.5	298.7	190.4	182.0	192.0	163.0	170.7
4	229.4	254.0	183.5	348.7	183.1	166.5	241.8	182.3	174.5
1963 - 1	216.2	184.3	109.5	395.6	170.6	153.6	181.4	156.4	181.0
2	216.5	250.1	176.7	349.2	192.4	180.9	212.6	177.9	190.4
3	222.0	283.7	214.2	324.6	203.2	193.8	240.8	165.9	168.5
4	239.2	253.9	194.1	400.2	201.8	186.8	273.4	192.4	186.4
1964 - 1	227.1	213.2	127.5	439.2	186.4	169.6	196.9	170.0	202.3
2	229.8	275.2	188.1	387.5	213.0	202.1	257.7	188.4	206.2
3	238.7	316.5	230.2	357.0	222.6	214.4	261.9	175.9	182.5
4	261.3	305.6	215.8	438.5	215.3	199.6	242.0	200.9	197.8
1965 - 1	255.9	235.6	140.1	491.3	198.7	181.4	174.0	177.6	216.7
2	262.1	296.0	210.2	421.9	226.0	215.8	222.1	203.0	226.8
3	264.1	343.3	256.6	389.2	240.1	233.0	254.4	189.8	201.2
4									

TABLE 3. Indexes of Real Domestic Product, less Agriculture - Concluded
1949=100

	Trade	Finance, in- surance and real estate	Public adminis- tration and defence	Com- munity, recre- ation, business and personal service	Special Industry Indexes				
	Retail				Goods less agri- culture	Service- pro- ducing indus- tries(2)	Commercial indus- tries, less agri- culture	Non- com- mercial indus- tries(3)	Index of In- dustrial Pro- duction
1949 Weight	9,567	9.127	4.666	10.202	42.366	46.920	81.015	8.271	32.231
Seasonally adjusted									
1962 - 1	160.4	179.7	186.7	156.0	176.9	170.4	172.4	184.2	181.5
2	162.0	182.8	189.9	156.8	179.6	171.9	174.4	186.9	185.5
3	161.5	183.3	189.3	159.3	181.0	172.9	175.7	187.8	188.1
4	164.7	185.5	185.7	160.5	182.4	174.1	177.1	186.9	189.5
1963 - 1	165.4	190.1	186.6	162.7	184.6	177.6	180.2	187.5	191.7
2	166.7	192.9	187.7	164.4	186.6	178.6	181.7	189.4	194.2
3	168.2	195.9	189.2	165.6	186.9	180.1	182.6	191.2	195.0
4	173.3	198.9	189.2	167.1	195.8	184.7	189.7	192.3	203.8
1964 - 1	176.7	200.6	190.3	168.4	203.7	188.3	195.8	193.9	210.9
2	174.8	201.6	190.0	170.2	201.7	188.8	194.9	194.9	211.7
3	177.8	203.7	189.3	172.0	204.0	190.4	197.0	195.5	213.5
4	179.2	206.4	189.5	173.3	210.3	192.4	201.4	196.1	219.0
1965 - 1	180.7	207.4	191.4	173.8	216.7	195.1	206.1	197.8	224.7
2	185.9	210.6	191.3	176.5	217.8	198.4	208.5	198.7	225.6
3	189.6	212.7	192.5	178.3	222.1	201.5	212.4	200.3	231.8
4									
Without seasonal adjustment									
1962	162.6	182.9	187.9	158.2	179.7	172.4	174.8	186.5	186.0
1963	168.8	194.5	188.1	165.0	188.2	180.4	183.6	188.7	195.9
1964	176.8	203.0	189.8	171.0	204.6	189.9	197.0	195.1	213.3
1965									
1962 - 1	138.7	176.7	181.5	151.8	163.2	160.3	159.7	181.0	179.2
2	166.5	183.8	189.8	157.4	181.0	175.1	177.0	187.0	187.8
3	158.9	186.7	195.5	163.2	188.5	175.7	180.8	191.5	186.4
4	186.4	184.4	184.9	160.6	185.8	178.4	181.5	186.4	190.7
1963 - 1	143.6	186.5	181.0	158.3	170.9	167.6	167.8	182.8	188.4
2	171.4	194.4	188.0	164.4	188.3	181.8	184.5	188.3	196.7
3	164.5	199.3	196.0	170.0	193.7	182.9	187.4	193.9	192.7
4	195.6	197.7	187.5	167.1	199.7	189.1	194.6	189.7	205.8
1964 - 1	153.1	196.9	183.8	164.1	189.2	178.2	182.8	189.8	207.7
2	179.1	202.8	190.3	170.3	204.5	191.8	198.1	195.2	215.2
3	172.5	206.9	197.1	176.3	209.6	192.5	200.7	200.2	208.8
4	202.5	205.3	187.9	173.5	215.0	197.1	206.7	195.1	221.3
1965 - 1	157.2	203.7	184.7	169.4	202.4	185.4	193.4	193.6	222.1
2	190.6	211.6	191.7	176.6	219.1	201.9	211.2	199.0	229.0
3	183.8	216.0	200.5	182.8	225.8	203.4	214.9	205.2	225.6
4									

(2) Includes transportation, storage and communication; trade; finance, insurance and real estate; public administration and defence; community, recreation, business and personal service.

(3) Includes public administration and defence; hospitals; education; welfare, religion and other community service, n.e.c. and domestic service.



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ranging from the postal workers' strike in the third quarter, to the labour disputes in urban and inter-urban bus transport and in the distilleries industry in the second quarter. Finally, the third quarter of this year saw renewed increases in the export shipments of grain which had slowed down during the latter part of 1964 and early in 1965.

Turning to the first 9 months of 1965, about one-third of the increase from the preceding year was contributed by the 7 per cent gain in manufacturing output. The durable manufacturing component in particular showed a strong gain (9%), largely as a result of increases of up to 14 per cent in the production of motor vehicles and parts and strong gains in most of the iron and steel products industries. Increases of 10 and 11 per cent, respectively, were recorded by electric power and gas utilities and construction, followed by a 9 per cent increase in wholesale trade and a 7 1/2 per cent advance in transportation. Retail trade, mining, non-durable manufacturing, and the communication industry group showed gains exceeding 5 per cent. Lesser gains were shown by almost all the other industry groups. The post-war average rates of increase were thus exceeded by most of the major industry groupings.

