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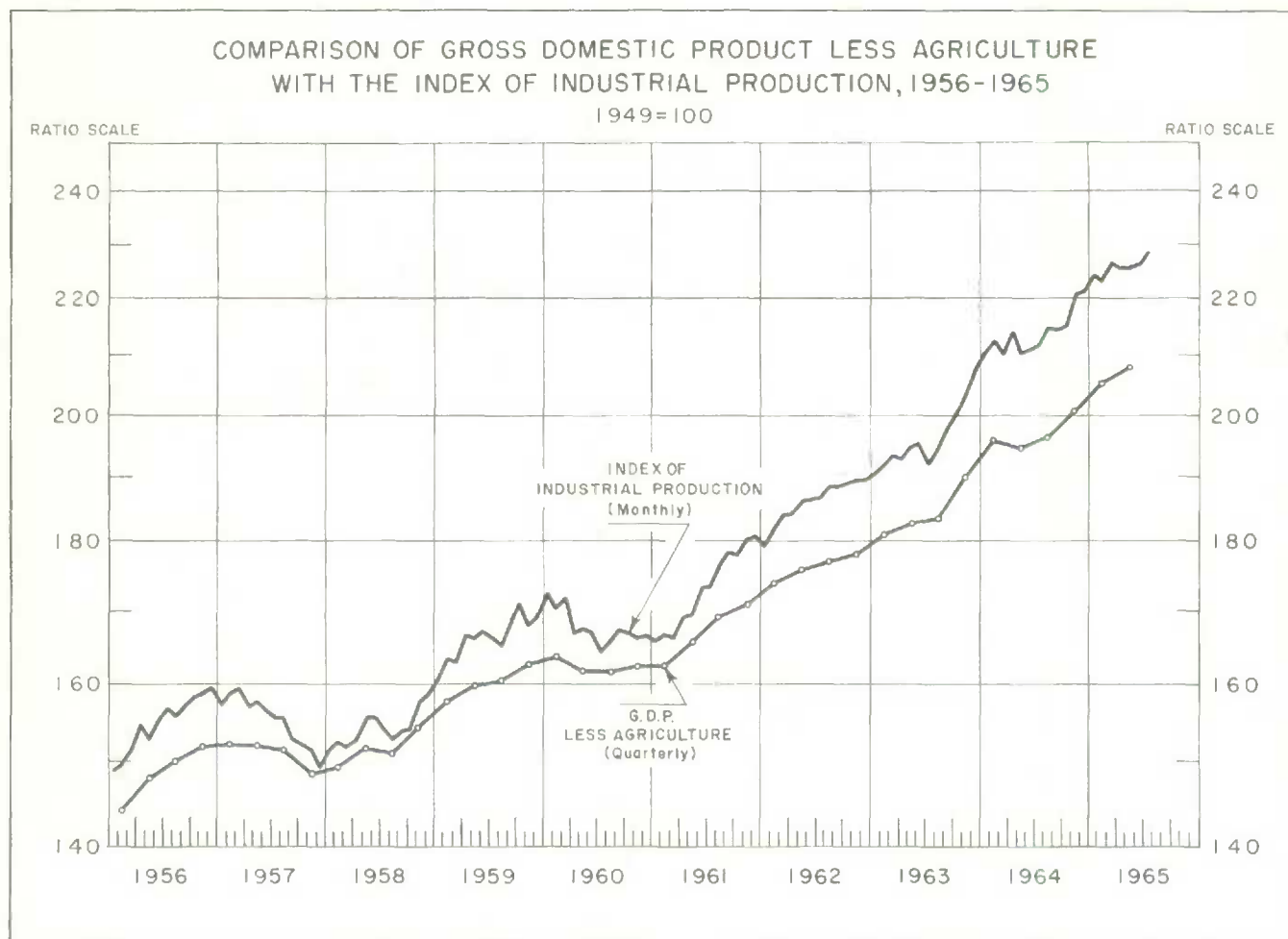
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INDEX OF INDUSTRIAL PRODUCTION (1949=100)

JULY 1965

The seasonally adjusted index of industrial production advanced by 1.0 per cent in July.

Non-agricultural real output increased by 1.2 per cent in the second quarter



New This Issue: This issue includes indexes of non-agricultural real output for the second quarter of 1965.

Industrial Output Section
National Accounts and Balance of Payments Division

September 1965
2205-502

ROGER DUHAMEL, F.R.S.C., Queen's Printer and Controller of Stationery, Ottawa

JULY INDEX OF INDUSTRIAL PRODUCTION

The seasonally adjusted Index of Industrial Production was 1.0 per cent higher in July, rising to 228.3 from the revised June level of 226.0. This left the Index nearly 2 per cent higher than in January of this year and about 7 per cent higher in the year to date than in the comparable period of 1964.

Manufacturing was the major contributor to the July increase. Mining rose by 0.8 per cent while utilities showed a marginal decline.

The 1.3 per cent gain in manufacturing was divided between non-durables and durables; the former rising by 1.5 per cent, the latter by 1.0 per cent. In non-durables all major groups except tobacco and leather products increased. The major industry contributors to the increase were beverages, textiles, and meat products. A major cause of the rise in the latter were the heavy marketings of cattle for slaughter in Eastern Canada, apparently largely in response to drought conditions, and stimulated to some extent by good export markets.

The rise in durable manufacturing was sparked by transportation equipment, led by about 6 per cent gains in both motor vehicles and in parts production. Most components of iron and steel products were slightly higher in July, with the result that the group advanced by about 1 per cent, as did non-metallic minerals and non-ferrous metal products. The only durable groups to decline in July were wood products (- 1 per cent) and electrical apparatus and supplies (- 3 per cent).

In mining, although metals showed little change in the month, there were good gains in several components, particularly copper. However, these were offset by unusual declines in gold and zinc. The one per cent gain in fuels was due to the contribution of a 3 per cent increase in crude petroleum which more than offset the declines in coal and natural gas. Non-metals showed little change.

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 DBS 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.

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

Industry or industry group	1949 weights	MCD	Seasonally adjusted					
			1965					
			Feb.	Mar.	Apr.	May	June	July
INDEX OF INDUSTRIAL PRODUCTION	32.231	1	223.1	226.7	225.5	225.4	226.0	228.3
MINING,	3.245	2	343.3	347.5	348.7	332.7	336.9	339.5
Metals	1.925	2	223.6	223.5	215.3	216.8	211.5	211.3
Gold	0.624	5	88.0	87.3	90.9	86.2	90.1	82.2
Copper	0.356	4	197.3	189.9	195.5	219.8	179.3	204.5
Iron ore	0.099	3	1,057.0	916.3	868.9	801.4	775.0	803.3
Nickel	0.337	4	208.2	225.3	216.6	202.1	202.8	208.5
Non-metals	0.268	5	399.0	406.6	379.3	372.6	381.2	383.5
Asbestos	0.214	5	267.6	268.3	270.5	262.6	280.2	274.1
Fuels	0.915	3	557.8	569.7	603.8	549.2	572.6	579.4
Coal	0.553	6	58.4	63.9	59.8	53.9	56.3	49.8
Natural gas	0.035	2	1,338.5	1,460.0	1,453.2	1,524.0	1,576.4	1,514.1
Petroleum	0.327	3	1,318.9	1,329.8	1,432.9	1,282.5	1,338.3	1,375.0
MANUFACTURING, TOTAL	27.340	3	195.9	199.4	198.2	200.3	200.3	202.9
NON-DURABLE MANUFACTURES	14.742	3	189.8	188.9	189.3	193.2	190.9	193.7
Foods and beverages	3.814	4	176.3	176.6	177.8	178.4	174.5	177.8
Foods	2.896	4	170.6	174.2	176.4	176.0	172.1	173.0
Meat products	0.523	4	182.6	187.7	183.5	185.9	182.7	202.0
Dairy products	0.450	3	173.7	173.6	172.1	176.6	170.1	167.9
Canning and processing	0.453	4	176.4	190.9	196.3	188.6	178.9	164.5
Grain mill products	0.322	4	188.3	179.6	186.6	181.7	178.5	183.7
Bakery products	0.558	3	147.9	147.4	148.0	147.8	146.5	146.9
Miscellaneous foods	0.590	4	164.9	172.3	179.5	180.5	179.9	176.7
Beverages	0.918	6	194.2	184.3	182.1	185.9	181.8	192.7
Carbonated beverages	0.231	6	208.2	186.1	173.2	197.7	179.3	167.9
Breweries	0.463	6	161.3	168.8	163.8	182.8	165.7	166.6
Distilleries	0.203	6	258.5	222.7	238.4	183.8	225.1	284.7
Tobacco and tobacco products ..	0.248	6	221.0	218.8	216.7	225.0	223.2	210.3
Rubber products	0.430	3	217.6	205.6	208.8	231.3	185.8	199.5
Leather products	0.508	2	125.7	127.8	126.8	125.0	124.0	122.2
Boots and shoes	0.307	4	133.4	135.5	135.9	132.4	130.1	129.9
Textiles	1.623	3	183.7	177.4	171.1	185.2	182.2	186.6
Cotton goods	0.507	4	134.9	132.8	111.0	127.3	118.2	127.8
Wool goods	0.300	3	82.3	88.6	80.9	87.6	88.7	86.0
Synthetic Textiles and Silk	0.429	3	341.7	314.0	319.1	348.6	349.1	356.9
Clothing	1.801	3	136.9	135.6	139.8	139.4	138.7	141.4
Paper products	2.649	3	186.7	189.0	185.6	187.6	189.6	189.9
Pulp and paper	2.108	3	189.3	191.1	186.3	189.0	191.4	191.4

TABLE 1. Index of Industrial Production - Concluded

(1949=100)

Industry or industry group	1949 weights	MCD	Seasonally adjusted					
			1965					
			Feb.	Mar.	Apr.	May	June	July
NON-DURABLE MANUFACTURES -								
Concluded:								
Printing, publishing and allied industries	1.273	4	175.6	170.2	177.0	174.6	172.0	173.3
Products of petroleum and coal	0.513	3	315.1	310.7	302.6	323.9	324.0	330.9
Petroleum products	0.454	3	342.0	336.2	326.9	350.9	351.7	359.3
Chemicals and allied products	1.359	2	284.8	287.6	293.3	301.2	303.4	307.5
Acids, alkalis, salts and fertilizers	0.346	2	350.4	336.3	342.8	356.6	374.1	377.8
Miscellaneous manufactures	0.524	1	264.2	266.4	269.7	267.5	271.4	277.5
DURABLE MANUFACTURES	12.598	3	203.1	211.8	208.6	208.5	211.4	213.6
Wood products	2.108	2	164.3	167.6	173.2	168.8	165.9	163.9
Saw and planing mills	1.444	3	173.6	176.2	183.4	177.8	173.8	170.6
Veneers and plywoods	0.122	3	398.9	404.5	394.9	377.0	378.2	351.4
Sawmills	0.994	4	158.5	162.0	174.7	168.9	163.2	163.0
Furniture	0.460	2	169.9	176.1	178.8	177.3	177.3	178.4
Iron and steel products	4.026	2	188.2	193.9	193.6	195.2	198.8	200.5
Machinery	0.851	1	194.0	196.7	198.3	198.2	199.6	202.0
Iron castings	0.387	3	171.5	189.5	180.7	183.5	206.5	209.2
Primary iron and steel	0.845	2	248.6	260.7	260.8	267.0	268.5	268.5
Sheet metal products	0.359	1	173.0	173.5	179.1	180.7	178.5	180.9
Transportation equipment	2.651	4	214.5	238.9	225.8	228.9	238.0	249.6
Aircraft and parts	0.203	1	258.9	264.3	240.4	232.0	280.1	283.5
Motor vehicles	1.035	4	305.6	359.1	329.9	340.9	351.7	373.5
Motor vehicle parts	0.462	2	236.8	249.5	247.1	250.3	261.1	276.3
Railway rolling stock	0.621	1	49.5	50.5	52.0	50.8	50.2	51.2
Shipbuilding and repairs	0.261	1	197.8	204.6	207.1	199.2	192.9	192.4
Non-ferrous metal products	1.601	3	168.0	175.9	172.1	168.4	170.1	172.8
Brass and copper products ...	0.241	1	160.1	160.9	157.3	143.4	136.6	135.1
Smelting and refining	1.028	3	182.6	193.6	188.1	185.4	189.0	193.6
Electrical apparatus and supplies	1.418	2	256.3	264.4	267.3	272.3	268.1	260.6
Heavy electrical machinery ..	0.489	1	170.9	172.6	176.0	176.7	177.7	178.9
Telecommunication equipment	0.142	3	650.9	666.1	671.3	694.3	677.5	617.4
Refrigerators and appliances	0.227	3	240.3	256.1	252.5	267.7	253.4	253.4
Non-metallic mineral products	0.794	2	319.8	307.3	290.3	280.1	288.5	290.4
Concrete products	0.098	4	996.1	908.5	871.0	800.3	859.5	870.6
Hydraulic cement	0.117	5	326.3	344.6	301.2	292.3	282.3	286.2
Domestic clay products	0.083	3	156.2	164.2	160.4	143.9	136.6	141.9
ELECTRIC POWER AND GAS UTILITIES	1.646	2	437.4	441.8	435.8	431.8	433.5	431.7
Electric power.....	1.480	2	403.3	404.3	395.4	395.6	397.5	393.4
Gas	0.166	3	741.0	776.6	795.8	754.6	754.9	773.1

TABLE 2. Index of Industrial Production

(1949=100)

Industry or industry group	Annual averages		Without seasonal adjustment					
			1964			1965		
	1963	1964	May	June	July	May	June	July
INDEX OF INDUSTRIAL PRODUCTION	195.9	213.3	213.1	220.5	197.8	228.2	234.8	215.9
MINING,	294.4	326.5	328.4	345.5	320.7	337.2	352.9	338.2
Metals	193.8	210.7	221.2	236.0	203.6	227.4	232.6	216.8
Gold	95.5	91.0	88.9	89.3	90.1	85.7	89.7	79.5
Copper	174.0	186.4	180.9	198.3	183.0	213.0	193.5	206.5
Iron ore	670.8	834.2	1,043.3	1,077.3	986.5	945.6	999.8	1,004.1
Nickel	171.0	181.2	193.0	182.1	162.1	215.8	203.2	198.1
Non-metals	228.1	324.9	329.4	329.5	310.0	385.6	412.4	370.2
Asbestos	239.1	259.9	264.5	266.4	244.7	268.6	280.8	246.7
Fuels	513.6	554.7	533.8	548.4	534.5	527.2	554.9	546.3
Coal	52.0	55.1	48.8	55.3	45.7	49.4	51.7	40.3
Natural gas	1,179.8	1,382.3	1,253.5	1,196.8	1,199.9	1,391.4	1,336.8	1,249.1
Petroleum	1,221.6	1,300.8	1,275.5	1,311.5	1,276.3	1,242.7	1,322.2	1,326.9
MANUFACTURING, TOTAL	173.9	188.2	189.7	196.7	174.3	204.2	211.1	192.2
NON-DURABLE MANUFACTURES	172.2	184.5	180.9	189.1	171.9	191.7	196.2	180.8
Foods and beverages	162.1	174.1	171.1	187.2	182.4	176.3	189.6	185.0
Foods	157.2	170.0	163.9	177.1	179.3	170.4	180.2	180.1
Meat products	163.6	182.8	172.7	175.5	166.2	185.5	178.9	184.8
Dairy products	163.5	171.5	191.2	216.6	195.1	190.7	219.8	194.6
Canning and processing	165.4	174.9	140.2	176.0	261.8	148.3	176.7	232.1
Grain mill products	145.9	182.5	183.4	185.7	168.3	182.5	182.8	174.6
Bakery products	138.8	147.7	145.0	152.9	156.6	148.4	154.1	154.0
Miscellaneous foods	164.3	169.3	160.7	167.3	143.0	172.7	177.0	152.6
Beverages	177.6	187.3	193.9	219.2	192.3	194.9	219.5	200.6
Carbonated beverages	178.7	181.0	181.0	213.6	243.7	199.1	215.2	221.5
Breweries	159.9	168.2	185.5	213.3	196.8	202.7	214.7	203.7
Distilleries	220.3	242.5	236.6	249.8	129.4	180.5	245.1	176.8
Tobacco and tobacco products	207.7	214.0	218.3	249.9	166.1	235.6	257.6	165.1
Rubber products	190.5	213.8	213.2	250.3	162.5	235.2	220.7	155.6
Leather products	127.0	130.9	131.1	132.0	95.5	123.5	124.7	90.0
Boots and shoes	136.9	139.3	139.9	140.6	94.7	130.9	130.9	89.6
Textiles	159.5	172.2	171.3	181.9	134.1	188.1	193.0	145.0
Cotton goods	109.6	120.1	118.9	120.7	81.1	126.4	117.4	84.1
Wool goods	89.8	89.8	93.1	95.0	73.1	90.2	102.0	70.5
Synthetic textiles and silk	281.0	306.8	302.5	338.7	223.2	359.1	380.9	264.1
Clothing	137.0(1)	135.8	110.9	112.0	118.2	114.3	111.9	121.5
Paper products	164.3	179.0	176.0	178.4	173.0	189.5	191.4	184.5
Pulp and paper	163.8	180.0	178.2	178.3	172.1	191.6	191.6	182.2

(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	May	June	July	May	June	July
NON-DURABLE MANUFACTURES -								
Concluded:								
Printing, publishing and allied industries	156.7	164.6	180.3	169.3	150.6	180.4	174.5	163.4
Products of petroleum and coal	296.0	304.2	279.7	307.9	303.3	300.8	316.9	317.6
Petroleum products	319.7	329.5	301.0	332.7	328.0	324.6	343.3	357.1
Chemicals and allied products	249.1	279.0	280.4	285.0	247.8	314.1	315.2	280.3
Acids, alkalies, salts and fertilizers	302.0	331.7	335.3	319.9	264.3	380.1	369.2	310.9
Miscellaneous manufactures	246.6	261.9	254.0	260.7	262.0	261.9	270.0	275.6
DURABLE MANUFACTURES	175.9	192.7	200.1	205.7	177.0	218.9	228.6	205.4
Wood products	159.0	165.1	161.8	169.6	165.1	166.4	180.6	168.1
Saw and planing mills	172.1	179.3	175.9	186.4	184.6	176.1	196.1	176.8
Veneers and plywoods	358.8	399.3	391.7	395.0	349.8	378.5	382.7	298.7
Sawmills	162.3	167.0	165.5	177.9	171.7	168.9	194.2	174.4
Furniture	153.0	157.9	152.9	154.4	154.8	171.6	173.6	176.1
Iron and steel products	161.8	182.4	187.7	188.7	174.9	202.7	213.2	193.6
Machinery	160.2	179.2	174.7	179.7	181.9	198.2	202.2	204.4
Iron castings	151.1	180.7	217.1	212.7	167.5	203.7	243.9	184.1
Primary iron and steel	216.9	244.9	258.4	255.8	232.1	285.7	288.4	255.1
Sheet metal products	156.9	164.3	159.9	172.3	172.4	180.5	190.5	194.1
Transportation equipment	181.4	198.5	234.9	239.6	141.4	267.1	272.5	220.3
Aircraft and parts	233.8	270.9	269.6	276.2	275.0	230.1	278.7	276.4
Motor vehicles	257.6	276.1	364.2	374.3	129.7	430.9	436.4	308.1
Motor vehicle parts	179.5	215.6	227.8	223.1	211.2	262.6	262.1	254.2
Railway rolling stock	41.1	47.3	46.3	47.7	48.5	49.8	50.2	51.7
Shipbuilding and repairs	197.2	187.6	190.2	199.1	193.9	210.0	205.6	197.6
Non-ferrous metal products	148.8	162.0	162.2	164.6	156.3	170.7	171.8	165.5
Brass and copper products ...	133.4	149.6	150.3	153.2	151.0	144.5	140.0	138.5
Smelting and refining	161.6	176.0	176.5	179.2	167.3	189.3	190.7	181.4
Electrical apparatus and supplies	223.5	239.2	227.8	234.3	218.9	261.5	266.9	240.9
Heavy electrical machinery ..	154.3	161.0	158.4	160.7	161.4	174.8	178.8	180.5
Telecommunication equipment	546.9	584.0	520.2	511.9	415.1	618.6	632.1	468.6
Refrigerators and appliances	221.6	233.8	236.0	249.8	208.6	268.8	273.7	222.7
Non-metallic mineral products	243.0	277.6	275.6	306.6	305.9	300.0	334.4	332.1
Concrete products	652.3	849.6	859.2	994.4	1,000.8	934.0	1,072.7	1,064.8
Hydraulic cement	246.0	277.5	310.8	350.0	343.5	336.2	383.9	374.9
Domestic clay products	136.7	146.1	160.4	159.4	155.8	155.1	160.5	160.1
ELECTRIC POWER AND GAS UTILITIES	367.4	405.6	374.2	368.5	347.2	411.4	394.6	368.6
Electric power	339.2	371.5	349.2	346.1	338.3	382.9	376.0	358.4
Gas	620.1	711.0	598.4	569.3	427.5	665.6	560.9	459.2

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.

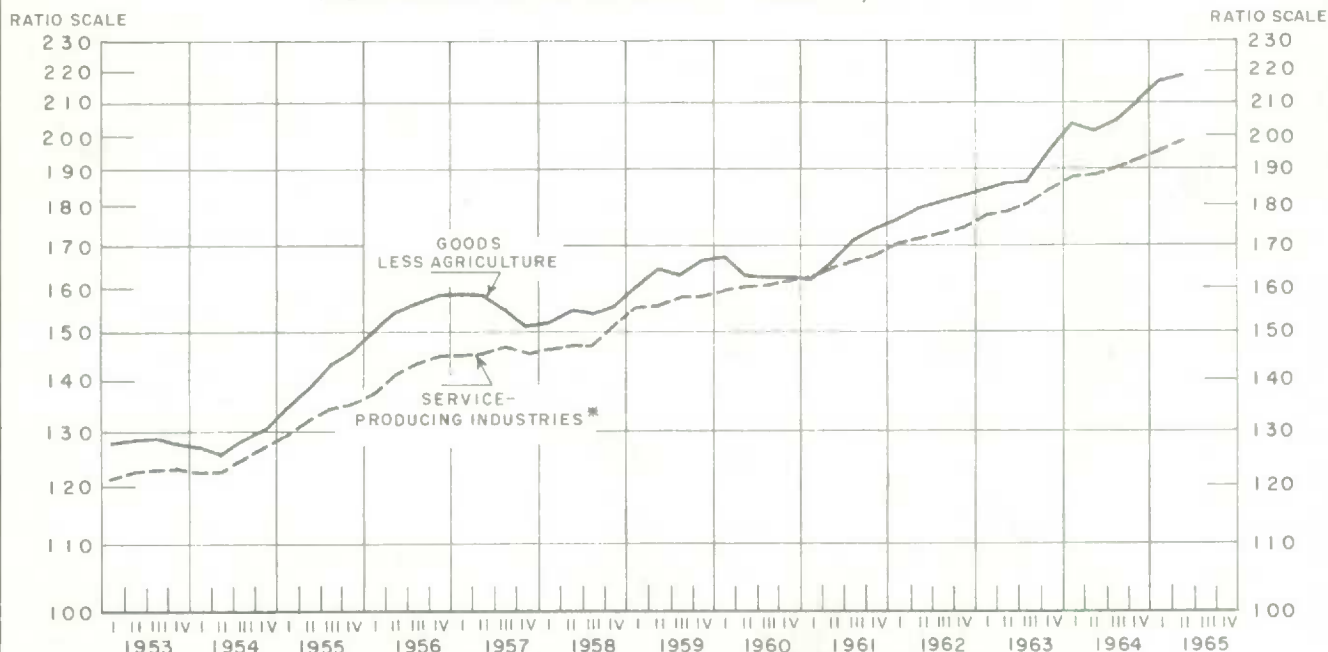
The real domestic product indexes are also an elaboration of the supply side of the National Accounts. Total domestic product differs conceptually from constant dollar expenditure on Gross National Product by (1) the inclusion of income paid to non-residents (2) the exclusion of income received from 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)



* INCLUDES TRANSPORTATION, STORAGE AND COMMUNICATION; TRADE; FINANCE, INSURANCE AND REAL ESTATE; PUBLIC ADMINISTRATION AND DEFENCE; COMMUNITY, RECREATION, BUSINESS AND PERSONAL SERVICE.

REAL DOMESTIC PRODUCT LESS AGRICULTURE, SECOND QUARTER, 1965

Seasonally adjusted non-agricultural real output reached an index level of 207.9 in the second quarter of 1965, an increase of about one per cent from the first quarter of this year. Most of the major industry divisions contributed to this gain.

During the seventeen quarters of the current expansion, non-agricultural real output has achieved substantial gains. During the second quarter of 1965 real domestic product less agriculture reached a level 28 per cent above its first quarter, 1961, cyclical trough. This compares 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. This current expansion has also been of longer duration than either of the 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 - IIQ'64		IQ'61 - IIIQ'64		IQ'61 - IVQ'64		IQ'61 - IQ'65		IQ'61 - IIQ'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	20.2	20.2	21.4	21.4	23.9	23.9	26.6	26.6	28.2	28.2
Forestry	18.9	.4	29.1	.6	21.3	.4	30.9	.6	39.8	.8
Fishing and trapping ..	- 18.3	- .1	- 15.6	- .1	- 3.5	--	- 11.4	- .1	- 15.4	- .1
Mining	29.7	1.7	26.9	1.5	33.6	1.9	38.1	2.1	35.3	2.0
Manufacturing	26.5	7.4	28.2	7.9	30.5	8.5	33.7	9.4	35.1	9.8
Non-durable	19.6	3.1	19.8	3.1	24.1	3.8	24.0	3.8	24.7	3.9
Durable	35.2	4.3	38.5	4.8	38.4	4.7	46.0	5.6	48.3	6.0
Construction	14.6	1.0	15.8	1.1	25.6	1.8	32.1	2.2	34.4	2.4
Electric power and gas										
utilities	31.4	1.1	34.5	1.2	40.6	1.4	43.5	1.5	42.6	1.5
Other goods, n.e.c. ...	13.1	.1	14.1	.1	14.1	.1	14.1	.2	14.5	.2
Transportation, storage										
and communication ...	24.2	2.3	25.3	2.5	27.1	2.6	29.0	2.8	31.4	3.0
Transportation	25.5	1.8	26.3	1.9	28.8	2.0	30.7	2.2	33.1	2.3
Trade	17.4	2.7	18.7	2.9	19.8	3.1	23.4	3.6	26.1	4.1
Wholesale	26.3	1.4	26.2	1.4	27.7	1.5	36.2	1.9	37.9	2.0
Retail	12.8	1.3	14.7	1.5	15.6	1.6	16.6	1.7	19.9	2.0
Finance, insurance and										
real estate	16.5	1.8	17.7	1.9	19.2	2.1	19.8	2.2	21.7	2.4
Public administration										
and defence	4.1	.2	3.7	.2	3.8	.2	4.9	.3	4.8	.3
Community, recreation,										
business and personal										
service	14.2	1.5	15.4	1.6	16.3	1.7	16.6	1.8	18.4	1.9

Throughout the current expansion various special factors have affected production in Canada to some degree, and it is useful to keep them in mind in examining current production trends. One such factor was the increase in exports, notably exports of grain during the latter part of 1963 and early in 1964. These export shipments stimulated production in a wide range of industries: flour milling, storage of grain, rail and water transport, and, indirectly, the production and sales of farm machinery and similar items. In addition, exports of manufactured goods and some raw materials have increased substantially over the course of the cycle. Another such factor is the increased investment in plant, equipment, social capital and housing which has occurred during the past two years. Following the relatively stable levels of the 1958-63 period, private residential and non-residential construction showed particularly strong increases during 1964 and continued at high levels in 1965. Public construction also was at very high levels during the first half of 1965. This increasing construction activity and the investment in machinery and equipment which also took place, exercised a stimulating influence on other domestic industries, notably those industries manufacturing construction materials and machinery.

It has also served to increase imports of machinery and equipment. In addition, the imposition of the sales tax on building materials in three successive stages affected, to some extent, the production and sales of building materials during this period. The rate of increase in the production and sales of these materials appears to have temporarily accelerated in anticipation of the last two stages of the tax. While significant for individual industries, their effect on the level of total non-agricultural output has been marginal. A third factor, which has affected production movements particularly since the last half of 1964 is the presence of labour disputes, both in the United States and Canada. In particular, the motor vehicle industry's output levels declined sharply in the fourth quarter of 1964 and recovered gradually during the early months of 1965, reaching a peak in March. Labour disputes also occurred in several other industries during 1965, such as trade (which was affected by the Quebec Liquor Board strike), distilleries, and aircraft.

Because of the effects of the above-mentioned labour disputes on the output of motor vehicles, and because of the exceptional increases in the output of this industry since the beginning of the current expansion, it might be interesting to examine the movements in non-agricultural real output after the exclusion of the industries which manufacture and sell automobiles and parts. The following table shows a comparison between the motor vehicle group of industries and the remaining industries. Clearly, strong expansionary forces were at work in both sectors, although not to the same degree. The output of the motor vehicles group almost doubled during this period, while the remaining industries increased by 26.5 per cent. Total non-agricultural output increased by 28 per cent.

	Non-agricultural real output	Motor vehicle industries(1)	Non-agricultural output, less motor vehicle industries
1949 Industry Weight	89,286	2,347	86,939
(Seasonally adjusted indexes, 1949=100)			
1961 - 1st Quarter	162.2	149.5	162.5
2nd "	165.3	152.8	165.6
3rd "	169.2	167.0	169.3
4th "	170.8	178.4	170.6
1962 - 1st Quarter	173.5	178.7	173.4
2nd "	175.5	190.2	175.1
3rd "	176.8	191.4	176.4
4th "	178.0	216.0	177.0
1963 - 1st Quarter	180.9	217.9	179.9
2nd "	182.4	219.1	181.4
3rd "	183.3	222.5	182.2
4th "	190.0	257.9	188.2
1964 - 1st Quarter	195.7	265.1	193.8
2nd "	194.9	255.9	193.3
3rd "	196.9	275.8	194.8
4th "	200.9	223.7	200.3
1965 - 1st Quarter	205.4	281.0	203.4
2nd "	207.9	296.5	205.5

(1) Includes the motor vehicles and motor vehicle parts producing industries from the durable manufacturing group, and the motor vehicle dealer industry from retail trade.

In the second quarter of 1965, about two-thirds of the increase in non-agricultural real output came from the service-producing industries. Within the goods-producing industry group, increases in manufacturing, construction and forestry were dampened by declines in other components, notably mining.

Within manufacturing, which showed a one per cent increase, durables advanced more rapidly than non-durables. The one and a half per cent gain in the durables group accounted for over two-thirds of the second quarter increase in manufacturing output. Most major components contributed to the gain.

As in the first quarter, transportation equipment accounted for more than half the increase in durables and showed the largest gain of any major group. The 7 per cent increase in motor vehicles and the 6 per cent increase in motor vehicle parts production accounted for all of the increase in the transportation equipment group, as declines occurred in shipbuilding and the strike-affected aircraft and parts industry. The electrical apparatus and supplies group continued to expand, while the output of the iron and steel and wood products industries continued its upward trend following a pause in the first quarter. The only industry group to show a decline in the second quarter was non-metallic mineral products, which declined substantially, largely as a result of decreases in the output of cement products. Within the non-durables group, which was up by one half of one per cent, only the chemical industry group showed fairly substantial gains in the second quarter, with most components contributing to this gain. Increases of up to about one per cent were recorded by textiles, paper and tobacco products. Leather products and foods and beverages showed declines of about 2 per cent, the latter mainly as a result of an 8 per cent drop in the production of beverage products, from particularly high first quarter levels. Both quarters were to some degree affected by labour disputes.

More than one quarter of the gain in non-agricultural output came from the 2 per cent increase in trade. The contribution of trade to the second quarter gain thus surpassed even that of manufacturing, which, by virtue of its large weight, is most often the main contributor to the changes in non-agricultural real output. Within trade, the 3 per cent gain in the retail trade component accounted for the larger part of the advance. Wholesale trade increased by one per cent. Most of the retail trade stores showed increases in the second quarter. The sales of food stores resumed their upward movement following a decline in the first quarter, as did department stores and variety stores. Motor vehicle dealer sales continued to increase, contributing nearly one-fifth to the second quarter gain in retail trade. Farm implement dealer sales also showed an increase. Lumber and building material dealer sales, however, continued to decline from very high fourth quarter levels. In wholesale trade movements were mixed, with declines in such trades as foods, textiles, and clothing more than offset by increases in farm machinery and very strong gains in the sales of the industrial and transportation equipment and supplies industry. Sales of petroleum products also increased in the quarter.

The transportation, storage and communications group increased by 2 per cent in the second quarter, with all three components contributing to the gain. Within transportation, the bulk of the increase came from advances in air, water and truck transport. Gains were also recorded in both the freight and the passenger component of railway transportation. However, urban and interurban passenger bus transport declined in the second quarter apparently as a result of labour disputes in the industry during that period.

The finance, insurance and real estate and the community, recreation, business and personal service groups jointly accounted for as much of the increase in non-agricultural real output as did manufacturing, namely about one quarter. Both industry groups advanced by about one and a half per cent in the quarter, which is slightly above the average for these industries. Within the latter group, business and personal services advanced most rapidly, with particular strength in such personal service industries as restaurants, hotels and motels.

Among the remaining industry groups forestry increased by 7 per cent, mainly as a result of an increase in pulpwood production in the second quarter. Public administration and defence showed a fractional decline from the first quarter, as the decline at the federal level was not quite offset by increases at the provincial and municipal levels. Declines also occurred in electric power and gas utilities and fishing and trapping. Mining, which declined by 2 per cent, was still slightly above its fourth quarter level. Almost the entire decline in this industry can be traced to the 5 per cent decline in the metal mining component, which resulted from large drops in the production of iron ore and "other metals" (including uranium). Non-metal mining also declined by about 5 per cent. Fuel mining recorded a 2 per cent increase in the second quarter, with both crude petroleum and natural gas production contributing to this gain.



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								
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								
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	269.5	209.5	169.3	195.9	230.9	170.2
3								
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	264.3	219.6	169.3	203.8	266.2	172.6
3								
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	Whole- sale
	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	269.2	286.3	213.1	433.7	221.0	207.7	223.3	195.3	213.5
3									
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	295.9	213.7	421.9	226.2	215.5	222.0	202.9	226.7
3									
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	185.8	210.7	191.2	176.4	218.5	198.4	208.8	198.6	225.6
3									
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	190.5	211.6	191.6	176.4	219.7	201.9	211.5	199.0	229.0
3									
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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