

ECONOMIC CONDITIONS IN CANADA DURING 1945 COMPARED WITH THE PRECEDING YEAR

The average of six strategic factors indicating the trend of economic conditions averaged higher in 1945 than in any other year. Five indexes used in this connection rose to a higher position than in 1944. Bank deposits, consisting of Dominion and Provincial balances and notice and demand deposits, were at a higher level than in any other year. Notice deposits were \$2,865 million at the end of December compared with \$2,423 million on the same date of 1944. A considerable increase was also shown in demand deposits in the same comparison. As deposits subject to cheque constitute the main element in the money supply, the high level during the year recently ended has an important bearing on economic conditions during the present year.

Speculative factors showed a continuance of the upward trend during recent years. The index of common stock prices averaged nearly 19 p.c. greater during 1945 than in the preceding year and speculative trading was at higher levels than in any other year for a considerable time. The gain in wholesale prices was of moderate proportions, the index rising from 102.5 to 103.1. Dominion bond prices were considerably stronger especially toward the later part of the year. The index of bond yields receded about 2 p.c., the average in 1945 having been slightly more than 95. The advance has continued during the first month of the present year.

Productive operations, due to the marked reduction in the output of war supplies, were at a lower level than in 1944. The decline in the index of the physical volume of business was more than 10 p.c. The standing of the index at 212.5 indicates a higher level of production than in any other year except 1943 and 1944.

The marked decline in war expenditures by the Dominion Government was counterbalanced to a certain extent by increases in other lines. Preparations are being made for a marked increase in the activity of the construction industry. Contracts awarded rose 40 p.c. to \$409 million in 1945. Building permits in principal municipalities showed a slightly greater percentage increase, the total in 1945 having been \$136 million. The index of employment in construction, however, showed a gain of only about 6 p.c., indicating that many contracts have been placed without very much work having been performed upon them. The value of residential building under new contracts totalling almost one-half of all new business, suggests that at the present time the main limiting factor in house construction is the availability of materials and labour.

The production of steel ingots, indicative of the production of munitions and producers' durables, recorded a recession of 4.7 p.c., the total in 1945 having been 2,881,000 short tons. The recession in pig iron production was of slightly lesser proportions.

The export trade creates a strong demand for Canadian products. Total exports, excluding gold, amounted to \$3,267 million during 1945, a decline of 6.2 p.c. from the preceding year. The imports at \$1,586 million showed a decline of 9.8 p.c. The active balance of trade receded from \$1,724 million to \$1,682 million. The net exports of non-monetary gold, being additional to the balance of trade, were \$96 million in 1945 against \$109.7 million in the preceding year, a decline of 12.5 p.c.

The retail trade was considerably greater in 1945 than in the preceding year. The average of the index during the first eleven months rose from 166.7 to 180.9. The percentage gain in wholesale sales was somewhat greater than in retail distribution, the index averaged 206.2 in the first eleven months of 1945 against 188.6 in the same period of the preceding year. Country general store sales averaged 6.5 p.c. greater during the calendar year 1945 than in the preceding year, with all provinces sharing in the advance. The index of department store sales rose 11 p.c. over the average for 1944.

The ordinary expenditures of the Dominion Government rose from \$528 million in the first nine months of the fiscal year ended March 31, 1945 to \$827 million in the same period of the present fiscal year. The war expenditures, on the other hand, dropped from \$2,442 million to \$1,471 million, a decline of no less than 39.7 p.c. The increase in the United Nations Mutual Aid expenditures was 12.4 p.c., the total during the elapsed part of the present fiscal year having been \$759 million.

The Bureau of Economic Analysis is pleased to announce the release of the first issue of the new publication, "Monthly Statistical Review". This publication will provide a comprehensive and concise summary of the most important economic statistics for the United States and the world. It will be published monthly and will be available to the public at a nominal cost.

The first issue of the "Monthly Statistical Review" will be published in January, 1947. It will contain a wide range of statistics, including industrial production, retail sales, and foreign trade. The publication will be available to the public at a nominal cost of \$1.00 per copy.

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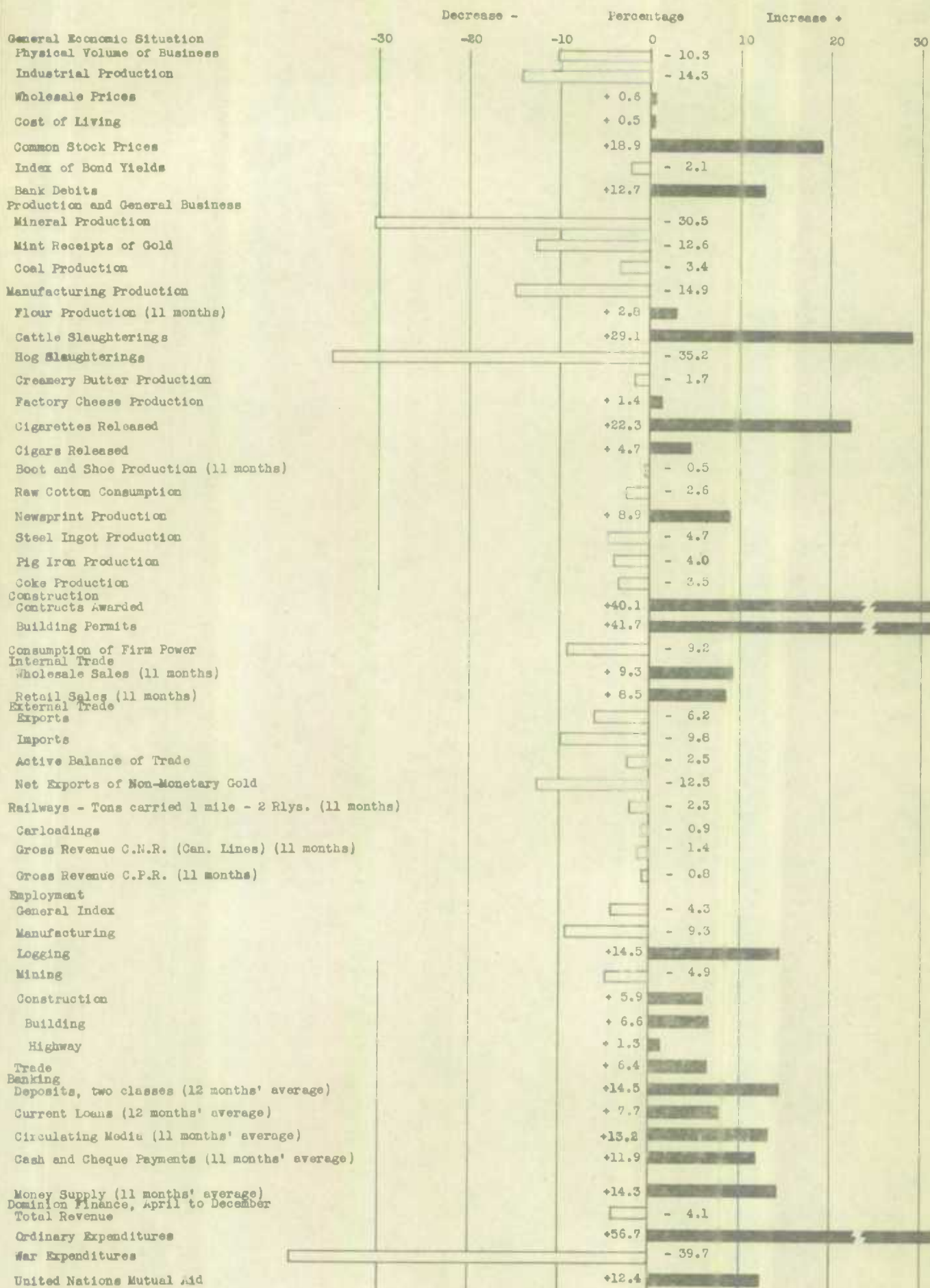
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Published by Authority of the Hon. James A. MacKinnon, M.P.,

Minister of Trade and Commerce

THE ECONOMIC SITUATION IN CANADA

in 1945 as compared with the preceding year.



Dominion Bureau of Statistics

Twenty-eight items recorded declines, while twenty-six showed increases.

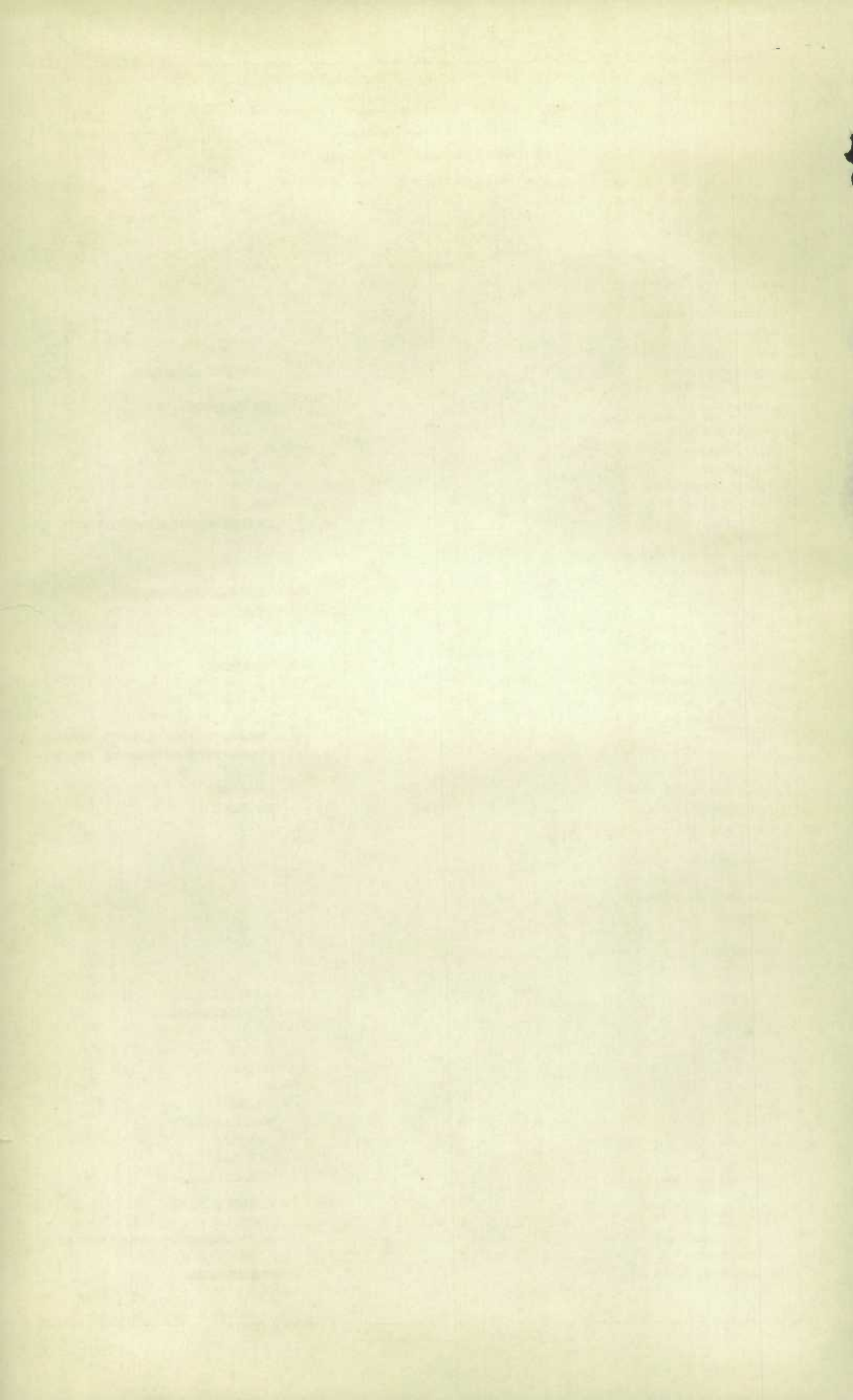


Table 1. - Statistics Illustrating the Economic Situation of Canada in 1945 compared with the preceding year.

	Unit or Base Period	1945		Per Cent Increase + Decrease -	
		1945	1944		
General Economic Situation					
Index of Physical Volume of Business	1935-39=100	212.5	236.8	-	10.3
Index of Industrial Production	1935-39=100	228.7	267.0	-	14.3
Wholesale Prices	1926=100	103.1	102.5	+	0.6
Cost of Living	1935-39=100	119.5	118.9	+	0.5
Index of Common Stocks Prices	1935-39=100	99.6	83.8	+	18.9
Index of Bond Yields	1935-39=100	95.1	97.1	-	2.1
Bank Debits	\$000	68,384,813	60,679,954	+	12.7
Production and General Business					
Mineral Production	1935-39=100	157.3	226.2	-	30.5
Gold Receipts at Mint	Fine ozs.	2,493,167	2,853,917	-	12.6
Coal Production	Tons	16,441,878	17,026,499	-	3.4
Manufacturing Production	1935-39=100	248.7	292.3	-	14.9
Flour Production (11 months)	Bbls.	22,890,467	22,270,553	+	2.8
Cattle Slaughtering	No.	2,601,944	2,014,700	+	29.1
Hog Slaughtering	No.	5,683,727	8,766,441	-	35.2
Creamery Butter Production	lbs.	293,254,813	298,251,925	-	1.7
Factory Cheese Production	lbs.	180,664,846	178,229,872	+	1.4
Cigarettes released	No.	14,264,672,756	13,666,420,984	+	22.3
Cigars released	No.	207,042,683	197,779,390	+	4.7
Leather Boots and Shoes (11 months)	Pairs	27,210,257	27,339,975	-	0.5
Raw Cotton consumption	lbs.	156,870,920	161,047,106	-	2.6
Newsprint Production	Tons	3,259,208	2,991,782	+	8.9
Iron and Steel -					
Steel Ingot Production	Short Ton	2,881,323	3,024,410	-	4.7
Pig Iron Production	Short Ton	1,777,958	1,852,628	-	4.0
Coke Production	Short Ton	3,862,451	4,001,563	-	3.5
Construction -					
Contracts awarded	\$	409,032,700	291,961,800	+	40.1
Building Permits (58 municipalities)	\$	136,454,198	96,303,973	+	41.7
Consumption of firm power	000 K.W.H.	31,912,761	35,150,741	-	9.2
Internal Trade -					
Wholesale Sales (11 months)	1935-39=100	206.2	188.6	+	9.3
Retail Sales (11 months)	1935-39=100	180.9	166.7	+	8.5
External Trade -					
Exports	\$000	3,267,424	3,483,099	-	6.2
Imports	\$000	1,585,775	1,753,898	-	9.8
Active Balance of Trade	\$000 +	1,681,649	1,724,201	-	2.5
Net Exports of Non-Monetary Gold	\$000,000	96.0	109.7	-	12.5
Railways - Tons carried 1 mile					
(11 months) 2 Rlys.	000,000 tons	53,162,414	54,421,256	-	2.3
Carloadings	No.	3,624,545	3,653,671	-	0.9
Gross Revenue C.N.R. (Can. Lines) (11 months)	\$	351,940,800	356,987,800	-	1.4
Gross Revenue C.P.R. (11 months)	\$	292,326,341	294,689,892	-	0.8
Employment - Unadjusted -					
General Index	1926=100	175.1	183.0	-	4.3
Manufacturing		203.6	224.5	-	9.3
Logging		247.0	215.8	+	14.5
Mining		146.9	154.5	-	4.9
Construction		110.7	104.5	+	5.9
Building		101.6	95.3	+	6.6
Highway		132.5	130.8	+	1.3
Trade		174.7	164.2	+	6.4
Banking -					
Deposits (Notice and Demand)					
(12 months' Average)	\$000	4,736,433	4,136,367	+	14.5
Current Loans (12 Months' Average)	\$000	1,100,493	1,022,118	+	7.7
Circulating Media (11 months' Average)	\$000,000	1,028.3	908.0	+	13.2
Cash and Cheque Payments (11 months' total)	\$000,000	88,131	78,743	+	11.9
Money Supply (11 months' Average)	\$000,000	6,452	5,644	+	14.3
Dominion Finance - April to December -					
Total Revenue	\$	1,867,014,904	1,946,486,584	-	4.1
Ordinary Expenditures	\$	827,180,824	528,030,664	+	56.7
War Expenditures	\$	1,471,423,570	2,442,087,450	-	39.7
United Nations Mutual Aid	\$	758,565,154	674,625,294	+	12.4

Twenty-eight items recorded declines, while twenty-six showed increases.



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