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Dominion Statistician: S. A. Cudmore, M.A.(Oxon.), LL.D.(Tor.), F.S.S., F.R.S.C.
Chief, Business Statistics Branch: Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING THE FIVE MONTHS 1945 COMPARED WITH THE SAME PERIOD OF 1944.

The volume of productive operations receded to a lower level in the first five months of 1945 from the same period of last year, while a slight increase was shown in wholesale prices. The index of the physical volume of business averaged 224.3 against 243.5, a decline of nearly 8 p.c. The general index of employment receded slightly more than 2 p.c. with the standing on the base of 1926 in the first five months of this year having been 178. The index of wholesale prices averaged 103.0 against 102.7, a gain of 0.3 p.c. The general level of wholesale prices has been remarkably steady since the last quarter of 1943.

Industrial employment throughout Canada recorded curtailment from the first five months of 1944. The Labour force was lower at May 1 than one month before. For the fifth consecutive month, the general trend in industrial activity was downward. Although the loss was contra seasonal, according to the experience of pre-war years, the movement resembled that of May 1 in both 1944 and 1943. The shrinkage in employment was accompanied by a moderate increase in the payrolls disbursed as compared with April 1. The per capita weekly earnings on May 1 were $32.59 compared with $32.27 on the same date of 1944. Dividends paid by Canadian corporations in the first five months of the present year, according to unofficial computation, were $91.4 million against $90.1 in the same period of last year, representing a gain of 1.4 p.c.

Investment expenditures consist mainly of construction, the purchase of producers' durables, the international credit balance, and the change in inventories. Construction contracts awarded in the first five months amounted to $116.9 million against $115.4 million in the same period of last year. During June a considerable advance was recorded in the new business obtained by the construction industry. The contracts amounted to $58.9 million showing an increase of 57.8 p.c. over the same month of last year. The total value of contracts awarded for the first six months was $175.7 million, an increase of $23 million over the first half of 1944. During the first five months of 1945 exports of merchandise produced in Canada were valued at $1,395.5 million compared with $1,403 million in the same period of 1944, a decline of one-half of 1 p.c. Agricultural exports headed the list with the May total of $176 million compared with about $91 million in May last year. Retail sales during the first four months of this year averaged 8 p.c. above the same period of 1944 and were 46 p.c. greater than for the first four months of 1941. Wholesale sales of food products in April this year were of considerably greater volume than in the same month of 1944. The larger wholesale grocery houses reported an increase of 10 p.c. in this comparison. The index of wholesale sales averaged 9.5 p.c. greater in the first four months of this year, while the increase in retail sales was 7.7 p.c.

The index of grain marketings at country elevators was 190.8 in May compared with 238.8 in the same month last year. The index of livestock marketings based on sales on stockyards was 119.8 in May against 125.3 in the same month one year ago. A remarkable increase was shown in the sales of cattle, while a marked decline was shown in hogs. The index of inspected slaughterings receded from 212.8 in May last year to 150.3. Slaughterings have been on a lower level from the 2nd month of the year. The increase in the output of dairy products in May was less than normal for the season, the index receding from 223 to 162. The output of butter in the first five months was 89.4 million pounds against 90.1 million. Factory cheese rose from 36 million pounds to 39.4 million, a gain of 9.2 p.c. Several of the factors indicating the trend of forestry production were more favourable in the first five months. The output of newsprint was 1,278,096 tons against 1,233,575 tons. The index of forestry production was 122.5 in May against 119.3 in the same month last year. The exports of lumber and woodpulp recorded considerable increase in May over the same month last year, while timber scaled in B.C. rose from 264 million feet to 274 million. During the first five months of the present year the consumption of electric power rose to 14.4 billion kilowatt hours against 13.3 billion in the same period of last year, an increase of 8.2 per cent. The wide and favourable distribution of water power resources and the versatility of low cost hydro electric power developed from these resources has been vital in advancing war production in Canada to an unprecedented level during the last two years.

The index of manufacturing production, due in part to the completion of war contracts, receded from 299.4 in the first five months of 1944 to 268.5 in the same period of this year, a decline of 10.3 p.c. A number of items, however, showed considerable expansion. Cattle slaughterings rose to a much higher position than in the early part of 1944. The tobacco industry was considerably more active. A gain was recorded in factory cheese production. Steel ingot production was 5.2 p.c. greater, while a recession of 0.6 p.c. was shown in the output of pig iron. Some decline was also shown in coke production.

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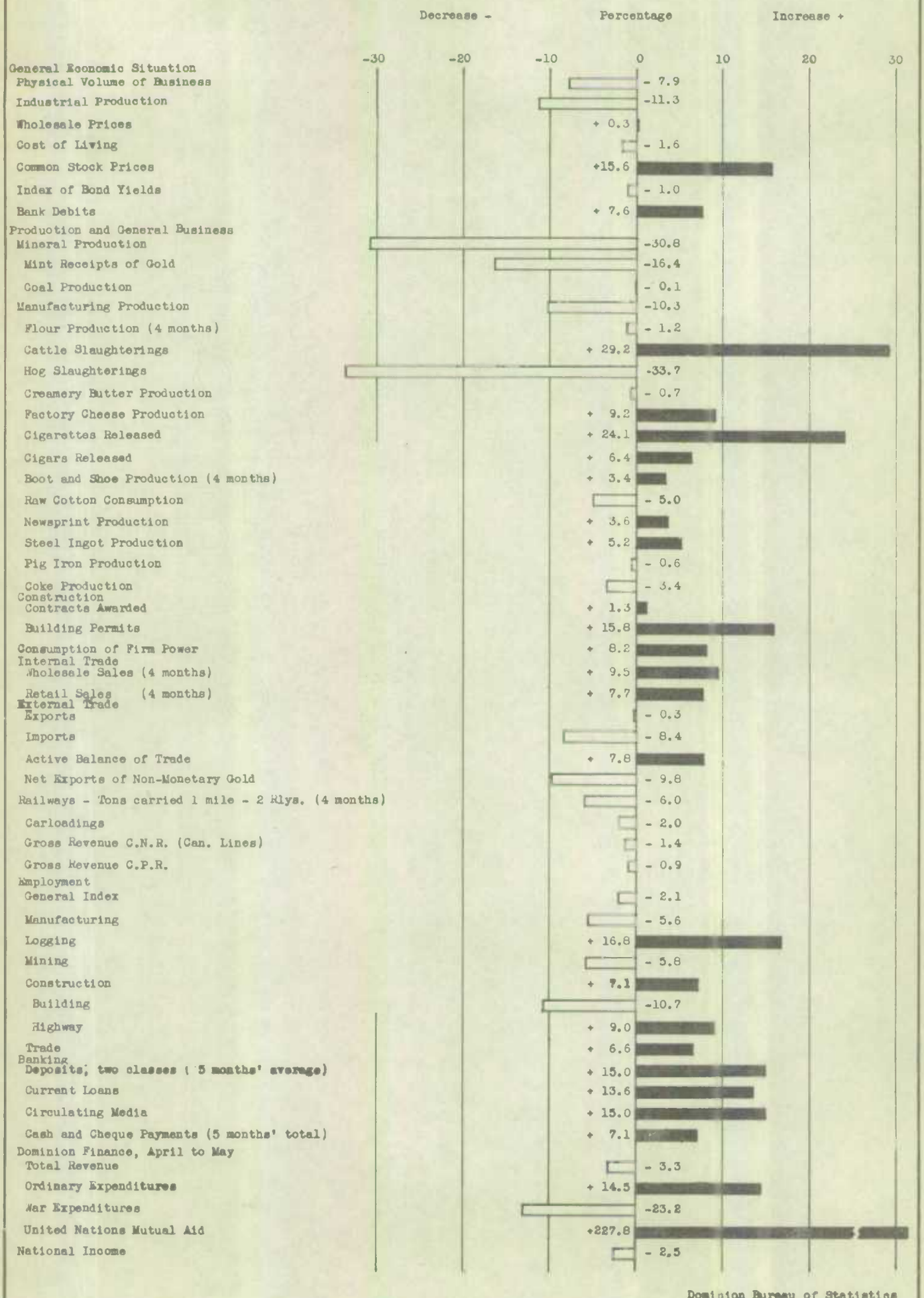
THE ECONOMIC SITUATION IN CANADA

for the First Five Months of 1945

as compared with the same period of last year.



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

Table 1. Statistics Illustrating the Economic Situation of Canada for the First Five Months of 1945 compared with the same period of last year.

	Unit or Base Period	First Five Months 1945	First Five Months 1944	Per cent Increase + Decrease -	
General Economic Situation					
Index of Physical Volume of Business	1935-39=100	224.3	243.5	-	7.9
Index of Industrial Production	1935-39=100	244.9	276.0	-	11.3
Wholesale Prices	1926 = 100	103.0	102.7	+	0.3
Cost of Living	1935-39=100	117.1	119.0	-	1.6
Index of Common Stock Prices	1935-39=100	93.4	80.8	+	15.6
Index of Bond Yields	1935-39=100	96.3	97.3	-	1.0
Bank Debits	$ 000	26,581,560	24,707,662	+	7.6
Production and General Business					
Mineral Production	1935-39=100	173.5	250.8	-	30.8
Gold Receipts at Mint	Fine ozs.	1,083,182	1,295,115	-	16.4
Coal Production	Tons	7,148,686	7,152,991	-	0.1
Manufacturing Production	1935-39=100	268.5	299.4	-	10.3
Flour Production (4 months)	Bbls.	8,247,608	8,344,742	-	1.2
Cattle Slaughterings	No.	985,985	763,370	+	29.2
Hog Slaughterings	No.	2,954,796	4,456,416	-	33.7
Creamery Butter Production	Lbs.	89,407,735	90,064,844	-	0.7
Factory Cheese Production	Lbs.	39,424,141	36,101,246	+	9.2
Cigarettes released	No.	5,701,228,490	4,592,278,797	+	24.1
Cigars released	No.	89,039,453	83,661,482	+	6.4
Leather Boots and Shoes (4 months)	Pairs	10,489,460	10,140,191	+	3.4
Raw cotton consumption	Lbs.	68,418,443	72,046,746	-	5.0
Paper and Lumber -					
Newsprint Production	Tons	1,278,096	1,233,575	+	3.6
Iron and Steel -					
Steel Ingot Production	Short Ton	1,338,503	1,271,833	+	5.2
Pig Iron Production	Short Ton	782,917	787,624	-	0.6
Coke Production	Short Ton	1,655,575	1,713,515	-	3.4
Construction -					
Contracts awarded	$	116,873,300	115,421,700	+	1.3
Building Permits(58 municipalities)	$	42,495,260	36,708,989	+	15.8
Consumption of firm power	000 K.W.H.	14,355,296	13,262,595	+	8.2
Internal Trade -					
Wholesale Sales (4 months)	1935-39=100	189.5	173.0	+	9.5
Retail Sales (4 months)	1935-39=100	164.6	152.8	+	7.7
External Trade -					
Exports	$ 000	1,418,065	1,422,729	-	0.3
Imports	$ 000	652,215	712,050	-	8.4
Active Balance of Trade	$ 000	+ 765,850	+ 710,679	+	7.8
Net Exports of Non-Monetary Gold	$ 000,000	44.3	49.1	-	9.8
Railways - Tons carried 1 mile (4 months) 2 Rlys.	000,000 tons	17,835	18,965	-	6.0
Carloadings	No.	1,445,713	1,475,903	-	2.0
Gross Revenue C.N.R. (Can. Lines)	$	153,022,800	155,121,200	-	1.4
Gross Revenue C.P.R.	$	127,109,669	128,283,785	-	0.9
Employment - Unadjusted -					
General Index	1926 = 100	178.0	181.9	-	2.1
Manufacturing		213.1	225.8	-	5.6
Logging		281.7	241.2	+	16.8
Mining		148.8	157.9	-	5.8
Construction		96.6	90.2	+	7.1
Building		84.1	94.2	-	10.7
Highway		101.9	93.5	+	9.0
Trade		172.3	161.6	+	6.6
Banking -					
Deposits (Notice and Demand (5 months' average)	$ 000	4,538,585	3,942,172	+	15.0
Current Loans	$ 000	1,114,677	981,598	+	13.6
Circulating Media	$ 000,000	997.9	868.0	+	15.0
Cash and Cheque Payments(5 months' Total)	$ 000,000	37,476	34,984	+	7.1
Dominion Finance - April to May -					
Total Revenues	$	432,635,388	447,586,289	-	3.3
Ordinary Expenditures	$	118,556,254	103,565,120	+	14.5
War Expenditures	$	305,649,403	398,055,104	-	23.2
United Nations Mutual Aid	$	225,934,443	68,920,867	+	227.8
National Income(Tentative Computation)	$ 000,000	3,613	3,712	-	2.5

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