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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 FIRST SEVEN MONTHS OF 1945
COMPARED WITH THE SAME PERIOD OF THE PRECEDING YEAR

Six factors indicating the trend of economic conditions averaged higher in the first seven months of 1945 than in the same period of the preceding year. The advance was mainly due to increases in deposit liabilities of the chartered banks and in the speculative factors consisting of the prices of common stocks and the volume of speculative trading. Dominion bond and wholesale prices were also at somewhat higher levels. Business operations, on the other hand, receded to a lower position, a downward trend having been shown since the early months of 1944.

The index of the physical volume of business averaged 222.1 in the first seven months of 1945, a decline of nearly 8 p.c. from the same period of last year. In the same comparison, the general index of employment averaged 2.6 p.c. lower at 177.2. Advances were shown in the cost-of-living and in commodity prices at wholesale but the increases were of minor proportions. The index of wholesale prices averaged 103.2 against 102.7, an increase of one half p.c.

A somewhat lower level of salaries and wages paid by industrial concerns was indicated by the statistics of aggregate payrolls at midyear 1945 compared with the same period of last year. The index was 143.9 compared with 147.0 in the same week of 1944. The aggregate weekly payrolls at the first of each month from January to July were 0.4 p.c. less than in 1944.

The payment of dividends, according to unofficial sources, was at a lower level, the decline having been nearly 1 p.c. Interest of payments by the Dominion government amounted to \$118.5 million in the first four months of the present fiscal year compared with \$109.9 million in the same period of last year.

The operations of the construction industry constitute one of the important factors in investment expenditure. Contracts awarded rose 22.3 p.c. over the first seven months of 1944, while building permits in 58 municipalities at \$70.9 million recorded an advance of 23.7 p.c. The index of employment in the construction industry averaged 99.8, an increase of 5.4 p.c. over the same period of 1944. The aggregate of contracts awarded was greater than at any similar period since 1941.

The output of steel ingots, indicating the trend of production of producers' durables and munitions, rose from 1.7 million short tons to 1.8 million, a gain of 4.5 p.c. Pig iron production, on the other hand, showed a decline of 2 p.c., the total in the first seven months having been 1,092,000 tons.

Canada's merchandise export trade in the first seven months was featured by a sharp reduction in the export of commodities classified as war materials. The export trade amounted to \$2,031 million in the first seven months against \$2,050 million in the same period of last year, a decline of less than 1 p.c. The decline in imports was 7.5 p.c., resulting in a considerable gain in the active balance of trade. The net exports of non-monetary gold amounted to \$57 million against \$66.6 million in the same period of last year.

Net sales of securities to all countries in the first half of the year amounted to \$99 million compared with \$59.8 million in the first half of last year. The sales aggregate was \$197.9 million during the first six months compared with \$113.4 million in the first half of 1944 while the purchases were \$98.9 million compared with \$53.6 million.

Retail sales in the first six months were somewhat greater than in the same period of 1944. The increase in sales from wholesale outlets showed a relatively greater improvement. The index averaged 195.4 against 179.6.

Dominion government ordinary expenditures were \$302.2 million in the first four months of the present fiscal year compared with nearly \$240 million. Special expenditures, on the other hand, receded from \$1,193 million to \$1,161 million. War expenditures dropped from about \$951 million to \$664 million.

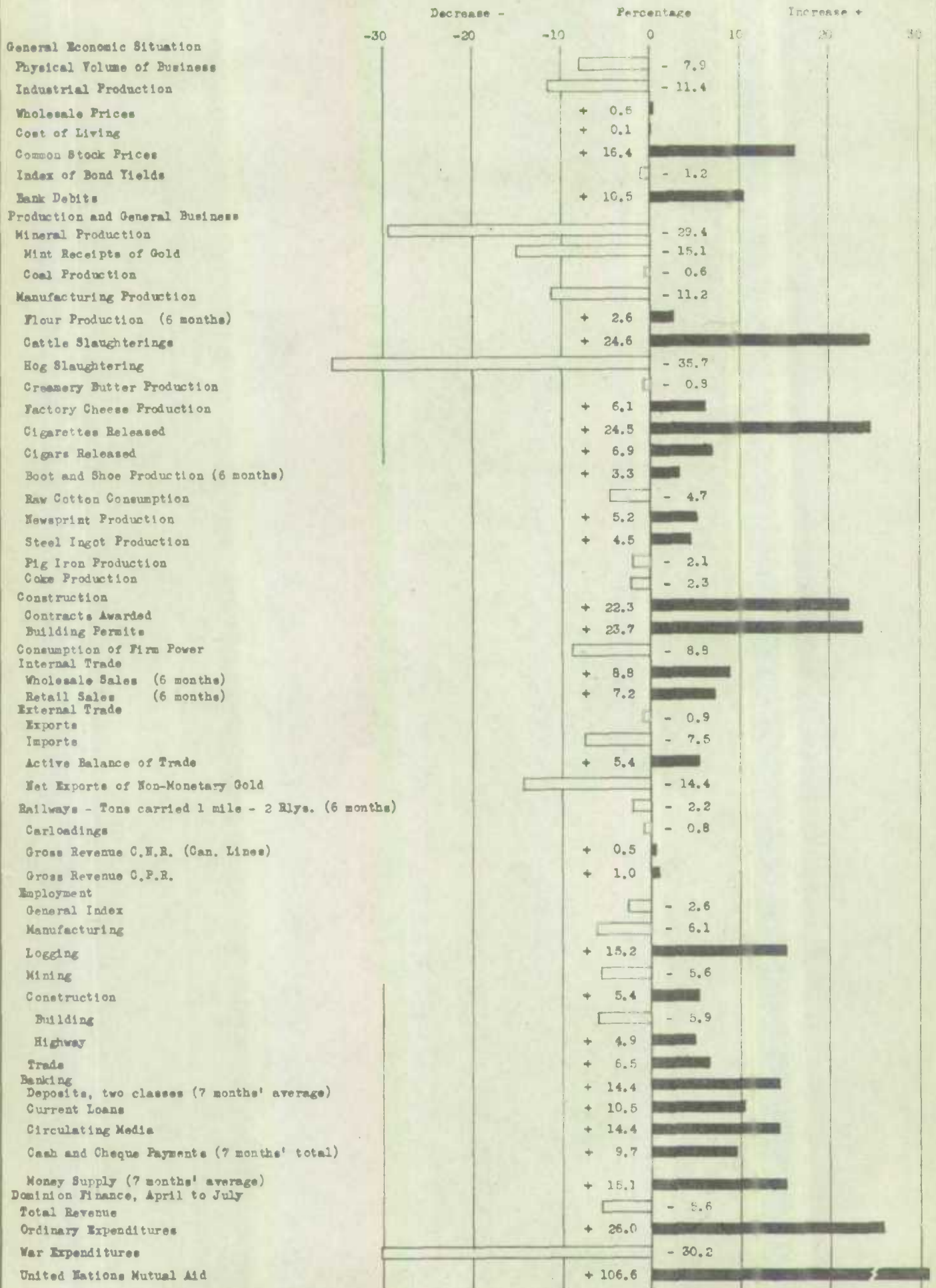
The slaughtering of cattle amounted to 1,348,000 head in the first seven months, a gain of 24.6 p.c. over the same period of last year.

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THE ECONOMIC SITUATION IN CANADA

for the First Seven Months of 1945

as compared with the same period of last year.



Dominion Bureau of Statistics

Twenty-four items recorded declines, while thirty showed increases.

Item	Description	Value	Unit
1	Item 1	100	kg
2	Item 2	200	kg
3	Item 3	300	kg
4	Item 4	400	kg
5	Item 5	500	kg
6	Item 6	600	kg
7	Item 7	700	kg
8	Item 8	800	kg
9	Item 9	900	kg
10	Item 10	1000	kg
11	Item 11	1100	kg
12	Item 12	1200	kg
13	Item 13	1300	kg
14	Item 14	1400	kg
15	Item 15	1500	kg
16	Item 16	1600	kg
17	Item 17	1700	kg
18	Item 18	1800	kg
19	Item 19	1900	kg
20	Item 20	2000	kg
21	Item 21	2100	kg
22	Item 22	2200	kg
23	Item 23	2300	kg
24	Item 24	2400	kg
25	Item 25	2500	kg
26	Item 26	2600	kg
27	Item 27	2700	kg
28	Item 28	2800	kg
29	Item 29	2900	kg
30	Item 30	3000	kg
31	Item 31	3100	kg
32	Item 32	3200	kg
33	Item 33	3300	kg
34	Item 34	3400	kg
35	Item 35	3500	kg
36	Item 36	3600	kg
37	Item 37	3700	kg
38	Item 38	3800	kg
39	Item 39	3900	kg
40	Item 40	4000	kg
41	Item 41	4100	kg
42	Item 42	4200	kg
43	Item 43	4300	kg
44	Item 44	4400	kg
45	Item 45	4500	kg
46	Item 46	4600	kg
47	Item 47	4700	kg
48	Item 48	4800	kg
49	Item 49	4900	kg
50	Item 50	5000	kg

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

	Unit or Base Period	First Seven Months		Per cent Increase + Decrease -
		1945	1944	
<u>General Economic Situation</u>				
Index of Physical Volume of Business	1935-39=100	222.1	241.2	- 7.9
Index of Industrial Production	1935-39=100	241.5	272.7	- 11.4
Wholesale Prices	1926 = 100	103.2	102.7	+ 0.5
Cost of Living	1935-39=100	119.1	119.0	+ 0.1
Index of Common Stock Prices	1935-39=100	95.7	82.2	+ 16.4
Index of Bond Yields	1935-39=100	96.0	97.2	- 1.2
Bank Debits	\$ 000	38,086,305	34,459,801	+ 10.5
<u>Production and General Business</u>				
Mineral Production	1935-39=100	171.9	243.6	- 29.4
Gold Receipts at Mint	Fine ozs.	1,468,168	1,729,610	- 15.1
Coal Production	Tons	9,497,542	9,557,982	- 0.6
Manufacturing Production	1935-39=100	263.4	296.7	- 11.2
Flour Production (6 months)	Bbls.	12,489,078	12,177,355	+ 2.6
Cattle Slaughtering	No.	1,347,698	1,081,707	+ 24.6
Hog Slaughtering	No.	3,642,994	5,668,875	- 35.7
Creamery Butter Production	Lbs.	175,745,061	177,166,534	- 0.8
Factory Cheese Production	Lbs.	101,578,639	95,746,100	+ 6.1
Cigarettes released	No.	7,979,604,365	6,408,873,950	+ 24.5
Cigars released	No.	120,869,377	113,059,882	+ 6.9
Leather Boots and Shoes (6 months)	Pairs	15,882,000	15,371,778	+ 3.3
Raw cotton consumption	Lbs.	91,722,381	96,230,605	- 4.7
Paper and Lumber -				
Newsprint Production	Tons	1,815,153	1,724,845	+ 5.2
Iron and Steel -				
Steel Ingot Production	Short Ton	1,824,779	1,747,001	+ 4.5
Pig Iron Production	Short Ton	1,092,350	1,115,527	- 2.1
Coke Production	Short Ton	2,308,898	2,362,848	- 2.3
Construction -				
Contracts awarded	\$	226,244,600	184,965,800	+ 22.3
Building Permits (58 municipalities)	\$	70,948,608	57,331,834	+ 23.7
Consumption of firm power	000 K.W.H.	19,018,695	20,847,374	- 8.8
Internal Trade -				
Wholesale Sales (6 months)	1935-39=100	195.4	179.6	+ 8.8
Retail Sales (6 months)	1935-39=100	172.8	161.2	+ 7.2
External Trade -				
Exports	\$ 000	2,031,254	2,050,499	- 0.9
Imports	\$ 000	937,376	1,012,981	- 7.5
Active Balance of Trade	\$ 000	+ 1,093,878	+ 1,037,518	+ 5.4
Net Exports of Non-Monetary Gold	\$000,000	57.0	66.6	- 14.4
Railways - Tons carried 1 mile (6 months) 2 Rlys.	000,000 tons	28,398	29,029	- 2.2
Carloadings	No.	2,072,863	2,089,800	- 0.8
Gross Revenue C.N.R. (Can. Lines)	\$	223,895,000	222,681,600	+ 0.5
Gross Revenue C.P.R.	\$	184,428,070	182,603,963	+ 1.0
Employment - Unadjusted -				
General Index	1926 = 100	177.2	181.9	- 2.6
Manufacturing		211.6	225.4	- 6.1
Logging		256.3	222.4	+ 15.2
Mining		147.8	156.5	- 5.6
Construction		99.8	94.7	+ 5.4
Building		87.1	92.6	- 5.9
Highway		112.6	107.3	+ 4.9
Trade		172.0	161.5	+ 6.5
Banking -				
Deposits (Notice and Demand) (7 months' average)	\$000	4,553,020	3,979,940	+ 14.4
Current Loans	\$000	1,104,079	998,982	+ 10.5
Circulating Media	\$000,000	1007.0	880.4	+ 14.4
Cash and Cheque Payments (7 months' Total)	\$000,000	53,683	48,958	+ 9.7
Money Supply (7 months' average)	\$000,000	6,317	5,487	+ 15.1
Dominion Finance - April to July -				
Total Revenues	\$	885,872,682	938,231,534	- 5.6
Ordinary Expenditures	\$	302,245,735	239,962,097	+ 26.0
War Expenditures	\$	663,945,468	951,114,027	- 30.2
United Nations Mutual Aid	\$	495,874,298	239,969,531	+ 106.6

Twenty-four items recorded declines, while thirty showed increases.

* Excludes temporary advances totalling \$298,764,859 made to Mutual Aid Board.



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