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ECONOMIC CONDITIONS IN CANADA

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ECONOMIC CONDITIONS IN CANADA DURING JANUARY, 1946 COMPARED WITH
THE SAME MONTH OF THE PRECEDING YEAR

The average of six major factors indicating the trend of economic conditions rose to a higher level in January than in any other month. The index of the physical volume of business was the only factor showing a decline from the same month of 1945. The general level of wholesale prices has been remarkably steady since the later months of 1943. The index in January was 1.1 p.c. higher than in the same month one year ago. Speculative factors rose to a high position in the first month of the year. The index of common stock prices was 123.5 compared with 89.4, a gain of 38.1 p.c. The percentage increase in the number of shares traded on the Montreal Exchange was considerably greater than that of common stock prices. Bond prices rose sharply in December and January, the index on the base of 1935-39 rising from 103.4 in January, 1945 to 111.1 in the month under review. The sum of the four main classes of bank deposits rose sharply from the outbreak of hostilities in September, 1939 to the present time. The total at the end of December was \$5.9 billion against \$5.1 billion on the same date of the preceding year, a gain of 15.7 p.c.

The prosperity of Canada depends upon the amount of expenditures of different kinds. The new business obtained by the construction industry rose to a high level in the first month of the year. The gain in contracts awarded was 134 p.c. while building permits showed an increase of 172 p.c. Owing to the shortage of materials, the operations of the construction industry have not expanded to the same extent as the contracts placed. The index of employment in building construction, however, showed an increase from 87 to 121.5, a gain of more than 39 p.c.

An impression of the production of producers' durables and munitions may be obtained from the statistics of the output of steel ingots and pig iron. Steel ingot production in January amounted to 244,623 short tons compared with 268,722 in the same month of 1945, a decline of 9 p.c. Pig iron production showed a drop of 7.9 p.c., the total in January having been 143,685 tons. The index of employment in industries engaged in the production of durable goods receded from 251 to 186, the decline amounting to nearly 26 p.c.

Purchases of consumers' goods at retail outlets recorded an increase of 7.8 p.c. in December over the same month of 1944. Wholesale sales during the same month recorded a gain of no less than 14.5 p.c. Owing to the drop in the outward shipments of war materials, exports showed a considerable decline in the first month of the year. The total was \$191 million against \$234 million, a decline of 18 p.c. Imports, on the other hand, rose from \$130 million to \$140 million. The active balance of trade, exclusive of gold, showed a considerable decline. The net exports of non-monetary gold which had been \$8.7 million in January, 1945 rose to \$9.3 million in the first month of the present year.

The ordinary expenditures of the Dominion government from April to the end of January rose 60 p.c. to \$952 million. War expenditure, on the other hand, receded from \$2.7 billion to \$1.6 billion, the decline having been nearly 42 p.c. The United Nations Mutual Aid showed a gain of 11.8 p.c. in the same comparison. The revenues of the Dominion government were relatively well maintained, the total having been \$2,101 million against \$2,183 million, an indicated decline of 5.8 p.c.

Purchasing Power

The index of aggregate weekly payrolls in the nine main groups of the Canadian economy recorded a decline from 137.6 at the first of January to 128.1 on the same date of this year. During the same interval the average weekly earnings dropped from \$30.18 to \$30.02. The percentage decline in general employment, as indicated by the index on the base of 1926, was 6.9, the standing this year having been 167.9. Advances, however, were recorded in a number of important groups including logging, transportation, communication, services, trade and finance.

Dividend payments, according to an unofficial source, rose from \$22,980,000 to \$27,086,000, the increase amounting to nearly 18 p.c. Dominion government interest payments from April to the end of January showed an increase of 18.3 p.c., the total in the first ten months of the present fiscal year having been \$318 million. A matter of consideration to recent purchasers of high grade bonds is the marked decline in yields. The index of bond yields based upon a Dominion issue receded from 96.7 in January last year to 90.0, a decline of 6.9 p.c.

Production

The index of the physical volume of business dropped from 228.8 in January, 1945 to 195.4, a decline of 14.6 p.c. Employment in the mining industry, on the other hand, showed a slight increase, indicating that operations are expanding in the current period. Gold receipts at the Mint rose 6.7 p.c. and coal production was 8 p.c. greater. According to latest available statistics, the output of copper, nickel, lead and zinc has shown reduction from the relatively high levels one year ago.

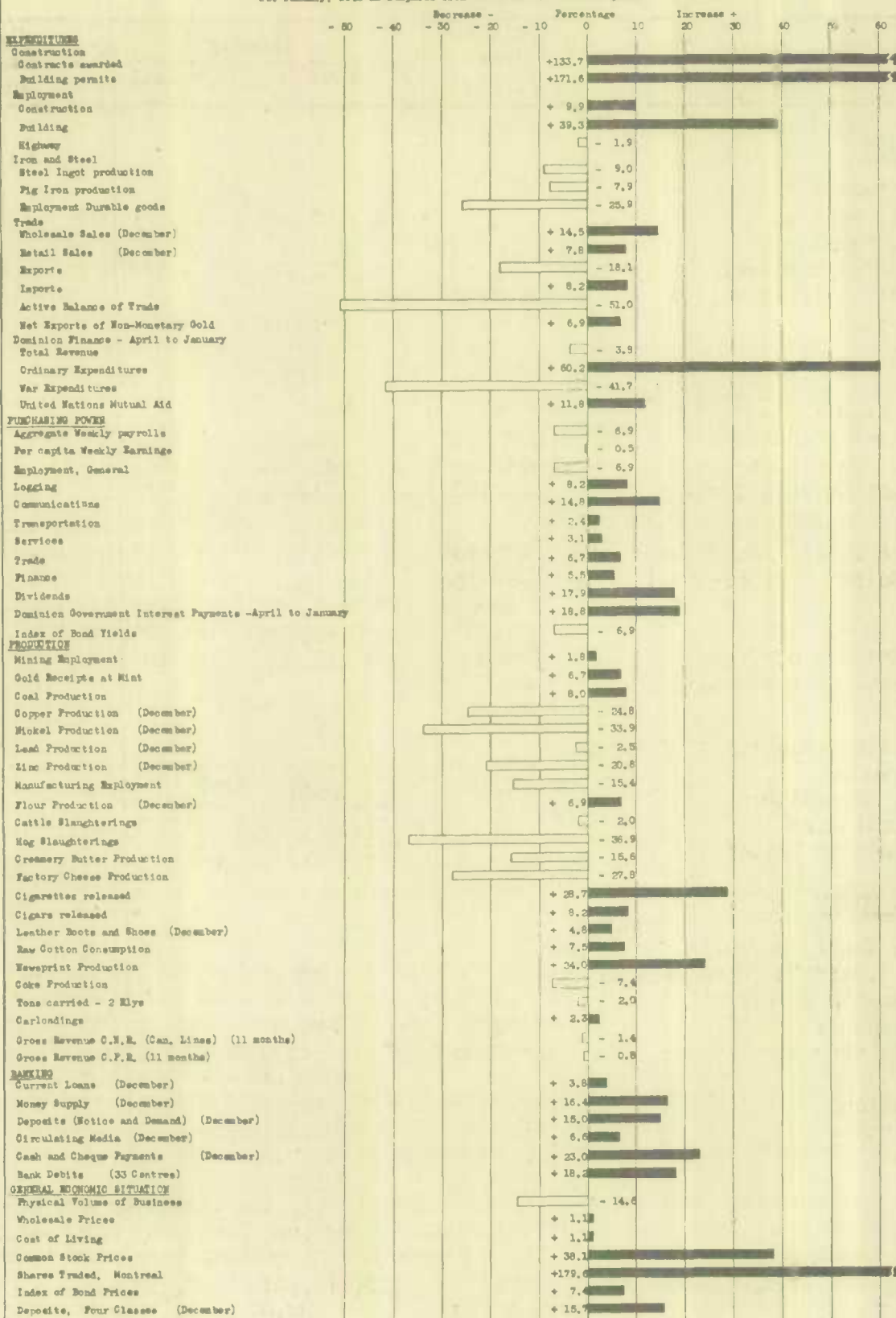
The employment in manufacturing plants, due to the decline in war production, dropped 15.4 p.c., the index on the base of 1926 having been 179.9. Declines were shown in the operations of the meat packing and dairy industries. The tobacco industry was more active as measured by the release of cigarettes and cigars. The leather boot and shoe industry was slightly more active in the latest available month. Newsprint production showed marked expansion in the first month of the year. The consumption of raw cotton indicates somewhat greater activity in the textile industry.

Carloadings were at a slightly higher level, the amount in the first month of the year having been 287,439 against 279,943. The gross revenues of the two main railways during the first eleven months of 1945 were at a somewhat lower level than in the preceding year.

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THE ECONOMIC SITUATION IN CANADA

for January, 1946 as compared with the same month of last year.



Dominion Bureau of Statistics.

Twenty-six items recorded declines, while forty showed increases.

Table 1. - Statistics Illustrating the Economic Situation of Canada for January, 1946, compared with the same month of last year.

	Unit or Base Period	January		Per cent Increase + Decrease -
		1946	1945	
EXPENDITURES				
Construction -				
Contracts awarded	\$	27,395,600	11,721,900	+ 133.7
Building Permits (58 Municipalities)	\$	11,762,072	4,330,072	+ 171.6
Employment - (Unadjusted)	1926=100			
Construction		107.9	98.2	+ 9.9
Building		121.5	87.2	+ 39.3
Highway		113.6	115.8	- 1.9
Iron and Steel				
Steel Ingot Production	Short Ton	244,623	268,722	- 9.0
Pig Iron Production	Short Ton	143,685	155,969	- 7.9
Employment Durable goods	1926=100	186.1	251.3	- 25.9
Trade				
Wholesale Sales (December)	1935-39=100	195.6	170.8	+ 14.5
Retail Sales (December)	1935-39=100	255.7	237.1	+ 7.8
Exports	\$ '000	191,344	233,862	- 18.1
Imports	\$ '000	140,309	129,685	+ 8.2
Active Balance of Trade	\$ '000	+ 51,035	+ 104,177	- 51.0
Net Exports of Non-Monetary Gold	\$ '000,000	9.3	8.7	+ 6.9
Dominion Finance, April to January				
Total Revenue	\$	2,100,518,052	2,182,864,767	- 3.8
Ordinary Expenditures	\$	952,069,191	594,294,401	+ 60.2
War Expenditures	\$	1,576,381,637	2,703,751,707	- 41.7
United Nations Mutual Aid	\$	759,138,845	679,346,574	+ 11.8
PURCHASING POWER				
Aggregate Weekly Payrolls				
June 1, 1941=100 (Nine Groups)		128.1	137.6	- 6.9
Average Weekly Earnings (Nine Groups)	\$	30.02	30.18	- 0.5
Employment General	1926=100	167.9	180.4	- 6.9
Logging		338.8	313.0	+ 8.2
Communications		127.1	110.7	+ 14.8
Transportation		125.2	122.3	+ 2.4
Services		207.3	201.1	+ 3.1
Trade		192.9	180.8	+ 6.7
Finance		135.5	128.4	+ 5.5
Dividends	\$	27,085,896	22,980,207	+ 17.9
Dominion Government Interest Payments (April to January)	\$	318,212,667	267,937,978	+ 18.8
Index of Bond Yields	1935-39=100	90.0	96.7	- 6.9

Table 1. - Statistics Illustrating the Economic Situation of Canada for January, 1946, compared with the same month of last year. - Concluded.

	Unit or Base Period	January		Per cent Increase + Decrease -
		1946	1945	
PRODUCTION				
Mining Employment	1926=100	149.1	146.4	+ 1.8
Gold Receipts at Mint	Fine ozs.	248,308	232,647	+ 6.7
Coal Production	Tons	1,816,640	1,881,613	+ 8.0
Copper Production (December)	000 lbs.	34,473	45,824	- 24.8
Nickel Production (December)	000 lbs.	14,398	21,768	- 33.9
Lead Production (December)	000 lbs.	34,476	35,347	- 2.5
Zinc Production (December)	000 lbs.	40,213	50,769	- 20.8
Manufacturing Employment	1926=100	179.9	212.7	- 15.4
Flour Production (December)	Bbls.	2,168,751	2,029,530	+ 6.9
Cattle Slaughtering	No.	189,225	193,121	- 2.0
Hog Slaughtering	No.	477,592	756,446	- 36.9
Creamery Butter Production	Lbs.	9,639,678	11,421,403	- 15.6
Factory Cheese Production	Lbs.	1,844,984	2,556,720	- 27.8
Cigarettes Released	No.	1,491,168,855	1,159,075,428	+ 28.7
Cigars Released	No.	17,904,565	16,553,214	+ 8.2
Leather Boots and Shoes (December)	Pairs	2,308,515	2,203,293	+ 4.8
Raw Cotton Consumption	Lbs.	14,105,993	13,127,147	+ 7.5
Newsprint Production	Tons	328,414	264,766	+ 24.0
Coke Production	Short Ton	315,923	340,992	- 7.4
Tons Carried 2 Rlys (11 months)	000 Tons	113,289	115,547	- 2.0
Carloadings	No.	287,439	279,943	+ 2.3
Gross Revenue C.N.R. (Can. Lines) (11 months)	\$	351,940,800	356,987,300	- 1.4
Gross Revenue C.P.R. (11 months)	\$	292,326,341	294,689,892	- 0.8
BANKING				
Current Loans (December)	\$ 000	1,227,065	1,182,188	+ 3.8
Money Supply (December)	\$ 000,000	7,179	6,168	+ 16.4
Deposits (Notice and Demand) (December)	\$ 000	4,928,250	4,285,298	+ 15.0
Circulating Media (December)	\$ 000,000	1,055.0	990.1	+ 6.6
Cash and Cheque Payments (December)	\$ 000,000	8,666	7,048	+ 23.0
Bank Debits (33 Centres)	\$ 000	5,990,656	5,069,995	+ 18.2
GENERAL ECONOMIC SITUATION				
Index of Physical Volume of Business	1935-39=100	195.4	228.8	- 14.6
Wholesale Prices	1935-39=100	134.8	133.3	+ 1.1
Cost of Living	1935-39=100	119.9	118.6	+ 1.1
Index of Common Stock Prices	1935-39=100	123.5	89.4	+ 38.1
Index of Shares Traded, Montreal	1935-39=100	252.8	90.4	+ 179.6
Index of Bond Prices	1935-39=100	111.1	103.4	+ 7.4
Deposits Four Classes (December) (Dom. Prov. Demand and Notice)	\$ 000	5,941,437	5,136,845	+ 15.7

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