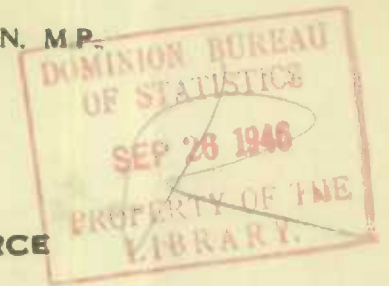


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CANADA

DEPARTMENT OF TRADE AND COMMERCE

DOMINION BUREAU OF STATISTICS

BUSINESS STATISTICS BRANCH

ECONOMIC CONDITIONS IN CANADA

DURING THE FIRST SEVEN MONTHS OF 1946



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**ECONOMIC CONDITIONS IN CANADA DURING THE FIRST SEVEN MONTHS OF 1946
COMPARED WITH THE SAME PERIOD OF THE PRECEDING YEAR**

A majority of the representative factors indicating the trend of economic conditions rose to a higher position during the first seven months of 1946 than during the same period of the preceding year. The index of wholesale prices rose 3.6 per cent to a new high point since the early 1920's. A moderate increase was also shown in the index of the cost of living which averaged slightly more than 2 per cent higher than in the first seven months of 1945. The index of bond prices based upon a Dominion issue rose 12.2 per cent from 104.2 to 116.9. The sum of the four classes of deposits averaged \$5.8 billion during the first seven months of the present year, an increase of 11.5 per cent. Due mainly to the discontinuance of war production, productive activity was at a somewhat lower level than in the early part of last year. The index of the physical volume of business was 16 per cent lower.

Considerable adversity was shown in the fluctuation in factors indicating the production levels of mining, manufacturing and transport. An advance was shown in the operations of the gold mining industry. Gold receipts at the Mint at 1.6 million fine ounces were nearly 10 per cent greater than in the same period of 1945. The increase in coal production was 6.5 per cent, the output during the first seven months having been 10.2 million tons. Lead production during the first six months was more than 14 per cent greater, while declines were shown in the output of copper, nickel and zinc. The index of the number of employees in the mining industry averaged 4.3 per cent greater. The index on the base of 1926 was 154.2 against 147.8.

A number of the manufacturing industries showed an increase in production during the first seven months of the present year, especially in activities concerned with non-durable goods. Wheat flour production rose to 13.5 million barrels, an increase of 8.3 per cent. The meat-packing industry was less active than in the first seven months of 1945, considerable decline having been shown in hog slaughtering. The output of factory cheese was 21 per cent less, while the decline in creamery butter production was nearly 7 per cent. The output of cheese and butter during the first seven months was 81.9 and 164.4 million pounds, respectively. The operations of the tobacco industry according to releases from bond was more active this year. Cigarettes made available numbered 8,131 million as compared with 7,980 million. The increase in the release of cigars was 5.3 per cent.

The output of leather boots and shoes during the first six months was 14 per cent greater than in the same period of last year. The total was 18.1 million pairs against 15.9 million. Despite the strike situation the cotton industry was slightly more active this year. The raw cotton opened for consumption was 92.0 million pounds against 91.8 million. The activity of the wood and paper group showed marked acceleration since the first of the year. The production of newsprint rose 30 per cent to 2.4 million tons. Coke production dropped from 2.3 million tons to slightly more than 2 million, a decline of 13 per cent.

A recession was shown in the railway freight traffic in the first seven months of this year. The decline in the tonnage was greater than in the number of cars loaded. Tons of freight loaded by the railways declined from 59.9 million tons to 55.2 million, a drop of 7.8 per cent. Carloadings in the same comparison receded from 2,076,760 to 2,026,858, a decline of 2.4 per cent. The decline in the revenue of each of the two main railways was relatively greater than the decline in the traffic. The gross revenue on the internal lines of the Canadian National receded 13 per cent to \$194.6 million. The revenue of the Canadian Pacific dropped 10.8 per cent to \$164.6 million.

The new business obtained by the construction industry recorded a marked advance in the first seven months of the present year reflecting the demand for housing and other classes of buildings. The increase in contracts awarded was more than 81 per cent to \$410.3 million. Building permits in fifty-eight municipalities showed an even greater relative increase at 134.8 per cent. The total in the first seven months of the present year was \$167.3 million. While shortage of raw materials and skilled labour retarded actual operations on these contracts, the indexes of employment indicated a considerable expansion. The general index number for the industry rose 18.6 per cent to 115.0. The employment in the building section rose nearly 50 per cent, while highway construction was 14.4 per cent greater.

The operations of the iron and steel industry are indicative of the production of munitions and durable goods. The activity in primary iron and steel was curtailed by the recent strikes. The output of steel ingots and castings was 1,585,553 tons against 1,824,779. The decline was 13.1 per cent, a drop of 13.9 per cent having been shown in the output of pig iron. An index of employment in plants engaged in the production of durable goods showed a decline of nearly 23 per cent. The index on the base of 1926 averaged 191.5 against 248.5 in the preceding year.

Canadian production is dependent to a large extent upon the demand for consumer's goods in the internal market and upon the export trade. Retail sales rose 14 per cent in the first six months over the same period of 1945. The index on the base of 1935-39 rose from 172.9 to 197.1. The index of wholesale sales showed a somewhat greater increase at 19.5 per cent. Considerable decline was shown in exports during the first seven months of the present year. The total was \$1,265 million against \$2,031 million, a drop of 37.7 per cent. Imports on the other hand, showed an increase of 11 per cent. The total in the first seven months was \$1,041 million. The active balance of trade consequently dropped sharply in this comparison. Net exports of non-monetary gold, on the other hand, showed an increase of 5.8 per cent.

The grand total expenditures of the Dominion government from April to July of the present fiscal year dropped nearly 45 per cent as compared with the same period of 1945. The total was \$813,229,995 against \$1,472,920,008. Ordinary expenditures were at a higher level while the demobilization and reconversion expenditures dropped sharply. Disbursements under the United Nations Mutual Aid Act were discontinued in the present fiscal year. The total revenue of the Dominion government rose 5.7 per cent to \$937 million.

The decline in the payment of salaries and wages was held to moderate proportions. The index which had been 143.7 in the first seven months of 1945 receded to 136.8, a decline of 4.8 per cent. A slight decrease was also shown in the average weekly earnings which dropped from \$32.02 to \$31.92. The decline in employment in manufacturing plants was the main influence in reducing the general index of employment. The general indicator dropped from 177.2 to 169.1. The groups recording advances in the number of employees included logging, communications, transportation, trade and finance. Dividends paid during the first seven months, according to an unofficial source, rose from \$169.9 million to \$181.4 million. Dominion government interest payments from April to July were 1.4 per cent lower than in the same period of 1945. The index of Dominion bond yields declined from 96.0 to 85.6, a drop of 10.8 per cent.

The money supply including bank deposits subject to cheque, notes and coin in the hands of the public, showed an increase of 12.3 per cent in 1946 over the average for the first seven months of 1945. Security holdings rose 12.4 per cent at \$4.2 billion and current loans were 4.2 per cent greater at \$1,150 million. The increase in cheques cashed in thirty-three centres was limited to 5.2 per cent at slightly more than \$40 billion.

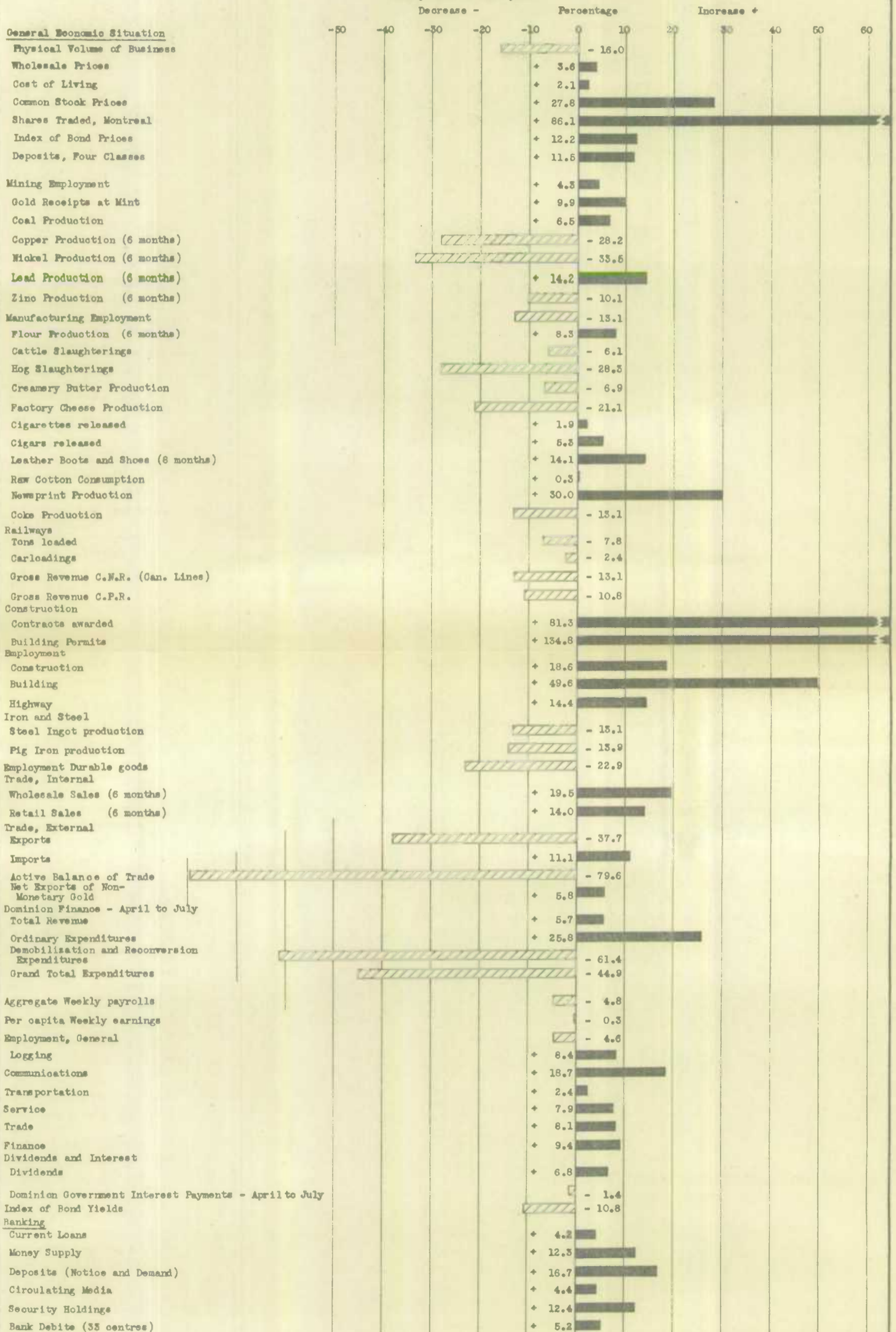
In the accompanying Table (1) twenty-six items recorded declines while forty showed increases.

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THE ECONOMIC SITUATION IN CANADA

For the first Seven Months of 1946 as compared with the same period 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 the First Seven Months of 1946, compared with the same period of last year.

	Unit or Base Period	1946	1945	Per cent Increase + Decrease -
GENERAL ECONOMIC SITUATION				
Index of Physical Volume of				
Business	1935-39=100	186.6	222.1	-16.0
Wholesale Prices	1935-39=100	139.1	134.3	+ 3.6
Cost of Living	1935-39=100	121.6	119.1	+ 2.1
Index of Common Stock Prices	1935-39=100	122.3	95.7	+27.8
Index of Shares Traded, Montreal ..	1935-39=100	208.4	112.0	+86.1
Index of Bond Prices	1935-39=100	116.9	104.2	+12.2
Deposits, Four Classes (Dom., Prov., Demand and Notice)	\$ '000	5,834,854	5,234,686	+11.5
Mining Employment	1926=100	154.2	147.8	+ 4.3
Gold Receipts at Mint	Fine ozs.	1,612,845	1,468,168	+ 9.9
Coal Production	Tons	10,173,410	9,554,780	+ 6.5
Copper Production (6 months) ...	'000 bls.	185,829	258,715	-28.2
Nickel Production (6 months) ...	'000 lbs.	90,353	135,800	-33.5
Lead Production (6 months) ...	'000 lbs.	187,676	164,275	+14.2
Zinc Production (6 months) ...	'000 lbs.	246,237	274,006	-10.1
Manufacturing Employment	1926=100	184.0	211.7	-13.1
Flour Production (6 months) ...	Bbls.	13,523,249	12,489,078	+ 8.3
Cattle Slaughtering	No.	1,265,979	1,347,698	- 6.1
Hog Slaughtering	No.	2,613,137	3,642,994	-28.3
Creamery Butter Production	Lbs.	164,388,377	176,606,415	- 6.9
Factory Cheese Production	Lbs.	81,905,494	103,830,815	-21.1
Cigarettes Released	No.	8,130,812,202	7,979,604,365	+ 1.9
Cigars Released	No.	127,216,617	120,869,377	+ 5.3
Leather Boots and Shoes (6 months)	Pairs	18,128,672	15,882,000	+14.1
Raw Cotton Consumption	Lbs.	92,012,799	91,772,381	+ 0.3
Newsprint Production	Tons	2,359,962	1,815,153	+30.0
Coke Production	Short Ton	2,007,159	2,308,898	-13.1
Railways				
Tons Loaded	'000 Tons	55,241	59,922	- 7.8
Carloadings	No.	2,026,858	2,076,760	- 2.4
Gross Revenue C.N.R. (Can. Lines)	\$	194,593,200	223,895,000	-13.1
Gross Revenue C.P.R.	\$	164,572,117	184,428,070	-10.8
Construction -				
Contracts awarded	\$	410,278,100	226,244,600	+81.3
Building Permits (58 Municipalities)	\$	167,259,499	71,245,053	+134.8
Employment - (Unadjusted)	1926=100			
Construction		115.0	97.0	+18.6
Building		130.3	87.1	+49.6
Highway		128.7	112.5	+14.4
Iron and Steel -				
Steel Ingot Production	Short Ton	1,585,553	1,824,779	-13.1
Pig Iron Production	Short Ton	940,495	1,092,350	-13.9
Employment Durable goods	1926=100	191.5	248.5	-22.9

Table 1. - Statistics Illustrating the Economic Situation of Canada for the First Seven Months of 1946, Compared with the same period of last year. Concluded.

	Unit or Base Period	First Seven Months		Per cent Increase + Decrease -
		1946	1945	
Trade				
Wholesale Sales (6 months)	1935-39=100	233.6	195.4	+19.5
Retail Sales (6 months)	1935-39=100	197.1	172.9	+14.0
Exports	\$ '000	1,265,185	2,031,254	-37.7
Imports	\$ '000	1,041,490	937,376	+11.1
Active Balance of Trade	\$ '000	+ 223,695	+1,093,878	-79.6
Net Exports of Non-Monetary Gold ..	\$ '000,000	60.3	57.0	+ 5.8
Dominion Finance, April to				
July Total Revenue	\$	937,214,056	886,536,855	+ 5.7
Ordinary Expenditures	\$	347,152,635	275,905,538	+25.8
Demobilisation and Reconversion Expenditures	\$	460,809,727	1,194,761,929	-61.4
United Nations Mutual Aid	\$	-	522,637,458	-
Grand Total Expenditures	\$	811,229,995	1,472,920,008	-44.9
Aggregate Weekly Payrolls				
June 1, 1941=100 (Nine Groups)		136.3	143.7	- 4.8
Average Weekly Earnings				
(Nine Groups)	\$	31.92	32.02	- 0.3
Employment General				
	1926=100	169.1	177.2	- 4.6
Logging		277.9	256.3	+ 8.4
Communication		134.1	113.0	+18.7
Transportation		125.1	122.2	+ 2.4
Services		217.8	201.8	+ 7.9
Trade		186.0	172.0	+ 8.1
Finance		140.9	128.8	+ 9.4
Dividends	\$	181,395,989	169,903,134	+ 6.8
Dominion Government Interest				
Payments (April to July)	\$	116,786,455	118,501,807	- 1.4
Index of Bond Yields	1935-39=100	85.6	96.0	-10.8
Banking -				
Current Loans	\$ '000	1,149,964	1,104,079	+ 4.2
Money Supply	\$ '000,000	7,091	6,317	+12.3
Deposits (Notice and Demand)	\$ '000	5,312,938	4,553,020	+15.7
Circulating Media	\$ '000,000	1,051.6	1,006.9	+ 4.4
Security Holdings	\$ '000	4,219,229	3,754,765	+12.4
Bank Debits (33 Centres)	\$ '000	40,051,331	38,086,305	+ 5.2

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

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