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Minister of Trade and Commerce



**CANADA**  
**DEPARTMENT OF TRADE AND COMMERCE**  
**DOMINION BUREAU OF STATISTICS**  
**BUSINESS STATISTICS BRANCH**

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**ECONOMIC CONDITIONS IN CANADA**  
**DURING THE FIRST EIGHT MONTHS OF 1946**



**OTTAWA**  
**1946**

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

A majority of the representative factors indicating the trend of economic conditions were at a considerably higher level in the first eight months over the same period of 1945. Due to the termination of war, productive operations receded to a lower level during the present year. Prices of commodities at wholesale and of common stocks averaged somewhat higher. The increase in wholesale prices was 3.8 per cent, while the index of common stock prices rose 26.5 per cent. The gain in the index of bond prices was slightly more than 12 per cent and the sum of the four classes of deposits with chartered banks rose to \$5.8 billion or 11.6 per cent. The money supply consisting of notes, coin and bank deposits subject to cheque, rose from \$6,322 million to \$7,095 million, the indicated gain having been 12.2 per cent.

**Production.-**

Greater activity was displayed in mining camps in the first eight months of the present year than in the same period of 1945. The index of employment on the base of 1926 rose nearly 5 per cent to 154.5. Measured by the receipts of the Mint, gold production recorded a considerable recovery. The receipts in the first eight months were 1.8 million fine ounces, a gain of 9 per cent. Owing to the difficulty of obtaining coal from mines in the United States, it is interesting to find that coal production in the first eight months rose 7.8 per cent over the same period of last year. The output was 11.6 million tons against 10.8 million in the comparable period. The output of lead in the first seven months rose 15.6 per cent. Nickel production showed a decline of about one-third, demands from other countries having been met to a certain extent from inventories. Copper production receded about 28 per cent to 217 million pounds, while demand for zinc was heavy, the production in Canada showed a decline of about 8 per cent, the total output having been about 286 million pounds.

**Manufacturing.-**

Considerable diversity was shown in the operations of the different industries in the manufacturing group. The output of the meat packing and of the dairy industry receded to lower levels. Slaughtering of cattle showed a decline of 3.5 per cent to 1.5 million. The decline in hogs was of much greater proportions. The slaughtering were 2.8 million, a decline of 28 per cent from the same period of 1945. The output of cheese dropped sharply, the total having been 103 million pounds against 132 million, a decline of 22 per cent. The output of creamery butter at 198 million pounds showed a decline of 7.6 per cent only. The flour milling industry on the other hand was more active. The output of wheat flour in the first seven months was 15.7 million barrels, a gain of 9.6 per cent over the same period of 1945. The release from bond of cigarettes and cigars recorded a moderate increase over the high levels of the first part of 1945. Cigarettes made available were 9,493 million as compared with 9,158 million, the increase having been 3.7 per cent. The release of cigars rose 6.2 per cent to 145 million.

The boot and shoe industry, responding to heavy demand, showed a marked expansion in production in the first seven months. The output of leather boots and shoes rose from nearly 17 million pairs to 20.5 million, a gain of no less than 20.6 per cent.

Openings of raw cotton from the beginning of the year to the end of August amounted to 241,382 bales, recording a slight decline from the same period of last year. While the cotton crop of the United States has been estimated at 9.2 million bales, the production will be augmented by the carry-over of about 7,500,000 bales from previous crops. The total supply will be about 16.7 million bales compared with a record of 24.6 million in 1939. The reserve at the end of the 1946 consumption year may be reduced to the smallest quantity since the late 1920's.

The production of newsprint showed further increase in August, the output during the first eight months having been 2.7 million tons. The increase over the same months of 1945 was nearly 30 per cent, the total for that period having been 2.1 million tons. The exports of planks and boards, suggestive of operations in the lumber industry were nearly 170 million board feet in August compared with 194 million in the same month of last year. The outward shipments have shown a decline in comparison with the same period of 1945. The production of saw mills, east of the Rockies for the first seven months of 1946 was 1,016 million board feet and shipments amounted to 910 million.

#### Railways.-

Railway traffic was at a somewhat lower level during the first eight months of the present year. Heavy grain and coal shipments will tend to raise the overall movement in the last quarter. Tons loaded in the first eight months amounted to 63.5 million compared with 69 million in the same period of 1945, the decline having been 8 per cent. Car-loadings, however, were only 1.6 per cent less. The total was 2,352,000 cars against 2,391,000. The gross revenue of the Canadian National Railways on internal lines receded 12.7 per cent, while the Canadian Pacific reduction was 10 per cent.

#### Construction.-

The new business obtained by the construction industry showed a marked betterment in the first eight months of the present year. Contracts awarded rose nearly 73 per cent to \$461 million. Building permits in fifty-eight municipalities were nearly 120 per cent greater at \$186 million. The considerable new business placed in the first eight months of the year and the record of employment indicates heavy operations. The construction industry was hampered in war times in meeting the demands of the expanded urban centres but with the removal of war-time restrictions a backlog of requirements has emerged constituting a harbinger of prosperous conditions for the industry during the post-war period. The index of employment in the construction and maintenance group rose 19.4 per cent, the building division having been 50.8 per cent greater.

The iron and steel industry occupies a strategic position, being called upon to supply producers' equipment and durable goods of many descriptions. The demand for the products of the industry has been heavy in the last eight months, but strikes have interfered with production schedules. Steel ingot production dropped 17.8 per cent to 1,684,000 tons. The production of pig iron was one-fifth less at 986,000 tons. Employment by producers of durable goods dropped 22.6 per cent, the standing of the index on the base of 1926 having been 191.3 during the first eight months of this year.

Although in the last eight months many lines of consumer's goods are in short supply, an upward trend was shown in consumer's purchases from retail stores. Retail sales in the first seven months rose more than 14 per cent, the index on the pre-war base having been 196.9. The increase in wholesale sales was of even greater proportions, the index at 235.7 rising 19.9 per cent over the first seven months of last year.

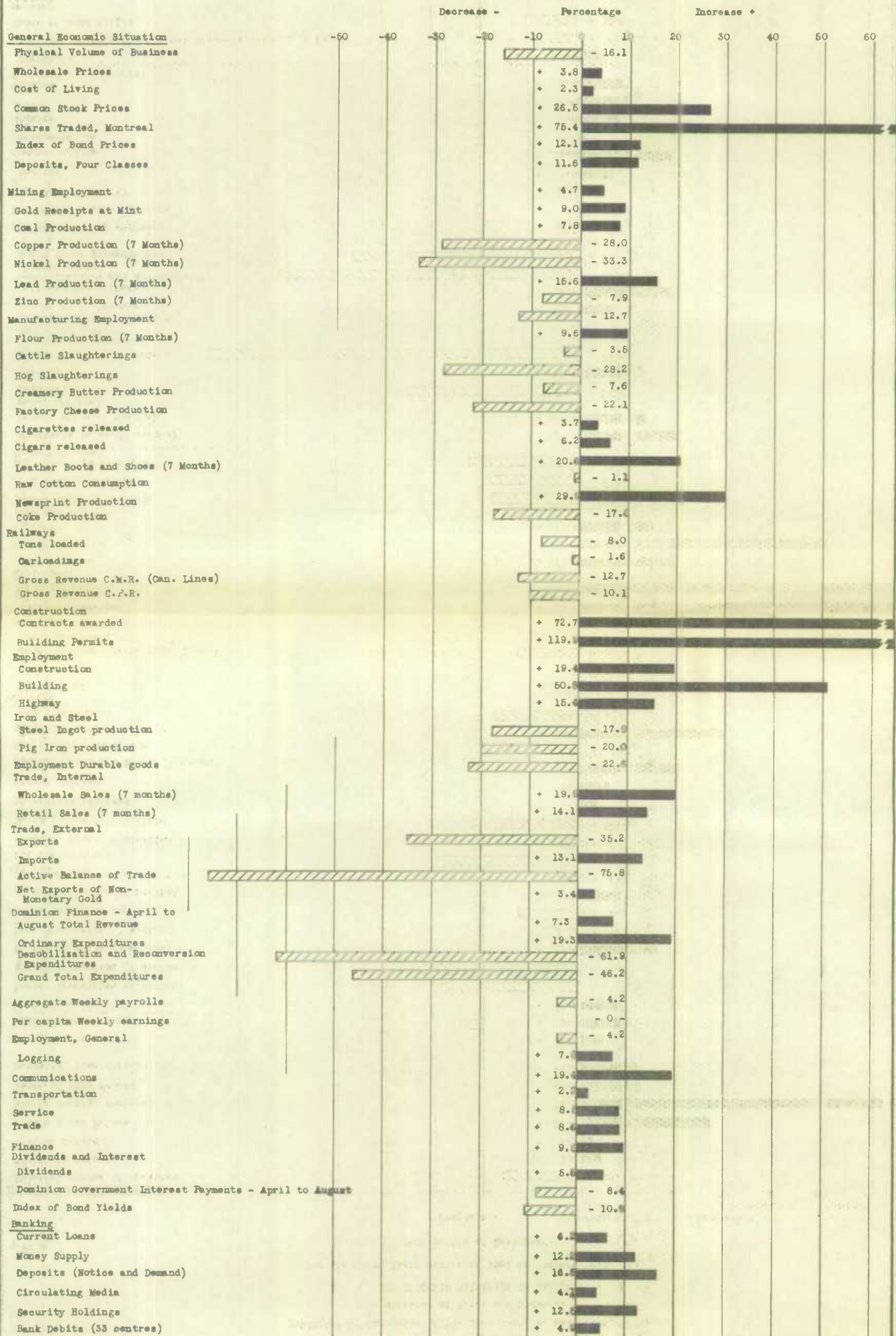
The external trade was characterized by a considerable decline in exports due to the discontinuance of the outward shipments of war supplies, although outward shipments during August were greater than in any other month in peace-time. Imports on the other hand recorded an appreciable increase over the war months of 1945. Exports were \$1,511 million, a decline of 35 per cent, while the imports rose 13 per cent to \$1,205 million. The active balance of trade consequently showed a marked decline at \$306 million. The net exports of non-monetary gold, not included in the statistics of the merchandise trade, were \$67.7 million in the period under review, an increase of 3.4 per cent.

The expenditures of the Dominion government receded from \$1,852 million in the first five months of the last fiscal year to \$996 million. The demobilization and reconversion expenditures showed a remarkable decline of nearly 62 per cent, while ordinary expenditures were more than 19 per cent greater. The total revenue in the period from April to August was \$1,148 million, an increase of 7.3 per cent.

Payroll data collected in connection with the survey of employment indicate the trend of salaries and wages over a large part of the Canadian economy. The aggregate weekly payrolls showed a decline of only 4.2 per cent from the high level of 1945. The average weekly earnings in the nine main groups were practically maintained. The decline in payrolls was due to the slightly lower level in general employment, the index of which, on the base of 1926, receded from 177 to 169.6. Increases were shown in mining, logging, communications, transportation, services, trade and finance, while the decline in manufacturing employment was 12.7 per cent.

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 Minister of Trade and Commerce  
**THE ECONOMIC SITUATION IN CANADA**  
 For the first Eight Months of 1946 as compared with the  
 same period of last year.



Dominion Bureau of Statistics

Twenty-six items recorded declines, while thirty-nine showed increases, and one was unchanged.

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Office of the Chief of Staff  
The War Department  
Washington, D. C.

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

	Unit or Base Period	First Eight Months		Per cent Increase + Decrease -
		1946	1945	
<b>GENERAL ECONOMIC SITUATION</b>				
Index of physical Volume of				
Business .....	1935-39=100	185.4	220.9	- 16.1
Wholesale Prices .....	1935-39=100	139.4	134.3	+ 3.8
Cost of Living .....	1935-39=100	122.1	119.3	+ 2.3
Index of Common Stock Prices .....	1935-39=100	121.7	96.2	+ 26.5
Index of Shares Traded, Montreal ..	1935-39=100	198.0	112.9	+ 75.4
Index of Bond Prices .....	1935-39=100	117.0	104.4	+ 12.1
Deposits, Four Classes (Dom., Prov., Demand and Notice) .....	\$ '000	5,842,007	5,233,987	+ 11.6
Mining Employment .....	1926=100	154.5	147.5	+ 4.7
Gold Receipts at Mint .....	Fine ozs.	1,828,703	1,677,182	+ 9.0
Coal Production .....	Tons	11,593,450	10,756,681	+ 7.8
Copper Production (7 months) .....	'000 lbs.	216,838	301,105	- 28.0
Nickel Production (7 months) .....	'000 lbs.	106,593	159,694	- 33.3
Lead Production (7 months) .....	'000 lbs.	219,335	189,781	+ 15.6
Zinc Production (7 months) .....	'000 lbs.	285,788	310,204	- 7.9
Manufacturing Employment .....	1926=100	184.0	210.7	- 12.7
Flour Production (7 months) .....	Bbls.	15,687,394	14,311,271	+ 9.6
Cattle Slaughtering .....	No.	1,501,711	1,555,915	- 3.5
Hog Slaughtering .....	No.	2,831,049	3,942,707	- 28.2
Creamery Butter Production .....	Lbs.	198,403,635	214,650,751	- 7.6
Factory Cheese Production .....	Lbs.	103,126,249	132,368,508	- 22.1
Cigarettes Released .....	No.	9,493,265,080	9,158,071,165	+ 3.7
Cigars Released .....	No.	144,627,426	136,236,887	+ 6.2
Leather Boots and Shoes (7 months)	Pairs	20,453,795	16,964,888	+ 20.6
Raw Cotton Consumption .....	Lbs.	103,146,257	104,317,851	- 1.1
Newsprint Production .....	Tons	2,730,638	2,102,181	+ 29.9
Coke Production .....	Short Ton	2,167,476	2,638,114	- 17.8
Railways				
Tons Loaded .....	'000 Tons	63,504	69,039	- 8.0
Carloadings .....	No.	2,352,099	2,390,536	- 1.6
Gross Revenue C.N.R. (Can. Lines).	\$	225,201,600	257,848,200	- 12.7
Gross Revenue C.P.R. ....	\$	189,979,067	211,400,577	- 10.1
Construction				
Contracts awarded .....	\$	460,692,400	266,775,500	+ 72.7
Building Permits (58 Municipalities) .....	\$	185,993,386	84,594,500	+ 119.9
Employment - (Unadjusted)				
Construction .....	1926=100	119.2	99.8	+ 19.4
Building .....		134.4	89.1	+ 50.8
Highway .....		136.3	118.1	+ 15.4
Iron and Steel				
Steel Ingot Production .....	Short Ton	1,684,569	2,049,707	- 17.8
Pig Iron Production .....	Short Ton	986,056	1,232,162	- 20.0
Employment Durable goods .....	1926=100	191.3	247.0	- 22.6

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

	Unit or Base Period	First Eight Months		Per Cent
		1946	1945	Increase + Decrease -
<b>Trade</b>				
Wholesale Sales (7 months) .....	1935-39=100	235.7	198.6	+ 19.9
Retail Sales (7 months) .....	1935-39=100	196.9	172.6	+ 14.1
Exports .....	\$ '000	1,511,179	2,331,885	- 35.2
Imports .....	\$ '000	1,204,714	1,065,510	+ 13.1
Active Balance of Trade .....	\$ '000	+ 306,465	+1,266,375	- 75.8
Net Exports of Non-Monetary Gold .	\$ '000,000	67.7	65.5	+ 3.4
<b>Dominion Finance, April to</b>				
August Total Revenue.....	\$	1,147,712,700	1,069,727,372	+ 7.3
Ordinary Expenditures .....	\$	422,703,828	354,425,527	+ 19.3
<b>Demobilisation and Reconversion</b>				
Expenditures .....	\$	569,065,840	1,494,242,246	- 61.9
United Nations Mutual Aid .....	\$	-	636,820,107	-
Grand Total Expenditures .....	\$	996,114,291	1,852,273,583	- 46.2
<b>Aggregate Weekly Payrolls</b>				
June 1, 1941=100 (Nine Groups) ..		137.6	143.6	- 4.2
<b>Average Weekly Earnings</b>				
(Nine Groups) .....	\$	32.03	32.04	-0-
Employment General .....	1296=100	169.6	177.0	- 4.2
Logging .....		266.6	247.2	+ 7.8
Communication .....		136.2	114.1	+ 19.4
Transportation .....		125.6	122.9	+ 2.2
Services .....		220.3	203.0	+ 8.5
Trade .....		186.6	171.9	+ 8.6
Finance .....		141.3	129.0	+ 9.5
Dividends .....	\$	192,067,486	182,007,572	+ 5.5
<b>Dominion Government Interest</b>				
Payments (April to August) .....	\$	140,614,788	153,432,323	- 8.4
Index of Bond Yields .....	1935-39=100	85.5	95.8	- 10.8
<b>Banking</b>				
Current Loans .....	\$ '000	1,157,432	1,089,561	+ 6.2
Money Supply .....	\$ '000,000	7,095	6,322	+ 12.2
Deposits (Notice and Demand) ....	\$ '000	5,350,562	4,591,325	+ 16.5
Circulating Media .....	\$ '000,000	1055.1	1013.5	+ 4.1
Security Holdings .....	\$ '000	4,233,212	3,764,791	+ 12.5
Bank Debits (33 Centres) .....	\$ '000	44,917,870	42,812,901	+ 4.9

Twenty-six items recorded declines, while thirty-nine showed increases, and one was unchanged.





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