

CANADA
DEPARTMENT OF TRADE AND COMMERCE
DOMINION BUREAU OF STATISTICS
GENERAL STATISTICS BRANCH



BUSINESS CONDITIONS IN CANADA

during the first ten months of 1934

compared with the

same period of 1933

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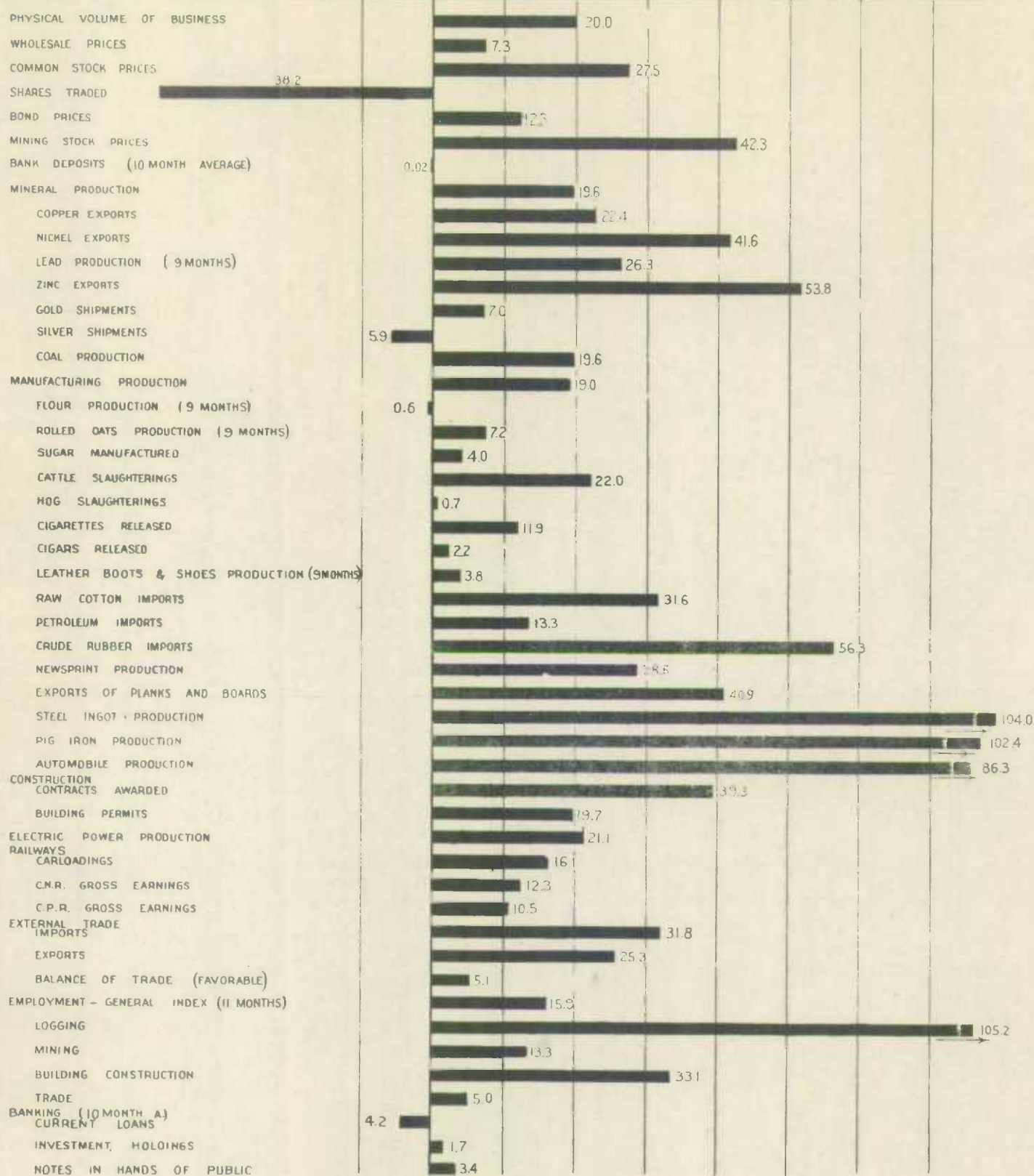
1934

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THE ECONOMIC SITUATION OF CANADA

FIRST TEN MONTHS OF 1934
COMPARED WITH
THE SAME PERIOD OF 1933

% DECREASE % INCREASE



DOMINION BUREAU OF STATISTICS, OTTAWA
GENERAL STATISTICS BRANCH

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BUSINESS CONDITIONS IN CANADA DURING THE FIRST TEN MONTHS OF 1934
COMPARED WITH THE SAME PERIOD OF LAST YEAR

Measured by the records of the first ten months, economic recovery in Canada characterized the year of 1934. The betterment of 1933 was unmistakably extended in the year now drawing to a close. Most of the major factors advanced in the present year to new high levels since the minima were reached during the worst phases of the depression in 1932 and the first quarter of 1933.

The trend of business operations is the most significant factor considered in this connection, reflecting the actual volume of production in a wide variety of industries. The business index expressed as a percentage of the base year of 1926 averaged 94.2 in the first ten months of 1934, compared with 78.5 in the same period of the preceding year. The gain of 20 per cent represents a marked advance over the levels of 1933, especially in view of the considerable betterment which took place during the later months of that year. Notwithstanding the rapidity of the gain in 1933, the trend continued strongly upward during the first four months of the present year, a process of consolidation being shown in the later period. The level has recently been not greatly below that of the base year of 1926, chosen as being the best representative of average conditions in the post-war period.

Another development of fundamental importance was the advance in high grade bond prices. The indexes of Dominion and Ontario Government bond prices moved up during the present year to the highest point since 1911. Prices reached in the early fall were at a maximum for twenty-three years. The average yield on Ontario Government bonds during the first ten months of 1934 was 4.18 per cent compared with 4.68 per cent in the same period of 1933. The average yield on four Dominion Government bonds was 4.00 per cent as against 4.51 per cent in the first ten months of last year. The decline in long term interest rates is a powerful incentive for investors to seek more profitable employment for surplus funds in productive enterprise. A condition of large surplus funds seeking investment and low interest rates is a prerequisite to general business recovery.

Wholesale prices were relatively stable during 1934, following the considerable advance during the preceding year. After dipping slightly below the pre-war level in the early months of 1933, a sharp recovery was staged from March to July. The level of 1934 was established at a somewhat higher position, fluctuations being within narrow limits at about 12 per cent above the pre-war average. The gain in the ten months average of the index was 7.3 per cent over the same period of 1933.

The close interconnection of various economic functions was shown in the recovery in common stock prices subsequent to the early months of 1933. A spectacular gain was made from March to July of last year. Further advance was shown during the first four months of 1934 followed by moderate reaction. The official common stock index averaged 85.7 in the first ten months of 1934 compared with 67.2 in the same period of 1933, a gain of 27.5 per cent. The index of mining stocks averaged 42.3 per cent higher in the same comparison.

Business Operations

From February, 1933 to May of the present year a marked advance took place in business operations, the standing being nearly maintained in the later part of 1934. The marked betterment of the last 20 months was due mainly to recovery in the industries which participated so fully in the prosperous period from 1922 to 1929. These include mining, newsprint, electric power and the automobile and allied industries.

Mineral Production

The index of mineral production averaged 19.6 per cent higher in the last ten months than in the same period of last year. Lead production and zinc exports showed gains of 26.3 per cent and 53.8 per cent, respectively, while copper and nickel exports were up 22.4 per cent and 41.6 per cent. Gold shipments from Canadian mines recorded a gain of 7.0 per cent, while silver receipts were down 5.9 per cent. The output of coal was 11,066,000 tons in the first ten months of 1934, a gain of 19.6 per cent.

Manufacturing

The increase in the index of manufacturing production over the first 10 months of 1933 was 19 per cent. The output of newsprint at 2,117,248 tons showed a gain of 28.6 per cent. The revival of external demand resulted in heavier exports of planks and boards, the gain being 40.9 per cent in this comparison.

The primary iron and steel industry showed marked recovery over the low level of the early months of 1933. The output of pig iron recorded a gain of 102.4 per cent, while the production of steel ingots was 104.0 per cent greater.

The automobile industry participated fully in the recovery of the last two years, the increase over the first ten months of 1933 being 86.3 per cent. Production amounted to 112,461 cars and trucks compared with 60,371 in the same period of last year. The gain in the imports of crude petroleum was 13.3 per cent, the total in the first ten months of 1934 being 903,500,000 gallons. The imports of crude rubber used in part for the manufacture of automobile tires recorded an increase of 56.3 per cent in the same comparison.

Construction

The new business obtained by the construction industry showed a considerable percentage gain over the preceding year but the level remained low relative to that of the prosperous period culminating in 1929. The gain in contract awards to \$109,300,000 compared with \$78,400,000 amounted to 39.3 per cent, while building permits in 61 cities increased 19.7 per cent.

Electric Power

The production of electric power showed gains not only over last year but also over any other year in the history of the industry. Total output in the first ten months of 1934 was 17,128,000,000 kilowatt hours compared with 14,143,000,000 in the same period of last year. The gain of 21.1 per cent represents a considerable expansion due to greater industrial and domestic demand. The output in the first ten months of 1929, the previous high point was 14,496,000,000 kilowatt hours, the gain in the reported production of the present year over this total being 18.2 per cent.

Railways

Car loadings in the first ten months of 1934 numbered 1,942,000 compared with 1,673,000 in the same period of 1933, the gain being 16.1 per cent. The gross operating revenue of the Canadian National Railway and the Canadian Pacific Railway recorded gains of 12.3 per cent and 10.5 per cent, respectively. During the period under review the revenue of the Canadian National on Canadian lines was \$117,195,000 compared with \$104,404,000. The gross operating revenue of the Canadian Pacific was \$103,702,000 compared with \$93,833,000.

External Trade

The revival in external trade was an important phase in the betterment of Canadian economic conditions during 1934. Imports showed a gain of 31.8 per cent over the first ten months of 1933, and exports were up 25.3 per cent. As gold was mainly exported in the form of bullion, its value was not included in merchandise exports or balance of trade.

Employment

The index of employment in manufacturing operations, being unaffected to any important extent by unemployment relief, is significant of the trend of business. The recall of employees by manufacturing concerns was continued from May, 1933 to the end of August last. The level of employment in the group was fully maintained during September and October. The level of the last two months was higher than at any other time since September 1931. The adjusted index at 91.9 on November 1 was about 8 per cent below the average level for the base year of 1926, contrasting with 23.6 per cent below at the first of May, 1933.

STATISTICS ILLUSTRATING THE ECONOMIC SITUATION OF CANADA IN THE FIRST
TEN MONTHS OF 1934 COMPARED WITH THE SAME PERIOD OF THE
PRECEDING YEAR

	First Ten Months of		Increase (+) Decrease (-)
	1933	1934	
General Economic Situation -			
Index of Physical Volume of Business	78.5	94.2	+ 20.0
Wholesale Prices. Index based on			
567 Commodities	66.8	71.7	+ 7.3
Index of Common Stock Prices	67.2	85.7	+ 27.5
Shares Traded, Montreal and Toronto. Number	17,796,609	11,006,827	- 38.2
Bond Prices	102.5	115.1	+ 12.3
Mining Stock Prices	91.9	130.8	+ 42.3
Bank Deposits, 10-month average \$	1,868,823,319	1,868,574,694	- 0.02
Production and General Business -			
Mineral Production, 1926=100	109.4	130.8	+ 19.6
Copper Exports	Pounds 196,423,100	240,419,300	+ 22.4
Nickel Exports	Pounds 73,076,200	103,496,700	+ 41.6
Lead Production (9 months)	Pounds 196,799,386	248,538,616	+ 26.3
Zinc Exports	Pounds 149,482,300	229,971,400	+ 53.8
Gold Shipments	Ounces 2,373,622	2,540,287	+ 7.0
Silver Shipments	Ounces 12,023,976	11,311,335	- 5.9
Coal Production	Tons 9,251,636	11,066,457	+ 19.6
Manufacturing Production, 1926=100	109.4	93.3	+ 19.0
Milling -			
Flour Production (9 months) Barrels	10,401,684	10,338,837	- 0.6
Rolled Oats Production (9 months) Pounds	78,370,201	84,013,708	+ 7.2
Sugar -			
Sugar manufactured (11-4 week periods) Pounds	685,908,267	713,483,860	+ 4.0
Meat Packing -			
Cattle Slaughterings	Number 925,114	1,128,371	+ 22.0
Hog Slaughterings	Number 2,272,350	2,288,337	+ 0.7
Tobacco Releases -			
Cigarettes released	Number 3,586,451,585	4,014,314,945	+ 11.9
Cigars released	Number 92,151,487	94,183,045	+ 2.2
Production of Leather Boots and Shoes (9 months)			
Shoes (9 months)	Pairs 13,043,809	13,541,613	+ 3.8
Raw Cotton Imports	Pounds 80,836,252	106,397,126	+ 31.6
Paper and Lumber -			
Newsprint Production	Tons 1,546,847	2,117,248	+ 28.6
Exports of Planks and Boards ... Feet	815,562,000	1,148,807,000	+ 40.9
Iron and Steel -			
Steel Ingot Production	Long Tons 315,325	643,137	+ 104.0
Pig Iron Production	Long Tons 160,872	325,663	+ 102.4
Automobile and Allied Industries -			
Automobile Production	Number 60,371	112,461	+ 86.3
Petroleum Imports	Gallons 797,661,344	903,503,836	+ 13.3
Crude Rubber Imports	Pounds 34,419,562	53,808,908	+ 56.3
Construction - 1926=100	86.4	36.3	+ 37.5
Contracts Awarded	\$ 78,445,000	109,297,800	+ 39.3
Building Permits	\$ 18,169,066	21,745,919	+ 19.7
Electric Power Production	K.W.H. 14,142,751,000	17,128,241,000	+ 21.1
Distribution - 1926=100	87.3	96.1	+ 10.1
Railways -			
Carloadings	Number 1,673,171	1,941,963	+ 16.1
Gross Revenue, C.N.R.	\$ 104,404,000	117,195,000	+ 12.3
Gross Revenue, C.P.R.	\$ 93,833,000	103,702,000	+ 10.5
External Trade -			
Imports	\$ 322,135,199	424,478,096	+ 31.8
Exports	\$ 425,232,615	532,830,665	+ 25.3
Favourable Balance of Trade	\$ 103,097,416	108,352,569	+ 5.1

STATISTICS ILLUSTRATING THE ECONOMIC SITUATION OF CANADA IN THE FIRST
TEN MONTHS OF 1934 COMPARED WITH THE SAME PERIOD OF THE
PRECEDING YEAR
(Concluded)

	First Ten Months of 1933	1934	Increase (+) Decrease (-)
	First Eleven Months		
<u>Employment - unadjusted</u>			
General Index, 1926 = 100.....	82.6	95.7	+ 15.9
Manufacturing	80.6	90.2	+ 11.9
Lumber and Products	55.0	66.1	+ 20.2
Pulp and Paper Products	85.5	91.8	+ 7.4
Rubber Products	79.0	91.9	+ 16.3
Textile Products	95.4	107.1	+ 12.3
Electrical Apparatus	89.7	102.2	+ 13.9
Iron and Steel Products	60.9	71.5	+ 17.4
Automobiles and Parts	69.4	92.5	+ 33.3
Non-Ferrous Metal Products	83.3	106.1	+ 27.4
Logging	57.5	118.0	+ 105.2
Mining	96.8	109.7	+ 13.3
Coal	83.7	86.9	+ 3.8
Metalliferous Ores	142.4	177.0	+ 24.3
Steam Railways	69.7	72.3	+ 3.7
Construction	72.8	110.1	+ 51.2
Building	35.4	47.1	+ 33.1
Highway	126.1	223.3	+ 77.1
Trade	111.5	117.1	+ 5.0
Retail	117.3	124.1	+ 5.8
Wholesale	98.0	101.1	+ 3.2

Wholesale and Retail Prices - 1926 = 100 First Ten Months
(Monthly Average)

Vegetable Products	58.9	66.6	+ 13.1
Animal Products	58.8	67.1	+ 14.1
Textiles	69.4	73.6	+ 6.1
Wood and Paper	62.4	65.6	+ 5.1
Iron and its Products	85.3	87.0	+ 2.0
Non-Ferrous Metals	63.9	64.5	+ 0.9
Non-Metalliferous Minerals	84.2	86.0	+ 2.1
Chemicals	81.4	81.4	-
Canadian Farm Products -			
Field	45.5	53.5	+ 17.6
Animals	58.7	67.0	+ 14.1
Totals	50.4	58.5	+ 16.1
Cost of Living	77.7	78.8	+ 1.4
Food	63.2	69.3	+ 9.7
Fuel	87.8	87.6	- 0.2
Rent	86.0	80.0	- 7.0
Clothing	67.6	70.3	+ 4.0
Sundries	92.7	92.7	-
Cost per week of a Family Budget.. \$	15.68	16.02	+ 2.2

Banking - ten month's average

Demand Deposits	\$ 486,136,447	503,045,144	+ 3.5
Notice Deposits	\$ 1,382,686,872	1,365,529,550	- 1.2
Note Circulation (bank)	\$ 130,410,160	135,002,289	+ 3.5
Public Liabilities	\$ 2,499,791,843	2,517,960,636	+ 0.7
Current Loans	\$ 909,519,303	871,659,879	- 4.2
Call Loans - Canada	\$ 101,711,400	101,493,650	- 0.2
Elsewhere	\$ 90,969,357	107,441,626	+ 18.1
Investment Holdings	\$ 837,144,966	851,456,822	+ 1.7
Notes in Hands of Public	\$ 149,695,674	154,740,450	+ 3.4
Issue of Dominion Notes	\$ 177,520,430	184,736,963	+ 4.1
Gold held by Finance Department			
Against Notes	\$ 69,802,078	69,992,476	+ 0.3

