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DURING THE FIRST ELEVEN MONTHS OF 1934

COMPARED WITH

THE SAME PERIOD OF 1933

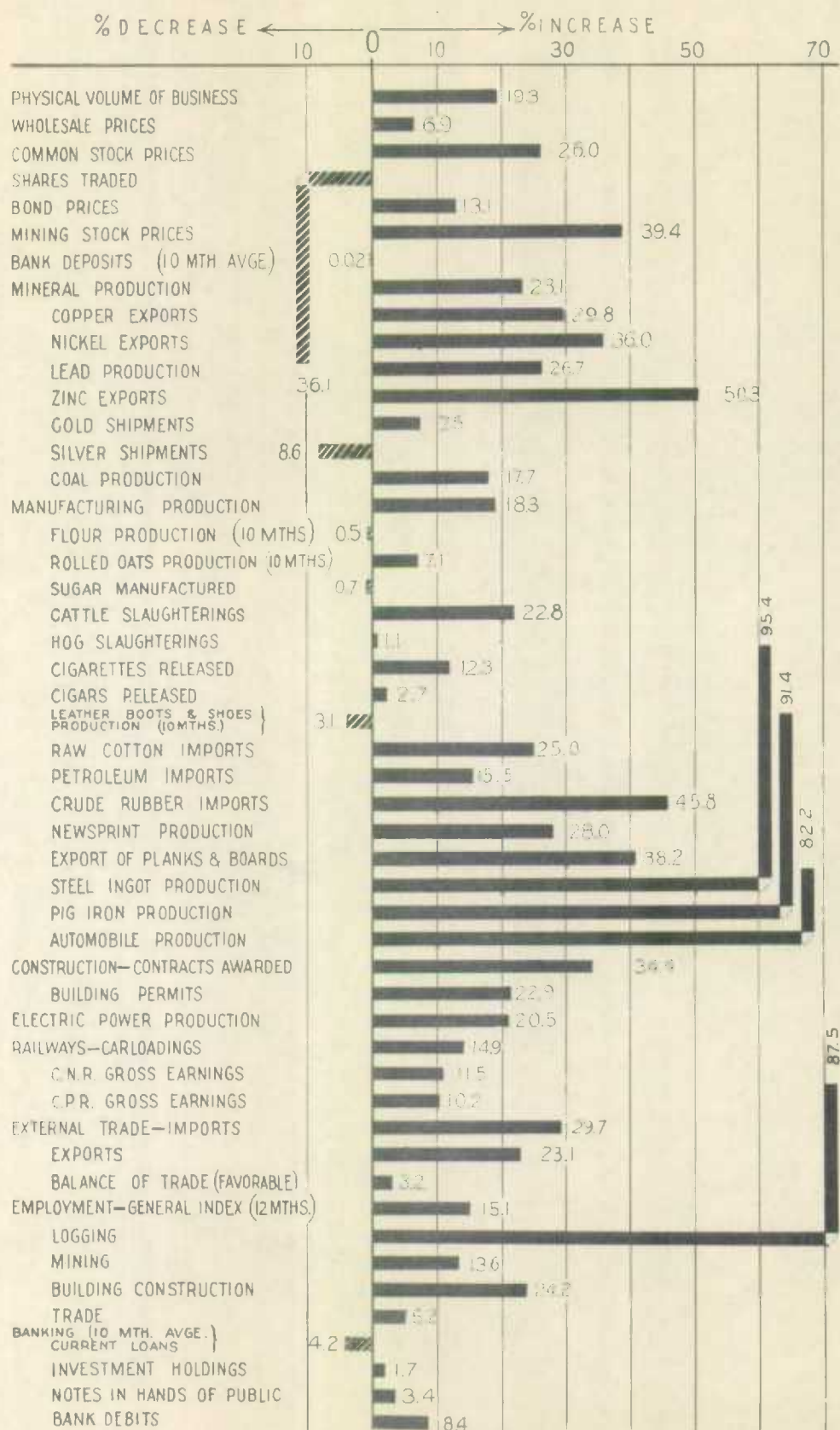
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THE ECONOMIC SITUATION OF CANADA

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



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

The economic situation of Canada in 1934 showed unmistakable improvement over the preceding year. Advances were recorded in most of the factors regarded as significant in a study of cyclical fluctuations. Out of the 94 factors considered in this connection, nine only showed decline in the first eleven months of 1934 from the same period of the preceding year. The remaining factors recorded gains amounting in some cases to more than 90 p.c. The main element in the betterment of economic conditions in 1934 was the recovery in productive operations and the advance in government bond prices.

Bond Prices

Dominion Government bonds recovered considerably during 1932 and 1933, but the advance in the year just ending was no less than spectacular. The yield on Dominion government bonds averaged 3.95 p.c. in 1934 compared with 4.50 p.c. in the preceding year. The yield on Ontario government bonds averaged 4.15 p.c. against 4.67 p.c. This advance in bond prices to the highest point since the pre-war period has resulted in a marked betterment in the position of bond holders, and has created conditions favourable to industrial expansion and to investment on a broader scale.

Commodity Prices

Commodity prices recorded advance in 1933 and relative stability in the year just ending. The low point of the depression was reached in February, 1933, when the average dipped below the pre-war level. The index in the first eleven months of 1934 was 71.6 compared with 67.0 in the same period of 1933, a gain of nearly 7 p.c. The increase in Canadian farm products was no less than 15.4 p.c., indicating that the gap between farm and general prices was partly readjusted.

Common Stocks

The resumption of industrial operations and the higher level of commodity prices favored the revenue prospects of Canadian corporations in 1934. The low yields obtainable for high grade bonds also tended to support the prices of well-seasoned common stocks. Despite the spectacular gain in stock prices from March to July, 1933, a further advance was recorded in the early months of the present year resulting in April in a new high point on the recovery movement. While the April level was not maintained during the remainder of the year, the average of the official index during the first eleven months of 1934 was 26.0 p.c. greater than in the same period of 1933.

The high point of mining stock prices for recent years was reached in August last, the index of 23 stocks on the base of 1926 being 141.1 compared with 107.4 in the same month of 1933. The gain in the eleven month average of 1934 over the same period of 1933 was 39.4 p.c.

Employment

A much higher level of employment was maintained in 1934 than in the preceding year. In the nine months ended March last employees were recalled to their former positions in large numbers, the seasonally adjusted index moving up in the interval from 78.7 to 97.4, a gain of nearly 24 p.c. Despite some irregularity in succeeding months, this index on December 1 was 8 p.c. in advance of the same date of 1933.

The trend in manufacturing employment, being unaffected to any important extent by unemployment relief, was a more accurate indicator of the course of business conditions. After seasonal adjustment, the gain in manufacturing employment was practically continuous from May, 1933, to the present time. The consequent gain in the average for the year over 1933 was 11.6 p.c. Contributing to that advance, most of the principal industries recalled their working forces in large numbers. The gain in the yearly average for the lumber, textile and iron and steel industries was 19.3 p.c., 11.4 p.c., and 17 p.c., respectively.

The mining industry recorded a gain of 13.6 p.c., the acceleration in metal-mining being of large proportions. The advance in logging operations was outstanding, the gain in the monthly average for the year being no less than 87.5 p.c.

Productive Operations

The revival in productive operations commenced in 1933 was carried further in the year under review. The advance from the first quarter of 1933 was rapid for seven months, and the first five months of 1934 were also characterized by expansion. The net result was that the index of the physical volume of business on the base of 1926 averaged 94.4 in the first eleven months of 1934 compared with 79.1 in the same period of 1933. The gain of 19.3 p.c. represents the general betterment in mineral production, manufacturing, construction, electric power and distribution, dealt with in detail below.

Mineral Production

The volume of mineral production, based on nine factors, was 23.1 p.c. greater in the first eleven months of 1934 than in the same period of the preceding year. Zinc exports reached a high level in 1934, the gain over the same months of 1933 being no less than 50.3 p.c. Exports of copper in crude and intermediate forms recorded an increase of nearly 30 p.c. The outward shipments of nickel in the first eleven months were 36 p.c. greater than in the same period of the preceding year. Lead production in the first ten months recorded a gain of 26.7 p.c. Shipments of gold from Canadian mines to the Mint and to external points were 2,798,000 ounces compared with 2,603,000, a gain of 7.5 p.c. Silver shipments showed a decline of 8.6 p.c. in the same comparison. A significant development was the gain of 18.3 p.c. in the production of coal.

Manufacturing Production

A pronounced upward trend was shown in manufacturing operations during 1934. The official index based on 29 factors with seasonal adjustment was 96.0 in November compared with 80.7 in January, a gain of no less than 19 p.c. A marked gain was also shown in 1933, the low point of the depression having been reached in February of that year. The average of the index for manufacturing was 93.6 in the first eleven months of 1934 compared with 79.1 in the same period of the preceding year, a gain of 18.3 p.c.

The imports of raw cotton, indicating conditions in the textile industry, were 124,900,000 pounds compared with 99,900,000 in the same period of 1933, a gain of 25 p.c. The output of newsprint was 28 p.c. greater than in the first eleven months of 1933, while the exports of planks and boards advanced 38.2 p.c., the total in the eleven months of 1934 being no less than 1,269,000,000 feet.

The primary iron and steel industry was very much more active in 1934, suggesting revival in the industrial group producing durable goods. Steel ingot production at 700,187 tons recorded a gain of 95.4 p.c., while the output of pig iron at 364,600 tons was up 91.4 p.c.

The automobile and allied industries fared better in 1934 than in the preceding year. The output of motor cars at 114,158 recorded a gain of no less than 82.2 p.c. Crude rubber imports, indicating conditions in the tire industry, showed an increase of 45.8 p.c. The imports of crude petroleum at 1,027,500,000 gallons were up 15.5 p.c. over the same period of 1933.

Construction

The construction industry, favored from July by the placing of contracts by the Dominion government for public works, was more successful in obtaining new business than in 1933. The contracts awarded in the first eleven months at \$119,749,000, recorded a gain of 34.4 p.c. over the same period of 1933. Building permits placed in 61 cities at \$24,326,000 showed a gain of nearly 23 p.c.

Electric Power

The output of electric power exceeded in 1934 not only the records of the preceding year but also of any other year in the history of the industry. The output in the first eleven months, at 19,089,000,000 kilowatt hours compared with 15,845,000,000 in the same period of 1933, recorded a gain of 20.5 p.c.

Railways

Appreciable gain was shown in the revenue freight handled by the railways of Canada during 1934. The gain in the freight movement was nearly 15 p.c., the total in the first eleven months of 1934 being 2,153,000 cars compared with 1,875,000 in the same period of the preceding year. The gross revenue of the Canadian National on their Canadian lines showed a gain of 11.5 p.c. to \$129,335,000 from \$116,016,000 in the first eleven months of 1933. The gross operating revenues of the Canadian Pacific in the same comparison were \$114,980,000 against \$104,184,000, a gain of 10.4 p.c.

External Trade

The pronounced gain in external trade was a feature of the economic betterment of the year. Exports in the first eleven months of 1934 at \$598,500,000, recorded a gain of 23 p.c. over the same period of the preceding year. The value of imports advanced from \$365,800,000 to \$474,400,000, a gain of no less than 29.7 p.c. In spite of the greater percentage gain in imports, the favourable balance of trade was \$124,100,000, an increase of 3.2 p.c. over the same period of 1933.

Bank Debits

Reflecting the revival in business activity, the gain in the amount of cheques cashed at the branch banks in the 32 clearing centers, showed a gain of 8.5 p.c. in the first eleven months of 1934 over the same period of 1933. Each of the five economic areas except the Prairie Provinces showed gains in this comparison. The Dominion total was \$29,827,000,000 in the first eleven months as against \$27,490,000,000 in the same period of 1933.

The cyclical fluctuation of bank deposits is of a more moderate character than that of bank debits, the turnover of bank deposits being much greater in periods of prosperity than in depression. The ratio of bank debits in the first ten months of 1934 to the monthly average of bank deposits was 14.3 times compared with 13.2 in 1933. In a time of depression low prices and inactive business operations result in a low velocity of bank deposits. The increase in the velocity of deposits in 1934, as determined by dividing the sum of the demand and notice deposits into the total of cheques cashed against individual accounts, reflects the economic revival during the year just drawing to a close.

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

		First Eleven Months of Increase (+) 1933 1934 Decrease (-)		
<u>General Economic Situation -</u>				
Index of Physical Volume of Business		79.1	94.4	+ 19.3
Wholesale Prices. Index based on				
567 Commodities		67.0	71.6	+ 6.9
Index of Common Stock Prices		68.0	85.7	+ 26.0
Shares Traded, Montreal and Toronto.	Number	18,755,181	11,989,800	- 36.1
Bond Prices		102.5	115.9	+ 13.1
Mining Stock Prices		93.5	130.3	+ 39.4
Bank Debits	\$	27,489,543,984	29,826,506,035	+ 8.5
<u>Production and General Business -</u>				
Mineral Production, 1926-100		109.8	135.2	+ 23.1
Copper Exports	Pounds	220,371,100	285,959,800	+ 29.8
Nickel Exports	Pounds	81,657,300	111,034,800	+ 36.0
Lead Production	Pounds	246,521,458	312,329,963	+ 26.7
Zinc Exports	Pounds	167,746,200	252,100,500	+ 50.3
Gold Shipments	Ounces	2,602,823	2,797,692	+ 7.5
Silver Shipments	Ounces	13,399,252	12,241,992	- 8.6
Coal Production	Tons	10,598,514	12,475,803	+ 17.7
Manufacturing Production, 1926-100 .		79.1	93.6	+ 18.3
Milling -				
Flour Production (10 months) ...	Barrels	12,052,241	11,993,026	- 0.5
Rolled Oats Production (10 months)	Pounds	94,046,488	100,710,958	+ 7.1
Sugar mfrd. (12-4 week periods) ..	Pounds	824,909,160	818,790,114	- 0.7
Meat Packing -				
Cattle Slaughterings	Number	1,025,102	1,258,573	+ 22.8
Hog Slaughterings	Number	2,549,678	2,577,605	+ 1.1
Tobacco Releases -				
Cigarettes released	Number	3,960,942,405	4,449,393,545	+ 12.3
Cigars released	Number	106,086,889	109,663,895	+ 2.7
Production, Boots & Shoes(10 months)	Pairs	14,930,187	14,464,129	- 3.1
Raw Cotton Imports	Pounds	99,894,086	124,875,958	+ 25.0
Paper and Lumber -				
Newsprint Production	Tons	1,841,700	2,358,117	+ 28.0
Exports of Planks and Boards ...	Feet	918,444,000	1,269,365,000	+ 38.2
Iron and Steel -				
Steel Ingot Production	Long Tons	358,424	700,187	+ 95.4
Pig Iron Production	Long Tons	190,464	364,631	+ 91.4
Automobile and Allied Industries -				
Automobile Production	Number	62,662	114,158	+ 82.2
Petroleum Imports	Gallons	889,422,792	1,027,548,120	+ 15.5
Crude Rubber Imports	Pounds	39,311,175	57,320,777	+ 45.8
Construction - 1926-100		27.6	36.9	+ 33.7
Contracts Awarded	\$	89,082,200	119,749,300	+ 34.4
Building Permits	\$	19,793,204	24,326,224	+ 22.9
Electric Power Production	000 K.W.H.	15,845,115	19,088,780	+ 20.5
Distribution - 1926-100		87.6	96.0	+ 9.6
Railways -				
Carloadings	Number	1,874,536	2,153,019	+ 14.9
Gross Revenue, C.N.R.	\$	116,016,000	129,335,000	+ 11.5
Gross Revenue, C.P.R.	\$	104,184,000	114,980,000	+ 10.4

STATISTICS ILLUSTRATING THE ECONOMIC SITUATION OF CANADA IN THE FIRST
ELEVEN MONTHS OF 1934 COMPARED WITH THE SAME PERIOD OF THE
PRECEDING YEAR
(Cont'd)

	First Eleven Months of Increase (+) 1933 1934 Decrease (-)		
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External Trade -			
Imports	\$ 365,846,758	474,362,243	+ 29.7
Exports	486,159,020	598,507,581	+ 23.1
Favourable Balance of Trade	120,312,262	124,145,332	+ 3.2
Employment - unadjusted (12 months)			
General Index, 1926-100	83.4	96.0	+ 15.1
Manufacturing	80.9	90.3	+ 11.6
Lumber and Products	55.3	66.0	+ 19.3
Pulp and Paper Products	85.7	92.0	+ 7.4
Rubber Products	79.9	92.0	+ 15.1
Textile Products	96.1	107.1	+ 11.4
Electrical Apparatus	90.2	103.0	+ 14.2
Iron and Steel Products	61.1	71.5	+ 17.0
Automobiles and Parts	68.7	90.6	+ 31.9
Non-Ferrous Metal Products	84.1	106.4	+ 26.5
Logging	66.5	124.7	+ 87.5
Mining	97.5	110.8	+ 13.6
Coal	84.1	87.6	+ 4.2
Metallic Ores	143.8	179.4	+ 24.8
Steam Railways	69.7	72.2	+ 3.6
Construction	74.6	109.5	+ 46.8
Building	38.5	47.8	+ 24.2
Highway	132.2	221.9	+ 67.9
Trade	112.1	117.9	+ 5.2
Retail	118.1	125.0	+ 5.8
Wholesale	98.4	101.3	+ 2.9
Wholesale and Retail Prices - 1926-100 (Monthly Average - 11 months)			
Vegetable Products	59.1	66.6	+ 12.7
Animal Products	59.3	67.0	+ 13.0
Textiles	69.5	73.4	+ 5.6
Wood and Paper	62.6	65.5	+ 4.6
Iron and its Products	85.3	87.0	+ 2.0
Non-Ferrous Metals	64.1	64.3	+ 0.3
Non-Metallic Minerals	84.3	86.0	+ 2.0
Chemicals	81.4	81.3	- 0.1
Canadian Farm Products -			
Field	45.5	53.7	+ 18.0
Animals	59.5	67.3	+ 13.1
Totals	50.8	58.6	+ 15.4
Cost of Living	77.7	78.9	+ 1.5
Food	63.4	69.3	+ 9.3
Fuel	87.7	87.7	-
Rent	85.5	80.1	- 6.3
Clothing	67.8	70.5	+ 4.0
Sundries	92.7	92.7	+ -
Cost per week of a Family Budget	\$ 15.68	16.02	+ 2.2

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