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DEPARTMENT OF TRADE AND COMMERCE

DOMINION BUREAU OF STATISTICS

GENERAL STATISTICS BRANCH

BUSINESS CONDITIONS IN CANADA

during the first half of 1935

compared with the

same period of 1933 and 1934

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ECONOMIC CONDITIONS IN CANADA IN THE FIRST SIX MONTHS OF 1935, COMPARED
WITH THE SAME PERIODS OF 1933 AND 1934.

Comparison of the First Half of 1935 with the Same Period of 1933

A marked improvement in economic conditions in Canada since the low point of the depression, is indicated by the trend of the major economic factors since the early months of 1933. The index of the physical volume of business, based on 45 factors showing the general trend of manufacturing, mining, construction, power and distribution, showed a gain of no less than 37 p.c. in the first half of 1935 over the same period of 1933. This record in the elapsed portion of the present year was 98.8 as against 72.0. A marked gain was shown in business operations during the central part of 1933 and the upward trend has continued at a somewhat diminished rate down to the present time.

Wholesale prices recovered considerably during 1933 from the low point registered in February of that year. From the beginning of 1934 to the present, the average of wholesale prices has fluctuated narrowly about the 72 p.c. line reflecting relative stability for the current period. The net result was that the index averaged 72.0 in the first six months of 1935 against 65.2 in the same period of 1933, a gain of 10.4 p.c. The prices of raw materials and farm products have advanced more than manufactured goods, effecting a partial readjustment between the prices of primary and manufactured commodities.

Owing to the resumption of operations on a considerable scale and the advance in commodity prices, the prospects for corporation profits have shown marked betterment. The gain in fundamental conditions was reflected in the rise in common stock prices. The advance in the index was from an average of 58.1 in the first half of 1933 to 89.1 in the same period of 1935, the indicated gain being more than 53 p.c.

The transformation in the credit situation, as indicated by the advance in high-grade bond prices, was another factor of fundamental significance. The gain during 1934 was especially pronounced during the last six months, resulting in a new high point since the pre-war period. The index of inverted yields based on Dominion Government bonds, recorded a gain of nearly 33 p.c. in this comparison. Resulting in extremely low short-term money rates in the money markets of London and New York, the ample supply of liquid funds seeking investment operates as an incentive to economic recovery.

The gain in bank deposits in the last twelve months is also noteworthy. The data for the post-war period show that the sum of the demand and notice deposits held by the chartered banks is now close to the normal position. In the meantime the decline in current loans has continued, leading to an expansion in the security portfolios to a new high point in banking history. The notice and demand deposit liabilities recorded an average gain of 5.7 p.c. in the first six months of 1935 over the same period of 1933. Current loans were 10.4 p.c. lower, while the gain in security holdings was 22 p.c. This striking improvement in the liquid position of the banks places them in a position to cater to the legitimate needs of business for a considerable period to come.

Measured by an index of manufacturing production based on 29 factors, the level of operations in the first half of 1935 was nearly 37 p.c. greater than in the same period of 1933. Of the 16 years in the post-war period only five - those from 1926 to 1930 - showed greater activity than was displayed in the first half of 1935. The index on the base of 1926 averaged 94.3 in the first half of 1935 against 68.9 in the same period of 1933.

The manufacture of producers' goods normally fluctuates more widely than the production of goods designed for direct consumption. The production of producers' goods declined sharply in 1931 and has since been at a relatively lower level than the production of consumers' goods. Considerable variation was shown in the expansion of industries devoted to the production of consumers' goods. The manufacture of sugar was 5.2 p.c. greater in the first half of 1935 than in the same period of 1933. The output of boots and shoes in the five months period was up 32.5 p.c., and imports of raw cotton gained 25 p.c.

The output of producers' goods showed greater gains over the low point of the first half of 1933. The exports of lumber and boards were nearly 72 p.c. greater, reflecting greater activity in the lumber industry. The production of steel ingots gained 197.5 p.c. and an even greater percentage gain was shown in the output of pig iron. A gain of 191 p.c. was recorded in the production of motor cars. Imports of crude rubber and crude petroleum showed gains of 86.2 p.c. and 21.8 p.c., respectively.

The index of mineral production, based on nine factors, indicates that the progress since 1933 has been greater than in most of the other main branches. A gain of more than 38 p.c. was shown over the early months of 1933. The gain in copper exports was nearly 78 p.c., while nickel recorded an increase of 90 p.c. Lead production and zinc exports were up 23 p.c. and 60 p.c., respectively. Gold shipments were up 4.3 p.c., while shipments of silver declined 6.1 p.c.

The construction industry was more successful in obtaining new business in the first six months of 1935 reflecting a considerable resumption of operations. The total of contracts awarded in the first half of 1935 was \$75,595,000 against \$32,912,300, a gain of 130 p.c. The gain in building permits was 133 p.c.

The output of electric power reached a new high point in the first half of 1935, the gain over the same period of 1933 having been 41 p.c.

The recovery in the railway freight movement was less extensive than shown in most other lines, carloadings being up 23 p.c. The gross operating revenue of the Canadian lines of the C.N.R. increased 16.4 p.c., while the C.P.R. revenues were 11.4 p.c. greater.

The gain in the index of employment in the main branches of industry other than agriculture was nearly 22 p.c. The manufacturing index gained 21.3 p.c. and logging recorded an increase of 113.4 p.c.

Financial transfers in the form of bank debits were 15 p.c. greater than in the first half of 1933, when active speculation played a part in raising the total.

Comparison of the First Half of 1935 with the Same Period of 1934

The constructive tendencies in evidence during the second and third quarters of 1933 have continued in operation, but the pace of recovery during the last eighteen months was not so rapid. The index of the physical volume of business averaged 98.8 in the first half of 1935 against 92.4 in the same period of last year, a gain of nearly 7 p.c. The construction and power industries showed expansion greater than the average, while manufacturing, mining and external trade also recorded substantial gains.

The financial background brightened considerably over the position of one year ago; wholesale prices were decidedly stable, the index showing a gain of only 0.6 p.c. over the first half of 1934. On the base of 1926, the index of wholesale prices averaged 72.0 in the first half of 1935 against 71.6 in the same months of 1934. Common stock prices, reflecting improved prospects for corporate revenues, averaged 2.3 p.c. higher than in the first six months of 1934. As Dominion Government bonds advanced persistently during 1934, the present level, measured by inverted bond yields, is 19.5 p.c. higher than in the same period of last year.

The statistics of banking operations disclose a considerable decline in current and call loans in the present comparison. Bank deposits, on the other hand, recorded a gain of 6.4 p.c. The natural results were that the security holdings averaged nearly 19 p.c. greater, and readily available assets were up 17.4 p.c.

The nine weighted factors indicating the trend of mineral production averaged 6 p.c. greater in the first half of 1935 than in the same period of 1934. Copper exports showed an expansion of nearly 25 p.c. The output and export of nickel, lead and zinc recorded moderate gains. Gold shipments were approximately maintained, while silver shipments were 16 p.c. less. Coal production gained 2.5 p.c., the total in the first half of 1935 having been 6,286,594 tons. The index of manufacturing production based on 29 factors showed a gain of nearly 5 p.c. The tobacco and sugar industries showed considerable expansion. An important gain was also shown in the output of boot and shoes. Raw cotton imports, however, declined 29.8 p.c.

The gain in motor car production was 35.6 p.c. and the output of pig iron showed further expansion. The resumption of activity in the construction industry was reflected in a gain of 24 p.c. in contracts awarded. The output of electric power showed an increase of nearly 10 p.c.

Statistical Tables and Charts

Detailed comparisons of the more important factors in the economic situation in the first half of 1935 with the corresponding figures for the first half of 1933 and 1934 respectively, are presented in the two following tables, together with percentages of increase or decrease. These percentages of increase or decrease are also graphically set out in the accompanying charts.

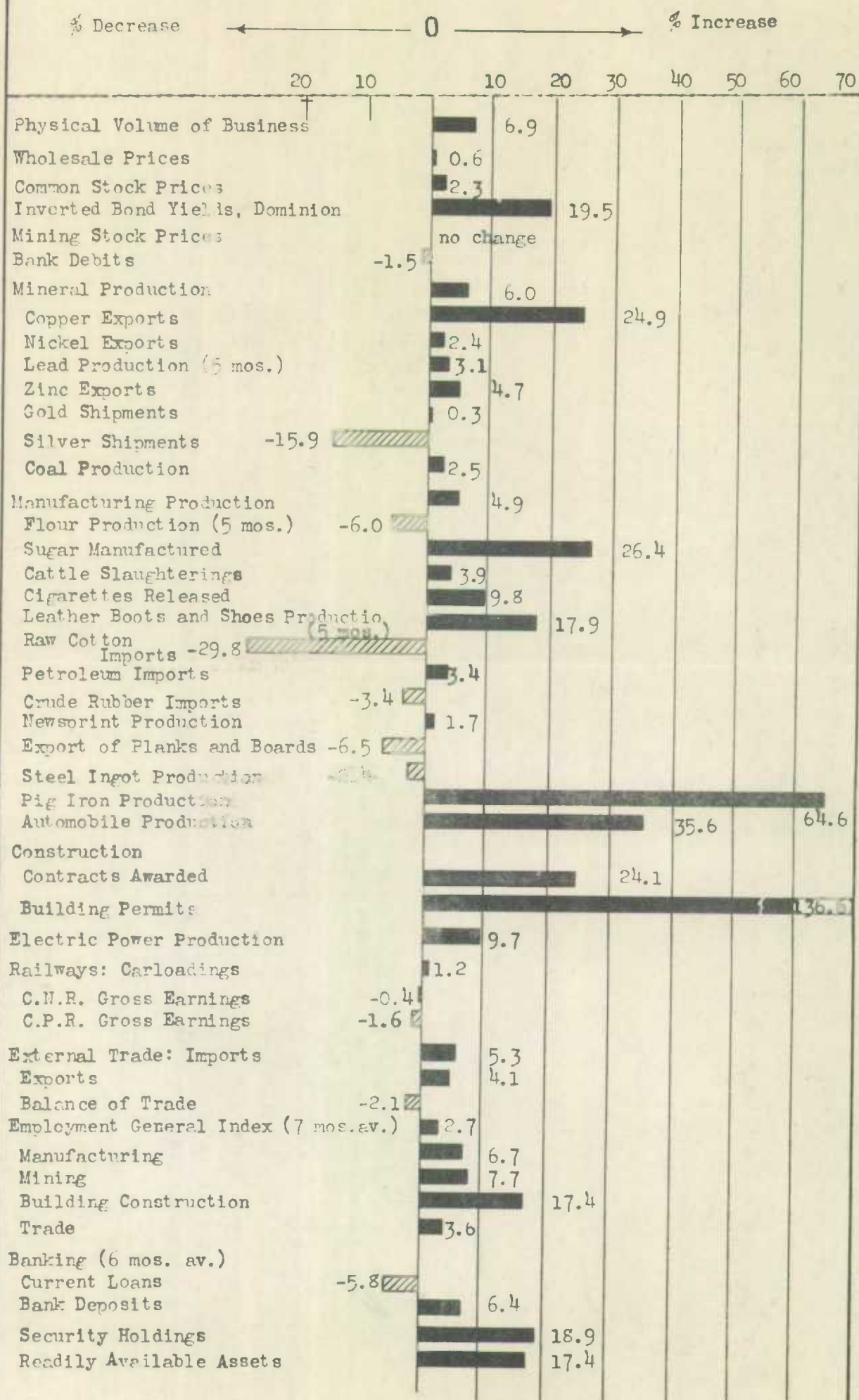
Statistics Illustrating the Economic Situation of Canada in the First Half
of 1935 Compared with the same Period of 1933

		First Half of 1933	1935	Increase + Decrease -
<u>General Economic Situation -</u>				
Index of Physical Volume of Business		72.0	98.8	+ 37.2
Wholesale Prices		65.2	72.0	+ 10.4
Index of Common Stock Prices		58.1	89.1	+ 53.3
Shares Traded, Montreal and Toronto (26 Weeks)	Number	7,136,776	6,207,062	- 13.0
Inverted Bond Yields, Dominion		104.4	138.7	+ 32.9
Mining Stock Prices		79.8	126.1	+ 58.0
Bank Debits - 6 month average	\$	2,199,211,997	2,536,022,620	+ 15.3
<u>Production and General Business -</u>				
Mineral Production, 1926=100		105.0	145.0	+ 38.1
Copper Exports	Pounds	99,670,000	177,155,100	+ 77.7
Nickel Exports	Pounds	33,451,300	63,546,300	+ 90.0
Lead Production (5 months)	Pounds	108,096,276	133,211,153	+ 23.2
Zinc Exports	Pounds	87,617,700	139,910,100	+ 59.7
Gold Shipments	Fine Ounces	1,460,390	1,523,393	+ 4.3
Silver Shipments	Fine Ounces	5,996,094	5,628,471	- 6.1
Coal Production	Tons	4,961,206	6,286,594	+ 26.6
Manufacturing Production 1926=100		68.9	94.3	+ 36.9
Flour Production (5 months)	Barrels	5,056,380	5,142,549	+ 1.8
Sugar manufactured	Pounds	279,958,566	294,392,109	+ 5.2
Cattle Slaughtering	Number	528,680	671,340	+ 27.0
Hog Slaughtering	Number	1,463,115	1,474,625	+ 0.8
Cigarettes released	Number	1,945,266,500	2,365,639,235	+ 21.6
Cigars released	Number	42,900,852	53,585,538	+ 24.9
Leather Boots and Shoes (5 mos.)	Pairs	6,360,433	8,430,370	+ 32.5
Raw Cotton Imports	Pounds	40,765,228	51,052,244	+ 25.2
Paper and Lumber -				
Newsprint Production	Tons	893,030	1,284,894	+ 43.9
Exports of Planks and Boards	Feet	341,481,000	587,165,000	+ 71.9
Iron and Steel -				
Steel Ingot Production	Long Tons	130,464	388,163	+197.5
Pig Iron Production	Long Tons	36,210	259,777	+617.4
Automobile and Allied Industries -				
Automobile Production	Number	38,262	111,329	+191.0
Petroleum Imports	Gallons	363,266,395	442,622,961	+ 21.8
Crude Rubber Imports	Pounds	16,079,506	29,938,812	+ 86.2
Construction -				
Contracts Awarded	\$	32,912,300	75,594,500	+129.7
Building Permits	\$	10,315,889	24,629,071	+133.3
Electric Power Production	000 K.W.H.	8,084,948	11,379,753	+ 40.8
Railways -				
Carloadings	Number	900,825	1,107,202	+ 22.9
Gross Revenue, C.N.R. (Canadian Lines)	\$	56,962,000	66,307,000	+ 16.4
Gross Revenue, C.P.R.	\$	50,654,386	56,405,072	+ 11.4
External Trade -				
Imports	\$	167,921,114	260,387,393	+ 55.1
Exports	\$	208,868,590	305,108,101	+ 46.1
Favourable Balance of Trade	\$	40,947,476	44,720,708	+ 9.2
<u>Employment - 7 months, average</u>				
General Index, 1926=100		78.7	95.9	+ 21.9
Manufacturing		77.3	93.8	+ 21.3
Logging		51.4	129.7	+113.4
Mining		93.0	119.0	+ 28.0
Construction		61.8	89.3	+ 44.5
Building		30.0	48.0	+ 60.0
Highway		100.7	160.6	+ 59.5
Trade		110.5	120.5	+ 9.0
<u>Banking - Six Months, average</u>				
Bank Deposits	\$	1,869,323,760	1,976,429,416	+ 5.7
Readily Available Assets	\$	1,009,809,349	1,241,950,615	+ 23.0
Current Loans	\$	917,383,677	822,028,421	- 10.4
Call Loans - Canada	\$	97,093,948	84,348,600	- 13.1
Elsewhere	\$	85,158,183	82,266,543	- 3.4
Security Holdings	\$	812,792,077	931,671,204	+ 22.0

Statistics Illustrating the Economic Situation of Canada in the First Half
of 1935 Compared with the same Period of 1934

		First Half of 1934	1935	Increase + Decrease -
<u>General Economic Situation -</u>				
Index of Physical Volume of Business		92.4	98.8	+ 6.9
Wholesale Prices		71.6	72.0	+ 0.6
Index of Common Stock Prices		87.1	89.1	+ 2.3
Shares Traded, Montreal and Toronto (26 Weeks)	Number	8,370,639	6,207,062	- 25.8
Inverted Bond Yields, Dominion		116.1	138.7	+ 19.5
Mining Stock Prices		126.1	126.1	-
Bank Debits - 6 months average		2,573,785,378	2,536,022,620	- 1.5
<u>Production and General Business -</u>				
Mineral Production, 1926=100		136.7	145.0	+ 6.0
Copper Exports	Pounds	141,805,100	177,155,100	+ 24.9
Nickel Exports	Pounds	62,079,400	63,546,300	+ 2.4
Lead Production (5 mos.)	Pounds	129,266,227	133,211,153	+ 3.1
Zinc Exports	Pounds	133,639,900	139,910,100	+ 4.7
Gold Shipments	Fine Ounces	1,519,306	1,523,393	+ 0.3
Silver Shipments	Fine Ounces	6,692,455	5,628,471	- 15.9
Coal Production	Tons	6,130,112	6,286,594	+ 2.5
Manufacturing Production 1926=100		89.9	94.3	+ 4.9
Flour Production (5 mos.)	Barrels	5,473,194	5,142,549	- 6.0
Sugar manufactured	Pounds	232,863,257	294,392,109	+ 26.4
Cattle Slaughtering	Number	646,335	671,340	+ 3.9
Hog slaughtering	Number	1,532,286	1,474,625	- 3.8
Cigarettes released	Number	2,154,579,280	2,365,639,235	+ 9.8
Cigars released	Number	46,811,237	53,585,538	+ 14.5
Leather Boots and Shoes (5mos.)	Pairs	7,150,525	8,430,370	+ 17.9
Raw Cotton Imports	Pounds	72,732,954	51,052,244	- 29.8
Paper and Lumber -				
Newsprint Production,	Tons	1,263,284	1,284,894	+ 1.7
Exports of Planks and Boards	Feet	627,660,000	587,165,000	- 6.5
Iron and Steel -				
Steel Ingot Production	Long Tons	397,522	388,163	- 2.4
Pig Iron Production	Long Tons	157,827	259,777	+ 64.6
Automobile and Allied Industries				
Automobile Production	Number	82,084	111,329	+ 35.6
Petroleum Imports	Gallons	428,158,595	442,622,961	+ 3.4
Crude Rubber Imports	Pounds	30,980,490	29,938,812	- 3.4
Construction -				
Contracts Awarded	\$	60,916,700	75,594,500	+ 24.1
Building Permits	\$	10,411,377	24,629,071	+ 136.6
Electric Power Production	000 K.W.H.	10,374,384	11,379,753	+ 9.7
Railways -				
Carloadings	Number	1,094,453	1,107,202	+ 1.2
Gross Revenue, C.N.R. (Canadian Lines)	\$	66,578,800	66,306,000	- 0.4
Gross Revenue, C.P.R.	\$	57,313,527	56,405,072	- 1.6
External Trade -				
Imports	\$	247,389,850	260,387,393	+ 5.3
Exports	\$	293,079,349	305,108,101	+ 4.1
Favourable Balance of Trade	\$	45,689,499	44,720,708	- 2.1
<u>Employment - 7 months, average</u>				
General Index, 1926=100		93.4	95.9	+ 2.7
Manufacturing		88.0	93.8	+ 6.7
Logging		120.4	129.7	+ 7.7
Mining		106.6	119.0	+ 11.6
Construction		105.1	89.3	- 15.0
Building		40.9	48.0	+ 17.4
Highway		218.5	160.6	- 26.5
Trade		116.3	120.5	+ 3.6
<u>Banking - Six Months, Average</u>				
Bank Deposits	\$	1,857,073,247	1,976,429,416	+ 6.4
Readily Available Assets	\$	1,057,468,961	1,241,950,615	+ 17.4
Current Loans	\$	872,852,626	822,028,421	- 5.8
Call Loans - Canada	\$	101,858,751	84,348,600	- 17.2
Elsewhere	\$	109,214,135	82,266,543	- 24.7
Security Holdings	\$	833,982,597	991,671,204	+ 18.9

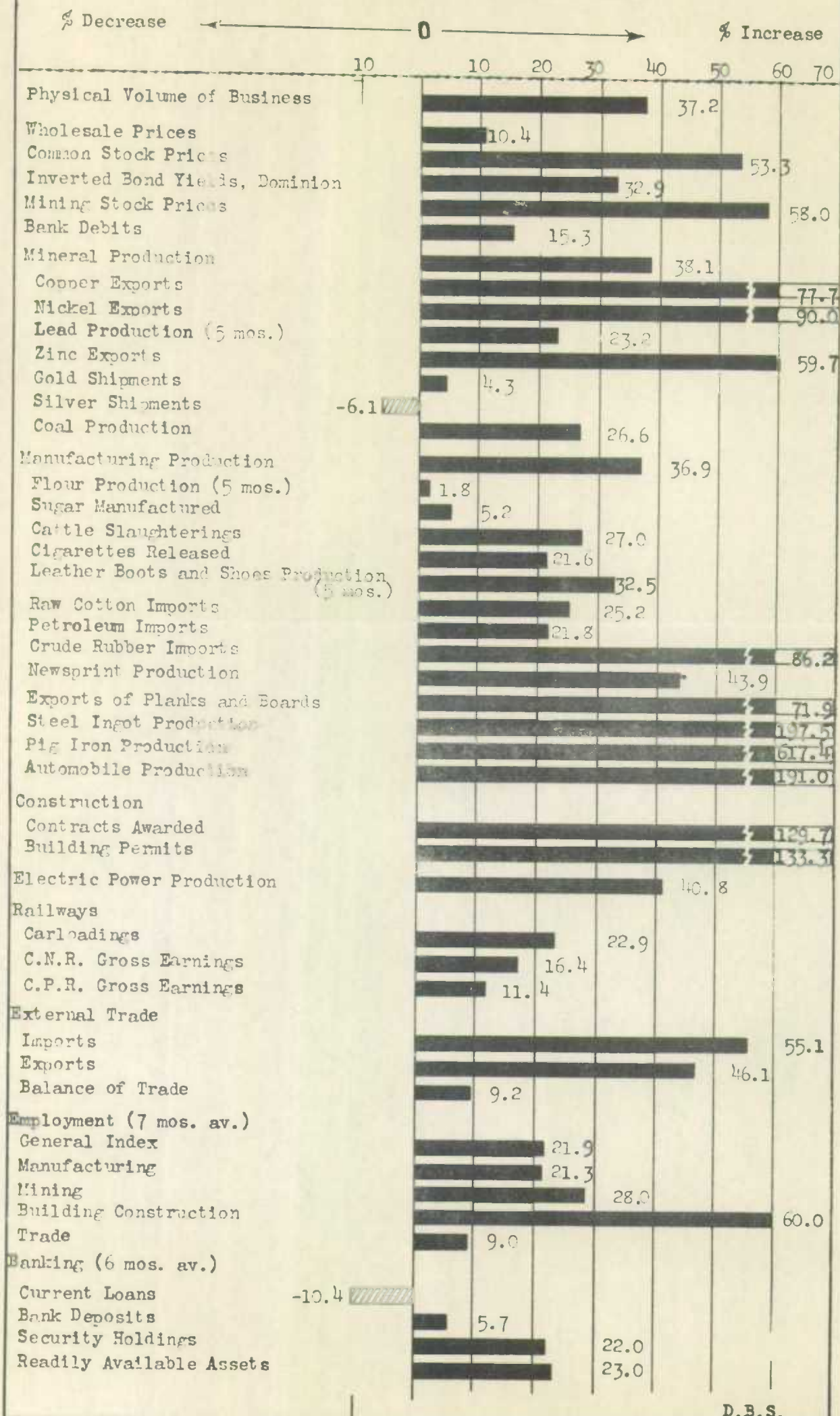
The Economic Situation in Canada
in the first 6 months of 1935
as compared with the same period of 1934.



The Economic Situation in Canada

in the first 6 months of 1935

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