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GENERAL STATISTICS BRANCH

BUSINESS CONDITIONS IN CANADA

during the first Nine Months of 1935

compared with the

same period of 1933 and 1934

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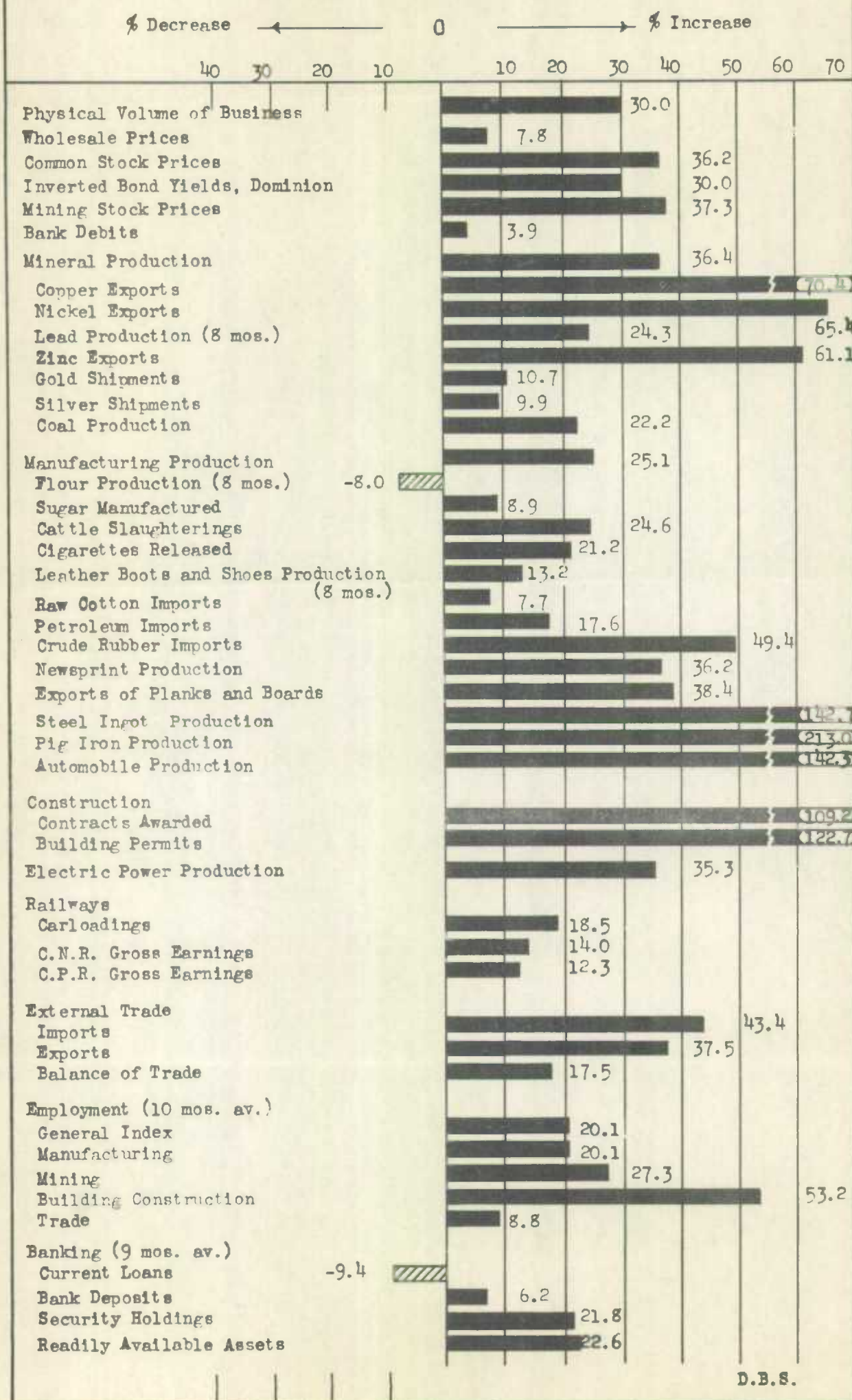
OTTAWA

1935

The Economic Situation in Canada

in the first 9 Months of 1935

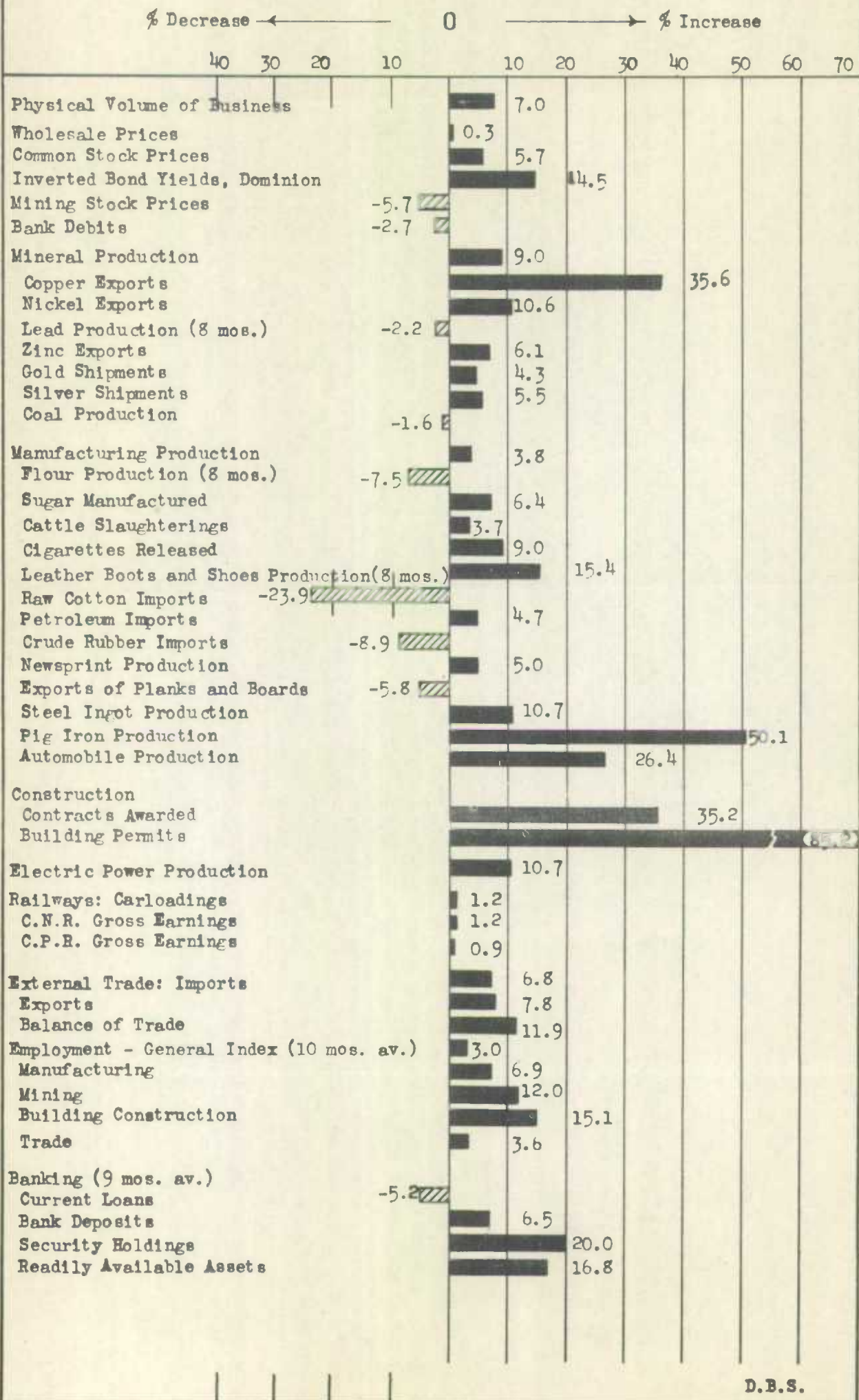
as compared with the same period of 1933.



The Economic Situation in Canada

in the first 9 months of 1935

as compared with the same period of 1934.



DOMINION BUREAU OF STATISTICS, OTTAWA

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BUSINESS CONDITIONS IN CANADA DURING THE FIRST NINE MONTHS OF 1935
COMPARED WITH THE SAME PERIOD OF 1933 AND 1934

The receipt of information regarding the first nine months of 1935 sheds further light on the extent of the business recovery. The level of productive operations was much higher than in the corresponding months of 1933, the index of the physical volume of business based on 45 factors averaging 100.6 in the elapsed period of 1935 compared with 77.4 in the same period of that year. The gain of 30 p.c. in a representative index of this kind is evidence of a marked resumption of business and productive enterprise over the low levels of the depression shown in the first nine months of 1933.

The change in wholesale prices was relatively moderate, but even here the official index of 567 commodities averaged 7.8 p.c. higher during the first nine months of 1935. The average for the wholesale price index was 71.9 compared with 66.7 in the first nine months of 1933. During the present year, stability has characterized the commodity price level, narrow fluctuation being shown about the 72 p.c. line, with 1926 being regarded as the base equalling 100. The index in the first month of 1933 was 63.8 and further decline was shown in February of that year. There followed five months of advance constituting the main factor in establishing the present relatively favourable level.

The fluctuations in common stock prices were more spectacular. The price index of stocks traded on the Canadian exchanges averaged 66.5 during the first nine months of 1933. The average during the present year was 90.6, the indicated gain being no less than 36.2 p.c. The marked gain of the last three years was shown from March to July 1933. An advance was shown last May to a new high point on the recovery, and the level has been fully maintained for the last five months.

One of the most significant developments during 1934 was the pronounced advance in high-grade bond prices. Considerable gain had already been recorded from the early months of 1932 to the end of 1933 but the spectacular advance was mainly confined to last year. The yield on Dominion Government bonds in the first eight months of 1935 was lower than at any time since pre-war days. A low level of long-term interest rates is an incentive toward the production of investment goods. The cost of capital is an important consideration in undertakings involving the construction of plant and equipment.

A decline in high-grade bond prices occurred in September last, a part of which was offset by the recent rally. The index of inverted bond yields was 137.3 in the first nine months of 1935 against 105.6 in the same period of 1933.

It is an interesting development that many of the industries which shared in the prosperity phase of the last cycle, are now participating in the marked expansion of the last three years. Mining is one of the industries which must be included in this category. The index of mineral production based on nine factors rose from 107.0 in the first nine months of 1933 to 146.1 in the elapsed period of the present year, a gain of no less than 36.4 p.c. Copper exports at 287,000,000 pounds showed a gain of about 70 p.c., while nickel exports at 104,000,000 pounds recorded an increase of 65 p.c. The percentage gains in the production and outward shipments of lead and zinc were also large. Lead production in eight months at 216,000,000 pounds compared with 173,800,000 showed a gain of 24.3 p.c., and zinc exports in the nine months at 213,000,000 pounds were up 61 p.c.

Shipments of gold and silver showed gains of a more moderate character, the increases being 10.7 p.c. and 9.9 p.c., respectively. Gold shipments to the Mint and external points were 2,378,000 ounces compared with 2,147,000. The shipments of silver were 11,076,000 ounces compared with 10,082,000. The revival in coal mining from 7,672,000 tons to 9,375,000 was a pleasing development. From March to August a wide margin was shown over the output of the corresponding months of 1933, the net gain being 22.2 p.c. in the nine months' comparison.

The expansion in manufacturing operations since the first of last year was pronounced, the index based on 29 factors having been above the 100 p.c. line in recent months compared with about 62 in January 1933. During the first nine months of this year the index averaged 96.7 compared with 77.5 in the same period of 1933, a gain of 25.1 p.c.

The gain of 7.7 p.c. in the imports of raw cotton for further manufacturing by the textile industry represents a moderate gain in operations. Newspaper production was at a much higher level in 1935, especially from May to September, the gain over the first nine months of 1933 having been 36.2 p.c. The exports of planks and boards, indicating conditions in the lumber industry, at 966,000,000 feet showed a gain of 38 p.c. A considerably higher level of operations has been shown by the primary iron and steel industry. Steel ingot production showed a gain of 142.7 p.c., while the pig iron output was up 213.0 p.c.

The automobile and allied industries have participated fully in the revival of the last three years. The output of motor cars was up 142.3 p.c., the total in the last nine months being 137,350 units. Crude rubber imports at 42,791,000 pounds, showed a gain of 49 p.c. Such imports indicate mainly the increased preparation for the production of tires. Crude petroleum imports at 830,000,000 gallons showed a gain of 17.6 p.c.

While still at a comparatively low level, the operations of the construction industry showed appreciable gain over the first nine months of 1933. Contracts awarded were \$132,700,000, a gain of 109.2 p.c. Building permits in 61 cities remained at the relatively low level of \$36,500,000 compared with \$16,394,000, the gain being 122.7 p.c.

Electric power production has shown marked gain over the early months of 1933, reaching in August last, after seasonal adjustment, a new high point in the history of the industry. The gain in the nine-months' production over that of the same period of 1933 was 35.3 p.c.

The railway freight movement made a fair showing in the first nine months of 1935, the gain in loadings over the same period of 1933 being 13.5 p.c. The gross operating revenue of the Canadian lines of the Canadian National was 14.0 p.c. greater, while the corresponding revenue of the Canadian Pacific was up 12.3 p.c.

The volume of the external trade showed correlation with the betterment in Canadian business operations. The value of imports in the first nine months was \$403,000,000, a gain of 43.4 p.c. Exports of \$500,700,000 compared with \$364,200,000 showed a gain of 37.5 p.c. The increase in the excess of exports over imports was 17.5 p.c.

Comparison of the First Nine Months 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 twenty months was not so rapid. The index of the physical volume of business averaged 100.6 in the first nine months of 1935 against 94.0 in the same period of last year, a gain of 7.0 p.c. The mining, construction and power industries showed expansion greater than the average, while manufacturing and general employment 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 0.3 p.c. over the first nine months of 1934. On the base of 1926, the index of wholesale prices averaged 71.3 in the first nine months of 1935 against 71.7 in the same months of 1934. Common stock prices, reflecting improved prospects for corporate revenues, averaged 5.7 p.c. higher than in the first nine months of last year. As Dominion Government bonds advanced persistently during 1934, the level in the first nine months of the present year measured by inverted bond yields, was 14.5 p.c. higher than in the same period of last year.

The nine weighted factors indicating the trend of mineral production averaged 9.0 p.c. greater in the first nine months of 1935 than in the same period of 1934. Copper exports showed an expansion of 35.6 p.c. The export of nickel and zinc recorded moderate gains. Gold shipments were 4.3 p.c. greater, and silver shipments showed a gain of 5.5 p.c. Coal production declined 1.6 p.c., the total in the first nine months of 1935 having been 9,375,000 tons. The index of manufacturing production based on 29 factors showed a gain of 3.8 p.c. The tobacco and sugar industries showed considerable expansion. An important gain was also shown in the output of boots and shoes. Raw cotton imports, however, declined 23.9 p.c.

The gain in motor car production was 26.4 p.c. and the output of pig iron showed an expansion of 50.1 p.c. The resumption of activity in the construction industry was reflected in a gain of 35.2 p.c. in contracts awarded. The output of electric power showed an increase of nearly 11 p.c.

Statistical Tables and Charts

Detailed comparisons of the more important factors in the economic situation in the first nine months of 1935 with the corresponding figures for the same period 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 Nine Months of 1935
Compared with the Same Period of 1933

		First Nine Months		Increase+
		1933	1935	Decrease-
				Per cent
<u>General Economic Situation -</u>				
Index of Physical Volume of Business		77.4	100.6	+ 30.0
Wholesale Prices		66.7	71.9	+ 7.8
Index of Common Stock Prices		66.5	90.6	+ 36.2
Shares Traded, Montreal and Toronto	Number	16,751,568	9,405,899	- 43.9
Inverted Bond Yields, Dominion		105.6	137.5	+ 30.0
Mining Stock Prices		89.6	123.0	+ 37.3
Bank Debts -	\$000	21,828,717	22,684,735	+ 3.9
<u>Production and General Business -</u>				
Mineral Production, 1926=100		107.0	146.1	+ 36.4
Copper Exports	Pounds	168,417,500	287,030,200	+ 70.4
Nickel Exports	Pounds	62,942,400	104,135,000	+ 65.4
Lead Production (3 months)	Pounds	173,832,113	216,139,580	+ 24.3
Zinc Exports	Pounds	132,326,800	213,225,900	+ 61.1
Gold Shipments	Fine Ounces	2,147,454	2,377,501	+ 10.7
Silver Shipments	Fine Ounces	10,082,364	11,076,151	+ 9.9
Coal Production	Tons	7,672,285	9,374,785	+ 22.2
Manufacturing Production 1926 = 100		77.3	96.7	+ 25.1
Flour Production (3 months)	Barrels	9,009,001	8,286,837	- 8.0
Sugar manufactured	Pounds	573,374,868	624,681,003	+ 8.9
Cattle Slaughtering	Number	816,639	1,017,251	+ 24.6
Hog Slaughtering	Number	2,037,105	2,018,041	- 0.9
Cigarettes released	Number	3,206,836,670	3,885,606,860	+ 21.2
Cigars released	Number	77,949,232	88,266,273	+ 13.2
Leather Boots and Shoes (3 months)	Pairs	11,811,928	13,365,525	+ 13.2
Raw Cotton Imports	Pounds	68,548,897	73,849,197	+ 7.7
Paper and Lumber -				
Newsprint Production	Tons	1,452,911	1,978,625	+ 36.2
Exports of Planks and Boards	Feet	698,158,000	965,956,000	+ 38.4
Iron and Steel -				
Steel Ingot Production	Long Tons	266,329	647,704	+ 142.7
Pig Iron Production	Long Tons	133,870	419,064	+ 213.0
<u>Automobile and Allied Industries -</u>				
Automobile Production	Number	56,689	137,350	+ 142.3
Petroleum Imports	Gallons	705,947,486	830,020,899	+ 17.6
Crude Rubber Imports	Pounds	28,639,581	42,790,919	+ 49.4
<u>Construction -</u>				
Contracts Awarded	\$	63,430,700	132,724,200	+ 109.2
Building Permits	\$	16,394,014	36,510,379	+ 122.7
Electric Power Production	000 K.W.H.	12,525,144	16,942,001	+ 35.3
<u>Railways -</u>				
Carloadings	Number	1,451,567	1,719,692	+ 18.5
Gross Revenue, C.N.R. (Canadian Lines)	\$	91,601,000	104,457,000	+ 14.0
Gross Revenue, C.P.R.	\$	81,866,000	91,851,000	+ 12.3
<u>External Trade -</u>				
Imports	\$	281,064,940	403,036,316	+ 43.4
Exports	\$	364,197,630	500,722,321	+ 37.5
Excess of Exports over Imports	\$	83,132,690	97,686,005	+ 17.5
<u>Employment - 10 months' average unadjusted</u>				
General Index, 1926 = 100		81.7	98.1	+ 20.1
Manufacturing		80.0	96.1	+ 20.1
Logging		52.2	118.1	+ 126.2
Mining		95.5	121.6	+ 27.3
Construction		70.7	95.8	+ 35.5
Building		34.4	52.7	+ 53.2
Highway		120.2	170.9	+ 42.2
Trade		111.1	120.9	+ 8.8
<u>Banking - Nine Months' average</u>				
Bank Deposits	\$	1,868,621,742	1,984,662,340	+ 6.2
Readily Available Assets	\$	1,030,255,897	1,262,777,524	+ 22.6
Current Loans	\$	909,220,217	823,633,368	- 9.4
Call Loans - Canada	\$	100,702,620	81,789,038	- 18.8
Elsewhere	\$	90,524,710	75,786,527	- 16.3
Security Holdings	\$	832,198,333	1,013,852,109	+ 21.8

Statistics Illustrating the Economic Situation of Canada in the First Nine Months of 1935
Compared with the same period of 1934

		First Nine Months		Increase + Decrease -
		1934	1935	Per Cent
<u>General Economic Situation</u>				
Index of Physical Volume of Business		94.0	100.6	+ 7.0
Wholesale Prices		71.7	71.9	+ 0.3
Index of Common Stock Prices		85.7	90.6	+ 5.7
Shares Traded, Montreal and Toronto	Number	10,361,380	9,405,899	- 9.2
Invested Bond Yields, Dominion		119.9	137.3	+ 14.5
Mining Stock Prices		130.5	123.0	- 5.7
Bank Debts	\$ 000	23,324,418	22,684,735	- 2.7
<u>Production and General Business -</u>				
Mineral Production, 1926=100		134.0	146.1	+ 9.0
Copper Exports	Pounds	211,639,300	287,030,200	+ 35.6
Nickel Exports	Pounds	94,189,200	104,135,000	+ 10.6
Lead Production (8 months)	Pounds	220,926,042	216,139,580	- 2.2
Zinc Exports	Pounds	200,891,300	213,225,900	+ 6.1
Gold Shipments	Fine Ounces	2,230,165	2,377,501	+ 4.3
Silver Shipments	Fine Ounces	10,501,886	11,076,151	+ 5.5
Coal Production	Tons	9,529,446	9,374,785	- 1.6
Manufacturing Production 1926=100		93.2	96.7	+ 3.8
Flour Production (8 months)	Barrels	8,955,632	8,286,837	- 7.5
Sugar manufactured	Pounds	587,062,267	624,681,003	+ 6.4
Cattle Slaughtering	Number	980,772	1,017,251	+ 3.7
Hog Slaughtering	Number	2,058,283	2,018,041	- 2.0
Cigarettes released	Number	3,565,556,015	3,885,606,860	+ 9.0
Cigars released	Number	79,824,525	88,266,273	+ 10.6
Leather Boots and Shoes (8 months)	Pairs	11,582,811	13,365,525	+ 15.4
Raw Cotton Imports	Pounds	97,017,690	73,849,197	- 23.9
Paper and Lumber -				
Newsprint Production	Tons	1,883,858	1,978,625	+ 5.0
Exports of Planks and Boards	Feet	1,025,958,000	965,956,000	- 5.8
Iron and Steel -				
Steel Ingot Production	Long Tons	585,162	647,704	+ 10.7
Pig Iron Production	Long Tons	279,090	419,064	+ 50.1
Automobile and Allied Industries				
Automobile Production	Number	103,681	137,350	+ 26.4
Petroleum Imports	Gallons	792,865,934	830,020,899	+ 4.7
Crude Rubber Imports	Pounds	46,991,935	42,790,919	- 8.9
Construction -				
Contracts Awarded	\$	98,145,100	132,724,200	+ 35.2
Building Permits	\$	19,715,146	36,510,379	+ 85.2
Electric Power Production	000 K.W.H.	15,299,852	16,942,001	+ 10.7
Railways -				
Carloadings	Number	1,699,095	1,719,692	+ 1.2
Gross Revenue, C.N.R. (Canadian Lines)	\$	103,256,000	104,457,000	+ 1.2
Gross Revenue, C.P.R.	\$	91,044,000	91,851,000	+ 0.9
External Trade -				
Imports	\$	377,249,292	403,036,316	+ 6.8
Exports	\$	464,517,782	500,722,321	+ 7.8
Excess of Exports over Imports	\$	87,268,490	97,686,005	+ 11.9
<u>Employment - 10 months' average, unadjusted</u>				
General Index, 1926=100		95.2	98.1	+ 3.0
Manufacturing		89.9	96.1	+ 6.9
Logging		112.6	118.1	+ 4.9
Mining		108.6	121.6	+ 12.0
Construction		110.0	95.8	- 12.9
Building		45.8	52.7	+ 15.1
Highway		224.3	170.9	- 23.8
Trade		116.7	120.9	+ 3.6
<u>Banking - Nine Months' Average</u>				
Bank Deposits	\$	1,863,680,513	1,984,662,340	+ 6.5
Readily Available Assets	\$	1,081,471,335	1,262,777,524	+ 16.8
Current Loans	\$	868,985,500	823,633,368	- 5.2
Call Loans - Canada	\$	100,726,310	81,789,038	- 18.8
Elsewhere	\$	107,833,210	75,786,527	- 29.7
Security Holdings	\$	844,883,039	1,013,852,109	+ 20.0

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