

11-D-01
proposed for
1937
for 1936

11-2

C A N A D A

DEPARTMENT OF TRADE AND COMMERCE

DOMINION BUREAU OF STATISTICS

GENERAL STATISTICS BRANCH

BUSINESS CONDITIONS IN CANADA

during the first quarter 1937

compared with the

same period of 1936

-----+ + +-----

Published by Authority of the Hon. W.D. Euler, M.P.,
Minister of Trade and Commerce.

+ + +

OTTAWA

1937

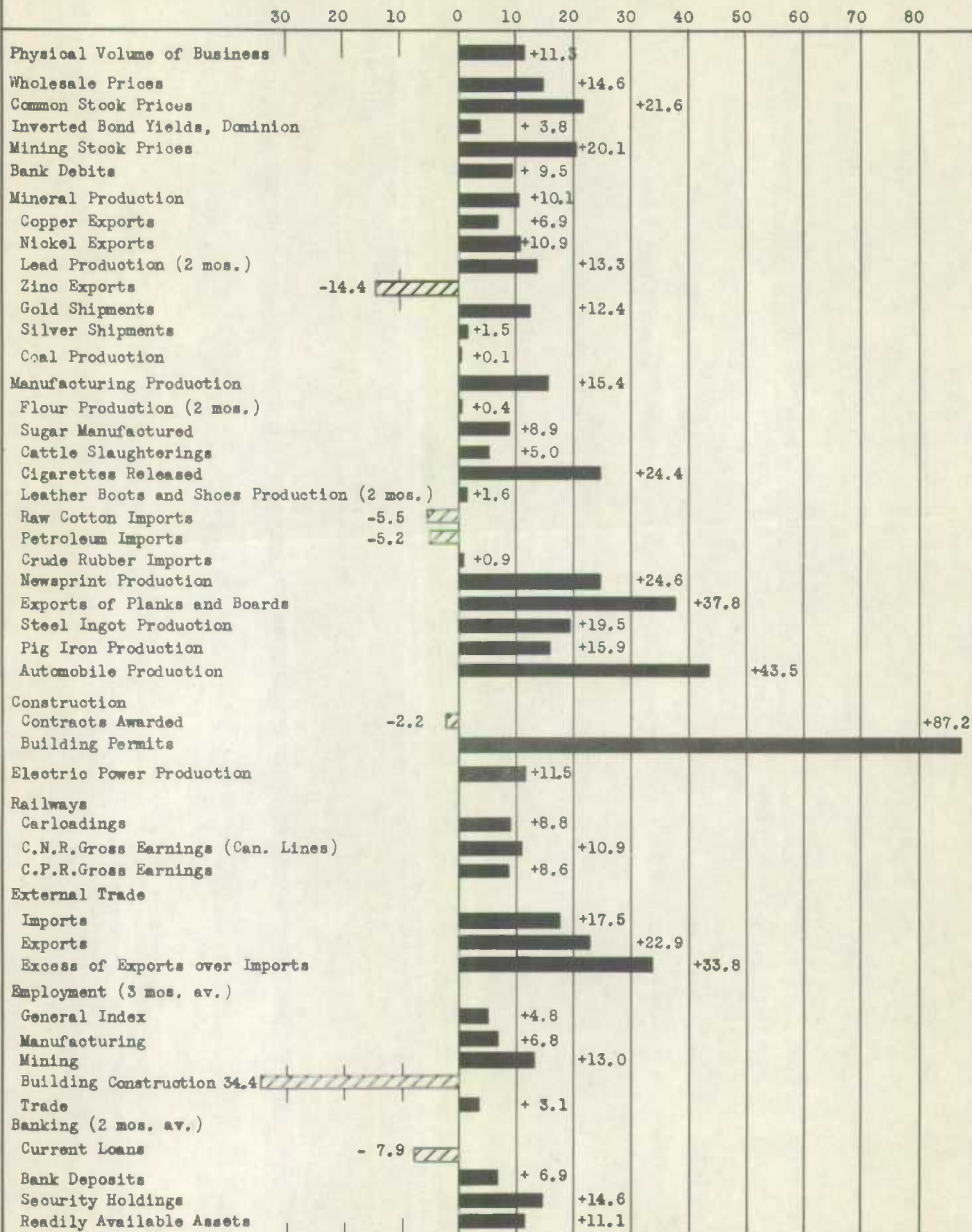
The Economic Situation in Canada

in the first Quarter of 1937

as compared with the same period of 1936.

% Decrease

% Increase



Dominion Statistician:
Statistician:

R. H. Coats, LL.D., F.R.S.C., F.S.S.(Hon.)
Sydney B. Smith, M.A.

BUSINESS CONDITIONS IN CANADA DURING THE FIRST QUARTER OF 1937
COMPARED WITH THE SAME PERIOD OF THE PRECEDING YEAR.

Economic conditions in Canada during the first quarter of 1937 showed marked improvement over the same period of the preceding year. Advances were recorded in most of the factors regarded as significant in the study of cyclical fluctuations. Out of the 53 factors considered in this connection, 8 only showed decline in the first quarter of 1937 from the same period of the preceding year. The remaining factors recorded gains amounting to as high as 87 p.c. The main element in the betterment of economic conditions in the elapsed portion of the present year was the expansion in productive operations coupled with the marked advance in commodity prices. Banking operations were particularly favorable resulting in a strong liquid position and easy credit conditions.

Productive Operations

The revival in productive operations was carried further in the quarter under review. The net result was that the index of the physical volume of business on the base of 1926 averaged 116.9 in the first quarter of 1937, compared with 105.0 in the same period of 1936. The gain of 11.3 p.c. represents a 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 over 10 p.c. greater in the first quarter of 1937 than in the same period of the preceding year. Copper exports reached a high level in 1937, the gain over the same months of 1936 being no less than 6.9 p.c. Exports of nickel in different forms recorded an increase of about 10.9 p.c. The outward shipments of zinc in the first quarter were 14.4 p.c. less than in the same period of the preceding year. Lead production in the first two months recorded a gain of 13.3 p.c. Shipments of gold from Canadian mines to the Mint and to external points were 974,000 ounces compared with 866,000, a gain of 12.4 p.c. Silver shipments showed a gain of 1.5 p.c. in the same comparison. The production of coal was practically maintained in the quarter under review.

Manufacturing Production.

A pronounced upward trend was shown in manufacturing operations during last quarter. The official index based on 30 factors with seasonal adjustment was 118.2 compared with 102.4 in the same period of 1936, representing a gain of considerable proportions. A marked advance was also shown in 1936, the low point of the depression having been reached in February, 1933. The average of the index for manufacturing was 110.6 in 1936 compared with 100.5 in the preceding year, a gain of 10 p.c.

The pulp and paper industry is of prime importance to the Canadian economy. In the number of employees and distribution of wages and salaries it is the leading manufacturing industry. It can be clearly seen that in production, the ground lost during the depression has been regained and the industry needs only fair prices to make its operations really profitable to its owners and more efficacious in promoting a greater measure of prosperity for its employees.

Production of newsprint during the last two years surpassed the high level of 1929, reaching an estimated 3,191,000 tons in 1936, an advance of nearly 16 p.c. over 1935, and a new high point in the history of the industry. This figure represents a gain of 70 p.c. over the depression low point of 1932. Prices which began their precipitous decline in 1928, continued downward until 1935, while an upward trend has since been in evidence.

The output of newsprint was at a new high point in the first quarter, amounting to 864,333 tons. This compares with 693,424 in the same period of 1936, a gain of 24.6 p.c. The exports of planks and boards indicative of conditions in the lumber industry, showed a gain of nearly 38 p.c. in this comparison.

The primary iron and steel industry has been very much more active in 1937 suggesting revival in the industrial group producing durable goods. Steel ingot production at 352,164 tons recorded a gain of 19.5 p.c., while the output of pig iron at 199,381 tons was up nearly 16 p.c.

During the last six months, the spotlight of public attention has been focused on the iron and steel industry. Much of the colossal expenditure on armaments contemplated by the major nations of the world will naturally flow into the industry. The increased domestic demand in these countries, many of which are normally exporters, precludes any immediate possibility of their entering the Canadian market in serious competition with our domestic producers. Far from any immediate foreign competition affecting the industry, a brisk demand for Canadian iron and steel has developed in Great Britain. This export should be of particular value to the Maritime steel industry which had been operating at low levels for some years past.

A study of the indexes indicates that the production of steel ingots and castings is the highest on record since 1929 and nearly four times as great as the average for the year 1932, the recent low point. This is a remarkable advance when we consider that only a small percentage of this gain may be attributed to the construction industry which is still far from the levels of 1929. Production of pig iron was actually suspended for three months in the spring of 1933, the present level of operations being a cause of satisfaction.

The automobile and allied industries fared better in 1937 than in the preceding year. The output of motor cars at about 64,000 recorded a gain of no less than 43.5 p.c. Crude rubber imports, indicating conditions in the tire industry, showed a gain of 1 p.c. The imports of crude petroleum at 157,542,000 gallons were down 5.2 p.c. for the same period of 1936.

The record of the construction industry in Canada was encouraging in the first quarter of this year. While the actual value of contracts awarded in the first three months was down slightly from the same quarter of 1936, the contemplated new construction estimated at \$134,738,100 is more than double that of last year. All provinces with the exception of Saskatchewan, showed large gains in this comparison.

Building permits at \$10,470,000 in the first quarter of 1937 compared with \$5,592,000 last year, registered an increase of 87.2 p.c. Loans authorized by the Dominion Government under the Dominion Housing Act now total well over a million and a half dollars. The price trend of building materials in sympathy with commodity prices has been steadily upward since the spring of 1935 and the index based on 1926 equalling 100 stood at 97.3 in March compared with 84.2 in March 1936, an advance of over 15 p.c.

Trade.

Canada's trade in the fiscal year ended March 31, mounted to the highest point since the fiscal year ended March 1930, registering a gain of no less than 22 p.c. over last year and an advance of 84 p.c. over the 22-year minimum of 1933. In practically all months of the year just ended, increases were shown over similar months of the past four years. The total trade of Canada in the fiscal year 1936-37 was estimated at \$1,733 million, compared with \$1,425 million last year, an increase in value of nearly \$308 million.

In the first quarter of the present year, Canada's trade registered an advance of 20.8 p.c. with a value of \$406,951,000 compared with \$336,993,000 in the same months of last year. Imports were up from \$134,869,000 to \$158,484,000, a gain of 17½ p.c., while exports were much more active aggregating \$248,466,000, an advance of \$46,341,000 over the \$202,125,000 shipped in the first quarter of 1936. This latter gain of 23 p.c. is particularly gratifying when we consider that the outflow of wheat at less than 20 million bushels for the quarter, was greatly reduced from average proportions so that the increase in other commodities was pronounced to counterbalance the decline in wheat.

The favourable balance of trade for the first quarter was nearly 90 million dollars, representing a further credit on foreign account of 23 millions over that acquired in the same period of 1936.

Railways.

Moderate gain was shown in the revenue freight handled by the railways of Canada during the first 13 weeks of 1937. The gain in the freight movement was 8.8 p.c., the total in the first quarter of 1937 being 593,000 cars compared with 545,000 in the same period of the preceding year. The gross operating revenue of the Canadian National on the Canadian lines showed a gain of 10.9 p.c. to \$36,178,000 from \$32,619,000 in the first quarter of 1936. The gross operating revenues of the Canadian Pacific in the same comparison were \$31,674,000 against \$29,153,000, a gain of 8.6 p.c.

Employment.

A considerably higher level of employment was maintained in the elapsed portion of 1937 than in the preceding year. The gain of employment in manufacturing plants, unaffected to any important extent by relief measures, has continued without considerable interruption since May 1933, when the turning-point of the employment cycle was reached. The index of manufacturing employment averaged 6.8 p.c. higher in 1937 than in the preceding year and the gain on March 1 over the same date of 1936 was 7 p.c. Contributing to that advance, most of the principal industries recalled their working forces in appreciable numbers. The gain over March 1, 1936, in the iron and steel, textile and lumber industries was 7 p.c., 6.5 p.c., and 9 p.c., respectively. The mining industry recorded an average gain over the first quarter of 1936 of 13 p.c., the acceleration in metal mining being of large proportions.

Common Stocks.

The resumption of industrial operations and the advancing trend of commodity prices favoured the revenue prospects of Canadian corporations in the first quarter of 1937. Despite the spectacular gain in stock prices from March 1933 to the end of 1936, a further advance was recorded in the present year, resulting in March in a new high point on the recovery movement. The average of the official index during the first quarter of 1937 was nearly 22 p.c. greater than in the same period of last year.

Following the advance in 1936 of high-grade bond prices, to the highest point in history, a decline was shown from week-to-week during the first quarter. Prices steadied during the elapsed portion of April and the level is still high relative to years prior to 1936.

Conclusion.

From this brief survey of the principal business factors, it is evident that the country with its wealth of natural resources provides one of the most striking examples of solid recovery and increased purchasing power. And it has been demonstrated that this recovery is being maintained during the present year.

With our favourable balance of trade exceeding our payments abroad, it is at last an accomplished fact that Canada is not only becoming less dependent upon foreign capital, but has finally started the long trend toward becoming a creditor nation.

Statistics Illustrating the Economic Situation of Canada in the First Quarter of
1937, Compared with the Same Period of 1936.

		First Quarter 1937	First Quarter 1936	Increase + Decrease - Per Cent
<u>General Economic Situation.</u>				
Index of Physical Volume of Business		116.9 (p)	105.0	+ 11.3
Wholesale Prices		83.2	72.6	+ 14.6
Index of Common Stock Prices		142.3	117.0	+ 21.6
Inverted Bond Yields, Dominion		146.2	140.8	+ 3.8
Mining Stock Prices		174.8	145.5	+ 20.1
Bank Debits	\$000	9,149,126	8,358,328	+ 9.5
<u>Production and General Business</u>				
Mineral Production, 1926=100		162.7	147.8	+ 10.1
Copper Exports	Lbs.	93,478,800	87,440,600	+ 6.9
Nickel Exports	Lbs.	55,129,100	49,730,500	+ 10.9
Lead Production (2 mos.)	Lbs.	62,617,050	55,254,764	+ 13.3
Zinc Exports	Lbs.	58,910,800	68,838,700	- 14.4
Gold Shipments	Fine Ozs.	973,584	866,144	+ 12.4
Silver Shipments	Fine Ozs.	4,626,242	4,558,268	+ 1.5
Coal Production	Tons	3,860,554	3,856,456	+ 0.1
Manufacturing Production	1926= 100	118.2	102.4	+ 15.4
Flour Production (2 mos.)	Bbls.	2,008,324	2,001,005	+ 0.4
Sugar manufactured	Lbs.	73,120,396	67,145,510	+ 8.9
Cattle Slaughtering	No.	313,614	298,581	+ 5.0
Hog Slaughtering	No.	1,043,656	783,355	+ 33.2
Cigarettes released	No.	1,301,048,427	1,045,566,032	+ 24.4
Cigars released	No.	22,830,783	21,216,410	+ 7.6
Leather Boots and Shoes (2 mos.)	Prs.	3,212,465	3,161,841	+ 1.6
Raw Cotton Imports	Lbs.	42,770,417	45,222,128	- 5.5
Paper and Lumber -				
Newsprint Production	Tons	864,333	693,424	+ 24.6
Exports of Planks and Boards	Ft.	426,606,000	309,655,000	+ 37.8
Iron and Steel -				
Steel Ingot Production	Long Tons	352,164	294,682	+ 19.5
Pig Iron Production	Long Tons	199,381	172,096	+ 15.9
<u>Automobile and Allied Industries -</u>				
Automobile Production	No.	63,991	44,591	+ 43.5
Petroleum Imports	Gals.	157,542,315	166,169,464	- 5.2
Crude Rubber Imports	Lbs.	12,354,403	12,246,613	+ 0.9
<u>Construction -</u>				
Contracts Awarded	\$	31,409,100	32,127,200	- 2.2
Building Permits	\$	10,470,129	5,592,471	+ 87.2
Electric Power Production	000 K.W.H.	6,876,742	6,166,115	+ 11.5
<u>External Trade - (p)</u>				
Imports	\$	158,484,000	134,869,000	+ 17.5
Exports	\$	248,466,000	202,125,000	+ 22.9
Favourable Balance of Trade	\$	89,982,000	67,256,000	+ 33.8
<u>Railways -</u>				
Carloadings	No.	593,056	545,257	+ 8.8
Gross Revenue C.N.R. (Can. Lines)	\$	36,178,000	32,619,000	+ 10.9
Gross Revenue C.P.R.	\$	31,674,000	29,153,000	+ 8.6
<u>Employment - 3 months' average, unadjusted.</u>				
General Index, 1926=100		109.6	104.6	+ 4.8
Manufacturing		109.9	102.9	+ 6.8
Logging		163.6	121.3	+ 34.9
Mining		146.8	129.9	+ 13.0
Construction		76.6	102.0	- 24.9
Building		43.0	65.5	- 34.4
Highway		101.2	141.1	- 28.3
Trade		130.6	126.7	+ 3.1
<u>Banking - Two Months' Average</u>				
Bank Deposits	\$	2,206,108,374	2,063,071,449	+ 6.9
Readily Available Assets	\$	1,621,327,618	1,458,687,685	+ 11.1
Current Loans	\$	689,518,409	749,005,328	- 7.9
Call Loans - Canada	\$	119,115,690	77,874,838	+ 53.0
Elsewhere	\$	70,120,845	60,765,808	+ 15.4
Security holdings	\$	1,416,834,067	1,235,911,970	+ 14.6

(p) Preliminary.



1010780739

Table 1. Total population, by sex and age group, 1981-1985			
Year	Male	Female	Total
1981	24,100,000	25,100,000	49,200,000
1982	24,200,000	25,200,000	49,400,000
1983	24,300,000	25,300,000	49,600,000
1984	24,400,000	25,400,000	49,800,000
1985	24,500,000	25,500,000	50,000,000
Table 2. Total population, by sex and age group, 1986-1990			
Year	Male	Female	Total
1986	24,600,000	25,600,000	50,200,000
1987	24,700,000	25,700,000	50,400,000
1988	24,800,000	25,800,000	50,600,000
1989	24,900,000	25,900,000	50,800,000
1990	25,000,000	26,000,000	51,000,000
Table 3. Total population, by sex and age group, 1991-1995			
Year	Male	Female	Total
1991	25,100,000	26,100,000	51,200,000
1992	25,200,000	26,200,000	51,400,000
1993	25,300,000	26,300,000	51,600,000
1994	25,400,000	26,400,000	51,800,000
1995	25,500,000	26,500,000	52,000,000