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

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**BUSINESS CONDITIONS IN CANADA**

during the first four months 1937

compared with the

same period of 1936



Published by Authority of the Hon. W.D. Euler, M.P.,  
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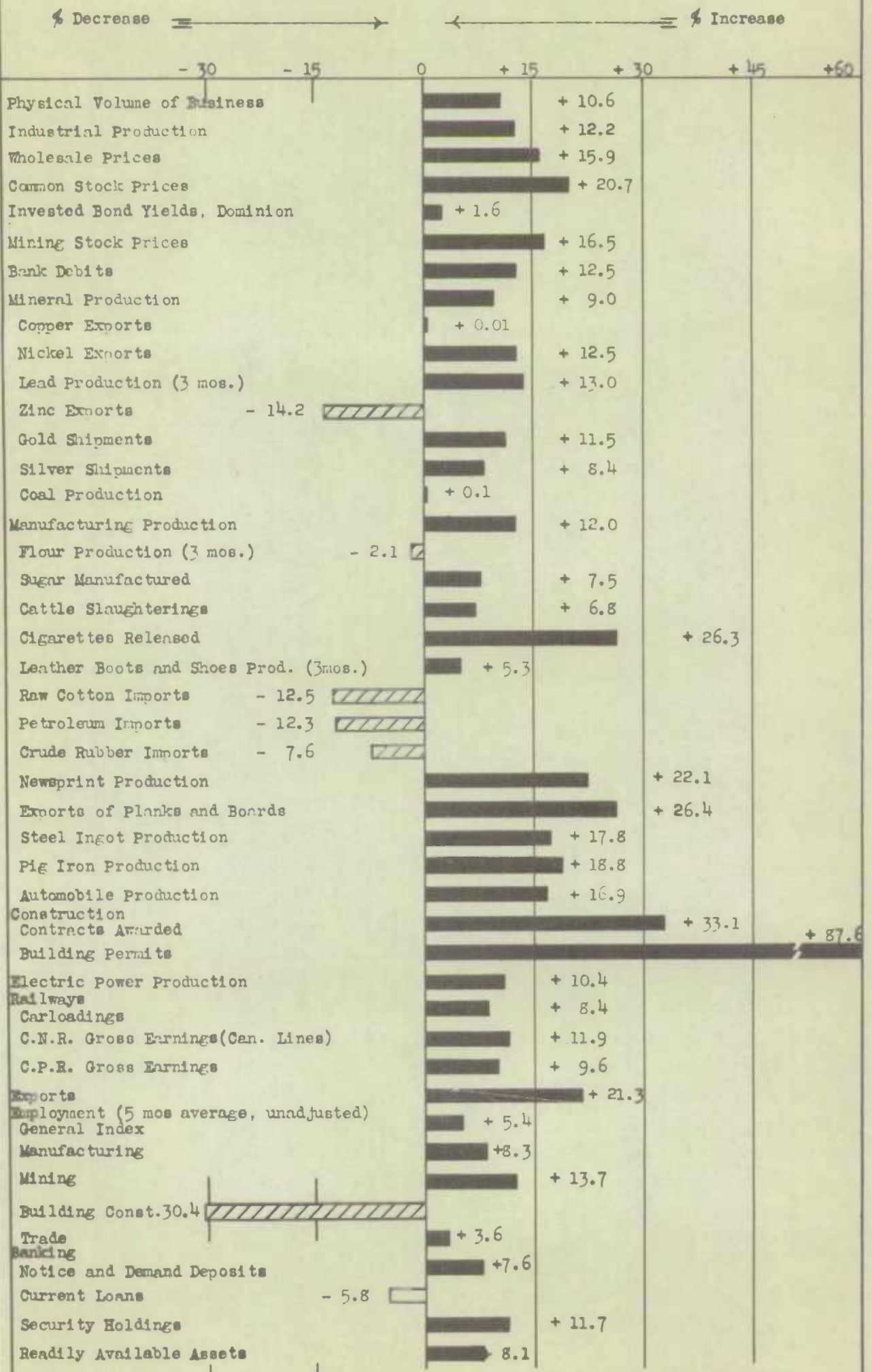
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The Economic Situation in Canada  
in the First Four Months of 1937  
as compared with the same period of 1936







Dominion Statistician:  
Statistician:

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

ECONOMIC EXPANSION IN THE FIRST FOUR MONTHS OF 1937,  
OVER THE SAME PERIOD OF LAST YEAR.

The receipt of information regarding the first four months of 1937 sheds further light on the extent of the business recovery. The level of productive operations was much higher than in the corresponding months of 1936, the index of the physical volume of business based on 46 factors averaging 117.8 in the elapsed period of 1937 compared with 106.5 in the same period of last year. The gain of 10.6 p.c. in a representative index of this kind is evidence of a marked advance in business and productive enterprise over the levels in the first four months of 1936.

Perhaps the most fundamental change in economic conditions during the last twelve months was the rise in wholesale prices. The five-year price decline apparently reached its end (in terms of gold) toward the close of 1934, and prices turned definitely upward in the middle of the following year. The upturn reflected primarily the improvement in the supply-demand situation for many of the leading commodities, demand being increased by the progress of recovery throughout the world. Supply became better adjusted through artificial measures, as in the case of rubber and tin, and partly through other causes, as in the case of crop products. The improved position of the primary commodities is shown in the increased rapidity with which the index of world stocks of eight important commodities declined after 1934.

To the increasing demand as a result of recovery, was added that from rearmament, and in the commodities most affected the price advance had taken on a decidedly speculative character. This was specially true, of course, of the metals group, but a number of others such as rubber and hides attracted a good deal of speculative interest as well.

The setback in speculative commodities occurring in the latter part of April reflected the influence of two outstanding causes. The rapid advance during the latter part of 1936 and the first quarter of the year placed markets in a vulnerable position. In the second place, political announcements of a bearish character from other countries had a marked effect. Wholesale prices have shown recession since the intermediate turning-point was reached in April, but the downward trend has been decidedly moderate considering the rapidity of the advance in the preceding twelve months. The lead over the same week of 1936 is still about 10 p.c. A rise of these proportions during 12 months for an index not normally subject to wide fluctuations implies a spectacular development.

The advance of high-grade bond prices culminated at the beginning of the year. There followed a marked decline during the first quarter more than offsetting the advance of 1936. Dominion bonds recorded considerable recovery during April and May but at the end of the latter month the position of the same date of 1936 had not been recovered. The average yield on six prominent issues was 3.36 in the last week of May against 3.25 in the same week of last year. 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.

### Mining

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 mine factors rose from 154 in the first four months of 1936 to 168 in the elapsed period of the present year, a gain of no less than 9 p.c. Copper exports at 116,750,000 pounds showed a slight gain, while nickel exports at 68 million pounds recorded an increase of 12.5 p.c. The percentage gain in the production of lead was also large. Lead production in three months at nearly 98 million pounds compared with 86 million showed a gain of 13 p.c., while zinc exports in the four months at 72 million pounds were down 14 p.c.

Shipments of gold and silver showed important gains, the increases being 11.5 p.c. and 8.4 p.c., respectively. Gold shipments to the Mint and external points were 1,300,000 ounces compared with 1,170,000. The shipments of silver were 5,721,000 ounces compared with 5,277,000. Coal production at 4,800,000 tons was practically maintained



ORIGINAL ARTICLES  
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at the level of the early months of 1936.

#### Manufactures.

The continued expansion in manufacturing operations was one of the encouraging developments of the period. The index of manufacturing based on 29 factors averaged 12 p.c. higher than in the first four months of 1936, the standing on the base of 1926 having been 117.0, against 104.5. Industries engaged in the manufacture of consumers goods were more active. The meat packing industry operated at a high percentage of capacity, the gain in hog slaughterings having been more than 33 p.c. The manufacture of sugar exceeded 122 million pounds, a gain of 7.5 p.c. The release of cigarettes for consumption reached a new high point, a gain of 26 p.c. being shown over the first four months of last year. The boot and shoe industry was particularly active, the output in the first quarter having been 5,422,000 pairs. While the imports of raw cotton for further manufacture showed a decline, employment returns, averaging 6 p.c. greater, indicate that operations were more extensive.

The forestry group recorded notable progress, the index of operations based on four significant factors showing a gain of no less than 23 p.c. Newsprint production expanded to 1,162,000 tons, an advance of 22 p.c. over the first four months of last year. The export trade in planks and boards was no less than 527,700,000 feet against 417,600,000 in the same period of 1936. The gain of 23 p.c. represented a marked expansion especially when the pronounced revival of last year is kept in mind.

A considerably higher level of operations has been shown by the primary iron and steel industry. Steel ingot production showed a gain of nearly 18 p.c. while the pig iron output was up nearly 19 p.c. Despite the interruption caused by strikes, the automobile industry participated in the revival of the last two years. The output of motor cars was 17 p.c. greater, while declines were shown in the imports of crude rubber and crude petroleum indicative of conditions in the tire and oil refining industries, respectively.

While still at a comparatively low level, the operations of the construction industry showed appreciable gain over the first five months of 1936. Contracts awarded were \$80,006,200, a gain of 40.5 p.c. Building permits in 58 cities remained during the first four months at the relatively low level of \$16,568,000 compared with \$3,830,000, the gain being 87.6 p.c.

Electric power production has shown marked gain over the early months of 1936, reaching in April last, after seasonal adjustment, a new high point in the history of the industry. The gain in the four months' production over that of the same period of 1936 was 10.4 p.c.

The railway freight movement made a fair showing in the first four months of 1937, the gain in loadings over the same period of 1936 being 8.4 p.c. The gross operating revenue of the Canadian lines of the Canadian National was 12 p.c. greater, while the corresponding revenue of the Canadian Pacific was up 9.6 p.c.

The volume of external trade showed correlation with the betterment in Canadian business operations. The value of exports in the first four months was \$315 million compared with \$260 million, a gain of more than 21 p.c. The increase was due in part to the gain in prices, but a marked increase in volume also contributed to the result.

#### Employment

In confirmation of the improvement outlined above, the monthly survey of employment conditions presents impressive evidence. Despite the lower level of employment on relief work undertaken by governmental authorities, the general level of the working forces during the elapsed portion of 1937 was 5.4 p.c. greater than in the same months of last year. Manufacturing plants showed considerable vigor with an expansion of 8.3 p.c., the standing on May 1, being more favorable than at any time since the end of 1929.

Primary industries participated in the advance logging and mining recording gains of 36 p.c. and nearly 14 p.c., respectively, over the levels of the first five months of 1936.







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

		Four Months 1937	Months 1936	Increase + Decrease - Per Cent
<b>General Economic Situation.</b>				
Index of Physical Volume of Business	1926=100	117.8	106.5	+ 10.6
Index of Industrial Production	1926=100	120.9	107.8	+ 12.2
Wholesale Prices	1926=100	84.0	72.5	+ 15.9
Index of Common Stock Prices	1926=100	140.8	116.7	+ 20.7
Inverted Bond Yields, Dominion	1926=100	143.8	141.6	+ 1.6
Mining Stock Prices	1926=100	169.6	145.6	+ 16.5
Bank Debits	\$000	12,525,326	11,132,085	+ 12.5
<b>Production and General Business</b>				
<b>Mineral Production, 1926=100</b>				
Copper Exports	Lbs.	116,752,000	116,702,400	+ 0.01
Nickel Exports	Lbs.	68,282,400	60,697,000	+ 12.5
Lead Production (3 mos.)	Lbs.	97,824,517	86,549,604	+ 13.0
Zinc Exports	Lbs.	71,761,700	83,661,800	-14.2
Gold Shipments	Fine Ozs.	1,305,441	1,171,254	+ 11.5
Silver Shipments	Fine Ozs.	5,720,636	5,276,689	+ 8.4
Coal Production	Tons	4,854,781	4,849,322	+ 0.1
<b>Manufacturing Production 1926=100</b>				
Flour Production (3 mos.)	Bbbs.	3,106,868	3,172,746	- 2.1
Sugar manufactured	Lbs.	122,175,841	113,600,438	+ 7.5
Cattle Slaughtering	No.	462,596	432,980	+ 6.8
Hog Slaughtering	No.	1,400,075	1,050,210	+ 33.3
Cigarettes released	No.	1,851,597,605	1,466,319,352	+ 26.3
Cigars released	No.	33,011,949	30,020,468	+ 10.0
Leather Boots and Shoes (3 mos.)	Prs.	5,421,850	5,147,888	+ 5.3
Raw Cotton Imports	Lbs.	45,790,333	52,345,040	-12.5
<b>Paper and Lumber -</b>				
Newsprint Production	Tons	1,162,680	952,145	+ 22.1
Exports of Planks and Boards	Ft.	527,685,000	417,604,000	+ 26.4
<b>Iron and Steel -</b>				
Steel Ingot Production	Long Tons	473,590	401,902	+ 17.8
Pig Iron Production	Long Tons	c 267,519	225,141	+ 18.8
<b>Automobile and Allied Industries -</b>				
Automobile Production	No.	81,272	69,542	+ 16.9
Petroleum Imports	Gals.	193,285,581	220,312,360	-12.3
Crude Rubber Imports	Lbs.	13,547,345	14,662,625	- 7.6
<b>Construction -</b>				
Contracts Awarded	\$	55,835,700	41,942,300	+ 33.1
Building Permits	\$	16,568,165	8,829,837	+ 87.6
Electric Power Production	000 K.W.H.	9,199,627	8,330,743	+ 10.4
<b>External Trade &amp; -</b>				
Exports	\$	315,373,497	260,088,149	+ 21.3
<b>Railways -</b>				
Carloadings	No.	800,674	738,324	+ 8.4
Gross Revenue C.N.R. (Can. Lines)	\$	50,103,000	44,755,000	+ 11.9
Gross Revenue C.P.R.	\$	43,539,000	39,723,000	+ 9.6
<b>Employment - 5 months' average, unadjusted.</b>				
General Index, 1926=100		104.0	98.7	+ 5.4
Manufacturing		108.0	99.7	+ 8.3
Logging		189.2	138.9	+ 36.2
Mining		146.5	128.8	+ 13.7
Construction		59.3	75.7	-21.7
Building		37.5	53.9	-30.4
Highway		84.1	115.4	-27.1
Trade		129.5	125.0	+ 3.6
<b>Banking - Four Months' Average</b>				
Notes and Demand Deposits	\$	2,255,533,800	2,096,286,800	+ 7.6
Readily Available Assets	\$	1,611,487,900	1,490,839,700	+ 8.1
Current Loans	\$	695,923,700	739,038,100	-5.8
Call Loans - Canada	\$	120,928,200	79,026,500	+ 53.0
Elsewhere	\$	72,153,900	64,251,100	+ 12.3
Security Holdings	\$	1,425,132,200	1,275,378,000	+ 11.7

