



**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 eight months of 1937

compared with the

same period of 1929 and 1936

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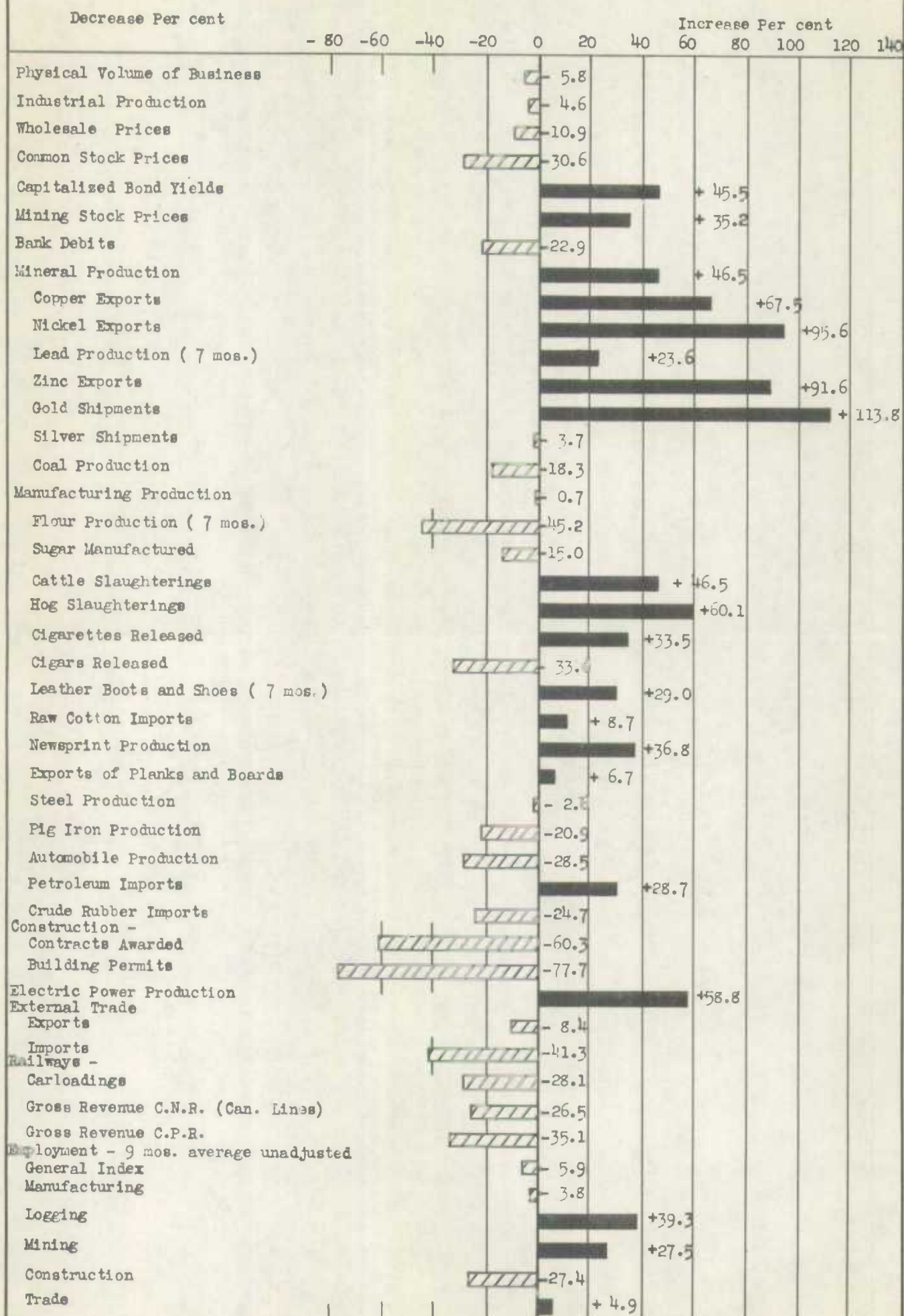
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OTTAWA

1937

Statistics Illustrating the Economic Situation of Canada in Eight Months of 1937.

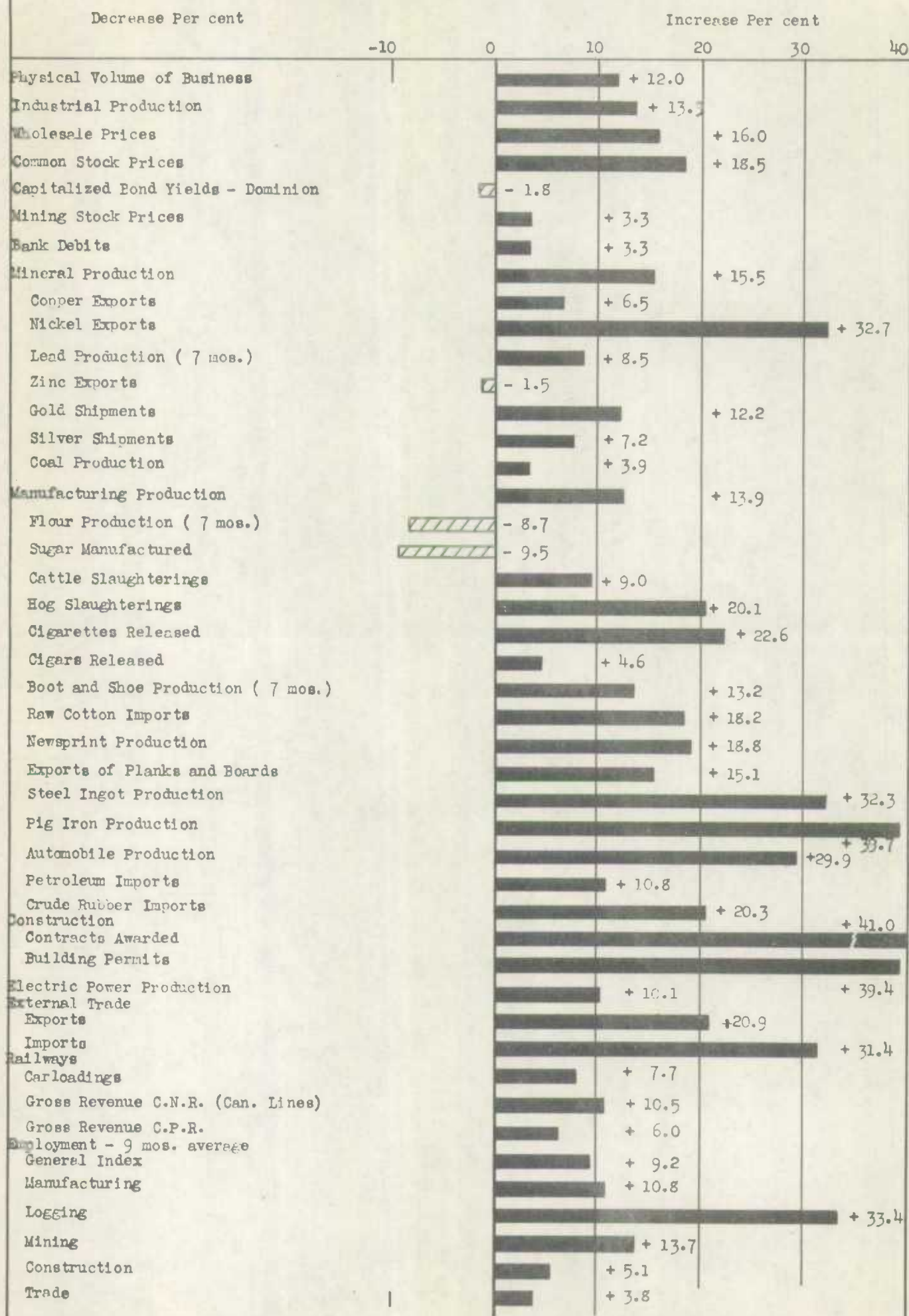
Compared with the same period of 1929.





Statistics Illustrating the Economic Situation of Canada in Eight Months of 1937.

Compared with the same period of 1936.





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ECONOMIC CONDITIONS APPROACHED THE LEVELS OF 1929

Productive operations in Canada during the first eight months approached the levels of 1929. During the first eight months of the present year the business index maintained by the Dominion Bureau of Statistics averaged only about six per cent below our most active year in history. The greater part of the decline terminating in the first quarter of 1933 was counterbalanced by the marked recovery since that time.

While wholesale prices have recovered considerably from the nadir of the depression in 1933, the index averaged in the first eight months of the present year nearly 11 per cent below the levels of 1929. The disparity in common stocks was of much greater proportions, amounting to 30.6 per cent. Capitalized bond yields on the other hand rose to a much higher point than in 1929, with favourable implications as to long-term interest rates and the credit situation. Payments by cheque were 23 per cent less than in 1929, the greater part of this decline being caused by the lower level of stock prices and the relative inactivity on the stock and grain exchanges.

Marked progress was made by the mining industry during the last eight years. An index of mineral production based on nine factors showed a gain of no less than 46½ per cent. Each of the principal metals except silver recorded expansion. The output of the gold mining industry more than doubled and marked gains were recorded in copper, nickel and zinc. The decline in coal production, on the other hand, was 18 per cent.

Manufacturing plants practically recovered the level of 1929, the official index showing a recession of only 0.7 per cent. Flour and sugar production recorded declines contrasting with a marked gain in the meat packing industry. The release of cigars decline by about one third, while the use of cigarettes increased by a similar percentage. A gain of 29 p.c. was shown in the operations of the boot and shoe industry. Imports of raw cotton measuring activity in the textile industry were nearly 9 p.c. greater at about 98 million pounds.

The forestry group achieved marked expansion, the output of newsprint having been 37 p.c. greater, while the exports of planks and boards rose 7 p.c. to 1,204 million feet.

The activity of the primary iron and steel industry was nearly restored, the output of steel ingots showing a recession of only 3 p.c. The use of scrap in steel production assumed greater importance, the output of pig iron recording a decline of 21 p.c. The production of automobiles during the first eight months showed a decline of 28.5 p.c. from the same period of 1929, but as present policy calls for more uniform operations throughout the year complete annual statistics may greatly alter the comparison.

Expansion in the operations of the oil industry was demonstrated by a gain of 29 p.c. in the imports of crude petroleum, the total having been 825 million gallons against 641 million. Crude rubber imports used largely by the tire industry showed a decline of 25 p.c. and the output of tires declined 48 p.c.

The construction industry failed in 1933 to register important recovery, contracts awarded being 60 p.c. below 1929, while building permits showed a deficit of 78 p.c. The output of electric power recorded a marked upward trend during the last eight years, a gain of 59 p.c. being shown. Export trade on a value basis showed a decline of 8½ p.c. An increase in volume would doubtless be recorded as the decline in wholesale prices exceeded that in the value of exports. The decline in the value of imports was 41 p.c. Railway traffic measured by the number of carloadings, failed to respond to the present levels of industrial activity. The standing of employment in 1929 was not far from restored in the first eight months of the present year. The recession in the general index limited to 6 p.c. corresponded closely with that in the index of the physical volume of business. Manufacturing showed a decline of 4 p.c. While marked gains were recorded in logging and mining the drop in construction was more than 27 p.c. despite the increase of 13 p.c. in employment on the highways.

Marked contrasts developed in banking operations. Deposits recorded a gain of nearly 5 p.c. while the three main classes of loans showed noteworthy declines, current loans dropping off 45 p.c. Readily available assets were 56 p.c. greater while security holdings showed the remarkable gain of 180 p.c. The standing of these accounts indicates a stronger liquid position.



BUSINESS CONDITIONS IN CANADA DURING THE FIRST EIGHT MONTHS  
OF 1937 COMPARED WITH THE SAME PERIOD OF LAST YEAR

Measured by the records of the first eight months, economic recovery in Canada characterized the elapsed portion of the present year. Most of the major factors advanced to new high levels since the minima were reached during the worst phase of the depression in the first quarter of 1933.

The trend of business operations is the most significant factor considered in this connection, reflecting the actual volume of production in a wide variety of industries. The business index expressed as a percentage of the base year of 1926 averaged 121.6 in the first eight months of 1937, compared with 108.6 in the same period of the preceding year. The gain of 12 p.c. represents a satisfactory advance over the levels of 1936. The trend continued upward during the elapsed portion of the present year, the gains in the index after the smoothing adjustment being practically continuous from month to month. The level has recently been more than 20 p.c. above the base year of 1926, chosen as being the best representative of average conditions in the post-war period.

The average yield on Ontario Government bonds during the first eight months of 1937 was 3.56 per cent compared with 3.68 p.c. in the same period of 1936. The average yield on Dominion Government bonds was 3.38 p.c. as against 3.32 p.c. in the first eight months of last year. The low level in long term interest rates is a powerful incentive for investors to seek more profitable employment for surplus funds in productive enterprise, a condition of large surplus funds seeking investment and low interest rates being an incentive to general business expansion.

Wholesale prices were relatively stable during 1934 and 1935, following the considerable advance during the preceding year. After dipping slightly below the pre-war level in the early months of 1933, a sharp recovery was staged from March to July of that year. The level of 1934 was established at a somewhat higher position, fluctuations being within narrow limits at about 12 p.c. above the pre-war average. The gain in the first eight months of 1937 was 16 p.c. over the same period of 1936. During recent months a noteworthy feature has been the advance in animal products and non-ferrous metals.

The official common stock index averaged 136.6 in the first eight months of 1937 compared with 115.3 in the same period of 1936, a gain of 18.5 p.c. The index of mining stocks average 3.3 p.c. higher in the same comparison. The decline in September injects a note of uncertainty as to the future trend of stock prices.

During the elapsed portion of the present year a marked advance took place in business operations, the standing in the last three months being more favourable, with one exception, than at any time since January, 1930. The marked betterment of the last three years was due mainly to recovery in the industries which participated so fully in the prosperous period from 1922 to 1929. These include mining, newsprint, electric power and the automobile and allied industries.

Mineral Production

The index of mineral production averaged 16 p.c. higher in the last eight months than in the same period of 1936. Zinc exports showed a decline of 1.5 p.c., while copper and nickel exports were up 6.5 p.c. and 32.7 p.c., respectively. Gold shipments from Canadian mines recorded a gain of 12.2 p.c., while silver marketings were up 7.2 p.c. The output of coal was 9,359,159 tons in the first eight months of 1937, a gain of 3.9 p.c.

Manufacturing

The increase in the index of manufacturing production over the first eight months of 1936 was 12.9 p.c. The output of newsprint at 2,416,025 tons showed a gain of 19 p.c. External demand for Canadian lumber showed expansion, the gain in the export of planks and boards having been 15 p.c.

The primary iron and steel industry reflecting the revival in the domestic demand for industrial equipment and durable goods, showed further gain over the levels of the first eight months of 1936. The output of pig iron recorded a gain of 39.7 p.c., while the production of steel ingots was 32.3 p.c. greater.



The automobile industry participated fully in the recovery of the last five years, the increase over the first eight months of 1936 being 29.9 p.c. Production amounted to 157,254 cars and trucks compared with 121,083 in the same period of last year. The gain in the imports of crude petroleum was 10.8 p.c., the total in the first eight months of 1937 being 825,251,000 gallons. The imports of crude rubber used in part for the manufacture of automobile tires recorded a gain of 20.3 p.c. in the same comparison.

#### Construction

The new business obtained by the construction industry showed a considerable percentage gain over the preceding year, but the level remained low relative to that of the prosperous period culminating in 1929. The gain in contract awards to \$156,692,000 compared with \$111,113,000, amounted to 41 p.c., while building permits in 58 cities increased 39.4 p.c.

#### Electric Power

The production of electric power showed gains not only over last year but also over any other year in the history of the industry. Total output in the first eight months of 1937 was 18,141,912,000 kilowatt hours compared with 16,484,649,000 in the same period of last year. The gain of 10.1 p.c. represents a considerable expansion due to greater industrial and domestic demand. The output in the first eight months of 1935, the high point before last year as 15,022,791,000 kilowatt hours, the gain in the reported production of the present year over this total being 20.8 p.c.

#### Railways

Carloadings in the first eight months of 1937 numbered 1,674,051 compared with 1,553,994 in the same period of 1936, the gain being 7.7 p.c. The gross operating revenues of the Canadian National Railway and the Canadian Pacific Railway recorded gains of 10.5 p.c. and 6.0 p.c., respectively. During the period under review the revenue of the Canadian National on Canadian lines was \$105,120,000 compared with \$95,105,000. The gross operating revenue of the Canadian Pacific was \$90,797,000 compared with \$85,668,000.

#### External Trade

The revival in external trade was a phase in the betterment of Canadian economic conditions during 1937. Imports showed a gain of 31.4 p.c. over the first eight months of 1936, and exports were up 20.9 p.c.

#### Employment

The index of employment in manufacturing operations, being unaffected to any important extent by unemployment relief, is significant of the trend of business. The recall of employees by manufacturing concerns continued to the end of August last. The standing of the last month was higher than at any other time since October, 1929. The adjusted index at 117.9 on September 1 was 17.9 p.c. above the average level for the base year of 1926, contrasting with 23.6 p.c. below at the first of May, 1933.

#### Statistical Tables and Charts

Detailed comparisons of the more important factors in the economic situation in the first eight months of 1937 with the corresponding figures for the same period of 1929 and 1936, respectively, are presented in the following tables, together with percentages of increase or decrease. The percentages are also graphically set out in the accompanying charts.



Statistics Illustrating the Economic Situation of Canada in Eight Months of  
1937, compared with the same period of 1929.

Item	Unit or base period	First eight months of 1929	1937	Increase + Decrease - Per Cent
<u>General Economic Situation</u>				
Index of Physical Volume of Business	1926=100	129.1	121.6	- 5.8
Index of Industrial Production	1926=100	131.4	125.4	- 4.6
Wholesale Prices	1926=100	95.2	84.8	- 10.9
Index of Common Stock Prices	1926=100	196.8	136.6	- 30.6
Capitalized Bond Yields, Dominion	1926=100	99.0	144.0	+ 45.5
Mining Stock Prices	1926=100	114.9	155.4	+ 35.2
Bank Debits	\$000	30,506,539	23,519,603	- 22.9
<u>Production and General Business</u>				
Mineral Production	1926=100	127.4	186.7	+ 46.5
Copper Exports	Lbs.	162,105,700	271,549,900	+ 67.5
Nickel Exports	Lbs.	77,086,100	150,781,400	+ 95.6
Lead Production (7 mos.)	Lbs.	187,198,000	231,270,104	+ 23.6
Zinc Exports	Lbs.	112,704,500	215,972,000	+ 91.6
Gold Shipments	Fine Ozs.	1,246,727	2,666,066	+ 113.8
Silver Shipments	Fine Ozs.	13,270,060	12,778,956	- 3.7
Coal Production	Tons	11,462,499	9,359,159	- 18.3
Manufacturing Production	1926=100	122.3	121.4	- 0.7
Flour Production (7 mos.)	Bbls.	13,050,308	7,146,758	- 45.2
Sugar manufactured	Lbs.	511,996,367	435,152,152	- 15.0
Cattle Slaughtering	No.	714,894	1,047,338	+ 46.5
Hog Slaughtering	No.	1,547,993	2,478,551	+ 60.1
Cigarettes released	No.	3,277,529,730	4,374,164,518	+ 33.5
Cigars released	No.	115,984,290	77,065,837	- 33.6
Leather Boots and Shoes (7mos.)	Prs.	10,221,797	13,190,305	+ 29.0
Raw Cotton Imports	Lbs.	89,746,174	97,591,962	+ 8.7
Paper and Lumber -				
Newsprint Production	Tons	1,766,216	2,416,025	+ 36.8
Exports of Planks and Boards	Ft.	1,128,605,000	1,203,892,000	+ 6.7
Iron and Steel -				
Steel Ingot Production	Long Tons	988,951	962,840	- 2.6
Pig Iron Production	Long Tons	730,871	578,258	- 20.9
Automobile and Allied Industries -				
Automobile Production	No.	220,036	157,254	- 28.5
Petroleum Imports	Gals.	641,004,715	825,250,560	+ 28.7
Crude Rubber Imports	Lbs.	60,355,657	45,442,909	- 24.7
Construction -				
Contracts Awarded	\$	394,684,700	156,691,900	- 60.3
Building Permits	\$	168,894,072	37,671,484	- 77.7
Electric Power Production	000 K.W.H.	11,424,420	18,141,912	+ 58.8
External Trade -				
Exports	\$	796,187,711	729,288,461	- 8.4
Imports	\$	890,242,795	522,777,568	- 41.3
Railways -				
Carloadings	No.	2,328,792	1,674,051	- 28.1
Gross Revenue C.N.R. (Can.Lines)	\$	142,989,000	105,120,000	- 26.5
Gross Revenue C.P.R.	\$	139,921,000	90,797,000	- 35.1
<u>Employment - 9 months' average, unadjusted</u>				
General Index	1926=100	117.7	110.7	- 5.9
Manufacturing		117.3	112.9	- 3.8
Logging		111.8	155.7	+ 39.3
Mining		117.7	150.1	+ 27.5
Construction		124.6	90.5	- 27.4
Building		125.5	52.7	- 58.0
Highway		135.5	153.1	+ 13.0
Trade		124.5	130.6	+ 4.9
<u>Banking - 8 Months' Average</u>				
Notice and Demand Deposits	\$	2,160,453,375	2,260,146,250	+ 4.6
Readily Available Assets	\$	1,024,225,000	1,594,597,375	+ 55.7
Current Loans	\$	1,298,542,625	715,303,113	- 44.9
Call Loans - Canada	\$	268,208,438	118,151,800	- 55.9
Elsewhere	\$	315,058,425	73,011,238	- 76.8
Security Holdings	\$	511,175,000	1,432,207,000	+ 180.2



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

Item	Unit or base period	First Eight Months of 1936	1937	Increase + Decrease -  Per Cent
<u>General Economic Situation</u>				
Index of Physical Volume of Business	1926=100	108.6	121.6	+ 12.0
Index of Industrial Production	1926=100	110.1	125.4	+ 13.9
Wholesale Prices	1926=100	73.1	84.8	+ 16.0
Index of Common Stock Prices	1926=100	115.3	136.6	+ 18.5
Capitalized Bond Yields, Dominion	1926=100	146.6	144.0	- 1.8
Mining Stock Prices	1926=100	150.5	155.4	+ 3.3
Bank Debits	\$000	22,759,633	23,519,603	+ 3.3
<u>Production and General Business</u>				
Mineral Production,	1926=100	161.7	186.7	+ 15.5
Copper Exports	Lbs.	255,022,500	271,549,900	+ 6.5
Nickel Exports	Lbs.	113,591,200	150,781,400	+ 32.7
Lead Production (7 mos.)	Lbs.	213,115,950	231,270,104	+ 8.5
Zinc Exports	Lbs.	219,358,700	215,972,000	- 1.5
Gold Shipments	Fine Ozs.	2,375,115	2,666,066	+ 12.2
Silver Shipments	Fine Ozs.	11,921,517	12,778,956	+ 7.2
Coal Production	Tons	9,008,729	9,359,159	+ 3.9
Manufacturing Production	1926=100	107.5	121.4	+ 12.9
Flour Production (7 mos.)	Bbls.	7,828,026	7,146,758	- 8.7
Sugar manufactured	Lbs.	480,920,602	435,152,152	- 9.5
Cattle Slaughtering	No.	960,553	1,047,338	+ 9.0
Hog Slaughtering	No.	2,063,698	2,478,551	+ 20.1
Cigarettes released	No.	3,566,679,072	4,374,164,518	+ 22.6
Cigars released	No.	73,648,099	77,065,837	+ 4.6
Leather Boots and Shoes (7 mos.)	Prs.	11,653,362	13,190,305	+ 13.2
Raw Cotton Imports	Lbs.	82,534,619	97,591,962	+ 18.2
Paper and Lumber -				
Newsprint Production	Tons	2,033,943	2,416,025	+ 18.8
Exports of Planks and Boards	Ft.	1,046,385,000	1,203,892,000	+ 15.1
Iron and Steel -				
Steel Ingot Production	Long Tons	727,657	962,840	+ 32.3
Pig Iron Production	Long Tons	413,893	578,258	+ 39.7
Automobile and Allied Industries -				
Automobile Production	No.	121,083	157,254	+ 29.9
Petroleum Imports	Gals.	745,098,196	825,250,560	+ 10.8
Crude Rubber Imports	Lbs.	37,772,682	45,442,909	+ 20.3
Construction -				
Contracts Awarded	\$	111,113,100	156,691,900	+ 41.0
Building Permits	\$	27,026,141	37,671,484	+ 39.4
Electric Power Production	000 K.W.H.	16,484,649	18,141,912	+ 10.1
External Trade -				
Exports	\$	603,043,991	729,288,461	+ 20.9
Imports	\$	397,883,401	522,777,568	+ 31.4
Excess of exports over imports	\$	205,160,590	206,510,893	+ 0.7
Railways -				
Carloadings	No.	1,553,994	1,674,051	+ 7.7
Gross Revenue C.N.R. (Can. Lines)	\$	95,105,000	105,120,000	+ 10.5
Gross Revenue C.P.R.	\$	85,668,000	90,797,000	+ 6.0
<u>Employment - 9 months' average, unadjusted</u>				
General Index	1926=100	101.4	110.7	+ 9.2
Manufacturing		101.9	112.9	+ 10.8
Logging		116.7	155.7	+ 33.4
Mining		132.0	150.1	+ 13.7
Construction		86.1	90.5	+ 5.1
Building		54.5	52.7	- 3.3
Highway		129.8	153.1	+ 18.0
Trade		125.8	130.6	+ 3.8
<u>Banking - 8 Months' Average</u>				
Notice and Demand Deposits	\$	2,107,323,000	2,260,146,250	+ 7.3
Readily Available Assets	\$	1,503,788,625	1,594,597,375	+ 6.0
Current Loans	\$	702,561,350	715,303,113	+ 1.8
Call Loans - Canada	\$	84,447,270	118,151,800	+ 39.9
Elsewhere	\$	61,986,141	73,011,238	+ 17.8
Security Holdings	\$	1,315,927,125	1,432,207,000	+ 8.8





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