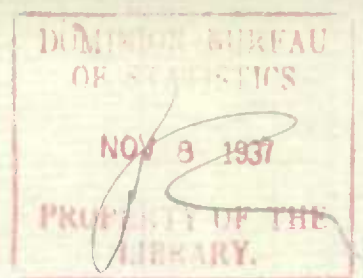


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DEPARTMENT OF TRADE AND COMMERCE
DOMINION BUREAU OF STATISTICS
GENERAL STATISTICS BRANCH

BUSINESS CONDITIONS IN CANADA

during the first nine months of 1937

compared with the

same period of 1936

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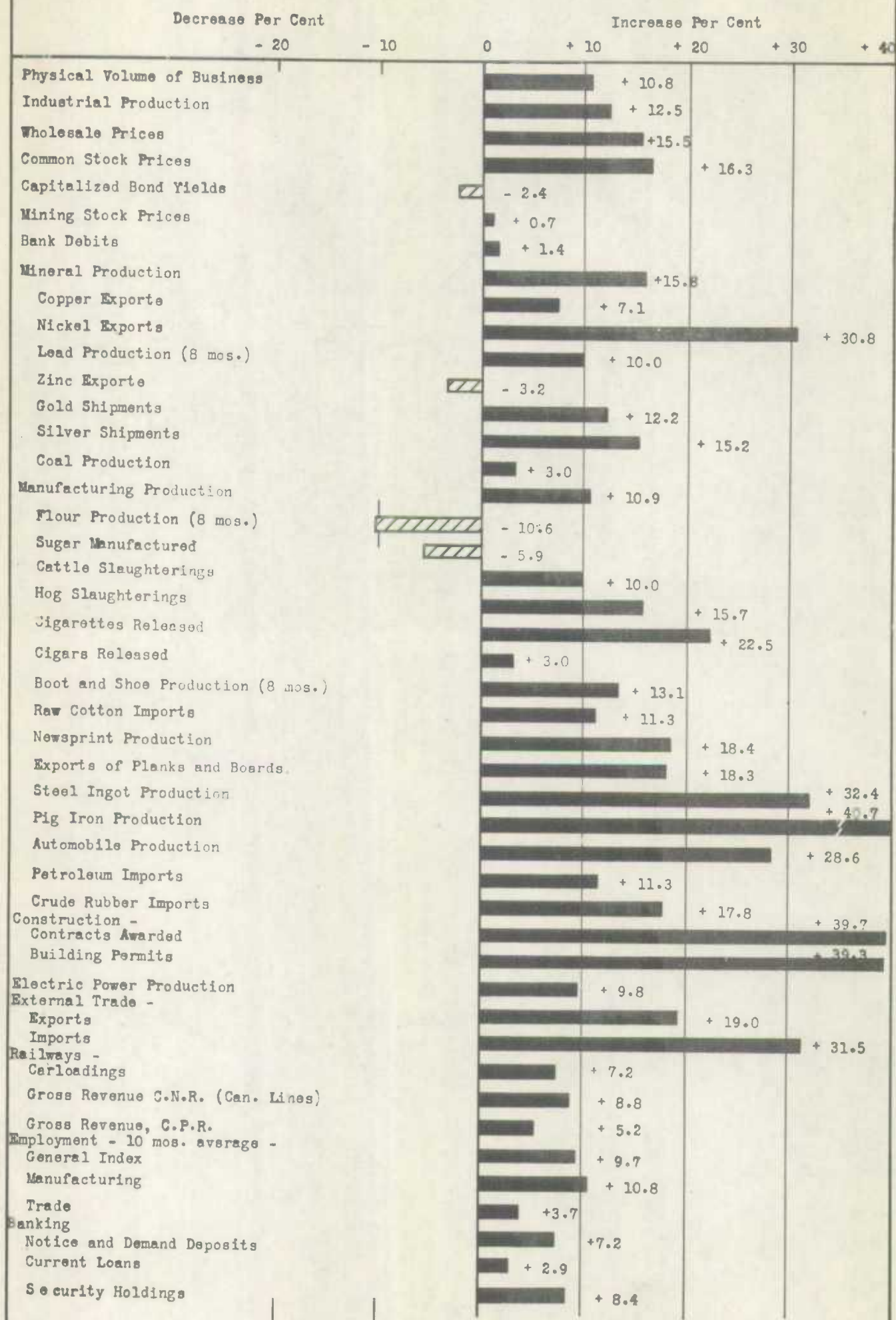
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OTTAWA

1937

The Economic Situation in Canada in the Nine Months of 1937,
as Compared with the same period of 1936.



Dominion Statistician:
Statistician:

R. H. Coats, LL.D., F.R.S.S., F.S.S. (Hon.)
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BUSINESS CONDITIONS IN CANADA DURING THE FIRST NINE MONTHS
OF 1937 COMPARED WITH THE SAME PERIOD OF LAST YEAR.

A marked betterment in Canadian economic conditions in the first nine months of the present year was indicated by the trend of major factors. A decline in prices of common stocks and speculative commodities developed in September, clouding the outlook for the immediate future. But most of the economic factors averaged considerably higher than in the first nine months of 1936, and despite reversal in the last quarter of the year, it is evident that a fair measure of prosperity will characterize the year taken as a whole.

The index of the physical volume of business averaged 121.8 in the first nine months of 1937, a gain of 10.8 per cent over 109.9, the standing in the same period of 1936. The business index is based on 46 factors relating to the trend in mineral production, manufacturing, construction, electric power and distribution. The factors are individually adjusted for seasonal tendencies and expressed as a percentage of the monthly average for the base year of 1926. The markedly higher level of this index during the present year indicates the extent of the acceleration in business and productive operations.

A striking development was the advance in wholesale prices during the nine months ended March, last, and the relatively steady performance from April to September. The net result was that the general index averaged 84.8 in the first nine months of the present year against 73.4 in the same period of 1936, a gain of 15.5 per cent. The reduction in world stocks of grain and the subnormal crop recently harvested in Canada was an important influence in maintaining the level of wholesale prices in the Dominion.

The index of common stock prices averaged 134.7 in the first nine months of 1937. This compared with 115.8 during the same period of 1936. The gain in this comparison was consequently 16.3 per cent. Mining stock prices averaged 0.7 per cent higher, the index having been 152.3 compared with 151.3.

The drastic decline week-by-week during September and the greater part of October resulted in a lower level than obtained at the same time of 1936, rendering recent comparisons unfavourable.

Following a similar movement in British Consols on the London market, Dominion Government bonds declined in the first quarter of 1937, from the high level established by the marked advance during the preceding year or longer. A rebound occurred in the second quarter and subsequent fluctuations were of a minor character. The index of capitalized bond yields during the first nine months consequently showed a recession of 2.4 per cent from the level of the same period of 1936.

The index of mineral production based on the nine factors was 188.6 in the elapsed portion of 1937, compared with 162.8 in the same period of 1936. The gain of nearly 16 per cent indicates widespread gain in operations contingent in large measure upon the expansion of demand in external markets. The exports of copper in various stages of manufacture were 308 million pounds compared with 288 million, the gain being 7 per cent. Nickel was exported to the amount of 169 million pounds, a gain of 31 per cent. Zinc exports declined 3.2 per cent and the output of lead in eight months was 10 per cent greater. Gold shipments at 3 million ounces, recorded a gain of 12.2 per cent, while silver shipments at 15 million ounces showed an increase of 15 per cent. The gain in coal production was 3 per cent. Thus increases were fairly general in the seven factors cited in this connection.

The index of manufacturing production based on 30 factors averaged 11 per cent higher in the first nine months of this year than in the same period of 1936. Indicating the trend in the meatpacking industry, cattle slaughterings showed a gain of 10 per cent, while hog slaughterings were up 16 per cent. Tobacco releases were in much greater volume. The release of cigarettes at 5 billion expanded markedly during 1937, the gain over the same period of 1936 being 22.5 per cent. The preparation of the textile industry for increased operations by the purchase of raw material were on a larger scale. The imports of raw cotton at 102 million pounds showed a gain of 11.3 per cent in this comparison.

The output of newsprint at 2.7 million tons compared with 2.3 million recorded a gain of 18.4 per cent. The lumber industry was favoured by an expansion in the export trade amounting to 18.3 per cent. The exports of planks and boards were 1,427 million feet compared with 1,207 million.

The primary iron and steel industry has shown considerable gain over the low level of the first nine months of 1936. The output of steel ingots was 1,077,000 tons compared with 814,000, a gain of 32.4 per cent. Pig iron output was 655,000 tons, representing a gain of nearly 41 per cent. Automobile production recorded considerable expansion, output having been 162,000 units compared with 126,000. The resumption of activity in the industry resulted from the gain in demand in both domestic and external markets. The imports of crude petroleum, indicating the trend of operations in the oil industry, were up 11 per cent at 979 million gallons compared with 879 million.

The construction industry was more active in the first nine months of 1937, an excellent showing being made in the booking of new business. The amount of new construction contracts awarded was \$178 million compared with \$128 million in the same months of 1936, a gain of 40 per cent. Building permits at \$43 million compared with \$31 million, showed an increase of 39 per cent.

The production of electric power was at a much higher level in the first part of 1937, the demand for firm power showing an important increase over the same period of 1936. Total output reached a new high point at 20.3 billion kilowatt hours as against 18.5 billion, a gain of nearly 10 per cent.

Carloadings showed appreciable increase over the level of the first nine months of 1936. The total at 1.9 million cars compared with 1.8 million, was up 7.2 per cent. The gross operating revenue of the Canadian National on Canadian lines gained 8.8 per cent at \$120.5 million, compared with \$110.7 million. The gross revenue from railway operations of the Canadian Pacific at \$105.2 million, as against nearly \$100.0 million, showed a gain of 5.2 per cent.

External trade made an excellent record in this comparison. Exports at \$824.5 million showed a gain of 19 per cent, while imports at \$593 million recorded an increase of 31.5 per cent. The active balance of trade was \$231 million compared with \$242 million, the recession being 4.2 per cent.

Banks debits were \$26.3 billion in the first nine months of 1937 compared with \$25.9 billion in the same months of 1936. The gain was, therefore, \$360 million or 1.4 per cent. Each of the five economic areas except the Prairie Provinces showed an increase in this comparison.

The general index of employment averaged 9.7 per cent greater in the first ten months of 1937 than in the same period of 1936. The average on the 1926 base was 112.2 compared with 102.3. The index of manufacturing, practically unaffected by unemployment relief, showed a gain of 10.8 per cent, the average being 113.8 compared with 102.7. The index of mining employment was 151.5 compared with 133.6, a gain of 13.4 per cent. The gain in the index of retail and wholesale trade was 3.7 per cent.

Statistical Tables and Charts.

Detailed comparison of the more important factors in the economic situation in the first nine months of 1937 with the corresponding figures for the same period of the preceding year, are presented in the following table together with percentages of increase or decrease. These percentages are also graphically set out in the accompanying chart.

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

Item	Unit or base period	First Nine Months of 1936	1937	Increase + Decrease - Per cent
<u>General Economic Situation</u>				
Index of Physical Volume of Business	1926=100	109.9	121.8	+ 10.8
Index of Industrial Production	1926=100	111.6	125.6	+ 12.5
Wholesale Prices	1926=100	73.4	84.8	+ 15.5
Index of Common Stock Prices	1926=100	115.8	134.7	+ 16.3
Capitalized Bond Yields, Dominion	1926=100	147.9	144.3	- 2.4
Mining Stock Prices	1926=100	151.3	152.3	+ 0.7
Bank Debits	\$000	25,893,228	26,253,228	+ 1.4
<u>Production and General Business</u>				
Mineral Production	1926=100	162.8	188.6	+ 15.8
Copper Exports	Lbs.	287,572,600	308,038,900	+ 7.1
Nickel Exports	Lbs.	129,539,700	169,441,900	+ 30.8
Lead Production (8 mos.)	Lbs.	247,102,976	271,861,089	+ 10.0
Zinc Exports	Lbs.	249,268,600	241,286,800	- 3.2
Gold Shipments	Fine Ozs.	2,692,019	3,020,374	+ 12.2
Silver Shipments	Fine Ozs.	13,117,818	15,106,740	+ 15.2
Coal Production	Tons	10,456,780	10,774,378	+ 3.0
Manufacturing Production	1926=100	109.6	121.5	+ 10.9
Flour Production (8 mos.)	Bbls.	9,159,823	8,189,707	- 10.6
Sugar manufactured	Lbs.	559,416,632	526,274,941	- 5.9
Cattle Slaughtering	No.	1,105,789	1,216,456	+ 10.0
Hog Slaughtering	No.	2,347,884	2,716,043	+ 15.7
Cigarettes released	No.	4,082,850,645	5,001,227,012	+ 22.5
Cigars released	No.	86,238,743	88,810,542	+ 3.0
Leather Boots and Shoes (8 mos.)	Prs.	13,349,384	15,092,022	+ 13.1
Raw Cotton Imports	Lbs.	91,797,293	102,173,552	+ 11.3
Paper and Lumber -				
Newsprint Production	Tons	2,303,725	2,728,376	+ 18.4
Exports of Planks and Boards	Ft.	1,206,971,000	1,427,399,000	+ 18.3
Iron and Steel -				
Steel Ingot Production	Long Tons	813,734	1,077,462	+ 32.4
Pig Iron Production	Long Tons	465,785	655,438	+ 40.7
Automobile and Allied Industries -				
Automobile Production	No.	125,738	161,671	+ 28.6
Petroleum Imports	Gals.	879,146,290	978,565,025	+ 11.3
Crude Rubber Imports	Lbs.	43,133,902	50,810,445	+ 17.8
Construction -				
Contracts Awarded	\$	127,671,600	178,406,900	+ 39.7
Building Permits	\$	30,683,412	42,750,366	+ 39.3
Electric Power Production	000 K.W.H.	18,526,072	20,337,203	+ 9.8
External Trade -				
Exports	\$	692,626,389	824,504,609	+ 19.0
Imports	\$	450,866,373	593,018,033	+ 31.5
Excess of exports over imports	\$	241,760,016	231,486,576	- 4.2
Railways -				
Carloadings	No.	1,805,298	1,936,079	+ 7.2
Gross Revenue C.N.R. (Can. Lines)	\$	110,741,000	120,540,000	+ 8.8
Gross Revenue C.P.R.	\$	99,973,000	105,188,000	+ 5.2
<u>Employment 10 months' average, unadjusted</u>				
General Index	1926=100	102.3	112.2	+ 9.7
Manufacturing		102.7	113.8	+ 10.8
Logging		119.2	161.0	+ 35.0
Mining		133.6	151.5	+ 13.4
Construction		87.9	95.9	+ 9.1
Building		55.2	56.1	+ 1.6
Highway		132.8	165.8	+ 24.8
Trade		126.2	130.9	+ 3.7
<u>Banking - 9 Months' Average</u>				
Notice and Demand Deposits	\$	2,111,909,757	2,263,255,533	+ 7.2
Readily Available Assets	\$	1,509,612,652	1,589,354,651	+ 5.3
Current Loans	\$	700,925,204	721,456,582	+ 2.9
Call Loans - Canada	\$	87,060,444	116,127,510	+ 33.4
Elsewhere	\$	61,800,434	72,006,244	+ 16.5
Security Holdings	\$	1,322,991,542	1,433,698,541	+ 8.4



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