



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

BUSINESS CONDITIONS IN CANADA

during the first four months of 1938

compared with the

same period of 1937



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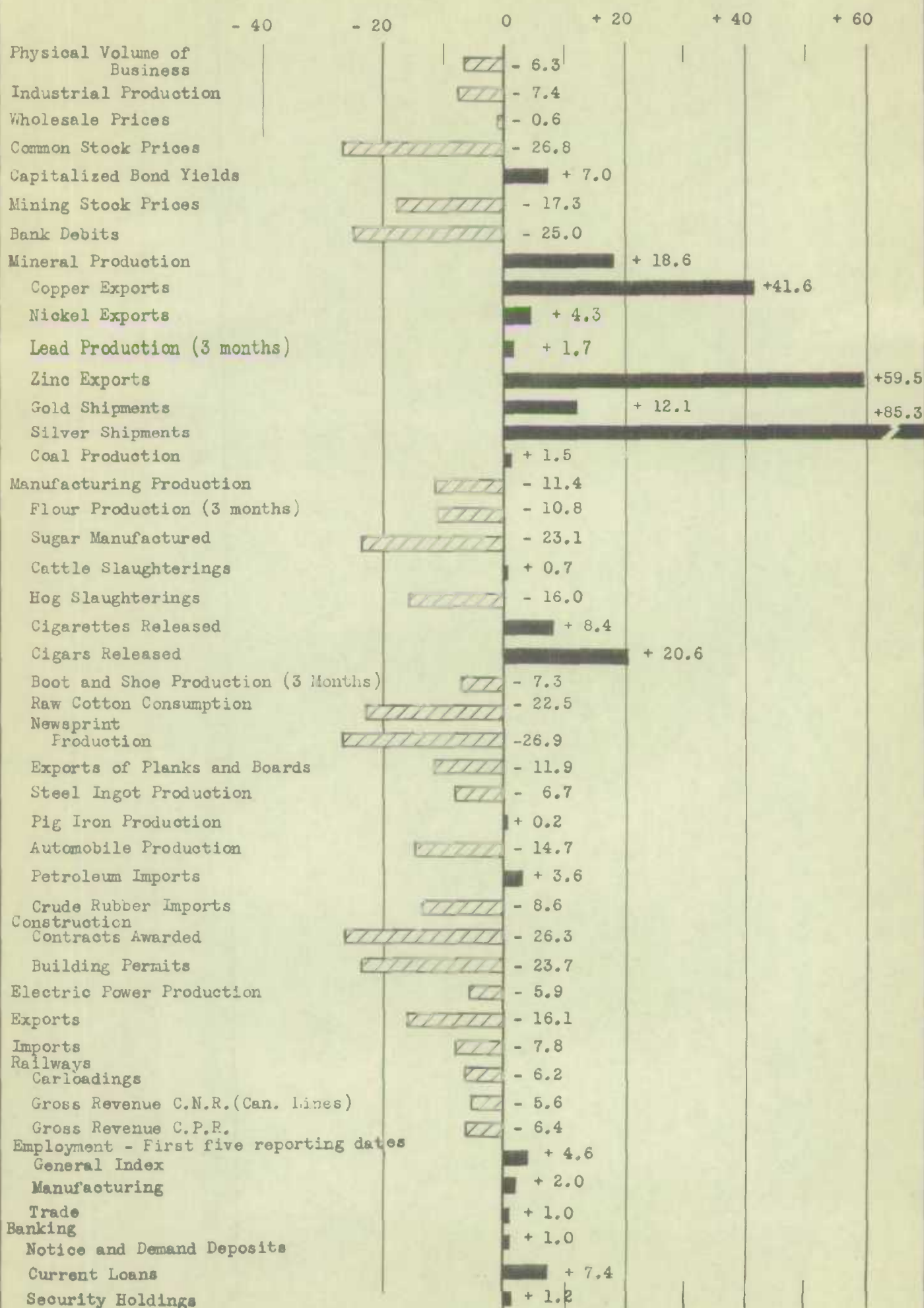
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OTTAWA

1938



The Economic Situation in Canada  
in the first four months of 1938,  
as compared with the same period of 1937.





THE HISTORY OF THE

REIGN OF KING CHARLES THE FIRST

IN THE YEAR 1649

By JOHN BURNET, BISHOP OF SALTSMAN  
The first year of the reign of King Charles the first was a year of great calamity to the kingdom. The king was forced to flee from London to Oxford, and then to Worcester, where he was defeated by the parliamentarian forces. The king was then captured and taken to London, where he was put on trial. The trial was a farce, and the king was found guilty of treason. He was then executed by beheading on the 30th of January 1649.

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THE SIXTH YEAR OF THE REIGN OF KING CHARLES THE FIRST  
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THE SEVENTH YEAR OF THE REIGN OF KING CHARLES THE FIRST

DOMINION BUREAU OF STATISTICS - OTTAWA

Dominion Statistician:  
Statistician:

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

ECONOMIC CONDITIONS IN CANADA DURING THE FIRST FOUR MONTHS  
OF 1938 COMPARED WITH THE SAME PERIOD OF THE PRECEDING YEAR.

While economic conditions as measured by the fluctuations in major factors were less favourable in the first four months of 1938 than in the same period of last year, it was encouraging to find that the level of the first of the year was fairly well maintained from month to month. Business operations dropped sharply in January and February but recovered slightly in the last two months. The trend of common stock prices was downward after the first month of the year and commodity prices reacted in April after having been well maintained during the first quarter. Counterbalancing factors were the gain in high-grade bond prices and the continued increase in the deposit liabilities of the chartered banks.

Dominion bonds reacted sharply in the first quarter of 1937, after having reached an extremely high point in the latter part of 1936. Following the decline in the early months of 1937, the trend has been strongly upward. In recent weeks, Dominion bonds have been exchanged at a higher level than at any time since the first of the century. A Dominion loan of \$140 million was over-subscribed on the 18th of May, and the high-grade bond market generally was particularly strong about that time. In recent weeks the average yield of prominent issues dropped below 3 p.c.. The improvement in the budget situation of the Dominion has had a constructive effect upon the bond market, and the low yields now obtainable indicate a strong credit position.

An advancing trend was shown in bank deposits during the elapsed portion of 1938. After seasonal adjustment, the index of the aggregate of demand and notice deposits moved up rather sharply from month to month. The adjusted index of deposits was higher at the first of April than at any other time in history except on the same date of 1937. A marked increase was shown in bank deposits from the middle of 1934 to the early part of 1937. Since that time the level has been maintained without marked fluctuation.

The high point for recent years in common stock prices was reached in March, 1937. The rally in the third quarter of last year failed to counterbalance the decline of the second. A drastic reaction developed in September last year and the trend has since been in a downward direction. A rally occurred during the early weeks of April, but part of the gain has since been offset by further irregularity. The index of common stock prices averaged 103.0 in the first four months of the present year, a decline of nearly 27 p.c. from the same period of 1937.

Wholesale prices moved up sharply during 1936 and the early part of last year, and until recently were fairly well maintained without wide fluctuation. During the winter, wheat prices remained high due to the scarcity of contract grades. The excellent progress made by the winter wheat crop of the United States and the improved moisture conditions in the Canadian West has had, in recent weeks, an adverse influence upon wheat prices. While a decline in grain prices has had a marked influence on the general price level, other groups, especially raw materials, have reacted considerably. The index of wholesale prices averaged 83.2 during the first four months of this year, against 84.0 in the same period one year ago.

Business operations made an excellent showing during 1937, the advance having continued during the first eleven months. The index of the physical volume of business in November reached a new high point since July, 1929. A reaction was shown in December following the marked decline in industrial production in the United States initiated in September. The decline continued in January and February of the present year, a marked reaction having been shown by the index. Minor recovery was shown in March and April but the net result was that the index of the physical volume of business averaged, during the first four months, more than 6 p.c. below the level of the same period of 1937.

During the first quarter of 1937, keen demand was demonstrated in both domestic and external markets. Requirements were partly speculative and it is now realized that commodities, especially raw materials entering into international trade, were produced at a level surpassing requirements for actual consumption. World commodity stocks which had been declining from 1933 to the middle of last year, showed a reversal of the trend. It was found that a majority of these important commodities



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were being produced in excess of ultimate consumption. The net result was that prices which had been bid up sharply experienced a reaction and the stocks of some important commodities began to accumulate.

One phase of productive operations showed marked expansion during the elapsed portion of 1938. The volume of mineral production exceeded all previous records during the period under review. The gains over the first four months of 1937 were outstanding. Copper exports rose nearly 42 p.c., while the outward shipments of zinc were 59½ p.c. greater. Shipments of gold from Canadian mines reached a new high point in March and were more than maintained in April after seasonal adjustment. The gain over the same period of last year was nearly 12 p.c. The rise in silver shipments was of much larger proportions amounting to no less than 85 p.c., the total in the four months of 1938 having been 10.6 million fine ounces. Coal production in the first four months was 4.9 million tons, a gain of 1½ p.c.

Manufacturing production was at a considerably lower level in the first four months of the present year than in the early part of 1937. Flour and sugar production showed a decline of 11 and 23 p.c., respectively. Releases of tobacco were at a higher level and cattle slaughterings rose nearly 1 p.c. The decline in newsprint production was 27 p.c. and exports of planks and boards dropped off nearly 12 p.c.

The operations of the primary iron and steel industry were well maintained, although the steel ingot output dropped nearly 7 p.c. A slight gain was shown in pig iron production. The decline in the output of automobiles was nearly 15 p.c. Petroleum exports were in excess of 200 million gallons and a large increase was shown in petroleum production. Crude rubber imports used mainly in the manufacture of tires showed a decline of 8.6 p.c.

The new business obtained by the construction industry was at a lower level this year, contracts awarded dropping 26 p.c., while a decline of nearly 24 p.c. was shown in building permits.

The decline in electric power production was nearly 6 p.c., partly reflecting the influence of the inactivity in the newsprint industry. Recalling the subnormal grain crops of last year, it is not surprising to find that exports showed a reaction of 16 p.c. The railway freight movement reached a lower level during the elapsed portion of this year, the total having been 751,000 cars, against 800,000. The gross revenues of the Canadian lines of the C.N.R. and the C.P.R. dropped 5.6 p.c. and 6.4 p.c., respectively.

While employment showed a declining trend, after seasonal adjustment, during the first four months of the present year, the index for the first five reporting dates showed a somewhat better position than obtained one year ago. The gain in the general index on this basis was 4.6 p.c. Manufacturing showed a gain of 2 p.c. and mining averaged 4.4 p.c. higher. A considerable gain was also shown in the indexes of employment in construction. Payments by cheque reflected economic reaction, the total having dropped from \$12.5 billion in the first four months of 1937, to \$9.4 billion in the same period of this year. The decline in cheque payments developed in the face of a slight increase in the average deposit liabilities which were \$2,279 million for the first four reporting dates of 1938.







Statistics illustrating the Economic Situation of Canada in the First  
Four Months of 1938, Compared with the same period of 1937.

Item	Unit or base period	Four Months 1938	Four Months 1937	Increase + Decrease - Per Cent
<u>General Economic Situation</u>				
Index of Physical Volume of Business	1926=100	110.4	117.8	- 6.3
Index of Industrial Production	1926=100	111.9	120.9	- 7.4
Wholesale Prices	1926=100	83.2	84.0	- 0.6
Index of Common Stock Prices	1926=100	103.0	140.8	- 26.8
Capitalized Bond Yields, Dominion	1926=100	153.8	143.8	+ 7.0
Mining Stock Prices	1926=100	140.2	169.6	- 17.3
Bank Debits	\$000	9,390,623	12,525,326	- 25.0
<u>Production and General Business</u>				
Mineral Production	1926=100	199.6	168.3	+ 18.6
Copper Exports	Lbs.	165,373,200	116,752,000	+ 41.6
Nickel Exports	Lbs.	71,250,300	68,282,400	+ 4.3
Lead Production (First 3 mos.)	Lbs.	99,485,347	97,824,517	+ 1.7
Zinc Exports	Lbs.	114,486,600	71,761,700	+ 59.5
Gold Shipments	Fine Ozs.	1,463,470	1,305,441	+ 12.1
Silver Shipments	Fine Ozs.	10,600,247	5,720,636	+ 85.3
Coal Production	Tons	4,927,716	4,854,781	+ 1.5
Manufacturing Production	1926=100	103.7	117.0	- 11.4
Flour Production (Three Months)	Bbls.	2,769,900	3,106,868	- 10.8
Sugar Manufactured	Lbs.	93,962,139	122,175,841	- 23.1
Cattle Slaughtering	No.	465,797	462,596	+ 0.7
Hog Slaughtering	No.	1,176,322	1,400,075	- 16.0
Cigarettes released	No.	2,007,571,500	1,851,597,605	+ 8.4
Cigars released	No.	39,801,289	33,011,749	+ 20.6
Leather Boots and Shoes (3 Months)	Prs.	5,025,150	5,421,850	- 7.3
Raw Cotton Consumption	Lbs.	36,901,096	47,633,695	- 22.5
Paper and Lumber -				
Newsprint Production	Tons	850,499	1,162,680	- 26.9
Exports of Planks and Boards	Ft.	464,958,000	527,685,000	- 11.9
Iron and Steel -				
Steel Ingot Production	Long Tons	441,854	473,590	- 6.7
Pig Iron Production	Long Tons	268,181	267,519	+ 0.2
Automobile and Allied Industries -				
Automobile Production	No.	69,311	81,272	- 14.7
Petroleum Imports	Gals.	200,164,181	193,285,581	+ 3.6
Crude Rubber Imports	Lbs.	12,380,714	13,547,345	- 8.6
Construction -				
Contracts Awarded	\$	41,137,100	55,835,700	- 26.3
Building Permits	\$	12,644,492	16,568,165	- 23.7
Electric Power Production	000 K.W.H.	8,658,743	9,199,627	- 5.9
External Trade -				
Exports	\$	264,577,610	315,373,497	- 16.1
Imports	\$	210,602,322	228,444,561	- 7.8
Excess of exports over imports	\$	53,975,288	86,928,936	- 37.9
Railways -				
Carloadings	No.	751,313	800,674	- 6.2
Gross Revenue C.N.R. (Can. Lines)	\$	47,316,107	50,103,000	- 5.6
Gross Revenue C.P.R.	\$	40,745,000	43,539,000	- 6.4
<u>Employment - First 5 Reporting Dates</u>				
General Index	1926=100	108.8	104.0	+ 4.6
Manufacturing		110.2	108.0	+ 2.0
Logging		107.9	189.2	- 43.0
Mining		152.9	146.5	+ 4.4
Construction		76.9	59.3	+ 29.7
Building		48.3	37.5	+ 28.8
Highway		124.9	84.1	+ 48.5
Trade		130.8	129.5	+ 1.0
<u>Banking - Average</u>				
Notice and Demand Deposits	\$	2,278,627,001	2,255,533,800	+ 1.0
Readily Available Assets	\$	1,582,166,142	1,611,487,900	- 1.8
Current Loans	\$	747,586,487	695,923,675	+ 7.4
Call Loans - Canada	\$	67,242,310	120,928,175	- 44.4
Elsewhere	\$	50,555,872	72,153,933	- 30.0
Security Holdings	\$	1,442,141,300	1,425,132,150	+ 1.2





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