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

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BUSINESS CONDITIONS IN CANADA

during the first nine months of 1938

compared with the

same period of 1937



Published by Authority of the HON. W.D. EULER, M.P.  
Minister of Trade and Commerce.

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OTTAWA

1938

Price \$1 a year

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CANADA

DEPARTMENT OF TRADE AND COMMERCE

BUREAU OF STATISTICS

INDUSTRIAL STATISTICS BRANCH

TURNERS OIL FIELD IN CANADA

During the first five months of 1938

compared with the

same period of 1937

Publication by Authority of the HON. W. A. TUCKER M.P.  
Minister of Trade and Commerce

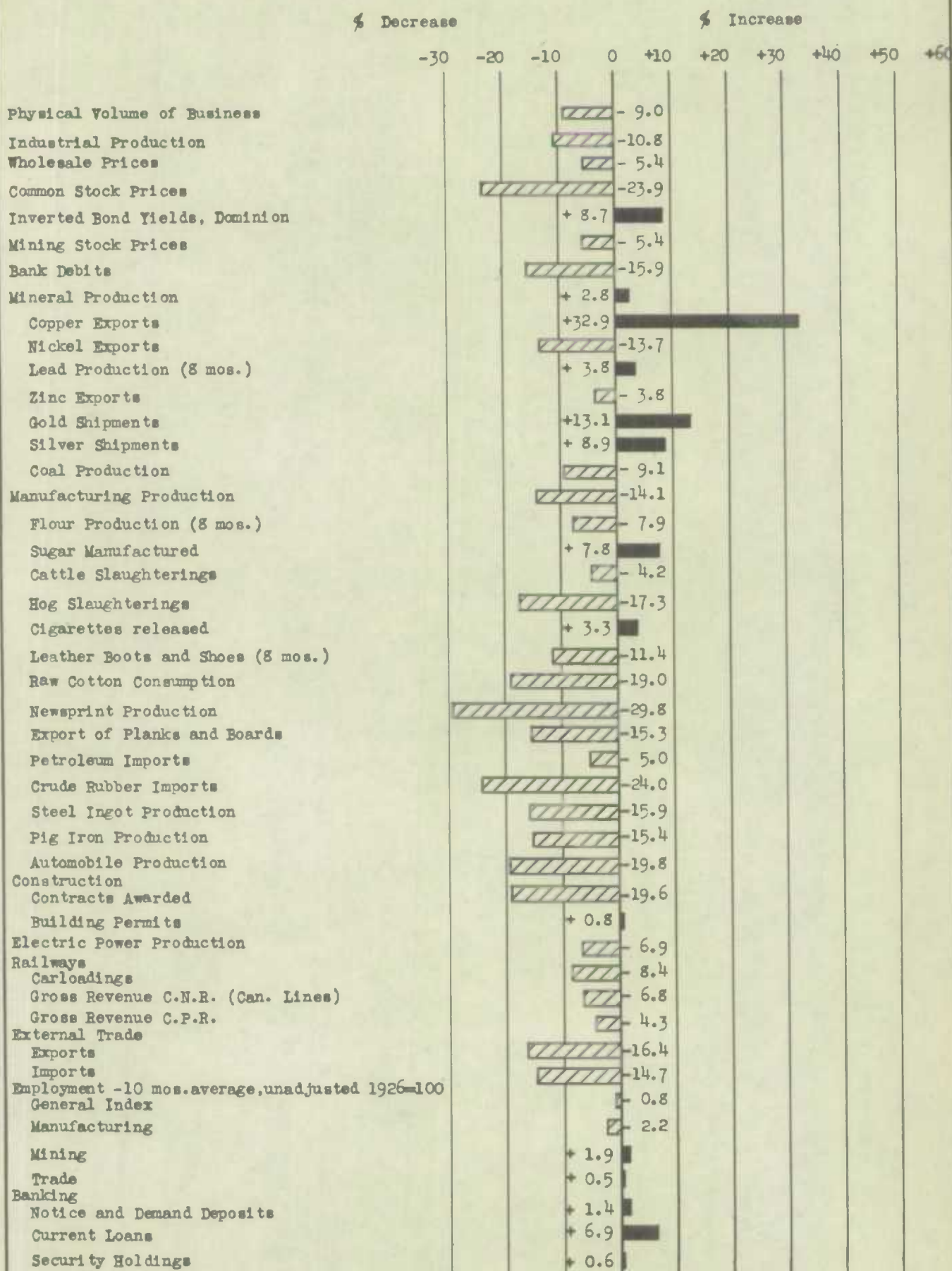
OTTAWA

1938

The Economic Situation in Canada

In the First 9 Months of 1938

as compared with the same period of 1937.



(Fourteen items record gains, while 31 were at a lower position)





Dominion Statistician:  
Statistician:

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

Economic conditions as determined by a study of important factors were less favourable in the first nine months of 1938 than in the same period of the preceding year. The year 1937, especially in the first half, was decidedly favourable, comparable in some respects to the levels of 1929. Reaction was in progress from month to month in important economic factors during 1937. Dominion bonds declined in the first quarter, followed by common stocks in the second. The stock market was also particularly weak in the last four months of that year. Business operations were well maintained until November, a reaction being shown during the next three months. Wholesale prices reached the highest point in July, 1937 and showed reaction thereafter.

The record during the first nine months of 1938 was greatly different. The year began with a lower level of economic conditions but the average of the more important factors has continued without important trend, either upward or downward, during the elapsed portion of the year. Stout resistance was shown to influences of depression, although the comparisons with the same period of 1937 are mainly unfavourable.

An important development which must be taken into consideration in appraising economic prospects was the marked improvement in business operations during September. After remaining at a relatively low level during the first eight months, a considerable increase was shown in the index of the physical volume of business. This expansion appears all the more significant in view of its wide-spread distribution. The index of the physical volume of business is based on five industrial groups and each of these showed considerable betterment over August, adjustments being made for seasonal fluctuations.

Influenced by unsettlement in Europe, common stock prices reacted in September, but a marked recovery occurred in the early weeks of October, and the index recently reached a higher point than at any time since one year ago. The maximum in late years was reached in March, 1937, and a downward trend was shown during the remainder of the year. Despite considerable fluctuation, common stock prices have not altered their trend for about twelve months. The official index averaged 102.5 during the first nine months of 1938 against 134.7 in the same period of the preceding year, a decline of 24 p.c. The present standing, however, is above that of the same week of 1937.

Dominion bond prices dipped sharply in the latter part of September, having been influenced by threats of European war. The reaction was largely counter-balanced by an advance in the early weeks of October. From May to the first part of September, a high level for the post-war period was shown for Dominion bonds. The net result was that prices averaged considerably higher this year than in the same period of 1937.

While wholesale prices have been relatively steady for the last seven weeks, a considerable decline was shown during the nine months of the year. The reaction was particularly heavy during July and August, being affected by excellent harvests. The drop in wholesale prices was one of the most reactionary factors during the last fifteen months. The official index averaged 80.2 in the first nine months of the present year against 84.8 in 1937. The decline in this comparison was only 5.4 p.c. but the present disparity is no less than  $11\frac{1}{2}$  p.c.

In spite of the marked gain in September, the index of the physical volume of business averaged 110.8 during the first nine months of 1938 against 121.8 in the same period of 1937, a decline of 9 p.c. A moderate gain was shown in mineral production on a volume basis while the drop in manufacturing production, according to the official index, was 14 p.c. Each of the five groups entering into the computation of the index of the physical volume of business, except mineral production, recorded declines in this comparison.

It is now clear that the movement of copper to external markets has shown a marked expansion this year over the first nine months of 1937. The gain was nearly 33 p.c., the total movement having been 409.3 million pounds. Nickel exports showed a decline of nearly 14 p.c. from the high level of 1937. The drop was from 169.4 million pounds to 146.3 million this year. Lead production during the first eight months recorded an increase of nearly 4 p.c. while zinc exports showed a reaction of similar percentage. Increases of 13 p.c. and 9 p.c. were shown in shipments of gold and silver, respectively.

*[The page contains extremely faint, illegible text, likely bleed-through from the reverse side. The text is organized into several paragraphs, with some lines appearing as bold or indented. Due to the low contrast, no specific words or phrases can be transcribed.]*



The index of manufacturing production averaged 104.4 in the first nine months of 1938 against 121.5 in the same period of last year. The decline in flour production in the first eight months was about 8 p.c. while the manufacture of sugar rose from 526 million pounds to 567 million. Declines were shown in the operations of the meat-packing industry, hog slaughterings showing a considerable reaction. The release of cigars and cigarettes recorded important gains. The boot and shoe industry was less active in the first eight months of the present year, the output having been reduced from 15.1 million pairs to 13.4 million. The consumption of raw cotton, indicating operations in the cotton textile industry, declined 19 p.c. to 81.7 million pounds. The forestry industry was less active this year, the decline in the production of newsprint having been nearly 30 p.c. The demand in the American market was adversely affected by considerable stocks acquired during the latter part of 1937 after an increase in the price had been announced. Consumption of newsprint in North American markets is now showing an expansion and publishers' stocks have been greatly reduced. The external demand for lumber was not so strong as in 1937. Exports of planks and boards dropped from 1,427 million feet to 1,209 million.

The primary iron and steel industry showed reaction in the first nine months of the present year, the output of pig iron and steel ingots dropping between 15 p.c. and 16 p.c. The total production of steel ingots this year was 906,378 tons against 1,077,000 one year ago. The output of automobiles showed a drop of nearly 20 p.c., having been 129,698 units. The oil industry was active this year, the imports of crude petroleum showing a decline of only p.c. from the first nine months of 1937. Crude rubber imports, however, dropped off 24 p.c.

Electric power production, having been adversely affected by industrial reaction, especially in the newsprint industry, showed a decline of nearly 7 p.c. Reflecting the influence of heavy grain movements, carloadings have recently recorded improvement. The traffic during the first nine months amounted to 1,774,000 cars, a decline of 8.4 p.c. The drop in the gross revenue of Canadian lines of the C.N.R. was 6.8 p.c. while the C.P.R. recorded a decline of 4.3 p.c.

Despite the rapid increase in employment during the latter part of 1937, the general index averaged 111.3 in the first ten reporting dates of 1938 against 112.2 in the same period of 1937, a decline of only 0.8 p.c. Manufacturing recorded a decline of 2.2 p.c., and a decline of 12 p.c. was shown in logging. Mining and construction have averaged higher than in the same period of last year.

Call loans, both in Canada and elsewhere, have averaged considerably lower this year than in 1937. The sum of notice and demand deposits was up 1.4 p.c. over the relatively high level of 1937. The increase in current loans was nearly 7 p.c., the average rising from \$721 million to \$771 million. The security holdings were \$1,442 million, an increase of 0.6 p.c. Bank debits are recently recording advances, but the total for the first nine months was \$23.1 billion against \$26.3 billion, a decline of nearly 16 p. c.





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Statistics Illustrating the Economic Situation of Canada in Nine Months of  
1938, Compared with the Same Period of 1937.

Item	Unit or base period	First Nine Months of 1938	1937	Increase + Decrease - Per cent
<b>General Economic Situation</b>				
Index of Physical Volume of Business	1926=100	110.8	121.8	- 9.0
Index of Industrial Production	1926=100	112.0	125.6	-10.8
Wholesale Prices	1926=100	80.2	84.8	- 5.4
Index of Common Stock Prices	1926=100	102.5	134.7	-23.9
Capitalized Bond Yields, Dominion	1926=100	156.8	144.3	+ 8.7
Mining Stock Prices	1926=100	144.1	152.3	- 5.4
Bank Debits	\$000	22,007,381	26,253,228	-15.9
<b>Production and General Business</b>				
Mineral Production	1926=100	193.9	188.6	+ 2.8
Copper Exports	Lbs.	409,306,600	308,038,900	+32.9
Nickel Exports	Lbs.	146,271,800	169,441,900	-13.7
Lead Production (8 mos.)	Lbs.	282,093,935	271,861,089	+ 3.8
Zinc Exports	Lbs.	232,110,000	241,286,800	- 3.8
Gold Shipments	Fine Ozs.	3,416,021	3,020,374	+13.1
Silver Shipments	Fine Ozs.	16,457,661	15,106,740	+ 8.9
Coal Production	Tons	9,798,572	10,774,378	- 9.1
Manufacturing Production	1926=100	104.4	121.5	-14.1
Flour Production (8 mos.)	Bbls.	7,542,888	8,189,707	- 7.9
Sugar manufactured	Lbs.	567,116,974	526,274,941	+ 7.8
Cattle Slaughtering	No.	1,165,302	1,216,456	- 4.2
Hog Slaughtering	No.	2,244,856	2,716,043	-17.3
Cigarettes released	No.	5,163,922,719	5,001,227,012	+ 3.3
Cigars released	No.	95,964,420	88,810,542	+ 8.1
Leather Boots and Shoes (8 mos.)	Prs.	13,366,051	15,092,022	-11.4
Raw Cotton Consumption	Lbs.	81,736,187	100,926,744	-19.0
Paper and Lumber -				
Newsprint Production	Tons	1,914,660	2,728,376	-29.8
Exports of Planks and Boards	Ft.	1,208,655,000	1,427,399,000	-15.3
Iron and Steel -				
Steel Ingot Production	Long Tons	906,378	1,077,462	-15.9
Pig Iron Production	Long Tons	554,815	655,438	-15.4
Automobile and Allied Industries -				
Automobile Production	No.	129,698	161,671	-19.8
Petroleum Imports	Gals.	929,581,181	978,565,025	- 5.0
Crude Rubber Imports	Lbs.	38,612,555	50,810,445	- 24.0
Construction -				
Contracts Awarded	\$	143,461,700	178,406,900	-19.6
Building Permits	\$	43,104,023	42,750,366	+ 0.8
Electric Power Production	000 K.W.H.	18,938,359	20,337,203	- 6.9
External Trade -				
Exports	\$	689,479,864	824,504,609	-16.4
Imports	\$	505,952,759	593,018,033	-14.7
Excess of exports over imports	\$	183,527,105	231,486,576	-20.7
Railways -				
Carloadings	No.	1,774,263	1,936,079	- 8.4
Gross Revenue C.N.R. (Can. Lines)	\$	112,400,980	120,540,000	- 6.8
Gross Revenue C.P.R.	\$	100,669,672	105,188,000	- 4.3
<b>Employment 10 months' average, unadjusted</b>				
General Index	1926=100	111.3	112.2	- 0.8
Manufacturing		111.3	113.8	- 2.2
Logging		141.6	161.0	-12.0
Mining		154.4	151.5	+ 1.9
Construction		102.9	95.9	+ 7.3
Building		57.1	56.1	+ 1.8
Highway		191.1	165.8	+15.3
Trade		131.6	130.9	+ 0.5
<b>Banking - 9 Months' Average</b>				
Notice and Demand Deposits	\$	2,294,183,109	2,263,255,533	+ 1.4
Current Loans	\$	771,347,722	721,456,582	+ 6.9
Call Loans - Canada	\$	67,306,934	116,127,510	-42.0
Elsewhere	\$	51,861,914	72,006,244	-28.0
Security Holdings	\$	1,441,982,373	1,433,698,541	+ 0.6

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