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BUSINESS CONDITIONS IN CANADA

during the first ten months of 1939

compared with the

same period of 1938

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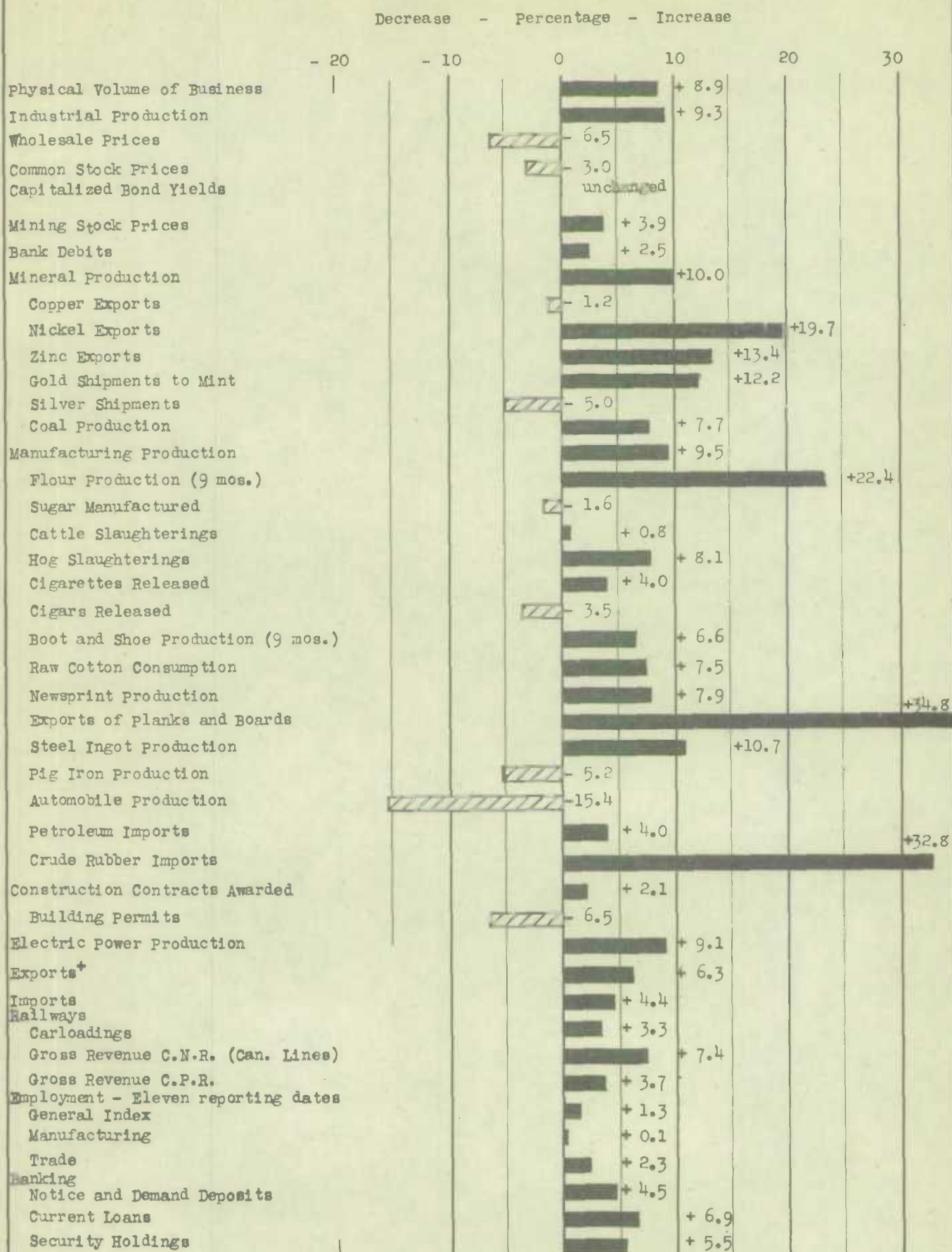
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The Economic Situation in Canada

in the first ten months of

1939

as compared with the same period of 1938.



+ Excluding Gold

Domestic Statistician:

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ECONOMIC CONDITIONS IN CANADA DURING THE FIRST TEN MONTHS OF 1939
COMPARED WITH THE SAME PERIOD OF THE PRECEDING YEAR

As the business year 1939 draws to a close a survey of the leading economic factors indicates that Canada has enjoyed a measure of steady recovery with nearly all months showing improvement over the same months of 1938. In the first two quarters gains were moderate, but with the advent of a splendid harvest and the outbreak of war, the advantage has been widened month by month. Present indications from volume and price data suggest that the purchasing power of Canadians was increased at least 5 p.c. during the year with a more equitable distribution throughout the nation. Financial as well as business factors confirm the advance, total deposits of the banks rising $4\frac{1}{2}$ p.c. in the first ten months and security holdings gaining $5\frac{1}{2}$ p.c., while current loans, a sure indicator of banking confidence, were increased by nearly 7 p.c.

Industrial production, as measured by a comprehensive index, showed a gain of more than 9 p.c. in the first ten months of the present year compared with the same months of 1938 and the October figure reached a near record peak at 139.7 only exceeded by January, 1929. A reactionary factor has been the decline in wholesale prices, the index in the 10 months averaging 74.4 against 79.6, but the discrepancy has been narrowed since the outbreak of hostilities and the monthly indexes for September and October of this year averaged 6 p.c. above the same months of 1938. Common stock prices, owing to the uncertainty of war and the certainty of increased taxation, have shown a hesitant trend, traders doubtlessly recalling the drastic declines experienced in values in the early months of the last great holocaust. The 10-month average of common stock prices was 3 p.c. below the level of 1938. Mining stocks, on the other hand, showed an advance of nearly 4 p.c. in the same comparison. The bond market was steady until August, but the bursting of the war clouds led to a precipitous decline, the index of capitalized yields dropping over 28 points to 131 for September. Prices rebounded, however, in October and the index advanced 10 points to 141.

Canada's mineral production this year has ruled about 10 p.c. better than in 1938, with gold, nickel, zinc and coal output reaching encouraging levels. The decline in copper was slight but lead and silver were mined in smaller volume. Nickel exports in the ten months at over 197 million pounds were nearly 20 p.c. in excess of the preceding year. Zinc exports rose 13.4 p.c. while shipments of gold to the mint reached 4,042,650 ounces, representing a value of over \$141,000,000 in new wealth, a gain of 12.2 p.c. over 1938. Coal output rose nearly 8 p.c. in the first ten months and the exchange situation is expected to encourage the use of domestic fuel. Canada's coal-mining industry, which employs a considerable labour force, has at last been reinvigorated after years of discouraging conditions. Increased activity in the iron and steel mills is responsible for part of the current advance.

In the manufacturing sphere the barometer rose 9.5 p.c. to 115.3 in the 10-month comparison. All the principal commodities were produced in greater volume, particularly foodstuffs, tobacco, leather goods, textiles, paper and lumber, steel, rubber and petroleum. Flour milled aggregated 11,237,113 barrels, an increase of 22.4 p.c., while sugar output was practically maintained. Cattle and hogs were processed in larger volume, the latter, with an eye to British needs, advancing over 8 p.c. The boot and shoe industry was active, producing over 16 million pairs in the first nine months, a gain of about 7 p.c. Raw cotton consumption rose 7.5 p.c., while the woollen goods group were spurred on by a large volume of war orders.

The newsprint industry has enjoyed a progressive year with the outlook encouraging in the face of reduced European competition. Production at 2,339,884 tons showed an advance of nearly 8 p.c. Bleached sulphite production has been revived by American orders. The export of planks and boards rose about 35 p.c. in the ten month comparison but some difficulty has recently been experienced in securing bottoms to complete contracts. The automobile industry, harried by a strike in the United States plant of a leading producer, has been slow to effect recovery and the ten month reading shows a loss of 15 p.c. Imports of crude rubber, reflecting some forward buying, rose nearly 33 p.c.

The construction industry registered minor acceleration during the elapsed portion of the year. Contracts awarded were \$165,010,000 to October 30, an advance of over 2 p.c. Reflecting the greater industrial activity, electric power output rose 9 p.c. and producers are beginning to look to their resources for future demands.

The export trade which is of great concern in the problem of exchange, was valued at \$735.5 million, exclusive of gold, against \$692 million, a gain of 6.3 p.c. Imports were also active, advancing to \$594.7 million, leaving a favourable balance of trade on merchandise account of nearly \$141 million.

The railways are beginning to see daylight again. Carloadings rose 3.3 p.c. in the 10 months and earnings of the C. N. R. domestic lines advanced nearly $7\frac{1}{2}$ p.c., while an improvement of 3.7 p.c. was noted in the earnings of the C. P. R.

1. The purpose of this document is to provide a comprehensive overview of the current state of the project and to outline the key objectives and milestones for the upcoming phase. This document is intended for the use of the project team and management.

2. The project has been initiated in accordance with the approved project charter and is currently in the planning phase. The project manager has assigned the necessary resources and has established a clear line of communication with the stakeholders. The project team is working closely with the sponsor to ensure that the project remains aligned with the organization's strategic goals.

3. The project is currently on track and is expected to be completed by the end of the fiscal year. The project team has identified several key risks and has developed mitigation strategies to minimize their impact. The project manager will continue to monitor the project's progress and will report on the status of the project to the sponsor on a regular basis.

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Employment on the first eleven reporting dates gained 1.3 p.c. over the preceding year and present indications confirm the expectation that record levels are at hand. All the leading classifications with the exception of logging, have shown significant increase and the outlook for employment in lumbering is encouraging.

The present position of the chartered banks gives cause for satisfaction when we recall conditions during the early months of the last great war. At that time uncertainty and lack of public confidence were not unknown. Deposits are at record levels, the 10 month average being 4.5 p.c. above the standing in 1938 at \$2,410 million compared with \$2,305 million. Current loans averaged \$832 million against \$779 million, an increase of nearly 7 p.c. The banks are in a strong position to finance the early stages of our war effort and a federal loan of \$200,000,000, principally to meet refunding in London, was picked up promptly in October. Total security holdings averaged \$1,517 million, a gain of $5\frac{1}{2}$ p.c. over the same months of last year. Readily available assets are nearly 11 p.c. in excess of the level of 1938.

Statistics Illustrating the Economic Situation of Canada in Ten Months of 1939
Compared with the Same Period of 1938

| Item | Unit or base period | First Ten Months of 1939 | 1938 | Increase + Decrease - Per cent |
|--|------------------------|-----------------------------|---------------|--------------------------------------|
| General Economic Situation | | | | |
| Index of Physical Volume of Business | 1926=100 | 120.2 | 110.4 | + 8.9 |
| Index of Industrial Production | 1926=100 | 123.1 | 112.6 | + 9.3 |
| Wholesale Prices | 1926=100 | 74.4 | 79.5 | - 6.5 |
| Index of Common Stock Prices | 1926=100 | 100.1 | 103.2 | - 3.0 |
| Capitalized Bond Yields, Dominion | 1926=100 | 156.9 | 157.0 | - |
| Mining Stock Prices | 1926=100 | 151.0 | 145.4 | + 3.9 |
| Bank Debits | \$ 000 | 25,630,139 | 25,010,198 | + 2.5 |
| Production and General Business | | | | |
| Mineral Production | 1926=100 | 213.3 | 193.9 | + 10.0 |
| Copper Exports | Lbs. | 451,862,000 | 457,489,700 | - 1.2 |
| Nickel Exports | Lbs. | 197,374,400 | 164,855,600 | + 19.7 |
| Zinc Exports | Lbs. | 295,893,500 | 260,929,000 | + 13.4 |
| Gold Shipments to Mint | Fine Ozs. | 4,042,650 | 3,604,235 | + 12.2 |
| Silver Shipments | Fine Ozs. | 18,130,319 | 19,078,316 | - 5.0 |
| Coal Production | Tons | 12,203,582 | 11,333,734 | + 7.7 |
| Manufacturing Production | 1926=100 | 115.3 | 105.3 | + 9.5 |
| Flour Production (9 mos.) | Bbls. | 11,237,113 | 9,182,119 | + 22.4 |
| Sugar Manufactured | Lbs. | 809,120,369 | 822,174,714 | - 1.6 |
| Cattle Slaughtering | No. | 1,313,810 | 1,303,745 | + 0.8 |
| Hog Slaughtering | No. | 2,747,733 | 2,542,296 | + 8.1 |
| Cigarettes released | No. | 5,980,875,494 | 5,751,515,034 | + 4.0 |
| Cigars released | No. | 103,511,928 | 107,319,726 | - 3.5 |
| Leather Boots and Shoes (9 mos.) | Prs. | 16,026,146 | 15,029,863 | + 6.6 |
| Raw Cotton Consumption | Lbs. | 98,229,487 | 91,356,644 | + 7.5 |
| Paper and Lumber - | | | | |
| Newsprint Production | Tons | 2,339,884 | 2,169,532 | + 7.9 |
| Exports of Planks and Boards | 000 Ft. | 1,823,970 | 1,352,951 | + 34.8 |
| Iron and Steel - | | | | |
| Steel Ingot Production | Long Tons | 1,087,583 | 982,634 | + 10.7 |
| Pig Iron Production | Long Tons | 573,740 | 605,472 | - 5.2 |
| Automobile and Allied Industries - | | | | |
| Automobile Production | No. | 119,926 | 141,803 | - 15.4 |
| Petroleum Imports | 000 Gals. | 1,099,020 | 1,056,956 | + 4.0 |
| Crude Rubber Imports | Lbs. | 60,631,009 | 45,644,511 | + 32.8 |
| Construction - | | | | |
| Contracts Awarded | \$ | 165,010,000 | 161,572,700 | + 2.1 |
| Building Permits | \$ | 49,283,013 | 52,691,485 | - 6.5 |
| Electric Power Production | 000 K.W.H. | 23,209,384 | 21,267,787 | + 9.1 |
| External Trade - | | | | |
| Exports * | \$ | 735,458,619 | 691,990,465 | + 6.3 |
| Imports | \$ | 594,984,985 | 569,861,699 | - 4.4 |
| Excess of exports* over imports | \$ | 140,473,634 | 122,128,766 | + 15.3 |
| Railways - | | | | |
| Carloadings | No. | 2,100,774 | 2,034,106 | + 3.3 |
| Gross Revenue C.N.R. (Can. Lines) | \$ | 139,408,250 | 129,831,172 | + 7.4 |
| Gross Revenue C.P.R. | \$ | 122,555,545 | 118,176,208 | + 3.7 |
| Employment 11 months' average, unadjusted | | | | |
| General Index | 1926=100 | 113.1 | 111.6 | + 1.3 |
| Manufacturing | | 111.4 | 111.3 | + 0.1 |
| Logging | | 105.9 | 140.6 | - 24.7 |
| Mining | | 163.2 | 155.2 | + 5.2 |
| Construction | | 114.8 | 104.7 | + 9.6 |
| Building | | 61.0 | 59.2 | + 3.0 |
| Highway | | 224.4 | 195.4 | + 14.8 |
| Trade | | 135.9 | 132.9 | + 2.3 |
| Banking - 10 Months' Average | | | | |
| Notice and Demand Deposits | \$ | 2,409,680,075 | 2,305,278,687 | + 4.5 |
| Readily Available Assets | \$ | 1,778,814,312 | 1,603,530,761 | + 10.9 |
| Current Loans | \$ | 832,109,009 | 779,034,710 | + 6.9 |
| Call Loans - Canada | \$ | 54,562,187 | 67,183,866 | - 18.8 |
| Elsewhere | \$ | 47,832,265 | 51,835,303 | - 9.6 |
| Security Holdings | \$ | 1,517,096,005 | 1,433,676,353 | + 5.5 |

40 factors advanced.
12 factors declined.

1 unchanged.
* excluding gold.



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