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DEPARTMENT OF TRADE AND COMMERCE

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GENERAL STATISTICS BRANCH

BUSINESS CONDITIONS IN CANADA

during the first quarter of 1939

compared with the

same period of 1938

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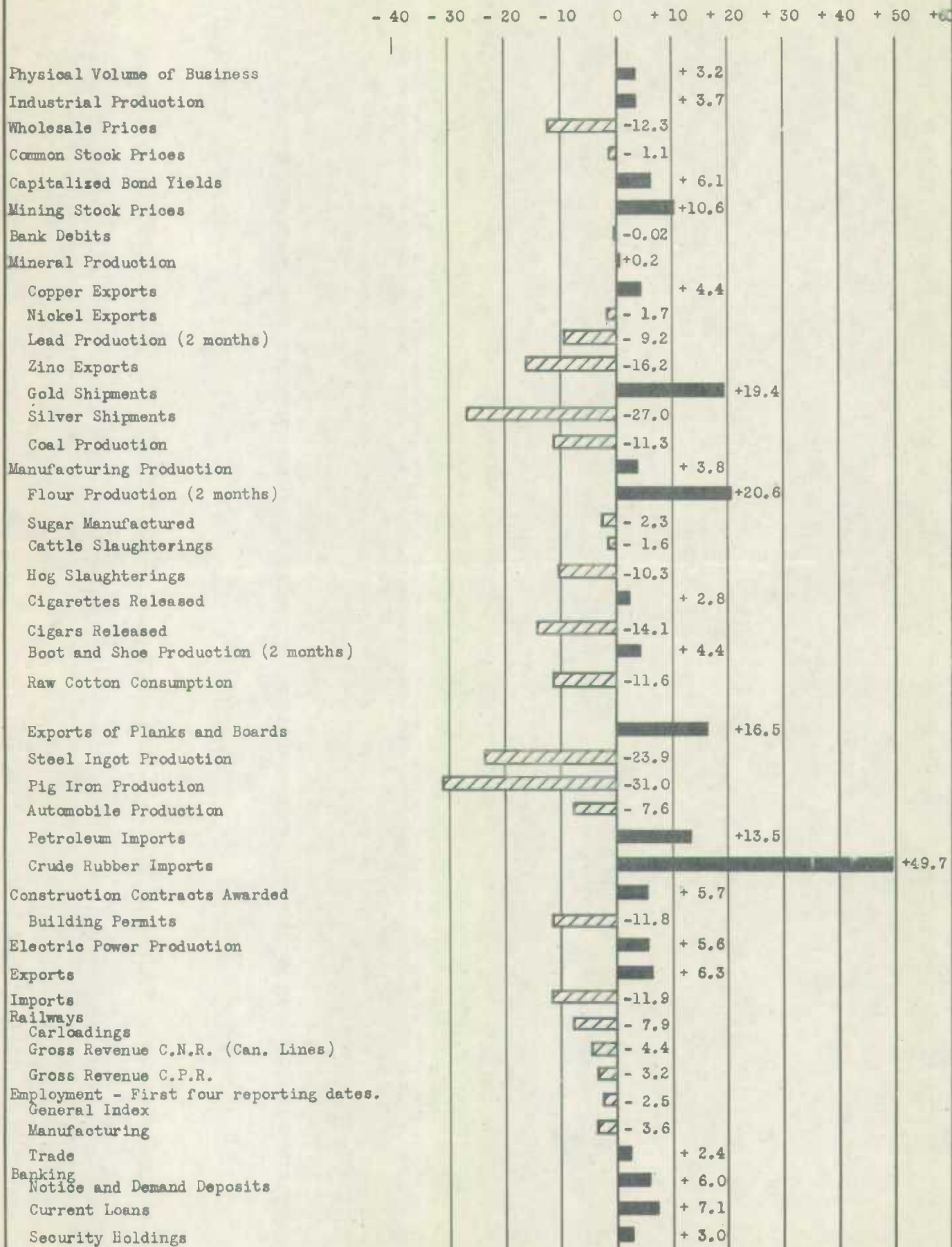
OTTAWA

1939

Price \$1 a year

The Economic Situation in Canada
in the first quarter of 1939,
as compared with the same period of 1938.

- Percentage -



Dominion Statistician:
Business 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 QUARTER
OF 1939 COMPARED WITH THE SAME PERIOD OF THE PRECEDING YEAR

Economic conditions, as measured by six prominent factors, were well maintained in the first quarter of the present year, as compared with the same period of 1938. Reactionary tendencies were shown in common stock and wholesale prices, especially in the latter. Moderate improvement was recorded in business operations, as indicated by a rise of slightly more than 3 per cent in the index of physical volume of business.

The financial background was further strengthened in the first quarter despite European tension. High-grade bonds were particularly strong, the index of capitalized yields rising in March to a new high point in post-war history. Dominion bonds have recently shown some reaction, but the rise in the monthly average for the first 3 months of the year was more than 6 per cent. The upward trend of bank deposits continued during the first quarter. Following the reaction from 1929 to 1933, a marked upward trend has been shown in deposit liabilities, which reached at the end of March a new high point in the history of Canadian banking. The sum of the notice and demand deposits at the end of March was \$2,406,000,000., the monthly average during the first quarter having been 6 per cent greater than in the same period of 1938.

The dollar volume of business, as measured by bank debits, was practically maintained during the first quarter of the present year, the total amount having been about \$6,990,000,000. No definite information is available as to payments in cash, but it is noted that bank notes in the hands of the public have recently risen to a relatively high position. The readily available assets of the banks averaged 9 per cent greater during the first quarter and an advance of 7 per cent was shown in current loans. Security holdings reached a new high point on March 31, amounting to no less than \$1,499,000,000. The average for the 3 first months of the present year was 3 per cent greater than 1 year ago.

A slight decline was shown in employment in the elapsed portion of the present year, the general index averaging $2\frac{1}{2}$ per cent less than in the same period of 1938. The decline in manufacturing plants was 3.6 per cent, while gains were recorded in mining, construction and trade. Employment in the logging industry showed a marked decline from the winter season of 1938.

The volume of production in the main industrial branches recorded a gain of more than 3 per cent over the first quarter of last year. The output of the mining industry was at a slightly higher level than in the early months of 1938, spectacular increases having been shown in gold production. Copper exports recorded an increase of 4.4 per cent in volume, while the outward flow of nickel was nearly maintained at the high level of the preceding year.

The index of manufacturing production based on 30 factors recorded a gain of 3.8 per cent in comparison with last year. A notable gain was shown in the activity of the flour-milling industry, the increase in the output during the first 2 months having been no less than 20.6 per cent. Newsprint production was practically maintained, while a gain of $16\frac{1}{2}$ per cent was recorded in the exports of planks and boards, indicating additional activity in the lumber industry.

Reaction was shown in the operations of the iron and steel industry, steel ingots recording a decline of nearly 23 per cent. The automobile industry was less active in the first quarter, a decline of 7.6 per cent having been shown in the number of units assembled. Marked increases were recorded in the imports of crude rubber and petroleum, suggesting acceleration in the oil and tire industries. The long-term advance in the production of electric power was continued in the first quarter, the output having shown an increase of 5.6 per cent.

The railway freight movement recorded some curtailment as compared with the first quarter of 1938, the gross revenues of the Canadian National and Canadian Pacific railways showing declines of 4.4 and 3.2 per cent, respectively.

As exports showed an increase of more than 6 per cent and imports a decline of nearly 12 per cent, a marked gain was recorded in the active balance of trade. The excess of exports over imports rose from \$46.6 million in the first quarter of 1938 to \$78.9 million in the period under review.

Statistics illustrating the Economic Situation of Canada in the First
Quarter of 1939, Compared with the same period of 1938

Item	Unit or base period	First Quarter 1939	1938	Increase + Decrease -
				Per cent
<u>General Economic Situation</u>				
Index of Physical Volume of Business	1926=100	112.6	109.1	+ 3.2
Index of Industrial Production	1926=100	114.5	110.4	+ 3.7
Wholesale Prices	1926=100	73.2	83.5	- 12.3
Index of Common Stock Prices	1926=100	103.6	104.7	- 1.1
Capitalized Bond Yields, Dominion	1926=100	162.1	152.8	+ 6.1
Mining Stock Prices	1926=100	157.3	142.2	+ 10.6
Bank Debits	\$000	6,989,983	6,991,253	- 0.02
<u>Production and General Business</u>				
Mineral Production	1926=100	188.1	187.8	+ 0.2
Copper Exports	Lbs.	131,936,600	126,403,000	+ 4.4
Nickel Exports	Lbs.	58,427,500	59,447,000	- 1.7
Lead Production (Two months)	Lbs.	58,407,668	64,308,684	- 9.2
Zinc Exports	Lbs.	79,022,800	94,307,000	- 16.2
Gold Shipments	Fine Ozs.	1,312,434	1,099,095	+ 19.4
Silver Shipments	Fine Ozs.	4,723,643	6,469,977	- 27.0
Coal Production	Tons	3,629,707	4,091,139	- 11.3
Manufacturing Production	1926=100	107.9	103.9	+ 3.8
Flour Production (Two months)	Bbls.	2,135,288	1,770,513	+ 20.6
Sugar Manufactured	Lbs.	64,449,590	65,953,418	- 2.3
Cattle Slaughtering	No.	317,134	322,201	- 1.6
Hog Slaughtering	No.	807,648	900,424	- 10.3
Cigarettes released	No.	1,493,091,051	1,451,823,075	+ 2.8
Cigars released	No.	25,130,476	29,271,882	- 14.1
Leather Boots and Shoes (Two months)	Prs.	3,192,714	3,057,741	+ 4.4
Raw Cotton Consumption	Lbs.	24,290,510	27,465,689	- 11.6
Paper and Lumber -				
Newsprint Production	Tons	629,661	629,705	-
Exports of Planks and Boards	Ft.	435,605,000	373,980,000	+ 16.5
Iron and Steel -				
Steel Ingot Production	Long Tons	251,074	330,036	- 23.9
Pig Iron Production	Long Tons	139,716	202,537	- 31.0
Automobile and Allied Industries -				
Automobile Production	No.	46,643	50,492	- 7.6
Petroleum Imports	Gals.	168,642,000	148,641,181	+ 13.5
Crude Rubber Imports	Lbs.	15,178,809	10,141,880	+ 49.7
Construction -				
Contracts Awarded	\$	27,586,200	26,109,400	+ 5.7
Building Permits	\$	6,951,985	7,885,100	- 11.8
Electric Power Production	000 K.W.H.	6,967,268	6,597,094	+ 5.6
External Trade -				
Exports	\$	221,371,527	208,327,431	+ 6.3
Imports	\$	142,503,762	161,727,082	- 11.9
Excess of exports over imports	\$	78,867,765	46,600,349	+ 69.3
Railways -				
Carloadings	No.	522,072	566,579	- 7.9
Gross Revenue C.N.R.(Can.Lines)	\$	33,777,000	35,331,858	- 4.4
Gross Revenue C.P.R.	\$	29,419,000	30,395,883	- 3.2
<u>Employment - First Four Months</u>				
General Index	1926=100	106.5	109.2	- 2.5
Manufacturing		106.1	110.1	- 3.6
Logging		116.6	235.5	- 50.5
Mining		159.8	153.7	+ 4.0
Construction		92.9	74.1	+ 25.4
Building		46.1	48.7	- 5.3
Highway		181.2	115.9	+ 56.3
Trade		133.9	130.7	+ 2.4
<u>Banking - Average</u>				
Notice and Demand Deposits	\$	2,384,676,070	2,250,195,450	+ 6.0
Readily Available Assets	\$	1,719,607,770	1,574,299,710	+ 9.2
Current Loans	\$	793,271,717	740,338,710	+ 7.1
Call Loans - Canada	\$	59,592,101	68,366,280	- 12.8
Elsewhere	\$	53,322,946	50,711,810	+ 5.1
Security Holdings	\$	1,481,044,401	1,437,543,270	+ 3.0

Advances in 27 items.
Declines in 26 items.
One item unchanged.

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Dominion Bureau of Statistics

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