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

BUSINESS CONDITIONS IN CANADA

during the first five months of 1939

compared with the

same period of 1938



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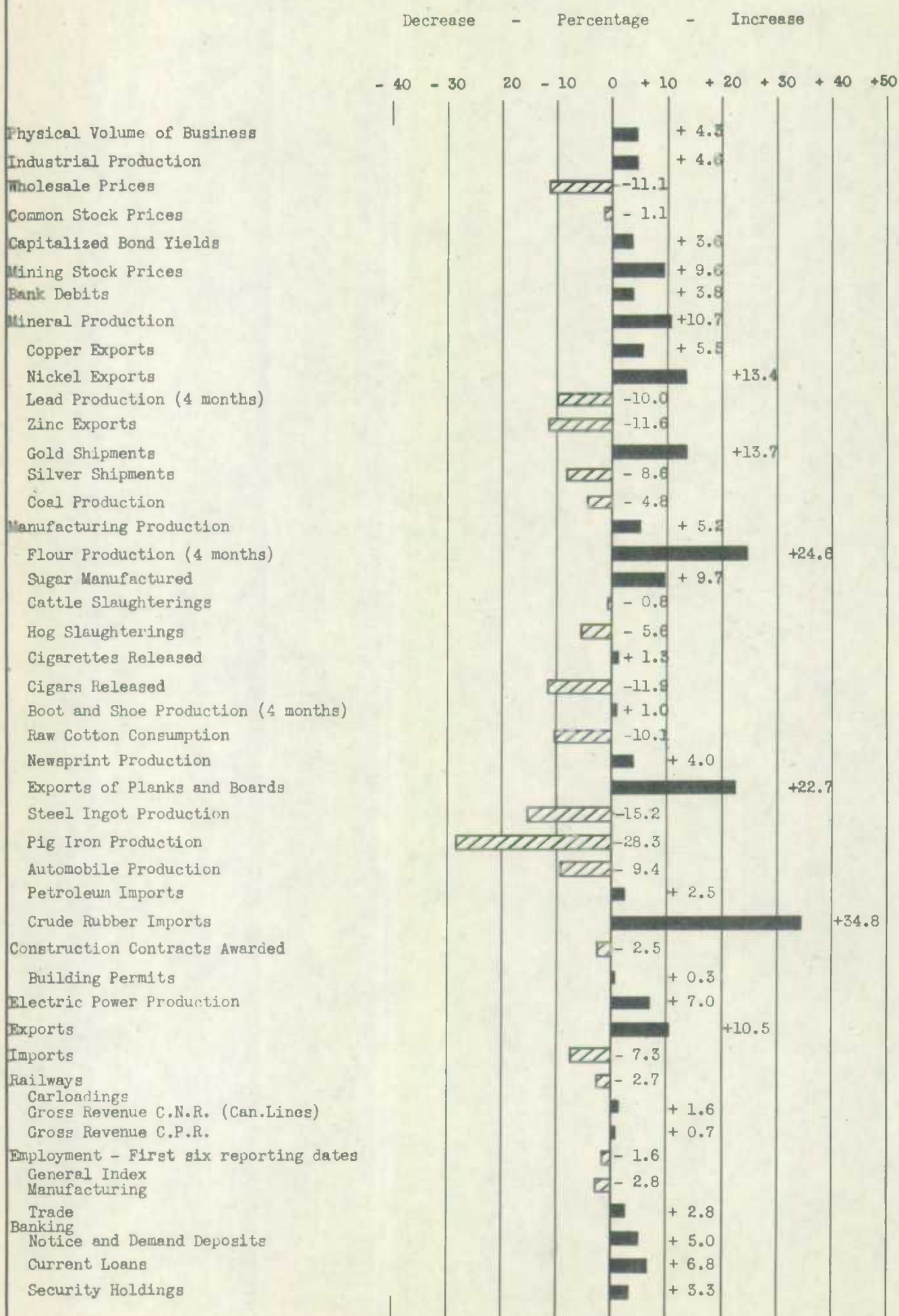
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OTTAWA

1939

Price \$1 a year

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



DOMINION BUREAU OF STATISTICS - OTTAWA

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

Most of the important factors indicating the trend of economic conditions showed a gain in the first five months of the present year. Common stock prices, however, recorded a minor recession, the index averaging 1.1 per cent below the same period of last year. No important trend has developed in common stock prices since the latter part of 1937. While fluctuations were relatively severe, reactions for the most part have been counterbalanced by subsequent rallies. Relative stability over the last two years or more was shown by an average index of 101.2 during the first five months of the present year as compared with 102.3 in the same period of 1938. Mining stock prices, on the other hand, showed some appreciation, the index rising from 140 to 153.4.

Wholesale prices have remained comparatively steady during the last ten months. Fluctuations of the wholesale price index have been limited between 73 and 75 per cent of the base level. The average during the first five months of the present year was 73.4 against 82.6 during the same period of 1938, a decline of 11 p.c. A considerable reaction was shown from April to August last year, caused in part by the heavy output of farm products.

The high-grade bond market has remained relatively strong since the beginning of 1938. A decline was shown last October and during April of this year, but these reactions have been counterbalanced and high-grade bond prices in recent weeks have been at a maximum for the period of observation. An index of capitalized yields averaged 161.1 in the first five months of the present year against 155.5 in the same period of 1938, a gain of 3.6 per cent. Financial transfers in the form of bank debits amounted to \$12.3 billion in the first five months of 1939 against \$11.9 billion in the same period one year ago, indicating a moderate increase in cheque payments. The deposit liabilities of the banks rose to a new high point during the first five months of 1938, extending the advance which commenced about mid-year 1934. A comparison of the leading indicators of chartered bank operations showed a further strengthening during the first five months of the present year, readily available assets were up $9\frac{1}{2}$ per cent. The enhanced demand for current loans was reflected in an advance of about 7 per cent in this account, while total security holdings this year have averaged over 3 per cent greater than on the first five reporting dates of the preceding year.

The most constructive feature of the five-month period was the standing of business operations. The index of the physical volume of business averaged 115.2 during the period against 110.4 in the same months of 1938, a gain of 4.3 per cent.

Betterment was shown over the first five months of 1938 in most of the main divisions contributing to the physical volume of business. Mineral production recorded a gain of nearly 11 per cent while manufacturing production advanced 5.2 per cent. Electric power production was 11.5 billion k.w.h. against 10.7 billion, a gain of 7 per cent. The new business obtained by the construction industry, judged by the compilation of contracts awarded, was $2\frac{1}{2}$ per cent less than in the same period of 1938, while a slight gain was shown in building permits. The export trade recorded the important increase of 10.5 per cent, the total rising from \$337.4 million to \$372.8 million. Imports, on the other hand, were at a lower level, declining from \$277.7 million to \$257.4 million. The net result was that the active balance of trade showed a marked gain from \$59.6 million to \$115.4 million, a gain of no less than 93.6 per cent. Despite the marked increase in the railway freight movement during May, the cumulative total for the first five months was 2.7 per cent below that of the same period of 1938. The gross revenue of the C.P.R. and of the Canadian lines of the C.N.R. showed gains of 0.7 per cent and 1.6 per cent respectively.

Mineral Production - The index of mineral production, based on nine factors, rose from 183.6 to 203.3 in this comparison. Gains were recorded in copper and nickel exports and the shipments of gold. Exports and receipts at the Mint of gold from Canadian mines were 2.1 million fine ounces against 1.8 million, an increase of nearly 14 per cent. The shipments of gold in May were greater than in any other May in history. Silver shipments, on the other hand, dropped from 8.2 million ounces to 7.5 million, a decline of 8.6 per cent. The decline in coal production was nearly 5 per cent, the total in the first five months of 1939 having been 5.7 million tons. The exports of copper in the period under review were 236.8 million pounds against 224.4 million one year ago. Nickel exports rose from 88.2 million pounds to 99.9 million, a gain of 13.4 per cent. The exports of copper and nickel were greater in May than in the same month of any year during the post-war period.

Statistics Illustrating the Economic Situation of Canada in the First
Five Months of 1939, Compared with the Same Period of 1938.

Item	Unit or base period	Five Months		Increase + Decrease -	
		1939	1938		Per Cent
<u>General Economic Situation</u>					
Index of Physical Volume of Business	1926=100	115.2	110.4	+	4.3
Index of Industrial Production	1926=100	117.2	112.0	+	4.6
Wholesale Prices	1926=100	73.4	82.6	-	11.1
Index of Common Stock Prices	1926=100	101.2	102.3	-	1.1
Capitalized Bond Yields, Dominion	1926=100	161.1	155.5	+	3.6
Mining Stock Prices	1926=100	153.4	140.0	+	9.6
Bank Debits	\$000	12,302,222	11,854,491	+	3.8
<u>Production and General Business</u>					
Mineral Production	1926-100	203.3	183.6	+	10.7
Copper Exports	Lbs.	236,751,100	224,390,100	+	5.5
Nickel Exports	Lbs.	99,945,900	88,158,900	+	13.4
Lead Production (4 mos.)	Lbs.	121,433,825	134,892,100	-	10.0
Zinc Exports	Lbs.	129,751,500	146,804,000	-	11.6
Gold Shipments	Fine Ozs.	2,068,119	1,818,435	+	13.7
Silver Shipments	Fine Ozs.	7,515,241	8,220,207	-	8.6
Coal Production	Tons	5,659,633	5,945,053	-	4.8
Manufacturing Production	1926-100	109.3	103.9	+	5.2
Flour Production (4 mos.)	Bbls.	4,442,698	3,564,182	+	24.6
Sugar Manufactured	Lbs.	207,845,835	189,466,149	+	9.7
Cattle Slaughtering	No.	627,275	632,512	-	0.8
Hog Slaughtering	No.	1,347,652	1,428,126	-	5.6
Cigarettes released	No.	2,635,323,755	2,600,334,905	+	1.3
Cigars released	No.	45,070,163	51,137,917	-	11.9
Leather Boots and Shoes (4 mos.)	Prs.	6,919,765	6,853,808	+	1.0
Raw Cotton Consumption	Lbs.	41,641,446	46,305,322	-	10.1
Paper and Lumber -					
Newsprint Production	Tons	1,100,519	1,058,177	+	4.0
Exports of Planks and Boards	Ft.	724,003,000	589,915,000	+	22.7
Iron and Steel -					
Steel Ingot Production	Long Tons	472,126	556,713	-	15.2
Pig Iron Production	Long Tons	243,716	339,783	-	28.3
Automobile and Allied Industries -					
Automobile Production	No.	79,240	87,426	-	9.4
Petroleum Imports	Gals.	341,383,000	333,199,181	+	2.5
Crude Rubber Imports	Lbs.	24,367,414	18,081,374	+	34.8
Construction -					
Contracts Awarded	\$	58,249,600	59,727,100	-	2.5
Building Permits	\$	19,279,570	19,220,788	+	0.3
Electric Power Production	000 K.W.H.	11,497,674	10,741,884	+	7.0
External Trade -					
Exports	\$	372,760,875	337,371,813	+	10.5
Imports	\$	257,369,917	277,745,537	-	7.3
Excess of exports over imports	\$	115,390,958	59,626,276	+	93.6
Railways -					
Carloadings	No.	915,945	941,477	-	2.7
Gross Revenue C.N.R. (Can. Lines)	\$	60,321,000	59,351,053	+	1.6
Gross Revenue C.P.R.	\$	51,673,514	51,307,000	+	0.7
<u>Employment - 6 months' average unadjusted</u>					
General Index,	1926=100	107.5	109.3	-	1.6
Manufacturing		107.4	110.5	-	2.8
Logging		102.4	188.9	-	45.8
Mining		159.3	153.0	+	4.1
Construction		96.9	83.2	+	16.5
Building		47.4	49.4	-	4.0
Highway		189.3	141.3	+	34.0
Trade		134.6	130.9	+	2.8
<u>Banking - five months' average</u>					
Notice and Demand Deposits	\$	2,385,849,854	2,272,733,765	+	5.0
Readily Available Assets	\$	1,738,679,900	1,587,546,740	+	9.5
Current Loans	\$	803,092,665	751,974,920	+	6.8
Call Loans - Canada	\$	57,661,938	66,935,131	-	13.8
Elsewhere	\$	50,715,237	52,023,045	-	2.5
Security Holdings	\$	1,491,289,314	1,443,592,675	+	3.3
32 items show increases		Division of Economic Research.			
22 " " decreases					

32 items show increases
22 " " decreases

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