

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

BUSINESS CONDITIONS IN CANADA

during the first half year of 1939

compared with the

same period of 1938

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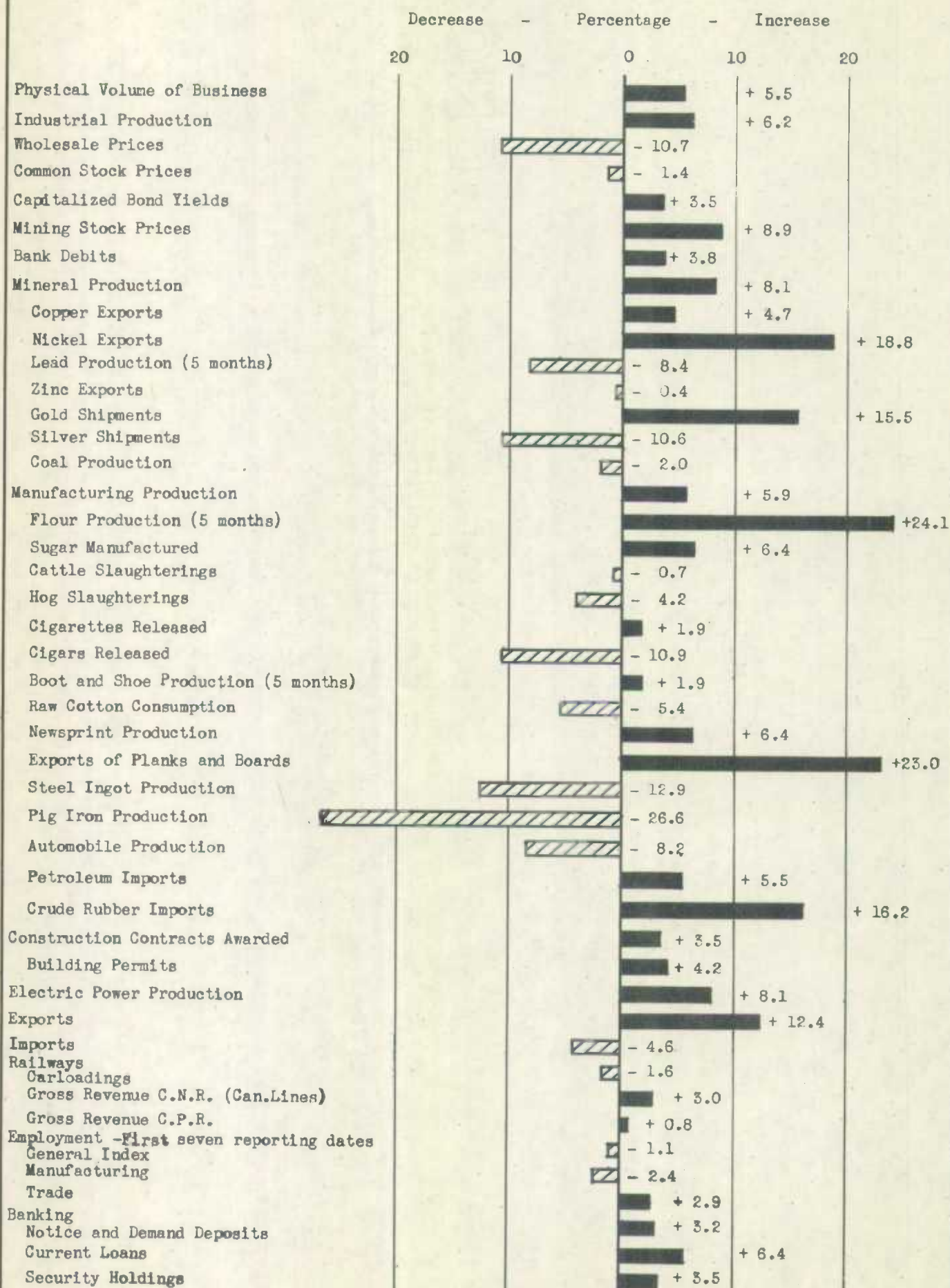
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OTTAWA

1939

Price \$1 a year

The Economic Situation in Canada
in the first half 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 SIX MONTHS
OF 1939 COMPARED WITH THE SAME PERIOD OF THE PRECEDING YEAR.

The major factors indicating the trend of economic conditions were well maintained in the first half of the present year. Commodity and common stock prices averaged somewhat lower than one year ago, while other principal factors were at a higher position. The gain in business operations was one of the most tangible advances of the period. The index of the physical volume of business averaged $5\frac{1}{2}$ p.c. higher than in the first half of 1938. The standing was 116.2 against 110.1 one year ago.

Wholesale prices remained steady during the first six months of 1939, in continuance of the relative stability established during the last four months of the preceding year. The general level was unusually well maintained during the first six months, a recession having been shown in recent weeks due in part to the prospect of a heavy grain crop. The index of wholesale prices averaged 73.4 against 82.2 in the first half of 1938, a decline of 10.7 p.c.

Common stock prices have shown no trend either in an upward or downward direction during the last eighteen months. Fluctuations have been somewhat severe due to the periodical intensity of the unsettlement in Europe, but reactions for the most part have been counterbalanced by subsequent rallies. During the first six months common stock prices fluctuated within a definite trading range, and a rally has been in progress in recent weeks. The index of common stock prices averaged 100.5 in the first six months of the present year against 101.9 one year ago.

Prominent financial factors showed during the first half year a continuance of the tendencies of recent years. High-grade bond prices established a maximum since the first of the century, an index of capitalized yields on the base of 1926 having been 162.0 against 156.5 in the same period of 1938. Bank debits or the amount of cheques cashed at clearing house centres registered an increase of nearly 4 p.c., the total amount in the first half year of 1939 having been \$15,133 million. The sum of notice and demand deposits established a new high record in the first half of the present year. The average was \$2,385 million, an increase of 3.2 p.c. over the same period of 1938. Notice deposits showed another increase at the end of June, rising after seasonal adjustment to a new high point. Current loans, reflecting the financial background of business operations, showed a further gain in the period under review. The account averaged \$806.2 million against \$757.6 million in the same period of 1938. Owing to the marked gain in deposit liabilities, the security holdings of the banks have advanced to a new maximum, a further increase having been shown at the end of June. The investment holdings averaged about $3\frac{1}{2}$ p.c. greater during the first half of the present year, the average having been \$1,497 million. During the period call loans, both in Canada and elsewhere, have recorded decline as compared with last year.

The volume of business in Canada has recovered sharply following the recessions at the first of the year. Marked gains were shown in the index of the physical volume of business in April and May, the standing of the latter month having been maintained in June. The result was that the index of the physical volume of business averaged 116.2 in the first half of 1939, a gain of 5.5 p.c. over the same period of last year. The expansion in business operations was general in each of the five main branches.

The index of mineral production, based on nine factors, rose from 192.1 to 207.6, a gain of 8.1 p.c. Increases were registered in the outward shipments of copper and nickel and in the receipts at the Mint and exports of gold. Copper exports in the first half year of 1939 were 279 million pounds, an increase of nearly 5 p.c., while exports of nickel were 115.9 million pounds, a gain of about 19 p.c. Recession was shown in the production and exports of lead and zinc. The shipments of gold amounted to 2.5 million fine ounces, a gain of 15.5 p.c. Shipments of silver, on the other hand, were 8.8 million fine ounces, a decline of 10.6 p.c. from the preceding year. The recession in coal production was limited to 2 p.c., the output in the period under review having been 6.7 million tons.

Operations in manufacturing plants were at a higher level in the first half of 1939 than in the same period of last year, the index of manufacturing production rising from 103.8 to 109.9, a gain of nearly 6 p.c. The milling industry was far more active this year, the output having been 5.6 million barrels, a gain of 24 p.c. The expansion in the sugar refineries amounted to 6.4 p.c., the output having been nearly 302 million pounds. The meat-packing industry was slightly less productive than in the first half of 1938, slaughterings of cattle and hogs showing declines of 0.7 p.c. and 4.2 p.c., respectively. The release of cigarettes was 3,293 million, a gain of nearly 2 p.c., while a decline of about 11 p.c. was shown in the release of cigars. The boot and shoe industry was more active, the output in the first five months of the present year having been 8.8 million pairs. The cotton textile industry was less active than in the first half of 1938, the consumption of raw cotton having shown a reduction of 5.4 p.c. to about 52.3 million pounds.

The forestry industry was more active than in the early months of 1938. Newsprint production showed a gain of 6.4 p.c., the total having been 1,341,000 tons. Improvement in external markets had a beneficial effect upon the lumber industry. Exports of planks and boards were 930 million feet, a gain of 23 p.c. over the outward shipments of the same period of last year.

The declines in the output of steel and pig iron were 12.9 p.c. and 26.6 p.c., respectively. The automobile industry also was less active than in the early months of 1938. The output was 93,755 units, a decline of 8.2 p.c. Gains, however, were recorded in the imports of crude rubber and petroleum, indicating increased operations in the tire and oil industries.

The construction industry was more successful in obtaining new business during the first half of 1939. Contracts awarded were \$83.4 million against \$80.7 million in the same period of last year, a gain of $3\frac{1}{2}$ p.c. The increase in the granting of building permits was 4.2 p.c.

Continuance was shown in the expansion of demand for electric power. Total sales in the first half of 1939 amounted to 13.7 billion k.w.h., a gain of more than 8 p.c. over the same period of 1938.

The index of distribution, based on external trade, the railway freight movement and employment in retail and wholesale trade, showed an increase of slightly more than 4 p.c. The index of distribution averaged 105.7 in the first six months of 1938, advancing to 110 in the period under review. The export trade showed marked expansion, amounting to \$467.3 million against \$415.7 million in the first half of 1938. The gain of 12.4 p.c. contrasted with a decline of 4.6 p.c. in merchandise imports. The active balance of trade was consequently very much larger in the last six months. The total was \$146.2 million against \$79.0 million, a gain of 85 p.c.

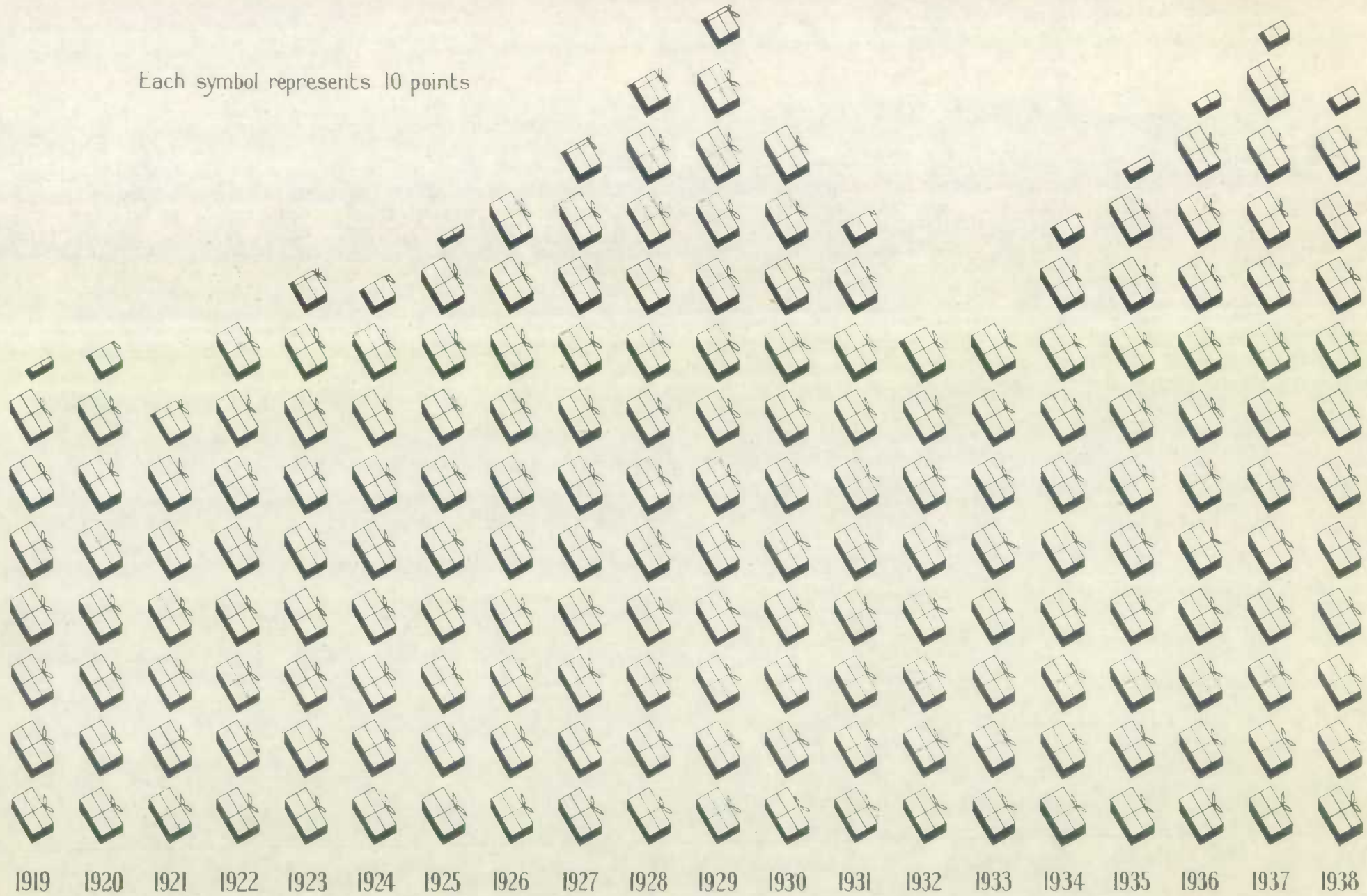
The railway freight movement has recently shown expansion over the corresponding weeks of 1938. The total movement during the first six months of 1939, however, was 1,110,467 cars against 1,128,944 in the same period of last year, a decline of 1.6 p.c. The gross revenue on the Canadian lines of the C.N.R. increased from \$71.0 million to \$73.2 million, a gain of 3 p.c.

Despite the increase in business operations, minor recession was shown in the average of employment on the first seven reporting dates of 1939 compared with the same period of last year. The index averaged 108.7 for the first seven reporting dates against 109.9 in the same period of last year. The recession in manufacturing was 2.4 p.c. while a considerable decline was shown in the working forces engaged on logging operations. Increases, however, were shown in mining, construction and trade.

PHYSICAL VOLUME OF BUSINESS

1926 = 100

Each symbol represents 10 points



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

Item	Unit or base period	Six Months		Increase + Decrease -	
		1939	1938	Per Cent	
<u>General Economic Situation</u>					
Index of Physical Volume of Business	1926=100	116.2	110.1	+	5.5
Index of Industrial Production	1926=100	118.4	111.5	+	6.2
Wholesale Prices	1926=100	73.4	82.2	-	10.7
Index of Common Stock Prices	1926=100	100.5	101.9	-	1.4
Inverted Bond Yields, Dominion	1926=100	162.0	156.5	+	3.5
Mining Stock Prices	1926=100	153.5	141.0	+	8.9
Bank Debits	\$000	15,133,306	14,585,068	+	3.8
<u>Production and General Business</u>					
Mineral Production,	1926=100	207.6	192.1	+	8.1
Copper Exports	Lbs.	278,982,600	266,493,500	+	4.7
Nickel Exports	Lbs.	115,925,900	97,574,100	+	18.8
Lead Production (5 mos.)	Lbs.	153,249,006	167,300,903	-	8.4
Zinc Exports	Lbs.	162,973,500	163,679,800	-	0.4
Gold Shipments	Fine Ozs.	2,547,748	2,205,271	+	15.5
Silver Shipments	Fine Ozs.	8,815,056	9,862,925	-	10.6
Coal Production	Tons	6,730,617	6,868,166	-	2.0
Manufacturing Production	1926=100	109.9	103.8	+	5.9
Flour Production (5 mos.)	Bbls.	5,634,476	4,541,922	+	24.1
Sugar manufactured	Lbs.	301,950,913	283,874,458	+	6.4
Cattle Slaughtering	No.	767,719	773,484	-	0.7
Hog Slaughtering	No.	1,567,871	1,636,098	-	4.2
Cigarettes released	No.	3,293,213,975	3,231,859,355	+	1.9
Cigars released	No.	56,581,235	63,486,815	-	10.9
Leather Boots and Shoes (5 mos.)	Prs.	8,803,028	8,636,890	+	1.9
Raw Cotton Consumption	Lbs.	52,329,047	55,312,012	-	5.4
Paper and Lumber -					
Newsprint Production	Tons	1,341,064	1,259,871	+	6.4
Exports of Planks and Boards	Ft.	929,854,000	756,092,000	+	23.0
Iron and Steel -					
Steel Ingot Production	Long Tons	580,141	666,114	-	12.9
Pig Iron Production	Long Tons	296,521	404,158	-	26.6
Automobile and Allied Industries -					
Automobile Production	No.	93,755	102,158	-	8.2
Petroleum Imports	Gals.	496,706,000	470,801,181	+	5.5
Crude Rubber Imports	Lbs.	29,448,686	25,345,508	+	16.2
Construction -					
Contracts	\$	83,445,900	80,652,000	+	3.5
Building Permits	\$	26,861,062	25,780,788	+	4.2
Electric Power Production	000 K.W.H.	13,743,003	12,715,039	+	8.1
External Trade -					
Exports	\$	467,262,255	415,679,647	+	12.4
Imports	\$	321,079,319	336,692,235	-	4.6
Excess of exports over imports	\$	146,182,936	78,987,412	+	85.1
Railways -					
Carloadings	No.	1,110,467	1,128,944	-	1.6
Gross Revenue C.N.R. (Can. Lines)	\$	73,155,000	71,045,875	+	3.0
Gross Revenue C.P.R.	\$	62,109,514	61,837,421	+	0.4
<u>Employment - 7 months' average, unadjusted</u>					
General Index,	1926=100	108.7	109.9	-	1.1
Manufacturing		108.0	110.7	-	2.4
Logging		101.4	174.2	-	41.8
Mining		160.0	153.2	+	4.4
Construction		102.1	89.2	+	14.5
Building		49.6	51.0	-	2.7
Highway		200.9	156.9	+	28.0
Trade		135.0	131.2	+	2.9
<u>Banking - Six Months' Average</u>					
Notice and Demand Deposits	\$	2,385,309,833	2,310,761,555	+	3.2
Readily Available Assets	\$	1,747,062,500	1,591,257,896	+	9.8
Current Loans	\$	806,178,877	757,641,525	+	6.4
Call Loans - Canada	\$	56,793,976	67,342,868	-	15.7
Elsewhere	\$	49,248,269	52,220,896	-	5.7
Security Holdings	\$	1,496,623,700	1,446,683,541	+	3.5
33 factors advanced					
21 " declined.					

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