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DEPARTMENT OF TRADE AND COMMERCE
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GENERAL STATISTICS BRANCH

BUSINESS CONDITIONS IN CANADA

during the first two months

of 1940

compared with the

same period of 1939

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1940

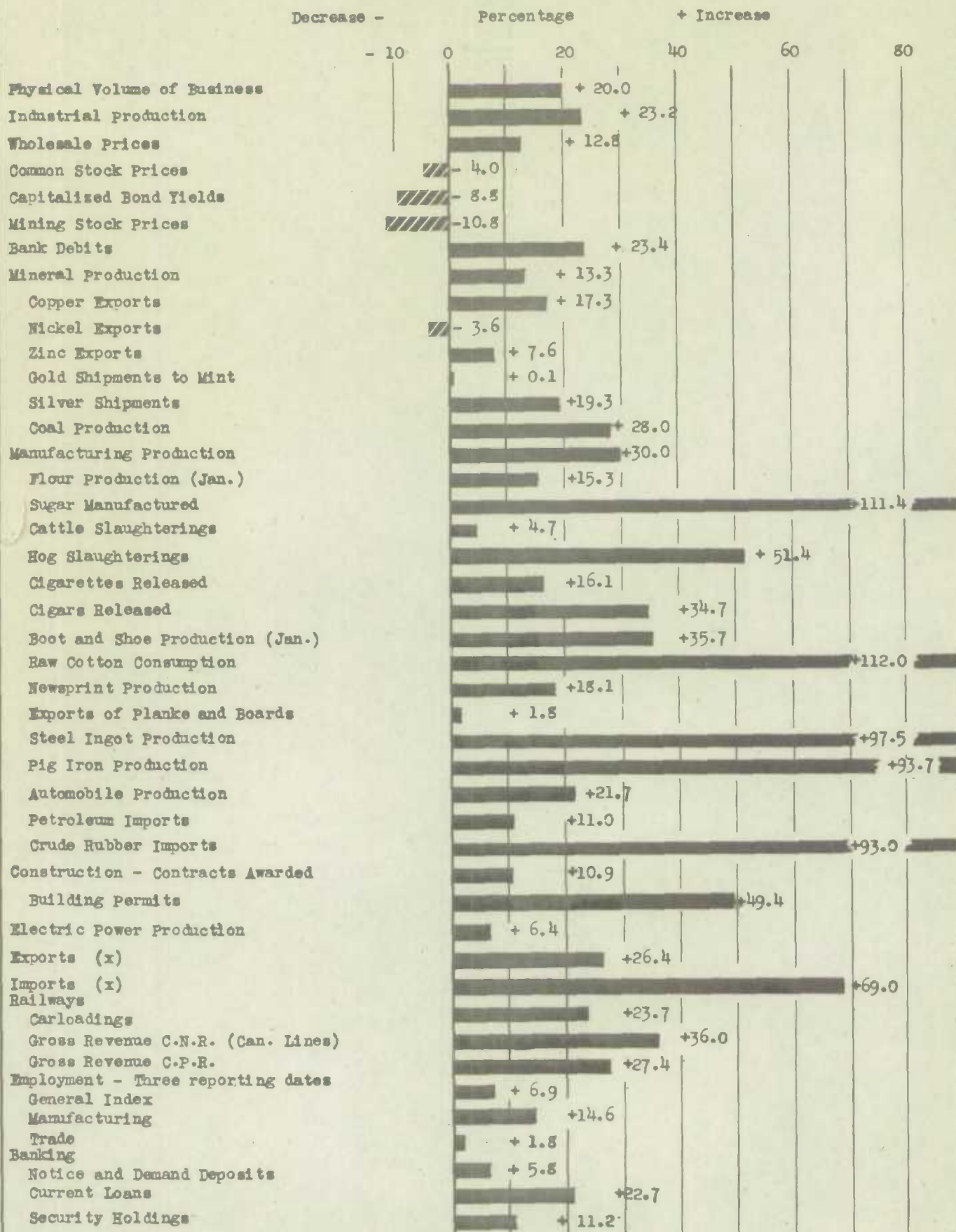
Price \$1 a year

The Economic Situation in Canada

in the First Two Months of

1940

as compared with the same period of 1939.



(x) Excluding Gold

1870

1871

1872

1873

1874

1875

1876

1877

1878

1879

1880

1881

1882

Dominion Statistician:
Statistician:

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

BUSINESS CONDITIONS IN CANADA DURING THE FIRST TWO MONTHS OF
1940 COMPARED WITH THE SAME PERIOD OF LAST YEAR.

The volume of productive operations was at a higher level in the first two months of the present year than in any similar period in history. The index of the physical volume of business based upon 46 outstanding factors averaged 134.9 during the period under review compared with 112.4 in the first two months of 1939, a gain of 20 p.c.

Wholesale prices, which had shown a decline for more than two years ended last August, recovered sharply since the outbreak of war. The average of the official index during the first two months of the year was 82.7, a gain of 12.8 p.c. over the standing of 73.3 recorded in the first two months of 1939. The important gain from September to the present has counterbalanced the downward fluctuation from March 1938 to August of last year.

Common stock prices have recorded no marked trend for more than two years. The index has fluctuated not far from the 100 per cent line, the rallies counteracting in a large measure the reactions of the period. The average index during the first two months of this year was 99.4 against 103.5 during the same period of 1939, a decline of 4 p.c.

High-grade bond prices rallied from October to the present, counteracting a large part of the decline during September. The index of capitalized bond yields, however, showed a decline of 8.8 p.c. from the first two months of 1939, the average standing during the period under review having been 135.3. Due in part to war purchasing and financing, the amount of cheques cashed at the thirty-two clearing centres in the first two months of the present year amounted to \$5.6 billion against \$4.6 billion in the same period of 1939, a gain of 23.4 p.c.

A majority of the factors indicating the trend of mineral production recorded advances over the first two months of 1939. The index, covering nine items, rose more than 13 p.c. to 208.3. Copper exports were 87.9 million pounds against 75 million in the first two months of 1939. The outward shipments of nickel, however, receded from 38.1 million pounds to 36.7 million. A gain of 7.6 p.c. was shown in the exports of zinc. The receipts of gold at the Mint were slightly more than maintained at 774,039 ounces. The gain in silver shipments was 19 p.c. and coal production rose 28 p.c. to 3.2 million tons.

Manufacturing plants showed acceleration in operations in the first two months of the present year, the index rising 30 p.c. to 140.5. The flour milling industry based on the statistics for the first month of the year was 15.3 p.c. greater than in the same month one year ago. The output of manufactured sugar was 87.9 million pounds against 41.6 million pounds. The increase in cattle slaughterings was nearly 5 p.c. while hog slaughterings showed a gain of more than 51 p.c. The tobacco industry was active as measured by the release of cigarettes and cigars. The increase in cigarettes released for consumption was 16 p.c. while cigars showed an increase of 35 p.c. The output of leather boots and shoes in January was about 36 p.c. greater than in the same period of 1939. A marked increase was shown in the consumption of raw cotton which amounted to 31.6 million pounds against 14.9 million, a gain of 112 p.c.

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Owing to more prosperous conditions in American markets and the reduction in shipments from Scandinavian countries, the production of newsprint showed an increase of 18 p.c. at 483,000 tons. The lumber industry more than maintained the level of operations, the export of planks and boards having been 285 million feet against 280 million.

The demand for the products of the primary iron and steel industry showed marked expansion in the early months of this year. The output of steel ingots was nearly 307,000 tons against 155,000, a gain of 97.5 p.c. The output of pig iron rose from 98,993 to 191,735. The output of automobiles was nearly 22 p.c. greater than in the first two months of 1939. The total units assembled amounted to 35,406. Petroleum imports, indicating conditions in the oil industry, rose 11 p.c. to 114.6 million gallons and the increase in crude rubber imports, mainly for use by the tire industry, rose 93 p.c. to 18.7 million pounds.

The construction industry was more successful in obtaining new business. The increase in contracts awarded was about 11 p.c. while building permits were 49 p.c. greater. Contracts awarded in the first two months of this year amounted to \$20.6 million while building permits in 58 municipalities amounted to \$5.4 million. The increase in electric power production was restricted to 6.4 p.c., the total in the first two months of this year having been 4,893 million kilowatt hours.

The external trade influenced by the acceleration in economic activity showed expansion over the first two months of 1939. Exports, exclusive of gold, amounted to \$163.2 million, a gain of 26.4 p.c. The percentage gain in imports was considerably greater. The advance was from \$84.1 million in the first two months of 1939 to \$142.1 million in the period under review, a gain of 69 p.c. The active trade balance, exclusive of gold, was consequently \$21.0 million against \$44.9 million in the same period of last year.

The railway freight movement was in much greater volume during the elapsed portion of the present year. Carloadings during the first two months numbered 409,374 against 331,062 in the same period of 1939, a gain of nearly 24 p.c. The gross revenue of the Canadian National Railway rose 36 p.c. while that of the C.P.R. was 27.4 p.c. greater.

Employment recorded marked improvement during the first two months of the present year, the average index for the first three reporting dates being 114.7 against 107.3 in the early part of 1939, a gain of nearly 7 p.c. The gains in manufacturing and mining were 14.6 p.c. and 3.9 p.c., respectively. A marked gain was shown in the working forces engaged by the logging industry. Building construction recorded a slight gain while due to war conditions, operations in highway construction were at a much lower level. The estimated number of wage-earners unemployed declined from 491,000 in February, 1939 to 387,000 in the second month of the present year, a decline of 104,000 or 21.2 p.c. Direct relief recipients, including urban and agricultural, numbered 712,000 in January against 976,528 in the same month of 1939. The decline of 264,528 recipients or 27.1 p.c. discloses a decided betterment in the labour situation.

Despite a decline during February, the sum of the notice and demand deposits rose 5.8 p.c. over the average for the first two months of 1939. Current loans showed an increase of 22.7 p.c. while the security holdings of the banks rose 11.2 p.c.

Dominion revenues, including special revenue, amounted to \$245 million in the six months ended February, 1940. The comparable amount in the like period ended February one year ago was \$205 million. Expenditure, including relief, government-owned enterprises, capital and national defence, amounted to \$299.4 million in the first six months of war against \$238.7 million one year ago. Items relating to the Canadian Wheat Board are excluded from this compilation. In these comparisons the revenue increased 19.5 p.c. while the expenditure was 25.5 p.c. greater.

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Statistics Illustrating the Economic Situation of Canada in the First 2 Months of 1940,
Compared with the Same Period of 1939.

Item	Unit of base period	First 2 Months		Increase + Decrease -
		1940	1939	Per cent
General Economic Situation				
Index of Physical Volume of Business	1926=100	134.9	115.0	+ 20.0
Index of Industrial Production	1926=100	140.7	114.2	+ 23.2
Wholesale Prices	1926=100	82.7	73.3	+ 12.8
Index of Common Stock Prices	1926=100	99.4	103.5	- 4.0
Capitalized Bond Yields, Dominion	1926=100	135.3	148.3	- 8.8
Mining Stock Prices	1926=100	141.3	158.4	- 10.8
Bank Debits	\$000	5,629,552	4,561,885	+ 23.4
Production and General Business				
Mineral Production	1926=100	208.3	183.9	+ 13.3
Copper Exports	Lbs.	87,925,900	74,957,800	+ 17.3
Nickel Exports	Lbs.	36,733,800	38,098,500	- 3.6
Zinc Exports	Lbs.	56,171,000	52,204,500	+ 7.6
Gold Shipments to Mint	Fine Ozs.	774,039	773,608	+ 0.1
Silver Shipments	Fine Ozs.	3,107,534	2,604,586	+ 19.3
Coal Production	Tons	3,159,756	2,468,743	+ 28.0
Manufacturing Production	1926=100	140.5	108.1	+ 30.0
Flour Production (Jan.)	Bbls.	1,266,303	1,097,822	+ 15.3
Sugar Manufactured	Lbs.	87,886,708	41,577,899	+ 111.4
Cattle Slaughterings	No.	197,186	188,406	+ 4.7
Hog Slaughterings	No.	768,985	507,926	+ 51.4
Cigarettes released	No.	1,134,960,611	977,308,700	+ 16.1
Cigars released	No.	21,094,418	15,656,966	+ 34.7
Leather Boots and Shoes (Jan.)	Prs.	1,945,394	1,433,967	+ 35.7
Raw Cotton Consumption	Lbs.	31,601,104	14,909,151	+ 112.0
Paper and Lumber -				
Newsprint Production	Tons	482,855	409,013	+ 18.1
Exports of Planks and Boards	ooo Ft.	285,195	280,267	+ 1.8
Iron and Steel -				
Steel Ingot Production	Long Tons	306,839	155,377	+ 97.5
Pig Iron Production	Long Tons	191,735	98,993	+ 93.7
Automobile and Allied Industries -				
Automobile Production	No.	35,406	29,094	+ 21.7
Petroleum Imports	000 Gals.	114,619	103,217	+ 11.0
Crude Rubber Imports	Lbs.	18,679,104	9,675,753	+ 93.0
Construction -				
Contracts Awarded	\$	20,613,600	18,583,700	+ 10.9
Building Permits 1/	\$	5,427,039	3,633,306	+ 49.4
Electric Power Production	000 K.W.H.	4,893,174	4,600,709	+ 6.4
External Trade - (x)				
Exports	\$	163,167,908	129,052,703	+ 26.4
Imports	\$	142,145,698	84,122,918	+ 69.0
Excess of exports over imports	\$	21,022,210	44,929,785	-
Railways -				
Carloadings	No.	409,374	331,062	+ 23.7
Gross Revenue C.N.R. (Can. Lines)	\$	29,531,000	21,710,000	+ 36.0
Gross Revenue C.P.R.	\$	24,160,000	18,983,000	+ 27.4
Employment 3 months' average, unadjusted				
General Index	1926=100	114.7	107.3	+ 6.9
Manufacturing		120.4	105.1	+ 14.6
Logging		214.7	140.8	+ 46.8
Mining		165.7	160.3	+ 3.9
Construction		60.8	92.9	- 34.6
Building		49.5	43.9	+ 1.2
Highway		80.4	182.5	- 55.9
Trade		140.4	137.9	+ 1.8
Banking				
Notice and Demand Deposits	\$	2,511,303,589	2,374,193,675	+ 5.8
Readily Available Assets	\$	1,906,505,625	1,707,166,600	+ 11.7
Current Loans	\$	969,032,254	789,623,888	+ 22.7
Call Loans - Canada	\$	52,170,005	61,515,325	- 15.2
Security Holdings	\$	1,645,924,932	1,472,105,374	+ 11.2

(x) Excluding gold.

1/ Revised - 58 Municipalities.

44 factors advanced.

7 factors declined.

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