

C A N A D A
DEPARTMENT OF TRADE AND COMMERCE
DOMINION BUREAU OF STATISTICS
GENERAL STATISTICS BRANCH

BUSINESS CONDITIONS IN CANADA

during the first quarter

of 1940

compared with the

same period of 1939

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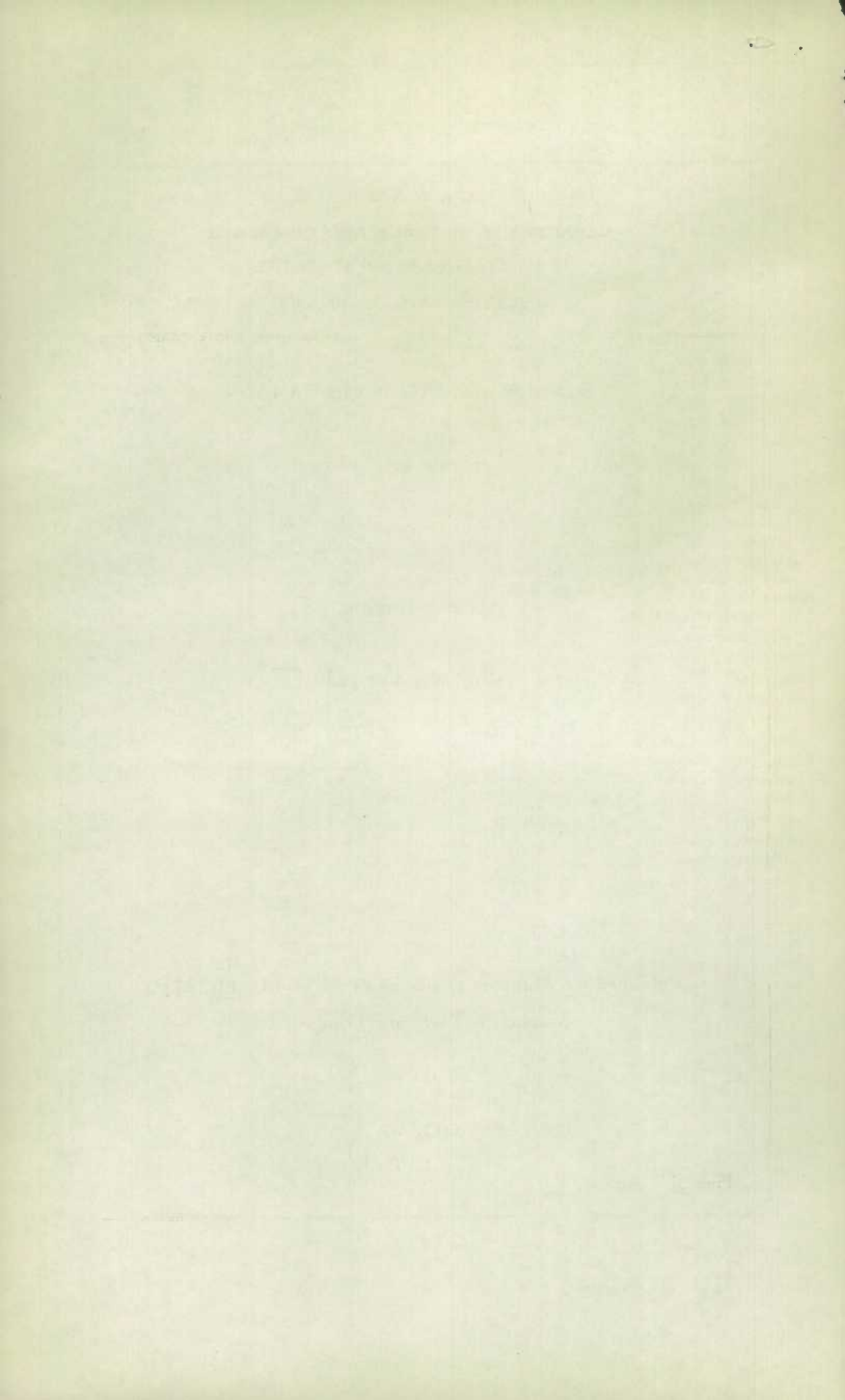
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OTTAWA

1940

Price \$1 a year



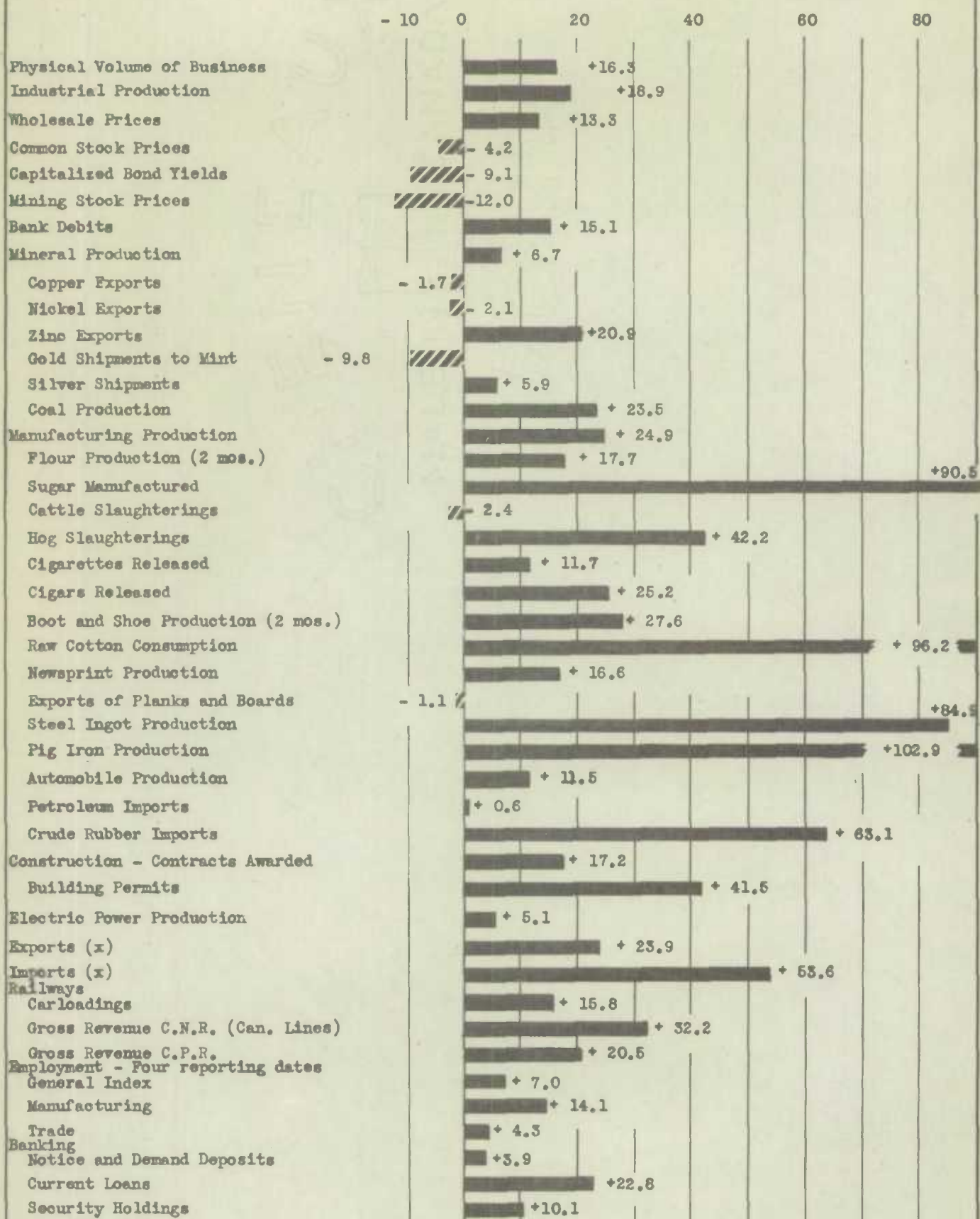
The Economic Situation in Canada

in the First Three Months of

1940

as compared with the same period of 1939.

Decrease - Percentage + Increase



(x) Excluding Gold

DOMINION BUREAU OF STATISTICS - OTTAWA
GENERAL STATISTICS BRANCH

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 QUARTER OF
1940 COMPARED WITH THE SAME PERIOD OF LAST YEAR.

Business operations showed marked expansion in the first quarter over the same period of 1939. The heavy grain crop harvested last year and increased industrial demands due to war conditions, were the main influences in the acceleration of productive operations during the elapsed portion of the present year. The index of the physical volume of business averaged 130.9 in the first three months against 112.6 in the same period one year ago, a gain of 16.3 p.c.

Partly owing to the change in the method of reporting external trade, the indexes for March were artificially reduced. The standing was lower than in February, after seasonal adjustment, but it is impossible to make an adequate adjustment under the changed conditions. In all previous years since March was adopted as the end of the fiscal year, the external trade statistics tended to be larger than in other months owing to complete compilation. While a reduction was naturally shown in the indexes so compiled for March, the decline from the preceding month had a minor effect on the comparison with the first quarter of 1939.

During the early months of the war, wholesale prices moved up sharply counteracting the decline of nearly 2 years duration. The general level of wholesale prices has recently shown a tendency towards steadiness. The index averaged nearly 83 during the first quarter against 73.2 in the same period of 1939, a gain of more than 13 p.c.

Common stock prices have shown recession from the first of the year and the net result was that the index showed a decline of more than 4 p.c. from the first quarter of 1939. The average during the first three months of this year was 99.3 compared with 103.6 one year ago.

The high-grade bond market showed a decline during September but the recovery of the subsequent months has counterbalanced a considerable portion of that reaction. An index of capitalized yields was 135.6 against 149.1 in the same period of 1939.

The amount of cheques cashed in clearing centres rose from \$6,990 million to \$8,042 million, a gain of 15 p.c.

Mineral production recorded an increase in operations during the first quarter of this year, according to an index based upon nine factors. The index on the base of 1926 was 200.7 against 188.1 in the first quarter of 1939, an increase of 6.7 p.c. Zinc exports rose from 79 million pounds to 95.5 million, a gain of nearly 21 p.c. Slight declines were shown in the exports of copper and nickel. Gold shipments to the Mint showed a recession of 9.8 p.c., while an increase of 5.9 p.c. was shown in silver shipments. Coal production, owing to greater demand, rose 23.5 p.c. to nearly 4.5 million tons.

Manufacturing production was considerably more active in the first quarter of this year, the index rising from 108 to 135, a gain of nearly 25 p.c. The manufacture of sugar was 90.5 p.c. greater in the first three four-week periods of the year. The increase in hog slaughterings was 42.1 p.c., while cattle slaughterings showed a decline of 2.4 p.c. A marked increase was shown in the release of tobacco for consumption, cigars recording a gain of 25 p.c., while cigarettes released were nearly 12 p.c. greater. The boot and shoe industry was particularly active during the first two months of 1940, a gain of 27.6 p.c. having been shown over the same period of last year. The expansion in the operations of the cotton textile industry was indicated by an increase of 96 p.c. in the consumption of raw cotton. The total was 47.7 million pounds against 24.3 million in the first quarter of 1939.

The production of newsprint showed marked expansion at 734,134 tons against 629,661, while the exports of planks and boards, indicating conditions in the lumber industry, were nearly maintained. The outward shipments were some 431 million feet.

The primary iron and steel industry reflected the influences of expanded demand. Steel production was 464,000 tons against 251,000 and pig iron output more than doubled rising from 139,716 tons to 283,507. The gain in automobile production was $11\frac{1}{2}$ p.c. at 52,018 units. The imports of petroleum were 169.7 million gallons against 168.6 million in the first quarter of 1939. Crude rubber imports rose sharply to 24.3 million pounds from 15.2 million.

The new business obtained by the construction industry was far in excess of the placements during the first quarter of 1939. Contracts awarded advanced 17 p.c., while building permits were about $41\frac{1}{2}$ p.c. larger. The electric power production was 7,319 million kilowatt hours against 6,967 million one year ago, a gain of 5 p.c. Despite the alteration in the method of reporting the external trade, exports showed a gain of nearly 24 p.c. while imports were about 54 p.c. greater than in the same period of 1939. The excess of exports over imports while still considerable was reduced on account of war supply purchasing.

The railway freight movement was more active, loadings having amounted to 604,000 cars against 522,000. The gross revenue of the C.N.R. rose 32.2 p.c., while the gross revenue of the C.P.R. was 20.5 p.c. greater.

The general index of employment was 7 p.c. greater, averaging the first four reporting dates. The standing of the general index was 114.0 against 106.5 one year ago. Considerable gains were reported in manufacturing, logging, mining and trade.

The sum of the notice and demand deposits rose nearly 4 p.c. The increase in current loans was 22.8 p.c. while security holdings showed a rise of about 10 p.c.

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

Item	Unit of base period	First 3 Months 1940	1939	Increase + Decrease - Per cent
<u>General Economic Situation</u>				
Index of Physical Volume of Business	1926=100	130.9	112.6	+ 16.3
Index of Industrial Production	1926=100	136.1	114.5	+ 18.9
Wholesale Prices	1926=100	82.9	73.2	+ 13.3
Index of Common Stock Prices	1926=100	99.3	103.6	- 4.2
Capitalized Bond Yields, Dominion	1926=100	135.6	149.1	- 9.1
Mining Stock Prices	1926=100	138.4	157.3	- 12.0
Bank Debits	\$000	8,042,213	6,989,983	+ 15.1
<u>Production and General Business</u>				
Mineral Production	1926=100	200.7	188.1	+ 6.7
Copper Exports	Lbs.	129,630,700	131,936,600	- 1.7
Nickel Exports	Lbs.	57,193,600	58,427,500	- 2.1
Zinc Exports	Lbs.	95,549,900	79,022,800	+ 20.9
Gold Shipments to Mint	Fine Ozs.	1,129,610	1,251,649	- 9.8
Silver Shipments	Fine Ozs.	5,002,356	4,723,643	+ 5.9
Coal Production	Tons	4,484,470	3,629,707	+ 23.5
Manufacturing Production	1926=100	134.8	107.9	+ 24.9
Flour Production (2 months)	Bbls.	2,513,101	2,135,288	+ 17.7
Sugar Manufactured	Lbs.	122,751,496	64,447,290	+ 90.5
Cattle Slaughtering	No.	309,591	317,134	- 2.4
Hog Slaughtering	No.	1,148,393	807,648	+ 42.2
Cigarettes released	No.	1,668,313,084	1,493,091,051	+ 11.7
Cigars released	No.	31,460,608	25,130,476	+ 25.2
Leather Boots and Shoes (2 months)	Prs.	4,075,419	3,192,714	+ 27.6
Raw Cotton Consumption	Lbs.	47,661,320	24,290,510	+ 96.2
Paper and Lumber -				
Newsprint Production	Tons	734,134	629,661	+ 16.6
Exports of Planks and Boards	ooo Ft.	430,646	435,605	- 1.1
Iron and Steel -				
Steel Ingot Production	Long Tons	464,165	251,074	+ 84.9
Pig Iron Production	Long Tons	283,507	139,716	+ 102.9
Automobile and Allied Industries -				
Automobile Production	No.	52,018	46,643	+ 11.5
Petroleum Imports	000 Gals.	169,704	168,642	+ 0.6
Crude Rubber Imports	Lbs.	24,755,771	15,181,135	+ 63.1
Construction -				
Contracts Awarded	\$	32,339,700	27,586,200	+ 17.2
Building Permits 1/	\$	9,891,819	6,992,967	+ 41.5
Electric Power Production	000 K.W.H.	7,319,331	6,967,241	+ 5.1
External Trade - (x)				
Exports	\$	246,633,048	199,135,561	+ 23.9
Imports	\$	218,879,594	142,503,762	+ 53.6
Excess of exports over imports	\$	27,753,454	56,631,799	-
Railways -				
Carloadings	No.	604,480	522,072	+ 15.8
Gross Revenue C.N.R.(Can.Lines)	\$	44,648,171	33,777,000	+ 32.2
Gross Revenue C.P.R.	\$	35,638,000	29,566,514	+ 20.5
<u>Employment 4 months' average, unadjusted</u>				
General Index	1926=100	114.0	106.5	+ 7.0
Manufacturing		121.1	106.1	+ 14.1
Logging		183.5	116.6	+ 57.4
Mining		166.1	159.8	+ 3.9
Construction		60.5	92.9	- 34.9
Building		48.6	46.1	+ 5.4
Highway		79.9	181.2	- 55.9
Trade		139.7	133.9	+ 4.3
Banking - 3 month end averages.				
Notice and Demand Deposits	\$	2,477,757,577	2,384,676,070	+ 3.9
Current Loans	\$	974,075,474	793,271,717	+ 22.8
Call Loans - Canada	\$	52,060,640	59,592,101	- 12.6
Security Holdings	\$	1,630,293,194	1,481,044,401	+ 10.1

(x) Excluding gold.

1/ Revised - 55 Municipalities.

40 factors advanced.

11 factors declined.

