

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 five months of

1940

compared with the

same period of 1939

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OTTAWA

1940

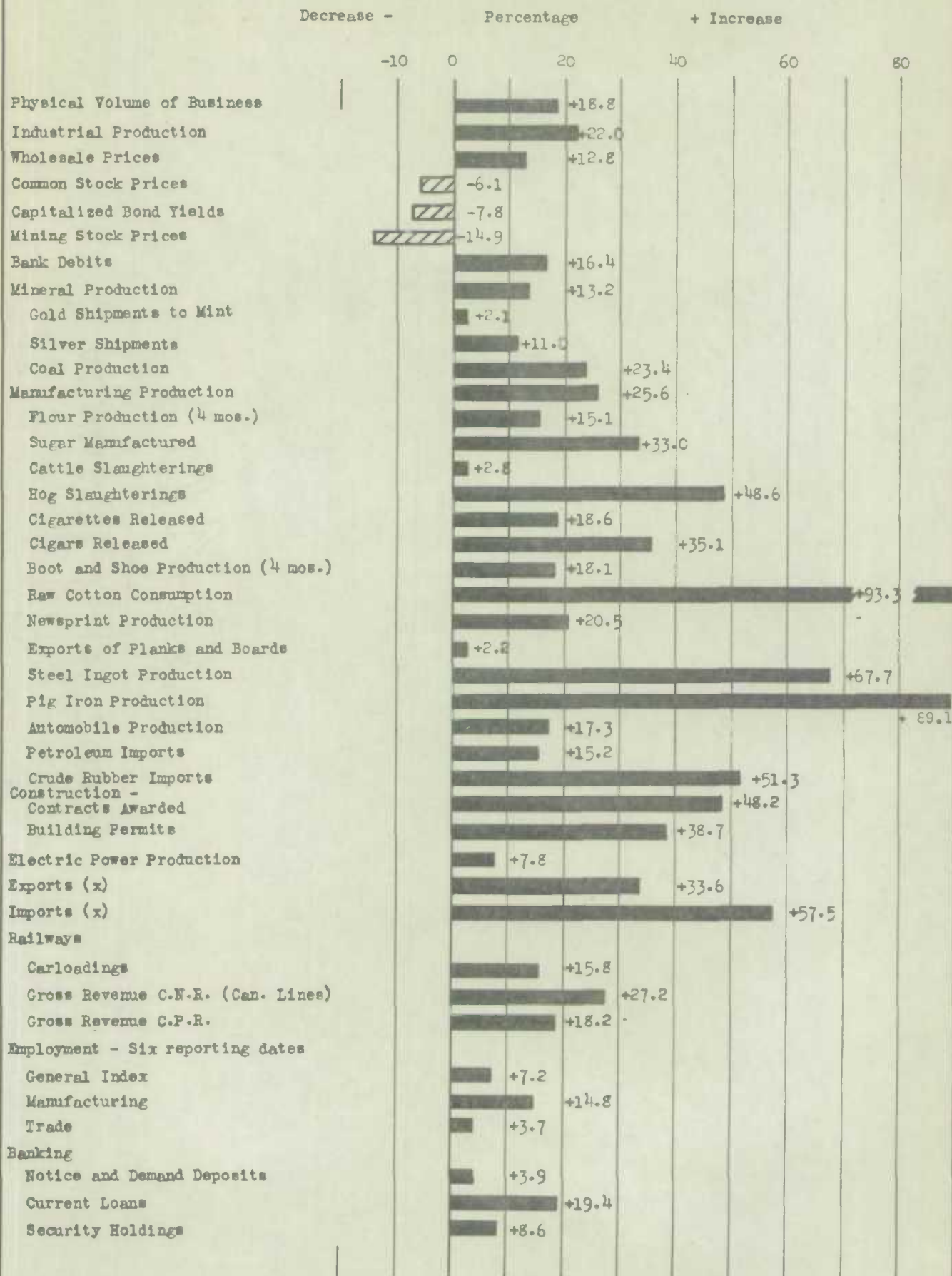
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The Economic Situation in Canada

in the First Five Months of

1940

as compared with the same period of 1939.



(x) Excluding Gold

- Dominion Bureau of Statistics -

DOMINION BUREAU OF STATISTICS - OTTAWA

GENERAL STATISTICS BRANCH

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BUSINESS CONDITIONS IN CANADA DURING THE FIRST FIVE MONTHS

OF 1940 COMPARED WITH THE SAME PERIOD OF LAST YEAR.

Economic activity recorded expansion during the first five months of 1940, compared with the same period of the preceding year. Business operations, as measured by the official index, were nearly 19 p.c. greater than in the early part of 1939. The general index of employment rose nearly 8 points to 121 on June 1st, as compared with the same date one year ago. The considerable advance in these indexes is a measure of business expansion due, in part to the acceleration of war operations and the harvesting last year of one of the largest crops in history.

Another economic development of considerable importance was the recovery in wholesale prices which commenced immediately upon the outbreak of war. The index of wholesale prices rose from 73.4 in the first five months of 1939 to 82.8 during the same period of this year, an increase of nearly 13 p.c. The higher level was mainly occasioned by the advance during the last four months of 1939. During the elapsed portion of the present year, the fluctuation in the general average has been of minor proportions.

Security prices have shown considerable fluctuation during the war period. High-grade bond prices receded sharply during September but have since recovered a considerable proportion of the decline. The index of capitalized bond yields shown a decline of 7.8 p.c. during the first five months of the present year, as compared with the same period of 1939. The performance of common stock prices was of a different nature, an appreciable advance occurring in the first two months of war operations. Minor reaction was then shown until May, when the downward movement was sharply extended. The net result was that the index of common stock prices averaged 95 in the first five months of the present year against 101.2 in the same period of 1939, a decline of 6.1 p.c. As the reaction has been extended in recent weeks, this percentage relationship does not by any means reflect the present position of stock prices.

Bank deposits reached a new high point in history at the end of January, the subsequent decline having been accounted for by subscriptions to war financing. The sum of the notice and demand deposits averaged \$2,479 million in the first five months of the present year, against \$2,386 million, an increase of nearly 4 p.c. Current loans in the same comparison accorded a gain of more than 19 p.c., the average during the first five months of the present year having been \$959 million. The security holdings of the chartered banks averaged \$1,620 million during the period under review, an increase of 8.6 p.c. over the five-months average. The amount of cheques cashed at the branches of the chartered banks in clearing centres amounted to \$14.3 billion during the five months, a gain of about \$2 billion or 16.4 p.c. The increase was due, in part, to the marked rise in industrial operations and higher commodity prices.

The index of mineral production rose from 203 to 230, a gain of 13 p.c. Gold shipments to the Mint and to external points were 2 p.c. greater, while silver shipments rose from 7.5 million ounces to 8.3 million, a gain of 11 p.c. Greater demand for fuel, mostly from industrial consumers, led to greater activity in coal-mining districts. The output of coal was nearly 7 million tons against 5.7 million in the first five months of 1939, an increase of 23.4 p.c.

The index of manufacturing production based on 29 factors rose 28 points to 137.3, a gain of 25.6 p.c. Flour production in the first four months rose 15 p.c. to 5.1 million barrels. The domestic demand for sugar was considerably heavier than in the first five months of 1939. The output rose by about one-third to 276 million pounds. Hog slaughterings recorded a marked increase, while the slaughtering of cattle was slightly more than maintained. Marked gains were recorded in the release of cigars and cigarettes. The production of leather boots and shoes during the first four months rose 18 p.c. The consumption of raw cotton was 80.5 million pounds against 41.6 million, a gain of 93.3 p.c.

The forestry industry was more active than in the early months of 1939. The output of newsprint, representing the heavier demand in the American market, due to reduction in Scandinavian shipments, rose 20.5 p.c. to 1.3 million tons. The export of planks and boards was nearly 740 million feet, resulting in a slight gain over the same period of last year.

Due to war demands, the primary iron and steel industry worked at a much greater percentage of capacity. The output of steel ingots was 792,000 tons, a gain of 68 p.c., while pig iron production at 461,000 tons showed a gain of 89 p.c. The demand for automobiles continued heavy, the output rising 17 p.c. to nearly 93,000 units. Imports of petroleum at 393 million gallons were 15 p.c. greater, while crude rubber imports rose 51 p.c. to 38.7 million pounds.

The construction industry, assisted by demands for war purposes, was much more successful in obtaining new business in the period under review. Contracts awarded were \$86.3 millions against \$58.2 million. Building permits on a revised basis rose from \$19 million to \$27 million, a gain of nearly 39 p.c. The output of electric power was 12.4 billion kilowatt hours, a gain of nearly 8 p.c. having been shown.

External trade showed considerable acceleration during the first five months of the present year. Exports were nearly 34 p.c. higher, while imports rose 57.5 p.c. The excess of exports over imports during the first five months was \$36.7 million. The heavy movement of grain was the main influence in expanding the railway traffic. Carloadings rose from 916,000 to 1,060,000, a gain of nearly 16 p.c. Marked increases were shown in the gross revenues of the two main railway lines.

The general index of employment, averaged for the first six reporting dates, rose from 107.5 in 1939 to 115.2 in the present year, a gain of 7.2 p.c. Highway construction showed a decline while most of the other main groups recorded expansion in working forces. The manufacturing index averaged nearly 15 p.c. greater and an increase of more than 4 p.c. was shown in mining. Employment in logging was at a much higher level. The increase in building construction was 11.4 p.c., while wholesale and retail trade averaged nearly 4 p.c. greater.

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

Item	Unit or base period	Five Months 1940	1939	Increase + Decrease -	Per cent
<u>General Economic Situation</u>					
Index of Physical Volume of Business	1926=100	136.9	115.2	+	18.8
Index of Industrial Production	1926=100	143.0	117.2	+	22.0
Wholesale Prices	1926=100	82.8	73.4	+	12.8
Index of Common Stock Prices	1926=100	95.0	101.2	-	6.1
Capitalized Bond Yields, Dominion	1926=100	136.8	148.3	-	7.8
Mining Stock Prices	1926=100	130.5	153.4	-	14.9
Bank Debits	\$000	14,320,106	12,302,222	+	16.4
<u>Production and General Business</u>					
Mineral Production	1926=100	230.2	203.3	+	13.2
Gold Shipments	Fine Ozs.	2,013,036	1,971,820	+	2.1
Silver Shipments	Fine Ozs.	8,339,123	7,515,241	+	11.0
Coal Production	Tons	6,982,494	5,659,633	+	23.4
Manufacturing Production	1926=100	137.3	109.3	+	25.6
Flour Production (4 mos.)	Bbls.	5,114,428	4,442,698	+	15.1
Sugar Manufactured	Lbs.	276,339,768	207,845,885	+	33.0
Cattle Slaughtering	No.	645,084	627,275	+	2.8
Hog Slaughtering	No.	2,003,096	1,347,652	+	48.6
Cigarettes released	No.	3,125,320,761	2,635,323,755	+	18.6
Cigars released	No.	60,883,499	45,070,163	+	35.1
Leather Boots and Shoes (4 mos.)	Prs.	8,172,648	6,919,765	+	18.1
Raw Cotton Consumption	Lbs.	80,502,187	41,641,446	+	93.3
Paper and Lumber -					
Newsprint Production	Tons	1,326,644	1,100,519	+	20.5
Exports of Planks and Boards	Ft.	739,828,000	724,003,000	+	2.2
Iron and Steel -					
Steel Ingot Production	Long Tons	792,033	472,239	+	67.7
Pig Iron Production	Long Tons	460,971	243,716	+	89.1
Automobile and Allied Industries -					
Automobile Production	No.	92,982	79,240	+	17.3
Petroleum Imports	Gals.	393,344,000	341,383,000	+	15.2
Crude Rubber Imports	Lbs.	38,651,615	25,550,820	+	51.3
Construction -					
Contracts Awarded	\$	86,338,500	58,249,600	+	48.2
Building Permits 1/	\$	26,750,138	19,279,570	+	38.7
Electric Power Production	000 K.W.H.	12,389,620	11,497,674	+	7.8
<u>External Trade</u> ⁺					
Exports	\$	442,089,435	330,896,542	+	33.6
Imports	\$	405,395,950	257,369,917	+	57.5
Excess of exports over imports	\$	36,693,423	73,526,625	-	-
<u>Railways -</u>					
Carloadings	No.	1,060,351	915,945	+	15.8
Gross Revenue C.N.R. (Can. Lines)	\$	76,722,171	60,321,000	+	27.2
Gross Revenue C.P.R.	\$	61,194,000	51,755,514	+	18.2
<u>Employment - 6 months' average unadjusted</u>					
General Index	1926=100	115.2	107.5	+	7.2
Manufacturing		123.3	107.4	+	14.8
Logging		150.0	102.4	+	46.5
Mining		186.0	159.3	+	16.2
Construction		66.8	96.9	-	31.1
Building		52.8	47.4	+	11.4
Highway		89.5	189.3	-	52.7
Trade		139.6	134.6	+	3.7
<u>Banking - five months' average</u>					
Notice and Demand Deposits	\$	2,479,433,383	2,385,849,854	+	3.9
Current Loans	\$	958,837,580	803,092,665	+	19.4
Call Loans - Canada	\$	50,920,744	57,661,938	-	11.7
Security Holdings	\$	1,619,889,009	1,491,289,314	+	8.6

+ Excluding gold.

41 items show increases

1/ Revised - 58 Municipalities.

6 " " decreases

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