CANADA

DEPARTMENT OF TRADE AND COMMERCE

DOMINION BUREAU OF STATISTICS

BUSINESS STATISTICS BRANCH

ECONOMIC CONDITIONS IN CANADA

during the first half of 1942

compared with the same period of the

preceding year

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1942

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THE ECONOMIC SITUATION IN CANADA

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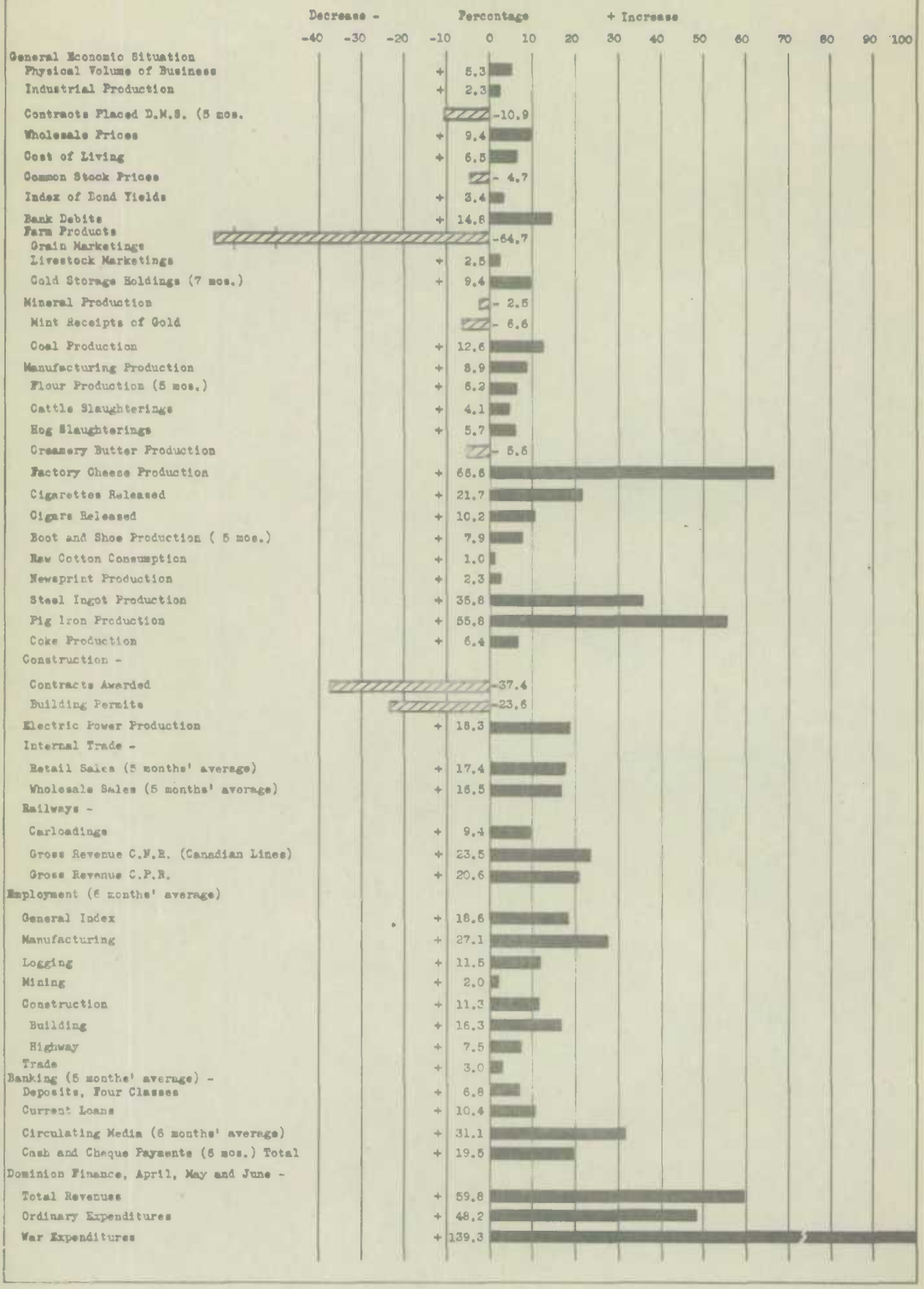

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DOMINION BUREAU OF STATISTICS - OTTAWA

BUSINESS STATISTICS BRANCH

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ECONOMIC CONDITIONS IN CANADA DURING THE FIRST HALF OF 1942, COMPARED WITH THE SAME PERIOD OF THE PRECEDING YEAR

A majority of the major factors indicating the trend of economic conditions recorded advance during the first half of 1942 over the same period of the preceding year. The prices of commodities and of high-grade bonds were at a higher level in the last six months. The standing at the beginning of the year was not greatly altered from month to month as the price structure has remained remarkably steady subsequent to the establishment of control in November. The deposit liabilities of the chartered banks rose to a new high level in the period under review. While this factor has been advancing since the early months of 1934, a marked acceleration has taken place since the outbreak of hostilities.

Production.

Productive operations have reflected the intensity of Canada's participation in the war during the last six months. While the recession in industries engaged in production for civilian purposes tempered the advance during the last six months, the general level of production has been higher than at any other time in history. The index of the physical volume of business averaged 136.2 in the first half of this year against 129.3 in the same period of 1941.

The war contracts placed by the Department of Munitions and Supply during the first five months of the present year amounted to $434 million. The war expenditure has mounted from $201 million in the first three months of the last fiscal year to $481.5 million in the same period of the present fiscal year beginning April 1st, last, a gain of 139 p.c. The amount charged to United Kingdom war financing in the first three months of the present fiscal year was given at $436.4 million. While a portion of the war expenditure on Canadian account was for pay and allowances to the armed forces, the statistics indicate marked gain in the value of goods being delivered under war contracts.

Agriculture.

One feature in the expansion of Canadian production during the next twelve months will be the harvesting of one of the largest crops on record. The preliminary report on the numerical condition of field crops in Canada at the end of May indicated marked betterment in wheat and other crops. The percentage for wheat at that date was 108 compared with 98 in 1941. Telegraphic reports have confirmed the excellent prospects for grain and other crops for the present season. Crop conditions were maintained or improved during June to a point where one of the most favourable mid-season prospects in years was reported across Canada.

The wheat situation in Canada was featured recently by a decrease in the visible supply, with the exception of the wheat held on Canadian farms. The wheat in store during the week of July 24th was 407 million bushels against 462 million on the same date of last year. Marketings in the Prairie Provinces during the fifty-one weeks ended July 24 were 214.8 million bushels, while 450.3 million had been received during the same period of the preceding year.

The index of livestock marketings averaged 101 during the first half of 1942 against 98.5 in the same months of the preceding year. The index of cold storage holdings averaged for the first seven reporting dates at 155.5 against 142, a gain of 9.4 p.c.

Mining.

The output of the mining industry was practically maintained in the first half of 1942, the index of production dropping only 2.5 p.c. to 123.3. The gold mining industry was less productive, gold receipts at the Mint receding 6.6 p.c. to 2,370,000 fine ounces. An expansion occurred in the operations of the coal mining industry, the output rising from 8.3 million tons to 9.4 million.

Electric Power.

The output of electric power rose considerably from 15.7 billion kilowatt hours to 18.6 billion, a gain of 18.3 p.c. An all-time maximum for any month was established in January of this year. In spite of additions to present plants and conservation in consumption through daylight saving and the elimination of electric boilers, some concern is felt as to the adequacy of the supply of power for war plants.

Manufacturing

Manufacturing production recorded a considerable advance in the first half of 1942 over the high level of the preceding year. The final index rose from 139.2 to 151.6, a gain of nearly 9 p.c. While the production of consumers' goods has shown reaction in recent months, an advance was recorded over the first half of 1941 in most lines.

The milling industry was more active, a gain of 6.2 p.c. having been shown in the first five months. The meat-packing industry showed further expansion, gains having been shown in the slaughtering of hogs and cattle. A marked advance was recorded in factory cheese production, the increase having been from 49.4 million pounds to 82.4 million, a gain of 66.6 p.c. Creamery butter production, on the other hand, was at a slightly lower position, the decline having been 5.6 p.c. to 119.4 million pounds.

The release of cigarettes rose nearly 22 p.c. to 4,636 million while the increase in the release of cigars for consumption amounted to 10.2 p.c., the total having been 95.4 million against 86.6 million. The boot and shoe and cotton textile industries were more active. The gain in newsprint production was recorded at 2.3 p.c., the total in the last six months having been 1,658,000 tons. The production of iron and steel was accelerated in the period under review. The increase in steel ingot production was nearly 39 p.c. to 1,560,000 tons. Pig iron production recorded a gain of 55.8 p.c. at 974,000 tons.

Construction.

The construction industry was less active, declines having been shown in contracts awarded and in building permits in the larger municipalities. Contracts amounted to $134.9 million against $215.5 million.

Trade.

The index of retail sales recorded decline in April and May but the average for the first five months was 17.4 p.c. greater than in the same period of the preceding year. The index of wholesale sales rose 16.5 p.c. to 147.3 p.c. in the same comparison.

Transportation.

The railways were more active in the first six months of the present year. Carloadings rose from 1,495,000 cars against 1,635,000, a gain of 9.4 p.c. The gross revenues of the two main systems recorded a much greater percentage gain. The gross revenue of the Canadian lines of the Canadian National Railways rose from $120.7 million to $149.0 million. The gross revenues of the Canadian Pacific was reported at $121.0 million against $100.3 million, a gain of 20.6 p.c.

Employment.

The index of employment, averaged for the first six reporting dates, was 166.8 against 140.7 in 1941. Despite the active recruitment for the armed forces, employment in Canadian enterprise is recording a marked advance. The increase in the working forces engaged in the manufacturing plants was spectacular. The index averaged 196.9 against 154.9, a gain of 27 p.c.

Finance.

The four classes of bank deposits rose from $2,988 million to $3,192 million, a gain of 6.8 p.c. Current loans averaged 10.4 p.c. greater in the half year, denoting ample financing of plants engaged on war production. The circulating media in the hands of the public averaged $528 million against $402 million in the first half of 1941, a gain of 31 p.c. The cash and cheque payments were estimated at nearly $29 billion against $24.3 billion in the first half of last year.

The total revenues of the Dominion Government during the first three months of the present fiscal year commencing April 1st, last, were $620.3 million against $388 million in the same period of the preceding fiscal year. The gain was nearly 60 p.c., but the expenditures also recorded a marked increase. Ordinary revenues rose 48 p.c., while war expenditures on Canadian account were 139 p.c. greater at $481.5 million. The amount allotted to United Kingdom war financing initiated for the present fiscal year was $436.4 million.

Statistics Illustrating the Economic Situation of Canada for the first half of 1942, Compared with the same period of 1941

Item	Unit or Base Period	First Six Months 1942	1941	Per Cent Increase + Decrease -
General Economic Situation				
Index of Physical Volume of Business	1935-9=100	136.2	129.3	+ 5.3
Index of Industrial Production	1935-9=100	144.8	141.5	+ 2.3
War Contracts Placed, D.M.S. (5 mos.)	$ 000	434,448	487,614	- 10.9
Wholesale Prices	1926=100	95.0	86.8	+ 9.4
Cost of Living	1935-9=100	116.0	108.9	+ 6.5
Index of Common Stock Prices	1935-9=100	63.3	66.[illegible]	- 4.7
Index of Bond Yields	1935-9-100	99.4	96.1	+ 3.4
Bank Debits	$ 000	21,591,707	18,810,100	+ 14.8
Production and General Business				
Farm Products -				
Index of Grain Marketings	1935-9=100	84.5	239.6	- 64.7
Index of Livestock Marketings	1935-9=100	101.0	98.5	+ 2.5
Index of Cold Storage Holdings(7 mos.)	1935-9=100	155.5	1[illegible]2.1	+ 9.4
Mineral Production	1935-9=100	123.3	126.5	- 2.5
Gold Receipts at Mint	Fine Ozs.	2,370,188	2,538,879	- 6.6
Coal Production	Tons	9,370,823	8,324,979	+ 12.6
Manufacturing Production	1935-9=100	151.6	139.2	+ 8.9
Flour Production (5 mos.)	Bbls.	8,390,031	7,898,523	+ 6.2
Cattle Slaughterings	No.	825,583	792,816	+ 4.1
Hog Slaughterings	No.	3,172,928	3,002,194	+ 5.7
Creamery Butter Production	Lbs.	119,382,968	126,525,439	- 5.6
Factory Cheese Production	Lbs.	82,367,857	49,447,380	+ 66.6
Cigarettes released	No.	4,635,621,152	3,808,860,650	+ 21.7
Cigars released	No.	95,448,200	86,578,378	+ 10.2
Leather Boots and Shoes (5 mos.)	Pairs	12,011,597	11,131,228	+ 7.9
Raw Cotton Consumption	Lbs.	99,626,902	98,620,920	+ 1.0
Paper and Lumber -				
Newsprint Production	Tons	1,658,174	1,621,134	+ 2.3
Iron and Steel -				
Steel Ingot Production	Short Ton	1,560,059	1,148,435	+ 35.8
Pig Iron Production	Short Ton	974,000	625,351	+ 55.8
Coke Production	Short Ton	1,633,404	1,534,845	+ 6.4
Construction -				
Contracts awarded	$	134,947,200	215,466,600	- 37.4
Building Permits (58 Municipalities)	$	37,043,507	48,495,551	- 23.6
Electric Power Production	000 K.W.H.	18,612,384	15,732,379	+ 18.3
Internal Trade -				
Wholesale Sales (5 mos.' average)	1935-9=100	147.3	126.4	+ 16.5
Retail Sales (5 mos.' average)	1935-9=100	141.4	120.4	+ 17.4
Railways -				
Carloadings	No.	1,634,701	1,494,749	+ 9.4
Gross Revenue C.N.R. (Canadian Lines)	$	149,042,700	120,691,000	+ 23.5
Gross Revenue C.P.R.	$	121,033,000	100,343,000	+ 20.6
Employment (6 months' average -				
General Index	1926=100	166.8	140.7	+ 18.6
Manufacturing		196.9	154.9	+ 27.1
Logging		220.1	197.4	+ 11.5
Mining		175.4	171.9	+ 2.0
Construction		112.9	101.4	+ 11.3
Building		138.0	118.7	+ 16.3
Highway		120.1	111.7	+ 7.5
Trade		156.9	152.3	+ 3.0
Banking - 5 months' average -				
Deposits, Four Classes	$ 000	3,192,424	2,988,491	+ 6.8
Current Loans	$ 000	1,118,450	1,012,857	+ 10.4
Circulating Media (6 months' average)	$ 000	527,694	402,496	+ 31.1
Cash and Cheque Payments(6 mos.)Total	$ 000	28,999,667	24,271,735	+ 19.5
Dominion Finance - April, May and June				
Total Revenues	$	620,257,523	388,139,761	+ 59.8
Ordinary Expenditures	$	132,713,402	89,520,873	+ 48.2
War Expenditures	$	481,502,686	201,184,242	+ 139.3
United Kingdom War Financing	$	436,428,634	-	-

Eight items recorded declines, while forty-three were at a higher position.