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CANADA

DEPARTMENT OF TRADE AND COMMERCE

DOMINION BUREAU OF STATISTICS

BUSINESS STATISTICS BRANCH

ECONOMIC CONDITIONS IN CANADA

during the first eight months of 1942

compared with the same period of the

preceding year

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OTTAWA

1942

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THE ECONOMIC SITUATION IN CANADA

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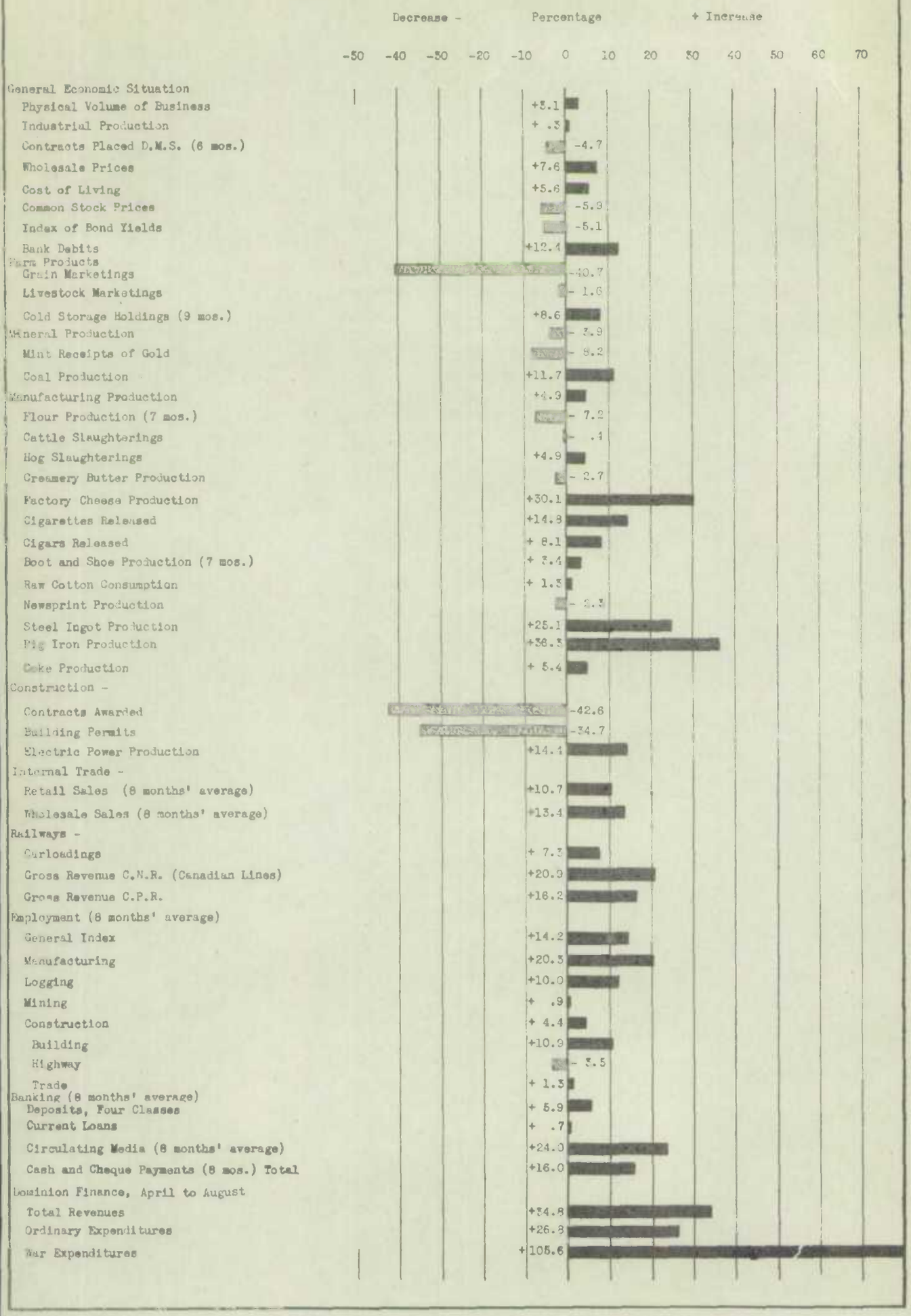

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DOMINION BUREAU OF STATISTICS - OTTAWA

BUSINESS STATISTICS BRANCH

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

Four of the six prominent factors indicating the trend of economic conditions averaged higher in the first eight months of the present year than in the same period of 1941. Productive operations reached a higher level than in any other year but the lead over the first eight months of 1941 was of moderate proportions. A marked advance had been recorded from the early months of 1939 to the latter part of 1941. The decline in some industries engaged in the production of goods for civilian consumption has checked the advance. The lack of raw materials and more recently of sufficient labour force has placed difficulties in the path of a number of industries. The firms engaged on the production of munitions and war supplies continued to record expansion, but it is anticipated that the maximum will be reached in the early months of next year. An index of the physical volume of business averaged 135.9 against 131.8 in the same period one year ago. The index has been above the inter-war trend for more than three years and the volume of production in 1929 has been greatly surpassed, the zenith of that period having been exceeded in the early months of 1940.

While the upward trend of wholesale prices was checked nearly one year ago by the intensification of price control, the trend since the beginning of hostilities has been in an upward direction. A marked advance was recorded in September, 1939 upon the declaration of war and the advance was continued rather sharply during the first ten months of 1941. The index of wholesale prices on the base of 1926 averaged 95.2 in the first eight months of the present year against 88.0 in the same period of 1941. The index number of the present year indicates that much of the reaction which occurred from 1929 to 1933 has now been counterbalanced. The standing in July was higher than at any other time since 1929 and the recession in August was of a minor character.

The cost of living index averaged 116.4 against 109.9 in the first eight months of 1941, a gain of 5.6 p.c. A drop of three-tenths of a point between August 1 and September 1 was recently reported. The standing at the beginning of August was 117.4 or 16.5 p.c. above the index of 100.8 at the beginning of hostilities. Since the beginning of July the decline has amounted to ½ of 1 p.c. The recent recession was due to decline in a number of food prices.

The prices of high-grade bonds were relatively steady during the first eight months of the present year. An upward trend has been shown during the period following the first month of hostilities. A considerable reaction was recorded in September, 1939, but the subsequent advance has nearly counterbalanced that reaction. An index of bond yields was 99.2 during the first eight months against 104.3 in the same period of last year. The decline of slightly more than 5 p.c. in this index reflects the advance in Dominion bonds. An index of capitalized yields in the elapsed portion of the present year was somewhat above the line of the inter-war trend. The index has been higher than at any other time in recent years, except for a short period in 1936 and 1939.

The deposit liabilities of the chartered banks showed a considerable fluctuation during the early months of the present year. In anticipation of the last Victory Loan, notice deposits rose to a high level. The total of the four classes showed some reaction when payments for the loan were effected. The trend of bank deposits has been sharply upward since 1934 and a new maximum in our banking history was reached during the period under review. Speculative factors remained at a low level during the first eight months of the present year. The index of common stock prices receded about 6 p.c. to 63.0, while speculative trading was also at an even lower level than in the same period of 1941.

The records of productive operations will be beneficially affected during the next twelve months by the heavy crop production of the present year. While the grain crop of the Prairie area was several weeks late in maturing, raising serious difficulties in regard to the harvest, it is evident that the production of the present year was greater than at any other time. The heavy production of coarse grains will assist in filling the quota of livestock products required for export to the British market during the present crop year. The index of livestock marketings was practically maintained in the first eight months as compared with the same period of last year, while the index of cold storage holdings was 8.6 p.c. greater at practically 149.

An index of mineral production showed minor reaction at 125.8 against 130.7. Gold receipts at the Mint were more than 8 p.c. lower at 3,164,991 fine ounces. Coal production, on the other hand, showed an increase of nearly 12 p.c. The index of manufacturing production recorded a further gain of nearly 5 p.c. over the high level of the first eight months of 1941. Prominent in the advance was the record of the primary iron and steel industry. The output of steel rose 25 p.c. while the production of pig iron was more than 36 p.c. greater.

Statistics Illustrating the Economic Situation of Canada for the first eight months of 1942, compared with the same period of 1941.

	Unit or Base Period	First Eight Months 1942	1941	Per Cent Increase + Decrease -
General Economic Situation				
Index of Physical Volume of Business	1935-9=100	135.9	131.8	+ 4.1
Index of Industrial Production	1935-9=100	144.9	144.4	+ .3
War Contracts Placed, D.M.S.(6 mos.)	$000	533,763	558,928	- 4.7
Wholesale Prices	1926=100	95.2	88.0	+ 7.6
Cost of Living	1935-9=100	116.4	109.9	+ 5.6
Index of Common Stock Prices	1935-9=100	63.0	66.7	- 5.9
Index of Bond Yields	1935-9=100	99.2	104.3	- 5.1
Bank Debits	$ 000	28,775,385	25,201,597	+12.4
Production and General Business				
Farm Products -				
Index of Grain Marketings	1935-9=100	109.6	154.2	-40.7
Index of Livestock Marketings	1935-9=100	100.3	101.9	- 1.6
Index of Cold Storage Holdings(9 mos.)	1935-9=100	148.9	136.1	+ 8.6
Mineral Production	1935-9=100	125.8	130.7	- 3.9
Gold Receipts at Mint	Fine Ozs.	3,164,991	3,422,941	- 8.2
Coal Production	Tons	12,302,997	10,868,590	+11.7
Manufacturing Production	1935-9=100	151.7	144.3	+ 4.9
Flour Production (7 mos.)	Bbls.	11,315,427	12,132,395	- 7.2
Cattle Slaughterings	No.	1,091,151	1,095,360	- .4
Hog Slaughterings	No.	3,936,959	3,743,623	+ 4.9
Creamery Butter Production	Lbs.	195,777,637	201,142,677	- 2.7
Factory Cheese Production	Lbs.	140,687,700	98,393,189	+30.1
Cigarettes released	No.	6,331,718,869	5,397,537,480	+14.8
Cigars released	No.	127,429,948	117,102,557	+ 8.1
Leather Boots and Shoes (7 mos.)	Pairs	16,558,061	15,992,447	+ 3.4
Raw Cotton Consumption	Lbs.	131,797,836	130,124,004	+ 1.3
Paper and Lumber-				
Newsprint Production	Tons	2,152,591	2,202,671	- 2.3
Iron and Steel -				
Steel Ingot Production	Short Ton	2,067,169	1,548,497	+25.1
Pig Iron Production	Short Ton	1,308,731	833,351	+36.3
Coke Production	Short Ton	2,182,542	2,064,440	+ 5.4
Construction -				
Contracts awarded	$	198,811,800	283,545,300	-42.6
Building Permits (58 Municipalities)	$	50,098,927	67,500,377	-34.7
Electric Power Production	000 K.W.H.	24,567,714	21,033,608	+14.4
Internal Trade -				
Wholesale Sales (8 mos.' average)	1935-9=100	150.8	134.6	+10.7
Retail Sales (8 mos.' average)	1935-9=100	143.2	124.0	+13.4
Railways -				
Carloadings	No.	2,210,690	2,050,224	+ 7.3
Gross Revenue C.N.R. (Canadian Lines)	$	208,894,000	165,258,000	+20.9
Gross Revenue C.P.R.	$	166,067,000	139,189,000	+16.2
Employment (8 months' average) -				
General Index	1926=100	169.3	145.3	+14.2
Manufacturing		200.4	159.8	+20.3
Logging		204.0	183.7	+10.0
Mining		174.9	173.3	+ .9
Construction		120.2	114.9	+ 4.4
Building		142.6	127.1	+10.9
Highway		132.3	136.9	- 3.5
Trade		155.8	153.7	+ 1.3
Banking - (8 months' average -				
Deposits, Four Classes	$ 000	3,170,212	2,986,187	+ 5.9
Current Loans	$ 000	1,080,802	1,073,349	+ .7
Circulating Media (8 months' average)	$ 000,000	541.1	411.3	+24.0
Cash and Cheque Payments (8 mos.)	Total$000,000	38,818	32,625	+16.0
Dominion Finance - April to August				
Total Revenues	$	906,313,179	590,864,948	+34.8
Ordinary Expenditures	$	204,696,751	149,885,685	+26.8
War Expenditures	$	839,349,060	408,247,783	+51.4
United Kingdom War Financing	$	648,928,634	-	-

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