

DOMINION BUREAU OF STATISTICS - OTTAWA
BUSINESS STATISTICS BRANCH

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ECONOMIC CONDITIONS IN CANADA DURING THE FIRST EIGHT MONTHS OF 1944
COMPARED WITH THE SAME PERIOD OF 1943.

SECTION 1. ECONOMIC CONDITIONS

The major economic factors indicating the trend of economic conditions averaged higher in the first eight months of the present year than in any similar period. The most striking increase occurred in the deposit liabilities of the chartered banks. The marked upward trend in evidence since the outbreak of war was continued in the period under review. The average of four main classes of deposits in the first seven months was \$4,538 million, an increase of 17.5 p.c. While the index of the physical volume of business has recently shown recession, the increase in the average for the first eight months over the same period of 1943 was slightly more than 3 p.c. The standing on the base of 1935-39 was 240.2 against 232.9 last year.

The gain in the index of wholesale prices was 3.7 p.c. The level of wholesale prices has been remarkably stable since last November. Prior to that time from the outbreak of hostilities a marked upward trend was shown. The index on the base of 1926 averaged 102.6 in the first eight months against 98.9 in the same period of 1943, a gain of 3.7 p.c. While Dominion bond prices were remarkably stable since the first quarter of 1943, a moderate increase has been shown during the present year. The index of bond yields consequently averaged slightly less than one year ago. Common stock prices were practically maintained at the levels of 1943, a decline of only 0.6 p.c. to 82.8 having been recorded. Speculative trading on the stock exchanges was at a slightly higher level than in the first eight months of 1943.

The amount of cheques cashed in clearing centres was 15.6 p.c. greater during the period under review. The total in the first eight months rose to \$39,192 million, the highest level in history. Circulating media in the hands of the public including notes and coins rose from \$725 million to \$880 million, a gain of 21.4 p.c. Cash and cheque payments computed for the first seven months of the year amounted to nearly \$49 billion compared with \$41.5 billion in 1943, an increase of 18 p.c. having been indicated.

Due to a downward trend in the employment of labor forces during recent months the general index showed a slight recession in the first eight months of the present year as compared with the same period of 1943. The index was 181.9 against 182.0, the recession having been of minor proportions. Increases were shown in the labour force engaged in manufacturing, logging and trade, while declines were shown in mining and construction.

Four of the five components of the index of physical volume of business recorded increases in the period under review. Mineral production was at a slightly lower level, the recession in the index having been from 242.8 to 239.9. The decline in gold receipts at the Mint was 21.6 p.c. while coal production at 10,934,000 tons recorded a decline of 6.6 p.c.

Manufacturing production still recorded a minor gain over the first eight months of 1943, an index of 296 against 288.5, recording an increase of 2.7 p.c. Flour production in the first seven months was at a slightly lower position. The meat packing industry was considerably more active, increases having been shown in cattle and hog slaughterings. Factory cheese production rose 12.7 p.c., while a decline was recorded in creamery butter. The change in the release of cigarettes and cigars was of minor proportions, the cigarettes made available rising from 7,281 million to 7,506 million. The output of leather boots and shoes in the first seven months rose 2 p.c. to 17,450,000 pairs. Measured by the consumption of raw cotton the textile industry was less active than in the same period of 1943. Raw cotton used amounted to 109.1 million pounds against 123.8 million, a decline of 11.8 p.c. The production of newsprint at 1,988,000 tons showed a minor gain in the period under review. Steel ingots production was practically maintained, while an increase of 7.0 p.c. was shown in the output of pig iron.

New business obtained by the construction industry was at a considerably greater volume in the first eight months of the present year. The increase in contracts awarded was 47 p.c. while an advance of 61 p.c. was shown in building permits. The central electric stations supplied a greater amount of electrical energy in the first eight months of the present year. The consumption of firm power rose 1.7 p.c. to 23,677 million kilowatt hours.

Measured by the average of monthly indexes the distribution of commodities through wholesale and retail outlets recorded a gain in the first seven months. The increase in wholesale sales was 11 p.c. while an increase of 6.5 p.c. was shown in retail sales.

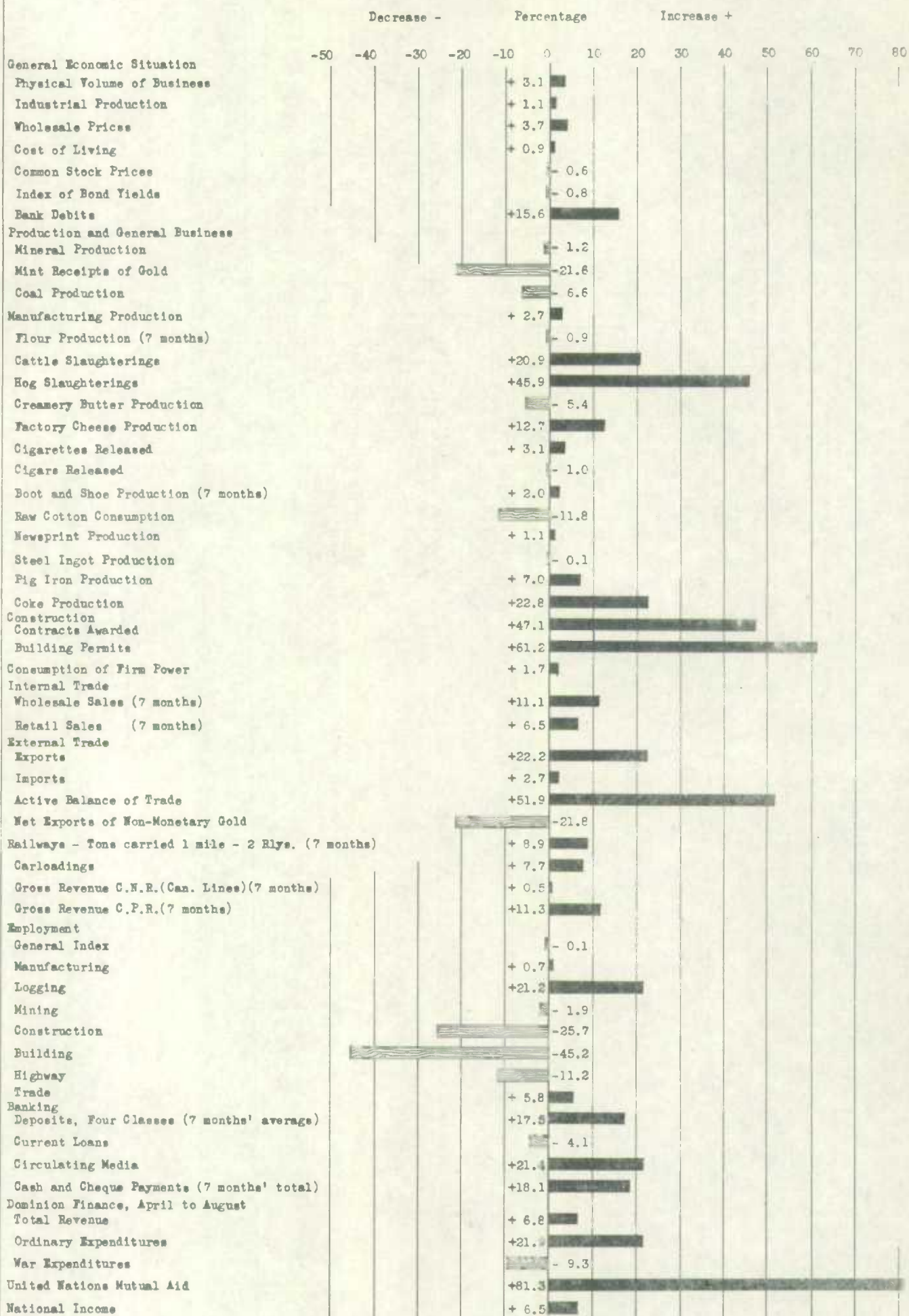
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Minister of Trade and Commerce

THE ECONOMIC SITUATION IN CANADA

for the first Eight Months of 1944

as compared with the same period of last year



Dominion Bureau of Statistics

Eighteen items recorded decline, while thirty-six showed increases.

Table 1. Statistics Illustrating the Economic Situation of Canada for the First Eight Months of 1944 compared with the same period of last year.

	Unit or Base Period	First Eight Months		Per Cent Increase + Decrease -
		1944	1943	
General Economic Situation				
Index of Physical Volume of Business	1935-39=100	240.2	232.9	+ 3.1
Index of Industrial Production	1935-39=100	271.5	268.5	+ 1.1
Wholesale Prices	1926=100	102.6	98.9	+ 3.7
Cost of living	1935-39=100	119.0	117.9	+ 0.9
Index of Common Stock Prices	1935-39=100	82.8	85.3	- 0.6
Index of Bond Yields	1935-39=100	97.2	98.0	- 0.8
Bank Debits	\$000	39,192,266	33,893,599	+ 15.6
Production and General Business				
Mineral Production	1935-39=100	239.9	242.8	- 1.2
Gold Receipts at Mint	Fine Oza.	1,961,528	2,501,625	- 21.6
Coal Production	Tons	10,934,181	11,711,176	- 6.6
Manufacturing Production	1935-39=100	296.0	288.5	+ 2.7
Flour Production (7 Months)	Bbls.	13,913,919	14,047,645	- 0.9
Cattle Slaughtering	No.	1,258,643	1,040,774	+ 20.9
Hog Slaughtering	No.	6,120,701	4,194,768	+ 45.9
Creamery Butter Production	Lbs.	213,718,908	225,850,762	- 5.4
Factory Cheese Production	Lbs.	120,325,402	106,734,271	+ 12.7
Cigarettes released	No.	7,506,248,852	7,281,162,547	+ 3.1
Cigars released	No.	128,283,062	129,582,022	- 1.0
Leather Boots and Shoes (7 Months)	Pairs	17,449,717	17,101,783	+ 2.0
Raw cotton consumption	Lbs.	109,118,201	123,755,507	- 11.6
Paper and Lumber -				
Newsprint Production	Tons	1,987,540	1,965,605	+ 1.1
Iron and Steel -				
Steel Ingot Production	Short Ton	1,993,756	1,996,481	- 0.1
Pig Iron Production	Short Ton	1,266,979	1,184,064	+ 7.0
Coke Production	Short Ton	2,690,764	2,190,664	+ 22.8
Construction -				
Contracts awarded	\$	209,116,600	142,159,000	+ 47.1
Building Permits (58 municipalities)	\$	64,759,624	40,166,330	+ 61.2
Consumption of firm power	000 K.W.H.	23,676,529	23,289,093	+ 1.7
Internal Trade -				
Wholesale Sales (7 Months)	1935-39=100	179.6	161.7	+ 11.1
Retail Sales (7 Months)	1935-39=100	159.4	149.7	+ 6.5
External Trade -				
Exports	\$000	2,309,686	1,889,733	+ 22.2
Imports	\$000	1,170,304	1,139,703	+ 2.7
Active Balance of Trade	\$000	+ 1,139,382	+ 750,030	+ 51.9
Net Exports of Non-Monetary gold	\$000,000	76.6	97.9	- 21.8
Railways - Tons carried 1 mile -				
(7 Months) 2 Rlys.	000,000 tons	34,108	31,332	+ 8.9
Carloadings	No.	2,405,357	2,232,648	+ 7.7
Gross Revenue C.N.R. (Canadian Lines)				
(7 Months)	\$	222,681,600	221,620,300	+ 0.5
Gross Revenue C.P.R. (7 Months)	\$	182,603,963	164,096,472	+ 11.3
Employment - Unadjusted				
General Index	1926=100	181.9	182.0	- 0.1
Manufacturing		225.4	223.8	+ 0.7
Logging		222.4	183.5	+ 21.2
Mining		156.5	159.5	- 1.9
Construction		94.7	127.4	- 25.7
Building		92.6	169.0	- 45.2
Highway		107.3	120.9	- 11.2
Trade		161.5	152.6	+ 5.8
Banking -				
Deposits four Classes (7 Months' average)	\$000	4,537,865	3,862,743	+ 17.5
Current Loans	\$000	998,982	1,041,483	- 4.1
Circulating Media	\$000,000	880.3	725.3	+ 21.4
Cash & Cheque Payments (7 Months' total)	\$000,000	48,958	41,468	+ 18.1
Dominion Finance - April to August				
Total Revenues	\$	1,158,764,886	1,084,797,071	+ 6.8
Ordinary Expenditures	\$	270,708,955	221,991,920	+ 21.9
War Expenditures	\$	1,256,632,561	1,385,428,147	- 9.3
United Nations Mutual Aid	\$	348,574,095	192,303,702	+ 81.3
National Income (Tentative Computation)	\$000,000	6,026	5,660	+ 6.5

Eighteen items recorded declines, while thirty-six showed increases.

INCOME ORIGINATING IN TRADE, 1942

\$ 000

Type of Payment	Retail (a)	Wholesale (b)	Total (c)
Salaries and Wages	286,908	200,071	486,979
Withdrawals by Working Proprietors	174,469	28,723	203,192
Investment Income (net) ¹ -			
Interest (net) on Bonds, Debentures	902	1,244	2,146
Dividends (net) on Stocks	15,064	19,064	34,128
Sub-total	15,966	20,308	36,274
Net Income Paid to Individuals ¹	477,343	249,102	726,445
Savings (undistributed profits)	30,104	12,263	42,367
Net Income Originating	507,447	261,365	768,812

¹ Before deduction of Investment Income going abroad.

RETAIL TRADE

The estimate of income originating in retail trade was obtained mainly by projecting the statistics given in the report for 1941 issued by the Merchandising and Service Branch and from the questionnaire distributed to retail incorporated companies.

The salaries and wages in 1941 were obtained by deducting the total given for restaurants and an estimated amount disbursed in connection with service operations. A rate was obtained by dividing the remuneration of full-time employees by the number. The rate was divided into the wages of part-time employees to give the full-time equivalent of such employees. The total amount of salaries and wages paid was taken as the sum given for full-time employees and part-time employees. From the remuneration thus established was deducted \$22,635,000 paid to employees working in restaurants.

A somewhat similar plan was adopted in regard to the computation of the withdrawals of the working proprietors. The rate of withdrawals for the proprietors reporting salaries was applied to the number who did not so report. The total withdrawals after allowing for the restaurant and service activities was placed at \$174,469,000.

The net dividends and interest and corporate savings were collected by means of a questionnaire sent to incorporated companies engaged in retail trade supplemented by data regarding large companies furnished by the Research Department of the Bank of Canada. The savings of working proprietors were estimated by means of a study of withdrawals and rates of savings in the United States and similar basic data for Canada during the same period. The estimate was projected to 1942 by the relation of net income to stockholders in 1938 to that of the more recent year.

WHOLESALE TRADE

The statistics of wholesale trade were based on the survey of the industry conducted by the Merchandising and Services Branch of the Bureau.

Salaries and wages paid were reported as \$188,456,000 in 1941. Using the data of employment and the average weekly payrolls this amount was projected to 1942. The number of working proprietors was compiled in connection with the census in question for 1941. The rate of withdrawals was taken at a differential over the wage rate. The net result of the computation was an estimate of \$28,723,000 for the withdrawals for 1942. Dividends, interest and corporate savings were obtained by means of the general questionnaire. An estimate was made of the savings of working proprietors based on American experience and data in regard to the numbers and rates of proprietors in Canada for the same period. The projection was made on the basis of the amount of net income to stockholders in 1938 and 1942.

CHART A. - WHOLESALE AND RETAIL TRADE

before Deduction of Investment Income going abroad.

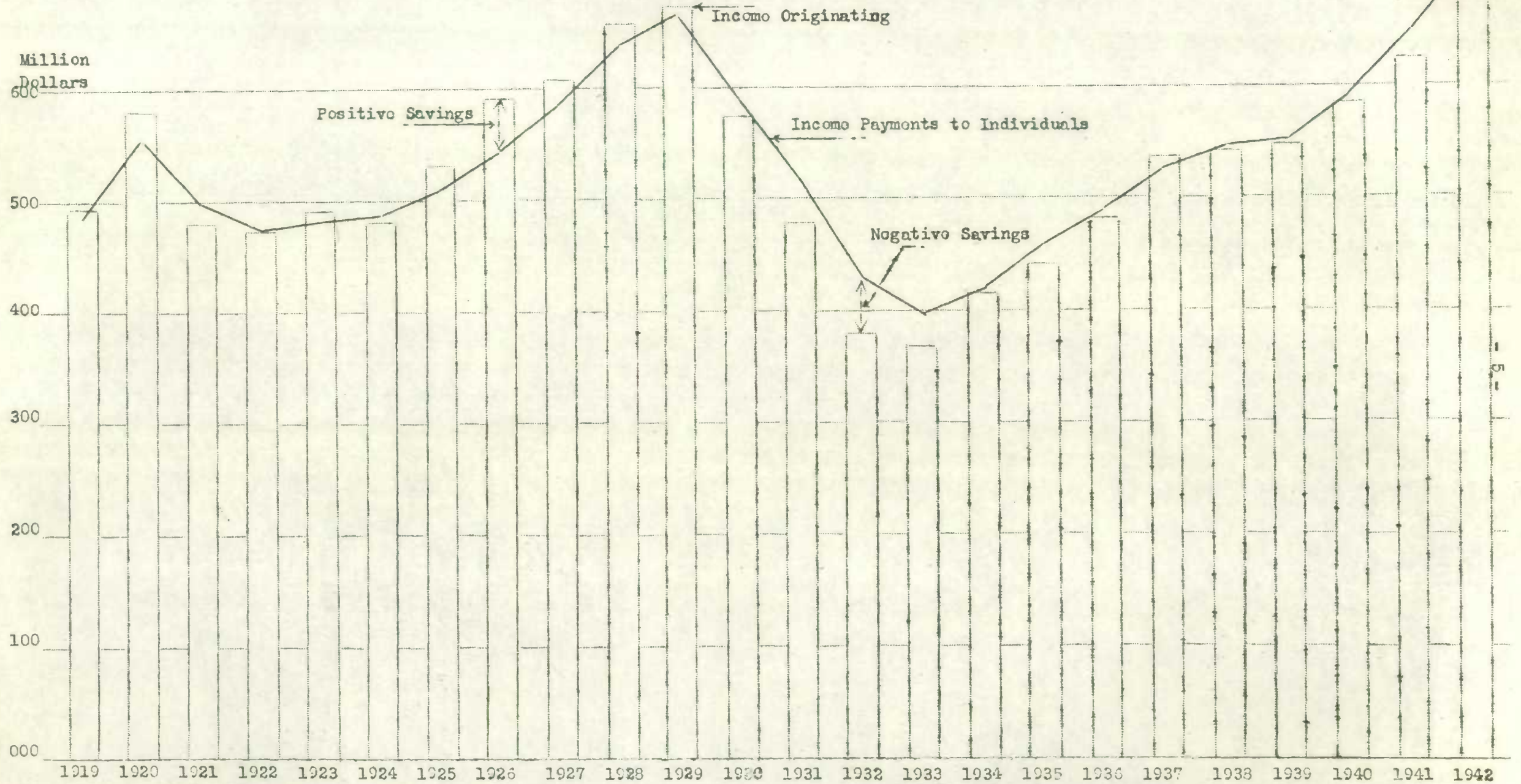


CHART B. - INCOME PAYMENTS TO INDIVIDUALS

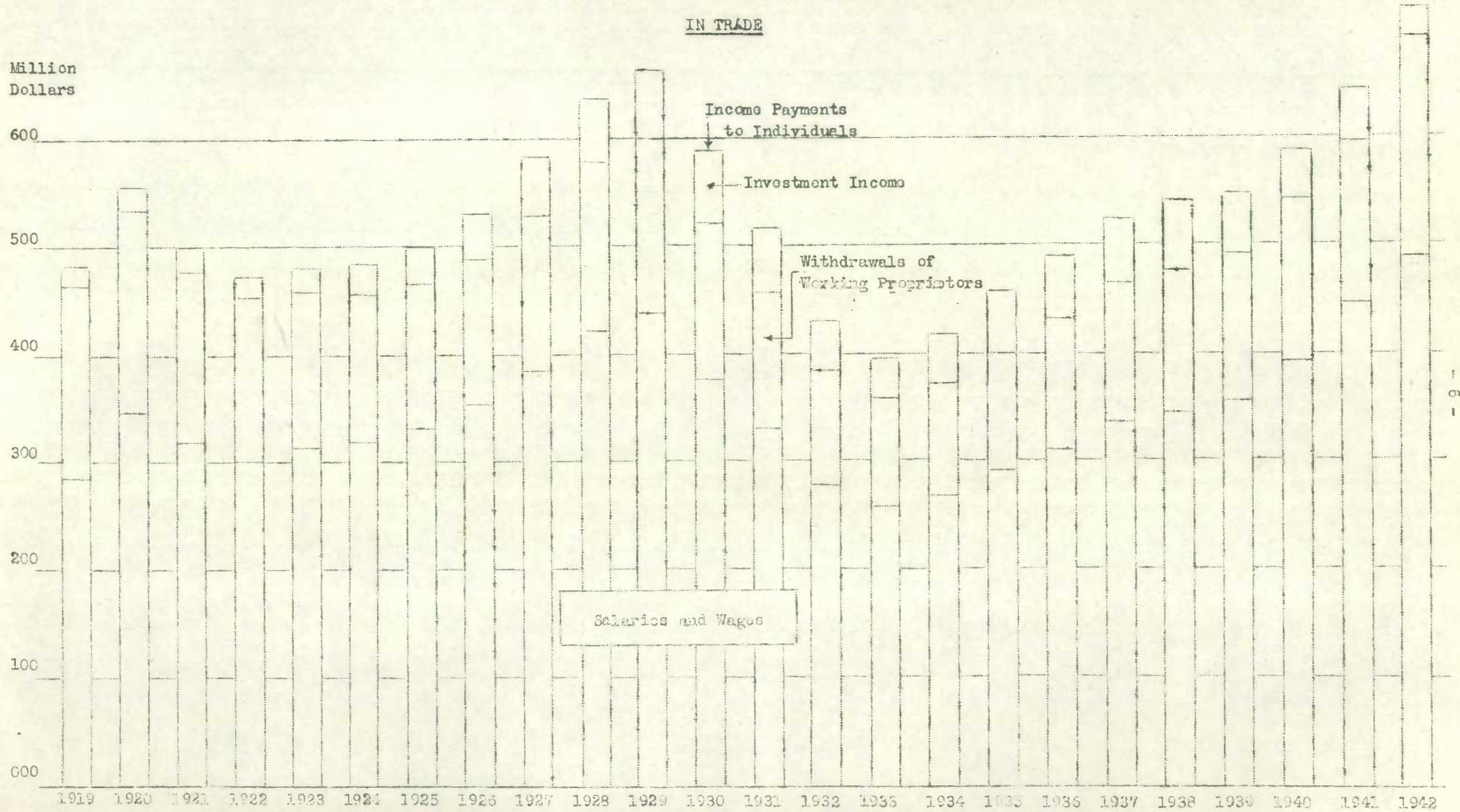
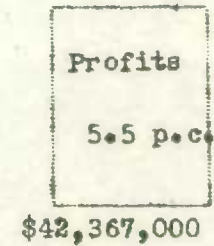
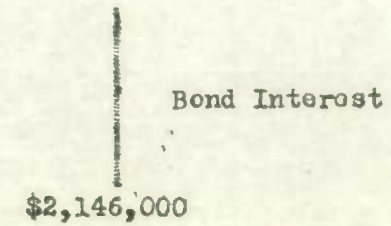
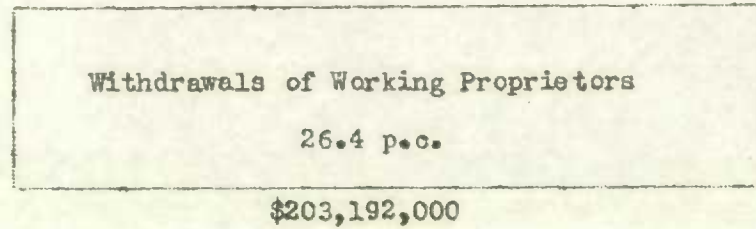
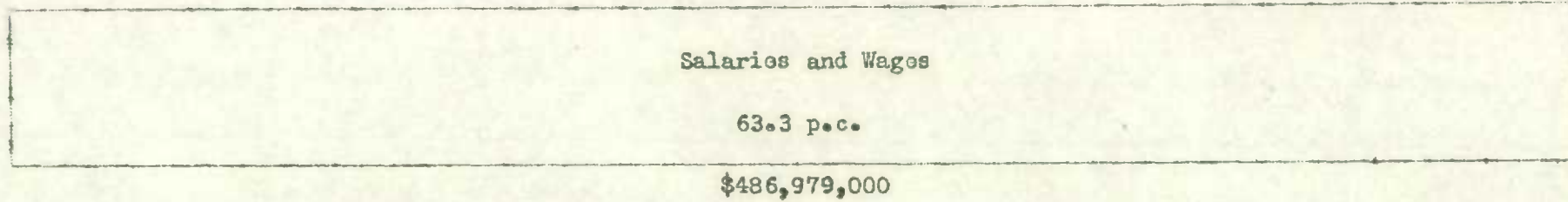


CHART C - INCOME ORIGINATING IN TRADE

1942

before Deduction of Investment Income going abroad.



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