

market outlook for nickel arising from the steel strike, the final cancellation of stockpiling contracts with the United States Government and impending new production in Cuba, the imposition of quotas on imports of lead and zinc into the United States, and finally the intensified competition in international aluminum markets. In aluminum, the intensity of competition, particularly from new capacity in the United States, became very evident in the first quarter of 1959. A further reduction in output and exports following the completion of a major contract in late 1958. This contrasted with a strong recovery in United States consumption and production. By mid-year, a sharp pick-up in Canadian exports reflected the continuing growth of demand, with nearly all the available smelter capacity in the United States already in operation.

Gold production has maintained its steady course with minor reductions in by-products of base metal mines being offset by increases in straight gold operations. Iron ore production, reflecting the recovery in North American steel output, has shown a striking increase in the 1959 season over the previous year. Total shipments in the first half year were 70 per cent higher, with exports to the United States more than double those of 1958. A long steel strike in the United States will undoubtedly affect operations, although some shipments are being re-directed and stocks are being held in readiness for resumption of normal shipping patterns. The output of structural minerals and other non-metallics has grown substantially along with the recovering in North American building.

Production of carbon fuels has increased over the year about 10 per cent at the mine stage and 15 per cent in processing, with coal again giving some ground to oil and gas.

Natural gas production continued its rapid development, with 1959 running one-third ahead of the previous year. Sales in the East have been nearly doubled, following completion of the pipeline late in 1958. This, of course, backed out imports from the United States. In the West, sales also continued their growth as did exports via pipeline in the Vancouver area.

Crude petroleum output increased considerably during the last 12 months, as refinery demand rose and, more recently, as exports to the American Puget Sound area picked up. The latter has particularly helped improve the flow from Alberta, where the previous decline had been greater than in Saskatchewan. Imports of crude and particularly refined products have increased at the same time. Refinery operations in North America spurred on by excess capacity and intensified retail competition, have been above current consumption rates. The consequent increase in stocks has accentuated competition and led to "gas price wars" and such developments as the increased sale of American refined products to Southern Ontario independent distributors.