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In these circumstances any adjustments in the United States economy in the months ahead are not likely to be of sufficient magnitude to seriously curtail sales of Canada's major export items to that country. If we can assume also that no new obstacles to the entry of Canadian materials are created, the United States should continue to provide a receptive market for Canadian goods. Even so, it is doubtful whether Canada's sales to the United States will keep pace with the sales of United States producers in Canada.

With some notable exceptions such as Japan, Canadian exports to overseas markets have declined considerably in 1953. The circumstances which have contributed to the decline in sales of basic materials are not likely to be repeated in the year ahead. In fact with the continued increase in the dollar reserve position of the non-dollar world, some pick-up in sales of basic materials is possible. On the other hand grain sales are almost certain to fall short of the record shipments achieved in the last two years. Nevertheless, in spite of increased world supplies, requirements of importing countries remain large and there is good reason to expect that Canada will obtain a fair proportion of this market.

Sales prospects are probably firmer at home than in export markets. As previously indicated, it is likely that capital spending will remain high. Government expenditure for defence and for other purposes should continue to act as a stabilizing influence. In these circumstances the trend of personal incomes should be at least sustained. Given a stable price level, this would continue to support a high level of spending on consumer goods and services even though a levelling in the rate of expansion of consumer credit might reduce the buoyancy in the durable goods market. As previously indicated, inventories are now high in a few specific lines. These are, however, exceptions, since total business inventories have not quite kept pace with the total volume of business sales.

These considerations suggest the continuation of generally stable market conditions in the period ahead. At the same time some industries are encountering difficulties and for this reason expansionary trends in the Canadian economy in the year now ahead may be less pronounced than in the past three years.

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