

In the first quarter of the year, consumer credit granted by the major lenders rose at an annual rate of 20 per cent. This increase decelerated to a rate of 14 per cent in the second quarter and to 9 per cent in the third quarter, which was also the rate reported for October. In November the rate was 2 per cent. Within these totals, there have been some substantial divergences. Chartered banks' consumer loans, which account for about 45 per cent of outstanding credit, grew rapidly by 30 per cent per annum in the first quarter of the year, decelerated to 15 per cent in the second quarter, and showed no gain at all in the third quarter.

The lending activities of sales finance companies accelerated during the course of the year. In the first quarter of 1969 sales finance companies and consumer loan companies increased lending at annual rates of 10 per cent and 11 per cent respectively. By the second quarter the increases had accelerated to 14 and 15 per cent for the two groups and in the third quarter there was a further acceleration to annual rates of 19 and 23 per cent. In November, however, consumer credit issued by sales finance companies declined and that issued by consumer loan companies grew more slowly than in previous months.

At the end of the third quarter of 1969, outstanding consumer credit balances were equivalent to slightly more than 20 per cent of personal disposable income.

Housing sector

Activity in the housing sector remained high during 1969 despite restrictions of credit and rising interest rates. The underlying demand for housing remained strong, even though effective demand was probably limited by high mortgage rates and the restricted credit availability.

Residential construction outlays totalled about \$3.9 billion in 1969. This figure represents an increase of approximately 17 per cent, which is about the same rate of increase as had been achieved in the previous year. However, both of these rates reflect large increases in construction costs. If account is taken of this pronounced rise in construction costs, real outlays are estimated to have increased by 8.8 per cent in 1969 after rising by 10.2 per cent in 1968. This sharp acceleration in housing outlays has made the residential construction sector one of the strongest sectors of the national expenditure accounts, and has raised the ratio of that sector to total GNE to the highest level since 1959. (See Chart 10.)

Housing starts totalled 210,415 units in 1969, up from 196,878 in 1968. In the first quarter of the year starts were exceptionally high for that season, owing to the volume of CMHC direct lending in the last quarter of the previous year and to a surge in the commitment of other funds. By the last quarter of 1969, starts were running well below the levels of the same quarter in the previous year. Almost all of the increase in starts in 1969 was in multiple rather than single housing units. Demographic factors have favored the market for multifamily units, because of the growing relative importance in the population of young families and individuals, who are typically renters, and of older couples, who need less living space. In addition, the cost of apartment renting has been rising much less rapidly in recent years than has the cost of home ownership. In the shelter cost component of the consumer price index, rental costs, which lag