

A feature of the year was the relatively sharp movements of major currencies, which in general rose in relation to the Canadian and American dollars earlier in 1973. In the latter part of the year, a fall in major European monetary units and the Japanese *yen* moved world currencies part way back towards the position at the beginning of the year.

Major expansion in industrial production

The volume of industrial production showed a major expansion in 1973, with an increase of 8.5 per cent over 1972 levels. Almost every division of manufacturing showed increased real output. The primary and resource industries showed a particularly marked increase in production.

The transportation-equipment industries rose particularly strongly in 1973. Once more the automotive sector reached a new record in production, turning out over 1.6 million vehicles. At the same time, output of auto parts and accessories increased substantially. Many industries active in supplying construction materials and capital equipment have also moved up to higher production levels. Operations in the steel industry have advanced strongly to near capacity, while order-books have continued to lengthen. Meanwhile, there has been a substantial upswing in the manufacture of industrial machinery, lumber and cement, and in other divisions of the building-products industry. Increases in consumer incomes and the high level of housing construction have meant a continuing strong upward trend in the output of household appliances, furniture, recreational equipment and textiles.

Increases in metal mining and processing were spurred by a major upsurge in world demand and buttressed by the availability of new capacity. With world demands for energy resources higher than ever and the impact of the Middle East oil crisis, there has been a strong impetus to raise petroleum, natural gas and electric energy production in Canada. The pulp-and-paper industry, also, has been under marked pressure to expand output in the face of rising world demand and operated at about full capacity, except for a period in late summer when output was adversely affected by strikes of pulp-and-paper and railway employees.

#### CANADA'S ECONOMIC OUTLOOK FOR 1974

The outlook is for a somewhat less aggressive tempo of economic activity in Canada in 1974. Nevertheless, in terms of real GNP growth, Canada's prospects suggest that it could again rank near the top among major industrial countries in 1974. During most of the past year, the economy has operated at close to its full