

truck production fell off by about 18 per cent; however, output has picked up in the last quarter. Household appliance producers, on the other hand, have enjoyed a stronger market this year and in all major lines (except refrigerators) have held their own against foreign competition.

A number of Canada's principal material-producing industries have had a lower level of output in 1958 because of declining export demand. These include pulp and paper, nickel, asbestos, petroleum and iron ore. For certain other items, such as copper, lead and zinc, output in tonnage terms has been maintained, but lower prices have meant substantially reduced dollar sales and profits to producers. The market for lumber products, on the other hand, has improved in 1958, mainly in response to the upsurge in domestic housing but also reflecting larger shipments to the United States. Some mineral industries also have done better. Gold production is up moderately. More natural gas has been needed to provide for expanding domestic and foreign outlets, and uranium output has moved up to the level provided for under-existing contractual arrangements. While the Canadian market has absorbed substantially less steel this year, most of this reduction has fallen on imports. Although operations in the primary iron and steel industry were affected for a time by a strike shut-down, otherwise the operating rate has been considerably higher in Canada than in the United States. In chemical industries, total shipments have increased moderately despite a decline in exports of fertilizers and plastics.

Conditions in Canada's major equipment industries reflect the decline in business investment and no significant increase in new orders has yet occurred. An important exception is the farm implement industry which has raised its level of operations during 1958 mainly as a result of increased sales in the United States market and higher farm incomes in Canada.

#### Prospects for the Coming Year

Of the industries which had previously suffered a decline, most have experienced some degree of improvement by year-end. In aggregate terms the pick-up in production to date has been quite moderate. There is, however, strong indication of a further expansion in market demand. Partly as a reflection of this improvement and also contributing to it, is the fact that inventory liquidation is now coming to an end. In the first part of 1958, the tendency to meet orders by a drawing down of stocks was quite prevalent throughout a broad segment of Canadian industry. Conditions in this respect still vary from one trade to another. On balance, however, it now appears that the full impact of market demands are being reflected in new orders at the producer level. Operating levels are rising in a number of industries and this, in turn, is having a favourable effect upon earnings. In the months immediately ahead, this underlying improvement will be masked by the customary winter slow-down in outside operations, accompanied by a relatively high level of unemployment. Nevertheless,