

GROSS NATIONAL PRODUCT DOWN FROM LAST QUARTER

ANNUAL \$24,200,000,000: After allowing for seasonal factors, Canada's gross national product was at an estimated annual rate of \$24,200,000,000 in the first quarter this year, about the same as a year earlier but down from \$24,500,000,000 in the fourth quarter last year. It should be noted, however, that the seasonally adjusted data for the first quarter includes a lower value of crop production, computed for the coming year on the basis of ten-year average yields and distributed evenly across the four quarters. The amount of this downward step from fourth to first quarters is presently estimated at \$200,000,000, but this will be revised in September when the actual yield is first determined.

FARM OPERATORS

At present, the best indicator of aggregate activity, after allowance for seasonal factors, is provided by the gross national product excluding accrued net income of farm operators, which shows a figure of \$22,500,000,000 for the first quarter as compared with \$22,700,000,000 for the fourth quarter last year. Computed from unrounded figures, the change from the fourth to the first quarter amounts to closer to \$100,000,000. While the national output was not greatly different from a year earlier in the first quarter, there were changes in the components, an expansion in the output of most service industries offsetting declines in many of the goods-producing industries.

Total final purchases of goods and services, exclusive of inventories, also remained at about last year's level in the first quarter of 1954, although there were moderate shifts among the major spending groups. Consumer expenditures were 3% higher than in the first three months last year, with services taking the greater share of the gain. Non-durable goods purchases increased but durable goods purchases showed a sharp decline. Gov-

ernment expenditure on goods and services was 5% lower this year, reflecting reduced outlays for defence. There was very little change in total investment in durable assets, although machinery and equipment purchases were off by 9%.

Exports of goods and services were down 6%, reflecting mainly declines in exports of wheat, automobiles and base metals. Imports of goods and services were also down 6% in the first quarter comparison, with the drops concentrated in the fibres and textile group and the iron and steel group. Overall, there was a decline of less than one half of 1% in total final purchases of goods and services, exclusive of inventories. Business inventories showed a smaller accumulation than a year ago, and the build-up was more than accounted for by an increase in stocks of new automobiles, the total of other inventories reflecting some liquidation.

CONSTRUCTION

The drop in non-farm output from the fourth quarter of 1953 appears to be attributable mainly to a drop in the rate of construction activity. Fourth-quarter construction activity was unusually high due to an open fall, while activity in the first quarter was adversely affected by the severe winter. Other components in which declines occurred were exports and the rate of business inventory accumulation, but these reductions were more than offset by gains in other sectors.

National income in the first quarter this year was at an estimated annual rate of \$18,900,000,000, after allowing for seasonal factors, down from \$19,300,000,000 in the fourth quarter of 1953 and at approximately the same level as a year earlier. Wages and salaries showed a small drop of 1% from the fourth quarter after levelling off in the last half of 1953. This drop was the first after a long period of successive gains.

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HOUSING: Units financed under federal housing legislation in 1954 will exceed the number financed in 1953, Central Mortgage and Housing Corporation indicated in reporting on activity under the National Housing Act, 1954.

During the period April 1 to June 18, inclusive, applications for undertakings to insure were received for 10,456 units as compared with 9,600 units under the old joint loan arrangements for the same period of 1953.

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Much smaller wheat marketings and somewhat lower average prices reduced farm receipts to \$49,700,000 in the first quarter this year, less than half the \$112,800,000 wheat income of the first three months of 1953.

RAILWAY OPERATIONS: Operating revenues of Canada's two major and 14 other larger railways were down 6.7% in March this year from March, 1953, and operating expenses 6.8% lower, resulting in a reduced operating income.

Operating revenues for the month were down to \$94,241,516, compared to \$101,045,189 a year earlier, and operating expenses to \$84,415,972 against \$90,545,897, net operating revenues declining to \$9,825,544 compared to \$10,499,292.

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Five fields in Alberta produced more than a million barrels of crude oil each in the first quarter this year as compared with three last year, only two in 1952.