

During recent years, the consumption of textiles and clothing has shown a downward trend in Canada both in total and on a per capita basis. Following the outbreak of war in Korea, there was an upsurge of activity which continued for about nine months. Retail sales at that time did not, however, reach expectations, and substantial increases in inventories developed at all levels in the industry. Some reduction in employment and production and a tendency to shorter working hours developed and continued well into 1952. Recovery in retail sales of women's and family clothing, however, began early in the year, and by the summer months the inventories of many textile products had been reduced to more satisfactory levels.

Housing construction also experienced a decline in activity during the last half of 1951 and the early part of 1952, although for the construction industry as a whole this decrease was offset by expansion in defence and other construction. Higher costs, carrying charges on mortgages, and municipal taxes were all factors contributing to a lower rate of housing starts. During the summer months, however, increases in the number of housing starts began to reappear, and it is likely that housing starts for 1952 as a whole will exceed those of 1951.

All in all, it is expected that the volume of national output for 1952 will exceed even the high levels of 1951, with most of the increase developing in the latter half of the year.

Prices and incomes

There have been sizeable reductions in many international commodity prices since they reached peak levels in the first quarter of 1951. Initial decreases occurred in the prices of commodities which Canada imports, including rubber, tin and wool, but during 1952 declines spread to such Canadian export products as lumber, shingles, and some base metals such as lead and zinc. The rise in the value of the Canadian dollar tended to carry further the already substantial decline in the domestic price of various imported products. By September the price index of imported products was running 19 per cent below the level for the year 1951 as a whole, while the price index of Canadian exports was about $3\frac{1}{2}$ per cent below the 1951 level.

There have been decreases in some agricultural prices. Increases in hog production began to have some softening effect on pork prices after the higher levels reached in July 1951. In January 1952 pork prices dropped sharply to support levels where they have remained. Beef prices also dropped sharply at the end of February as a result of the outbreak of foot and mouth disease in Saskatchewan, and the resulting United States embargo on certain imports from Canada. The embargo is expected to end early in 1953, and it no longer applies to hay. The Government has given continuing attention throughout the year to the problem of markets and prices for dressed meats.

These developments contributed to a downward trend in wholesale prices, and there have also been some decreases in the cost of living index. By October, the consumer price index had declined roughly two per cent