

each of the major categories of soft goods, and on services, has shown at least a moderate rise. Consumer spending in total is up by 6 per cent. With consumer prices having risen little more than 1 per cent, per capita spending in real terms has increased 2 to 3 per cent, a better than average gain.

"While spending more, Canadians have also been saving more. As a proportion of disposable income, savings in 1959 have reached the unusually high ratio of 8 per cent. Thus the financial position of the Canadian consumer remains strong, while living standards have improved.

INVESTMENT

"Capital spending, both private and public, has risen slightly in 1959. Commercial, institutional and public investment has comprised an increased proportion of the total programme. In basic industries, such as mineral products and fuel and power, the build-up of new capacity, though not as great as in preceding years, continued on a substantial scale. Capital spending in manufacturing amounted to \$1.1 billion. Housebuilding has been maintained at a high level, but is lower than in 1958 when the volume of residential construction far surpassed that in any preceding year. It is estimated that housing starts for this year will reach the 140,000-mark, compared with 165,000 in 1958, while completions will approximate last year's record of 147,000 units.

"Though only slightly higher for 1959 as a whole, the trend of total capital spending has been moving upward since the beginning of the year. New orders in capital-goods industries are rising and employment in construction has increased. The recent pick-up in housing starts, following the resumption of the loans-to-builders programme during the fall months, and the continuation of the winter works programme should provide a significant boost to construction activity during the winter.

FOREIGN TRADE

"Canada's exports in 1959 have moved upward with the general recovery in world conditions, after having been maintained in the preceding year despite a lower level of trade in the world at large. On the basis of figures available to date, the total value of exports in 1959 will approximate \$5.2 billion, an increase of about 5 per cent compared with the previous year and the highest figure ever recorded. The principal increases appear in wood, mineral and metal products, including lumber, woodpulp, newsprint, iron ore, uranium, iron and steel and asbestos. Among more highly manufactured products, farm implements and beverages have shown notable gains. Sales of wheat have held close to the high level of the preceding calendar year. Restraining elements in the upward trend of total exports have come from the tapering off in last year's heavy flow of beef to the United States and

the completion in 1958 of non-recurring contracts for military aircraft to NATO countries.

"Looking at Canada's exports by broad market areas, the principal increase in sales has been to the United States. Despite the dampening effect of the steel strike upon industrial activity during the latter part of the year, exports to this market for the year as a whole have increased by 11 per cent. Sales to the United Kingdom have remained steady and those to the rest of the Commonwealth have declined slightly. Shipments to all other countries combined are down, but if aircraft are excluded the trend is roughly unchanged. Within the total, however, sales to Japan have risen by about one-third from a level of \$105 million in 1958.

"Canada's foreign purchases have risen in response to the improvement in economic conditions domestically. On the basis of 10-month figures, total imports have increased by 9.5 per cent compared with 1958, but remain below the level reached in the preceding year. The increase from last year to this is spread over a wide range of consumer, capital and producer goods, with higher purchases of automotive goods and farm implements particularly prominent in the total. However, certain important basic materials, such as coal and petroleum products, have lagged behind the general upward trend. To some extent, this is a result of temporary influences, but it also reflects a lessening dependence upon foreign sources for this type of product. Geographically, purchases from each of the major trading areas have risen, but in percentage terms the increase is greater for the United Kingdom and other overseas sources combined than for the United States. Consequently, Britain's share in Canada's import market has continued to expand and presently stands at 10.4 per cent, compared with 9.3 per cent in 1957. Over the same two-year period, the United States share has declined from 71.1 per cent to 68.3 per cent.

"Because of the sharper rise in total imports than in exports, Canada's imbalance on merchandise trade is presently higher than in 1958, but remains below the levels reached in the two preceding years. Most of the rise in the merchandise deficit this year compared with last appears in the form of a lower surplus with overseas countries. The deficit with the United States has changed but slightly. Canada's imbalance on non-merchandise items, such as tourist expenditures and interest and dividend payments, has continued to increase. For the first nine months of 1959, Canada's deficit with the rest of the world on all current transactions amounted to \$1119 million, compared with \$788 million in 1958 and the record of \$1171 million reached in 1957.

"This deficit on current account has been covered by an inflow of capital funds. Even with the high volume of domestic saving, Canada's expansion continues to proceed at a