

output records being established in March and April. From May forward the output dropped sharply to lower levels, though at the end of the year the cumulative figures stood at 263,295, as against 242,054 at the end of 1928. Exports of Canadian-made automobiles reached the peak for all time in April, when 15,561 cars were shipped out of Canada; for the year the export shipments numbered 102,302 cars, as against 79,855 in 1928. Imports stood at 44,724 for the year as compared with 47,408 in 1928. Similar activity ensued in the manufacture of raw materials and accessories, the tire and oil industries operating at new high levels during the early months of 1929. Imports of crude rubber at 79,500,000 pounds were 15 p.c. greater than in the preceding year, while imports of crude petroleum in 1929 were no less than 1,060,000,000 gallons, an increase of 4 p.c. over 1928.

*Pulp and Paper.*—In the nine-year period ended with 1929, this industry acquired first rank among the manufactures of Canada, heading the list for gross and net value of output, as well as for distribution of wages and salaries. It is to-day the chief industry depending upon the forest for raw material, and the export of the latter to United States mills has steadily declined. Newsprint output, which was 805,114 tons in 1921, reached 2,726,572 tons in 1929 or 312,179 tons more than in 1928, a gain of nearly 13 p.c. Satisfactory progress was also shown in the production of book, writing and other papers, and paper board.

*External Trade.*—The year 1929 showed a gain of \$76,674,776 in imports over 1928, but in exports there was a decline of \$165,907,803. The "favourable" trade balance, which was \$276 millions in 1926, and which had declined to \$152 millions in 1928, was an "unfavourable" balance of \$91 millions in 1929. Movements of capital into Canada under expansion conditions explained much of the import side of this equation. The decline in exports accumulated almost entirely in the latter half of the year, with the falling off in the movement of grain, particularly wheat, partly attributable to lower yields but reflecting temporary marketing policies as well.

*Banking and Credit.*—Operations of the chartered banks reflected the prosperity of trade and industry. Current loans at the end of 1929 at \$1,403,000,000 were \$172,000,000 greater than at the end of 1928. Call loans showed a decrease of \$3,500,000. Quick and liquid resources were more than maintained during the year. Loans and securities other than those of the Dominion Government gained \$179,600,000. Liabilities to the public, including circulation and deposits, were up about \$10,000,000 only.

During the early months of 1929, steps were taken to strengthen reserves by accumulating cash and by reducing current loans elsewhere than in Canada. The purchase of government securities to the amount of nearly \$36,000,000 in September and October was another step in the same direction. The crisis on the stock exchanges accordingly found the banks ready, warnings having been sounded in advance by the principal banks. The credit restriction is illustrated by the rise in bond yields (the factor of most immediate influence on bond values being current interest rates), that on Ontario Government bonds being only 4.3 p.c. in January, 1928, compared with 4.90 p.c. in December, 1929. The ensuing break in security prices, which, as already stated, amounted to 40 p.c. within a few weeks time, reacted unfavourably in the first instance on general business. Owing to the strong banking situation, however, there was no currency panic, and no marked difficulty ensued in obtaining credit for industrial or business operations, interest rates showing a