

Canal Traffic.—Canal traffic, unlike most of the indexes, showed an increase in 1932, largely owing to the stimulus given by the opening of the Welland Ship Canal. Total freight carried in 1932 was 17,960,650 tons, as compared with 16,189,074 and 14,803,334 tons in 1931 and 1930 respectively. The increases were mainly in the traffic on the Welland and the St. Lawrence canals, and appear to be not unconnected with the decline in railway freight traffic.

Currency and Banking.—The impact of the depression in Canada was much less severe in the purely financial sphere than in the economic, the soundness of the Canadian banking structure being undoubtedly one of the most important individual factors in saving the Dominion from the worst consequences of the depression. The maintenance of confidence in the solvency of the banks is indicated by the fact that the total of notice deposits was larger at the end of December, 1932, than a year earlier, a total of \$1,377,520,000 compared with \$1,360,042,000 at the end of 1931. The downward trend of current loans during 1932 forms a sharp contrast with the relative stability of notice deposits. Current loans amounted to \$964,024,000 at the end of 1932 compared with \$1,082,097,000 at the end of 1931. The surplus of notice deposits over current loans at the close of 1932 was consequently \$413,496,000 compared with \$277,945,000 at the end of 1931. This surplus increased to \$486,519,000 (\$1,399,542,000 - \$913,023,000) at April 30, 1933. Owing to the diminished demand for credit caused by the low level of business operations and the deflation of wholesale prices, the banks have added to their holdings of bonds and high grade securities until the amount at the end of April, 1933, was greater than at any other time in the history of Canadian banking, *viz.*, \$805,893,000. The extensive purchase of government bonds by the banks during the current period has been one of the most constructive factors toward counteracting the influence of the depression. The absence of hoarding of currency shows the confidence of the people of Canada in their currency and banking system. During 1932 the total notes in the hands of the public varied only between \$139,500,000 in November and \$154,900,000 in June. The latest available figure is \$153,150,000 in April, 1933.

Interest Rates.—As the interest rate on current and call loans in Canada is fairly well stabilized, the trend of interest rates may be determined by the prices of high-grade bonds and those of the Ontario Government have been used as representative, its bonds having been subject to the Dominion's war income tax throughout. The yield on Ontario Government bonds reached a high point at 5.00 p.c. in May and September, 1929, and declined to 4.50 p.c. in December, 1930. There was a further decline to 4.40 p.c. by September, 1931, after which the rate rose steeply to 5.20 p.c. in December, 1931, and 5.74 p.c. in January, 1932. A declining trend was in evidence again in 1932, the rate in the final month being 4.92 p.c., falling still farther to 4.70 p.c. in May 1933.

Prices.—The general trend of prices during 1932 was downward, though the decline was not so steep as in 1931. The index number of wholesale prices, on the base of 1926 equals 100, fell from 70.4 in December, 1931, to 64.0 in December, 1932. A reversal of trend was apparent in the early months of 1933, the index number rising from 63.4 in February to 67.6 in June; this rise is generally considered to indicate the arrival of better times.