

of 46 significant factors and is based on the year 1926. The statement below gives the index by months for 1937, 1938, 1939, and the first half of 1940.

The monthly indexes for the first seven months of 1939 were, in each case, higher than those for the corresponding months of 1938, but lower than the 1937 figures. In August, however, the index rose sharply to the second highest point on record for that month. After the outbreak of war, the index continued to rise and from September to October rose over  $7\frac{1}{2}$  points to 133·1, setting a new high record; it remained at approximately this level until December but showed another gain for January, 1940. After a temporary seasonal slowing-up, the pressure of Canada's war effort forced the index to record levels in the second quarter of the current year.

MONTHLY INDEX OF PHYSICAL VOLUME OF BUSINESS, 1937 TO MAY, 1940.

Month.	1937.	1938.	1939.	1940.	Month.	1937.	1938.	1939.
January.....	116·9	111·8	113·0	138·6	August.....	123·4	110·5	125·2
February.....	115·0	106·7	111·7	131·2	September.....	123·8	119·2	125·8
March.....	118·7	108·8	113·2	123·0 <sup>1</sup>	October.....	127·4	118·6	133·1
April.....	124·0	112·4	116·7	151·0 <sup>1</sup>	November.....	127·9	123·4	133·0
May.....	122·0	110·7	121·4	140·6	December.....	121·4	115·6	133·3
June.....	126·0	108·4	121·4	141·3				
July.....	126·5	109·1	120·5	—	AVERAGES.....	122·7	112·9	122·4

<sup>1</sup> Owing to a change in reporting trade statistics, March is artificially reduced and April artificially increased in all comparisons.

A development of some importance was the shift from the production of consumer goods to producer commodities. War orders persistently placed subsequent to the outbreak had an important bearing on industrial activity. A number of new plants were constructed and existing plants engaged on war demands accelerated operations.

As between producers goods and consumers goods, the monthly index of the former averaged 14·5 p.c. higher in the first ten months of war compared with the same months of the previous year, while, owing to active consumer buying in anticipation of price advances, the index of production of consumers goods rose over 9·9 p.c.