

112.2 in the corresponding period of 1940, a gain of 13.1 p.c. The index for the early months of 1940 was approximately equal to the peak reached in 1929. The advance since that time has carried the index to new high levels.

MONTHLY INDEX OF PHYSICAL VOLUME OF BUSINESS, 1938 TO APRIL, 1941
(1935-39=100)

Month	1938	1939	1940	1941	Month	1938	1939	1940
January.....	97.6	98.7	113.8	130.5	August.....	96.5	109.3	128.6
February.....	93.2	97.6	108.6	126.1	September.....	104.1	109.9	130.1
March.....	95.0	98.9	106.3	124.0	October.....	103.6	116.2	129.0
April.....	98.2	101.9	120.0	127.9	November.....	107.8	116.2	129.7
May.....	96.7	106.0	117.8	-	December.....	101.0	116.4	128.3
June.....	94.7	106.0	120.0	-	Averages.....	98.6	106.9	121.1
July.....	95.3	105.2	120.9	-				

Wholesale prices recorded a rise of 3.3 p.c. for the initial four months of 1941 over the similar period of the preceding year, thus maintaining the gradual upward movement which marked the later stages of 1940.

Capitalized bond yields recorded a gain of 5.9 p.c. as compared with the first four months of 1940. The index of bond yields crossed the inter-war trend line in the upward direction during the last month of 1940. The index of common stock prices still reflected the vicissitudes of the war, the repatriation of Canadian securities held in Britain, and the effect of heavy taxation upon operating companies. For the first four months of 1941, this index averaged 67.6 as against 90.0 in the same months of the preceding year, a decline of 24.9 p.c.

The producers goods industries, in which the expansion of the initial war months was well maintained, were responsible for the greater part of the increased industrial activity in the period under review. The index for the production of capital goods rose 21.3 p.c. over the first four months of 1940, as compared with a 4.5 p.c. rise in the consumers goods index over the corresponding period.

The most comprehensive measure of the economic improvement due to the war effort is that afforded by the national income, the measure of the net production of commodities and services by all private and public enterprises. A tentative compilation indicates that the national income was \$1,683,000,000 in the first four months of 1941 against \$1,508,000,000 in the same period of 1940, a gain of 11.6 p.c. Because price increases were relatively slight, being limited to 3.3 p.c., a large part of the improvement in national income resulted from an increase in the quantity of commodities and services produced. Since the major share of defence activity was concerned with industrial materials and equipment, expansion of income was shown by the commodity-producing industries. These industries, comprising 9 main branches, provided a net value product of \$828,000,000 in the period under review, a gain of 17.6 p.c. over the first four months of 1940.