The United States has long been Canada's leading trading partner and in 1958 was responsible for 64.1 p.c. of the total trade—59.1 p.c. of the export total and 68.8 p.c. of the import total; the total compared with 59.2 p.c. in 1956 and 59.6 p.c. in 1957. The United Kingdom ranks second to the United States, in 1958 accounting for 15.9 p.c. of the export total, 10.1 p.c. of the import total and 12.9 p.c. of total trade. The United Kingdom's share in total trade was somewhat higher than it had been in 1957 when the percentage was 15.0. The European share of Canadian trade was also higher in 1958 rising to 8.9 p.c. from 8.2 p.c. in 1957, but that of Latin America decreased slightly to 5.2 p.c. from 5.8 p.c. The Commonwealth share was 5.0 p.c. compared with 4.6 p.c. in 1957 and that of all other foreign countries advanced slightly to 3.9 p.c. from 3.7 p.c.

Seasonal Pattern of Canadian Trade.*—One of the more interesting and important uses of the trade statistics is as an indicator of general economic development. When the statistics are thus used the major concern is usually to ascertain whether exports and imports are in some basic sense rising or falling, but this, for periods of less than one year, may give rise to problems of judgment and statistical theory. What looks at first sight to be a change in trend may be no more than a seasonal fluctuation and a systematic attempt to follow and project trade trends is probably most efficiently made in conjunction with an equally systematic attempt to identify seasonal factors and subsequently to adjust the raw data. But problems arise, for example, because of the fact that seasonal factors do not exist in a vacuum and because there is never any guarantee that existing conditions will continue sufficiently unaltered in the future to warrant projection based on past trends. However, whatever the prospects for successful measurement of seasonal influences, their importance in Canadian trade cannot be questioned and a simple knowledge of what the seasonal pattern of Canadian trade has been in the postwar period is helpful to an understanding of the trade statistics.

Studies have been made of the seasonal pattern of Canadian trade in the postwar period (the first in 1953, the second in 1954 and the most recent in 1958), all three of them based on relatively simple statistical techniques and confined to a positive attempt to evaluate what had happened in the past. Although the latest study found some evidence of structural changes in Canadian trade (reflected, for example, in the increasing importance of exports of petroleum, iron ore, uranium and other non-ferrous metals) that may subsequently alter the seasonal pattern, it was concluded that the results of the study did reasonably well as a general indication of how the annual trade flows have been distributed among the different months and quarters in the postwar period.

The more obvious seasonal factors in Canadian trade are the importance of agricultural products, the effect of climate on transportation and other forms of economic activity, and the fact that consumer demand is regularly heavier at some times of the year than at others. On the basis of the quarterly calculations—which for a number of reasons are more reliable than the monthly averages—Canadian imports are at their lowest in the first quarter when, from difficulties of transportation and a decline in demand, they run regularly at 5 p.c. to 10 p.c. below what they would be if the annual flow of imports were distributed evenly among the four quarters. In the second quarter, with improved transportation and higher demand, imports are at their highest, at 5 p.c. to 10 p.c. above normal. Imports tend to be somewhat below normal in the third quarter and to be somewhat above normal in the fourth quarter.

Domestic exports, again reflecting the influence of transportation problems, are from 8 p.c. to 12 p.c. below normal in the first quarter, rising sharply to somewhat above normal in the second quarter as accumulated stocks are moved and accumulated demand is satisfied. They decline again in the third quarter and, because of the seasonality of some of the major export commodities and the stock-piling of goods that are expensive to move in winter, rise to between 5 p.c. and 10 p.c. above normal during the final quarter. The differences in the export and import seasonal pattern should not be overlooked in any examination of month-to-month or quarter-to-quarter changes in the balance of trade.

* A more detailed discussion of this problem is given in DBS Bulletin *Review of Foreign Trade, First Half Year 1958*.