

somewhat lower than they had been in the same period of 1959 when the market for durables had been notably buoyant. The contrast was especially marked in sales of new and used cars which rose 14 p.c. in the first half of 1959 and fell more than 2 p.c. in the first half of 1960; a clear-cut contrast was also evident in the sales of radios and appliances which rose 7 p.c. in the first comparison and fell 3 p.c. in the second. It seems likely that the drop in sales of household durables reflected in part the steep decline in housing activity from the extremely high rates characteristic of 1958 and 1959. Spending on durables as a group was down about 1.5 p.c.

The increase in spending was concentrated in the non-durable and service categories, with gains of more than 4 p.c. in the former and 5.5 p.c. in the latter. The increase in spending on non-durables matched fairly closely that of the comparable period of the previous year. Consumer spending on services continued to reflect a significant element of price increase.

Turning to consider housing, which is closely related to the consumer sector, outlays in the first half of 1960 were running at an annual rate of \$1,552,000,000, more than 11 p.c. lower than in the like period of 1959. This decline was related in part to the stringency in mortgage markets, particularly as it affected lending under the National Housing Act. Only 10,943 dwellings were financed under the Act in the first half of 1960 compared with 28,968 dwellings in the same period a year earlier. The total number of dwellings started (at a seasonally adjusted annual rate) was about 100,000 compared with about 144,000 a year earlier and the number of dwellings completed was 140,000 compared with 150,000. In 1958, the record year for housing, dwellings started numbered 165,000.

During the course of the year several steps were taken to stimulate activity in housing. In April funds were made available to the Central Mortgage and Housing Corporation for direct loans and applications were being accepted for the first time since the end of October 1959. In July it was announced that direct loans would be made available to merchant-builders for a limited period of time and income limits for direct loans to individual owners were raised, both measures to become effective at the beginning of September. In October further measures for direct lending were announced and terms and conditions of Central Mortgage and Housing Corporation lending were liberalized.

Business expenditures for plant and equipment in the first half of 1960, at a seasonally adjusted rate of \$5,106,000,000, were about the same as in the same period a year earlier, but somewhat lower than the annual rate for 1959. Evidence of some easing in activity in capital investment during the course of the first six months is to be found in the trend of both imports and domestic shipments of machinery and equipment as well as in the movements in the indicators of non-residential construction. Thus the experience of the first half of 1960 did not confirm the expectations of higher outlays for plant and equipment which had been expressed by business men in the forecast of investment intentions.

Investment in stocks in the first half of 1960 continued to add to the demands on current production. Accumulation of non-farm business inventories amounted to about \$440,000,000 (seasonally adjusted at annual rates) compared with an annual rate of \$355,000,000 in 1959. However, the rate of accumulation fell sharply between the first and second quarters. Continued stock-building in manufacturing industries, in the face of the declining trend in new orders which had set in in the spring, raised the ratio of stocks to shipments at the end of the second quarter to the highest level since early 1958.

The vigorous expansion in economic activity in Western Europe and the sustained level of prosperity in the United States in the first half of 1960 provided a generally favourable climate for Canadian exports. Exports of goods and services were at an annual rate of \$6,952,000,000, about 7 p.c. higher than in the like period of 1959. An 8-p.c. gain in commodity exports reflected conspicuously large gains in sales of aluminum, nickel and copper and substantial losses in sales of farm implements and machinery, wheat,