

compared with 96,600 at the end of 1963. About nine tenths of the expansion in housing starts was in multiple dwellings, mostly in urban areas. Changes in housing activity may be attributed to the availability of mortgage money, to winter house-building incentive programs, to demographic factors and perhaps to the increased attractiveness of apartment accommodation. Non-residential building and engineering capital formation also advanced by about 18 p.c. to \$3,343,000,000. About half of the gains were in utility projects, notably in the electric power, urban transit and railway industries, and large expansions occurred in manufacturing by the paper, transportation equipment and primary metal industries; in mining by petroleum and oil wells and by iron mines; and in the financial industries by real estate companies. The industrial composition of 1964 private construction differed from that of 1963 in that there was a significantly smaller relative share for trade and commercial services.

Producers' durable equipment spending moved 18 p.c. higher than in 1963 to reach \$3,604,000,000. About two thirds of the gain was in manufacturing, particularly in the paper, primary metal, textile and transportation equipment industries, and other major gains were in agriculture and the railway industry. The industrial composition of 1964 machinery and equipment outlays differed from 1963 in that there was a significantly larger relative share for manufacturing and reduced shares for utilities and agriculture.

Non-farm stock accumulation amounted to \$510,000,000 in 1964 compared with \$200,000,000 in 1963. Although this was by far the largest annual increase during the economic expansion, the inventory held by business did not appear high in relation to output. Four fifths of the increase occurred in manufacturing and retail inventories; wholesale stocks increased also, but at a much lower rate. Most of the accumulation of inventories in manufacturing took place in durables, particularly in transportation equipment, metal fabricating and electrical goods industries. Among non-durables, much of the important change was in the newsprint industry, which shifted from depletion in 1963 to accumulation in 1964. For manufacturing as a whole, the stock-to-shipments ratio at the end of the year was the same as that of a year earlier. All the increase in wholesale stocks was accounted for by the durable lines; the movements in non-durable trades were mixed and offsetting. The stock-to-sales ratio for all wholesale industry at the end of 1964 was lower than a year earlier. In retail trades, compared with 1963, durables were built up at a much reduced rate and non-durables at a much higher rate. The development in durables was largely the result of a curtailment in supply to new car dealers in the latter part of the year when strikes occurred in the automobile manufacturing industry. At the end of the year, the stock-to-sales ratio for all retail trade was higher than a year earlier.

The deficit in Canada's external account (on a national accounts basis) fell from \$524,000,000 to \$428,000,000 in 1964, the smallest deficit recorded since 1954. The change of \$96,000,000 resulted from an increase in the surplus in merchandise trade of \$197,000,000, partly offset by a rise of \$101,000,000 in the deficit on non-merchandise trade; about three quarters of the latter may be attributed to a turnaround from a surplus to a deficit in the travel account. Higher deficits in the interest and dividends account (at record levels for both receipts and payments) and the miscellaneous account (government expenditure, business and other services), and a drop in gold production available for export offset an improvement in the freight and shipping account. Massive shipments of wheat to the Soviet Union and other communist countries were a special factor in the 16-p.c. rise in merchandise exports; other gains were made in zinc, nickel, copper, iron ore and concentrates, newsprint, wood pulp, aircraft (after allowance for progress payments and deliveries), cars and trucks, motor vehicle parts, fish, barley, petroleum, farm and non-farm machinery, lumber and natural gas. Merchandise imports rose about 14½ p.c.; the increases were widespread among commodities but were particularly notable for non-farm machinery, automobile parts, electrical apparatus, tractors, engines and cars and trucks, farm equipment and steel plate, sheet and strip.