

22.—Declared Values and Value, Price and Physical Volume Indexes of Foreign Trade, by Commodity Group, 1949-52—concluded

Commodity Group ¹	1949	1950	1951	1952
	VOLUME INDEXES—concluded (1948=100)			
Exports of Domestic Products—				
Agricultural and animal products.....	100.4	89.7	101.0	124.8
Fibres and textiles.....	58.6	57.5	57.9	50.7
Wood products and paper.....	93.8	111.1	119.9	117.1
Iron and steel and products.....	82.6	66.2	76.5	87.6
Non-ferrous metals and products.....	101.8	100.3	104.4	125.3
Non-metallic minerals and products.....	69.1	90.7	105.2	105.7
Chemicals and fertilizers.....	84.4	120.8	141.3	130.8
Miscellaneous.....	101.1	46.6	63.7	87.7
Totals, Exports³.....	94.2	93.6	103.5	114.9

¹ Groups, though classified by component material, differ slightly from conventional groups (see text, p. 1012).

² Excludes imports for the use of the United Kingdom and NATO Governments.

³ Excludes exports of foreign produce.

PART III.—EXTERNAL TRANSACTIONS*

Section 1.—Canadian Balance of International Payments

Wide fluctuations have been characteristic of both the current and capital accounts of the balance of payments in recent years. Following current account deficits of \$334,000,000 in 1950 and \$517,000,000 in 1951, the first since 1933, Canada had a modest current account surplus of \$151,000,000 in 1952. But these balances were small in relation to gross international exchanges of goods and services by Canada which totalled well over \$11,000,000,000 in 1952. The periods of deficit were influenced by the growth in the volume of goods and services imported in response to high levels of economic activity in Canada.

In 1952, a number of special factors contributed to the abrupt change, most of which occurred in the commodity balance. Owing to a substantial drop in import prices, the terms of trade moved in Canada's favour by 13 p.c. over 1951; this price change overshadowed the effects of changes in the volume of commodity exports and imports, both of which, however, reached new peaks. Particularly important in the increase in exports was the marketing of large crops of wheat and other grains at a time of strong world demand. Another dominating factor in the balance of payments was the continued large inflow of funds for direct investment and from the sale of new security issues. While the change in the current account was the main factor in strengthening the exchange rate from a premium on the U.S. dollar averaging about 5½ p.c. in 1951 to a discount of 2½ p.c. for 1952, the heavy capital inflows of the past few years have been a sustained underlying force. The movement in the exchange rate during 1952 led, however, to heavy equilibrating outflows of capital through liquidations by non-residents of holdings of outstanding Canadian securities and through short-term movements. As indicated by the current account surplus, capital outflows on balance exceeded the heavy inflows by \$151,000,000.

An important development in 1952 was the increase from \$434,000,000 to \$1,004,000,000 in the surplus with overseas countries. It was this change rather than the decrease of \$98,000,000 in the deficit with the United States that mainly

* Prepared in the International Payments Section, International Trade Division, Dominion Bureau of Statistics. More detailed information is given in the publication, *The Canadian Balance of International Payments in the Post-War Years, 1946-52*.