

using industries (iron and steel products and transportation equipment) and in the textile and clothing industries. These were the industries that showed the largest production declines in 1954, and in which imports were cut back most sharply.

By the fourth quarter, however, liquidations no longer appeared to be in evidence and a small accumulation was taking place. This reversal in the inventory sector amounted to \$0.4 billion and, together with generally rising outlays in other components of Gross National Expenditure, brought the level of total output to a rate of \$24.4 billion in the final quarter of the year.

Exports of goods and services declined from \$5.4 billion in 1953 to \$5.1 billion in 1954, or by 5 p.c., owing largely to a drop of nearly \$0.3 billion in exports of grains and flour. Non-grain exports were well maintained in 1954, with declines in motor vehicles, primary iron and steel products, and a few defence exports being offset by increases in newsprint, pulp, planks and boards, most base metals, fishery products and chemical products. Receipts from services also showed declines with the largest drop occurring in freight and shipping services.

Imports of goods and services also declined in 1954, from \$5.9 billion in 1953 to \$5.6 billion, or by 5 p.c. Almost three-quarters of this decline was concentrated in imports of iron and its products. Large reductions also occurred in imports of non-metallic minerals and in imports of fibres and textiles. Particular items affected were agricultural implements, and machinery and equipment items. Large increases in imports were few in 1954 and were limited mainly to food products. Among the invisible or service items, increases in tourist expenditures and in interest and dividend payments abroad largely offset the drop in payments for freight and shipping services.

For the year 1954 as a whole, the deficit on current account was slightly smaller than in 1953, amounting to about \$0.4 billion. The Canadian dollar in terms of U.S. dollars continued strong, being quoted at a premium of several cents throughout the year. However, this margin was beginning to close at the end of 1954, and particularly in the first two months of 1955.

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