

these developments was the reappearance of a large import balance on commodity trade, amounting to \$210,200,000 in 1953. The swing in the trade balance from 1952 to 1953 (\$535,700,000) was greater than has occurred between any other two peacetime years.

Despite the rapid changes in the merchandise trade balance in 1952-53, the Canadian dollar stood at a premium over the United States dollar after February 1952. Other factors in the balance of payments, notably the continued large inflow of investment capital to Canada (chiefly from the United States), offset the trade deficit and kept the Canadian dollar strong. In 1952-53, the Canadian dollar was at a premium over the United States dollar for longer than at any previous time in this century.

## 2.—Price of the United States Dollar in Canada, by Month, 1947-53

*NOTE.*—Rates published by Bank of Canada. To Oct. 1, 1950, average, for business days in period, of mid-rate between official buying and selling rates; from Oct. 2, 1950, noon average market rate for business days in period.

(Canadian cents per U.S. dollar)

Month	1947	1948	1949	1950	1951	1952	1953
January.....	100.25	100.25	100.25	110.25	105.17	100.48	97.05
February.....	100.25	100.25	100.25	110.25	104.92	100.10	97.73
March.....	100.25	100.25	100.25	110.25	104.73	99.59	98.33
April.....	100.25	100.25	100.25	110.25	105.99	98.09	98.37
May.....	100.25	100.25	100.25	110.25	106.37	98.38	99.41
June.....	100.25	100.25	100.25	110.25	106.94	97.92	99.44
July.....	100.25	100.25	100.25	110.25	106.05	96.91	99.18
August.....	100.25	100.25	100.25	110.25	105.56	96.11	98.83
September.....	100.25	100.25	104.75	110.25	105.56	95.98	98.43
October.....	100.25	100.25	110.25	105.34	105.08	96.43	98.25
November.....	100.25	100.25	110.25	104.03	104.35	97.66	97.77
December.....	100.25	100.25	110.25	105.31	102.56	97.06	97.31
<b>Annual Average.....</b>	<b>100.25</b>	<b>100.25</b>	<b>103.08</b>	<b>108.92</b>	<b>105.28</b>	<b>97.89</b>	<b>98.34</b>

**Direction of Trade.**—Important changes in the direction of trade accompanied the large increase in trade volume in 1951-53. In 1951 and 1952, these changes tended to increase the size of the trade balances incurred with many individual countries. In 1953, they tended generally to reduce the size of individual trade balances.

Overseas countries sharply increased their share of Canada's exports in 1951 and 1952. The principal markets for Canadian grains are overseas and grains played the chief part in the growth of exports in these years. In addition, many overseas countries sharply increased their purchases of Canadian industrial materials in this period and also of some manufactured goods, notably motor-vehicles and electrical apparatus. At the same time, Canadian imports from most overseas countries either contracted somewhat in volume or showed insufficient increase in volume to offset the severe declines in the prices of many overseas goods from the peaks of early 1951.

These conditions began to change about the middle of 1952. The trade restrictions imposed by many sterling-area countries during the first half of 1952 to protect their exchange reserves began to affect exports, and the important Brazilian market for exports was also seriously limited by exchange problems. Overseas demand for some industrial materials, notably wood pulp, lumber, copper and zinc, was reduced, and supplies from other sources were more readily available.