

Exports tend to be especially low in the first quarter when the St. Lawrence-Great Lakes waterway is closed and the movement of heavy and bulky goods is restricted. In the second quarter they rise slightly above the quarterly average, as stocks of heavy goods which have built up at Canadian ports in the winter months are cleared, then in the third quarter they tend to subside again to somewhat less than the quarterly average. In the fourth quarter, exports are especially heavy as the new grain crop moves into commercial channels, and foreign consumers build stocks of those goods that are more expensive to move in the winter months.

Imports, like exports, tend to be low in the first quarter owing chiefly to the winter ebb in economic activity in Canada. They rise sharply in the second quarter, when demand reaches its peak and transportation difficulties are less. Imports tend to fall off in the third quarter and again increase in the fourth, but the lesser importance of heavy and bulky goods in imports than in exports keeps their fourth-quarter peak well below that for exports.

The differences in the seasonal pattern of exports and imports tend to produce a strong seasonal fluctuation in the trade balance, which should not be overlooked in interpreting monthly and quarterly trade values. If exports and imports were running evenly at an annual rate of \$4,000,000,000 each, then seasonal influences would account for a trade deficit of \$38,000,000 in the first quarter and \$65,000,000 in the second quarter and at the end of July the cumulative deficit would reach a peak of about \$107,000,000. The third quarter would show a net export balance of \$10,000,000 and the fourth quarter one of \$93,000,000. Although the year's trade would be in balance, every cumulative period until the year end would show an apparent import surplus. Only rarely do the export and import totals approach a balance on an annual basis but a knowledge of the seasonal trend of the trade balance assists greatly in evaluating its significance for any given short period.

#### 4.—Post-war Seasonal Patterns of Change (Percentage of Quarterly or Monthly Average) in Export and Import Value, Price<sup>1</sup> and Volume

Period	Value		Price <sup>1</sup>		Volume	
	Domestic Exports	Imports	Domestic Exports	Imports	Domestic Exports	Imports
	p.c.	p.c.	p.c.	p.c.	p.c.	p.c.
First Quarter.....	89.9	93.7	100.5	100.7	89.4	92.8
Second Quarter.....	100.8	107.3	100.0	101.0	100.9	106.2
Third Quarter.....	98.7	97.7	99.5	98.7	99.2	99.0
Fourth Quarter.....	110.6	101.3	100.0	99.6	110.5	102.0
<b>Average.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
January.....	94.2	95.6	100.5	100.5	93.5	94.8
February.....	81.9	85.5	100.8	100.7	81.1	84.4
March.....	93.6	100.0	100.3	100.9	93.5	99.3
April.....	91.1	105.0	100.5	101.5	90.4	103.7
May.....	109.1	111.7	99.8	101.1	109.7	110.2
June.....	102.2	105.2	99.9	100.3	102.8	104.6
July.....	100.3	101.4	99.6	99.0	101.1	102.8
August.....	99.7	95.1	99.3	98.6	99.7	96.4
September.....	96.3	96.5	99.4	98.5	96.7	97.8
October.....	109.4	106.9	99.7	99.0	109.6	108.3
November.....	111.9	105.0	100.1	99.3	111.1	105.4
December.....	110.3	92.1	100.1	100.6	110.8	92.3

<sup>1</sup>The variability among observations for the same month of different years is sufficient to make doubtful the hypothesis that seasonal variation in price exists.