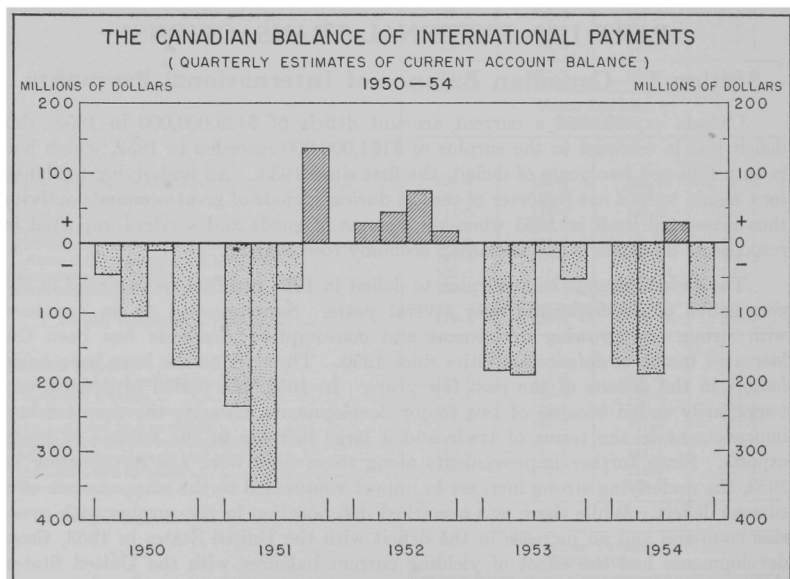


balanced by very large outward movements of short-term capital. Short-term movements in 1953, while still outwards, were sharply lower than in 1952. These changes took place without any great change in the external value of the Canadian dollar.

Exchange transfers in settlement of overseas balances were much lower in 1953 than in 1952. In the earlier year, Canada's current account surplus with overseas countries, offset by a small net capital export from Canada, gave rise to record net multilateral receipts of more than \$1,000,000,000 available in the United States account. In 1953, the overseas surpluses fell to \$485,000,000 but there was a significant net import of capital from overseas of \$139,000,000, giving rise to net multilateral settlements of \$624,000,000. The receipt by Canada in 1953 of exchange transfers in excess of the net balance of goods and services provided to overseas countries represented, in part, a settlement of the earlier current account deficits of these countries, which were financed through the extension of the loans now being repaid; it also reflected the use by overseas countries of their available resources for investment in the Canadian economy rather than for imports on the scale of the previous year.



Current Account Transactions.—The abrupt swing in Canada's current account from surplus to deficit in 1953 was mainly the result of a deterioration of \$546,000,000 in the commodity trade balance. The most important factor was a continued rise in import volume, although a slight decrease in export volume and some shift in terms of trade were contributory. Unadjusted trade returns indicate a rise of 9 p.c. in the value of imports, attributable to larger volume. The value of domestic exports declined by about 4 p.c., reflecting mainly the fall of 3 p.c. in export prices. On an annual basis, the effect of price changes was to lead to some