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SECURITY PRICES AND FOREIGN EXCHANGE, AUGUST 26--SEPTEMBER 1.

(1926=100)

INDUSTRIAL AND UTILITY COMMON STOCK PRICES

Moving parallel with world markets, Canadian common stock prices broke rather sharply on August 29, as tension increased in European capitals. The decline was general and accompanied by quite heavy selling. The Investors' daily price index for industrial utility and bank common stocks dropped from 106.0 on August 25 to 102.1 on the 29th, wiping out all advances registered in July and August. However, on the subsequent two days, as the tension lessened abroad, the composite index recovered to 103.0 on August 31, but stocks reacted mildly again on Thursday, September 1, as the index fell back to 102.4. All sections of the general price series sustained net losses. Industrial mines suffered the greatest setback, declining 23.8 points, being followed by building materials, machinery and equipment, and oils. The common stock price index for 95 stocks declined from 106.0 to 102.4 between August 25 and September 1. Industrials were down 6.4 to 168.1, utilities, 1.7 to 45.3; and banks, 0.3 to 85.1.

MINING STOCK PRICES

During the last week of August, Canadian mining markets suffered a general setback. The index of prices for 24 issues fell from 157.9 for the week ended August 25 to 153.9 for the following week. Subsequent to two firm sessions on August 26 and 27, technical weakness and a reflection of the general nervousness over war threats in Europe were apparent, and the daily index receded from 158.1 on the 27th to 152.0 on the 29th. This substantial decline was accompanied by the largest sales volume since July 18. A general advance which carried the index to 154.4 on Wednesday was not maintained, and on the closing session the average moved down to 153.4. In the gold section, all groups were depressed but the seniors gave the best display. The weekly average was 122.4 as compared with 125.2 for the preceding week. Base metals also experienced a marked recession. The weekly index tumbled from 294.9 for the week of August 25 to 283.1. The Bureau's monthly general index of mining prices rose from 151.1 in July to 156.0 in August.

LONG TERM BOND PRICES AND YIELDS

Reflecting the uneasiness of world security markets which were affected by international tension centring in Europe, the Dominion Bureau of Statistics' weekly index of Dominion of Canada long-term bond prices fell from 117.7 for the week ending August 25 to 117.5 for the week ending September 1. The Bureau's daily index, which stood at 117.8 on the 25th, declined to 117.7 on the 27th and dropped a further one-half point to 117.2 on the 30th, at which level it remained for the balance of the week. Trading in the provincial section was light with changes small and mixed. British Consols moved from 75½ to 74-1/8, while the Dow-Jones average of high-grade United States bonds receded from 89.36 to 88.07. The index of Dominion of Canada long-term bond yields rose from 62.7 for the week ending August 25 to 63.0 for the week ending September 1, and the average weekly yield of the issues used in this index advanced from 3.04 to 3.06.

FOREIGN EXCHANGE

(Quotations are Montreal noon rates unless otherwise specified.)

For the first time in over three years, the British pound broke through its former gold parity to reach $4.8650 on August 30, down more than 2 cents within the week. As reports indicated increasing tension in the European situation, a heavy wave of selling developed. Sterling declined still further to close at $4.8618 despite intimations that the American stabilization fund had been supporting the pound. The French franc was also under pressure and receded from 2.74¢ on August 26 to 2.73¢ on the 29th, and then down to 2.72¢ on September 1. Other European currencies were also weaker, most noticeable of which was the Netherlands florin which moved down gradually from 54.81¢ on the opening day to 54.50¢ at the close of the week. The United States dollar opened at a premium of 7/32, but this was reduced to 1/8 on the 30th. On September 1, 1/32 of this loss was regained when premiums reached 5/32 of 1 per cent.

SUMMARY OF FINANCIAL PRICE FACTORS

Dates	1938 AUGUST 26	27	29	30	31	September 1	Weekly Average Aug. 26-Sept. 1	Preceding Weekly Average Aug. 19-25	Corresponding Weekly Average Last Month	Weekly Average A Year Ago
INVESTORS' PRICE INDEX, 95 COMMON STOCKS	105.9	105.4	102.1	102.9	103.0	102.4	103.1	106.0	106.7	130.9
68 INDUSTRIALS	174.4	173.3	167.3	169.1	169.2	168.1	169.2	174.2	175.1	214.9
Machinery and Equipment (8)	134.3	133.6	126.0	128.3	129.4	128.3	128.5	131.5	132.8	144.0
Pulp and Paper (7)	21.3	21.0	18.8	19.4	19.8	19.3	19.5	21.4	22.2	37.3
Milling (3)	88.9	88.9	83.5	87.7	87.7	86.9	86.3	88.4	88.3	95.6
Oils (4)	178.2	176.8	174.2	174.3	174.3	173.7	175.0	178.0	177.3	223.4
Textiles and Clothing (10)	59.2	59.2	58.8	58.2	58.0	58.0	58.3	58.8	59.3	78.6
Food and Allied Products (12)	168.3	168.3	167.6	167.4	167.1	168.5	167.8	168.2	169.4	179.0
Beverages (7)	123.6	122.3	117.4	119.4	120.9	121.0	120.2	122.7	124.5	133.4
Building Materials (15)	139.5	139.4	131.6	132.1	132.9	132.1	132.9	140.0	144.1	185.1
Industrial Mines (2)	427.5	424.4	401.2	410.5	410.2	404.3	407.4	427.6	431.4	532.3
19 UTILITIES	46.8	47.0	45.5	45.4	45.5	45.3	45.8	47.1	48.2	62.4
Transportation (2)	16.4	16.6	15.1	15.6	15.4	15.1	15.7	16.6	17.6	28.1
Telephone & Telegraph (2)	126.2	126.1	125.9	125.8	125.7	124.9	125.8	125.6	124.4	128.5
Power and Traction (15)	63.8	63.9	62.3	61.6	61.9	61.9	62.4	64.3	66.0	85.8
8 BANKS	85.2	84.9	84.8	84.7	85.2	85.1	85.1	85.4	84.4	89.6
MINING STOCK PRICE INDEX, 24 STOCKS	158.0	158.1	152.0	153.2	154.4	153.4	153.9	157.9	156.1	141.1
Gold Stocks (21)	124.7	124.8	126.3	121.9	122.9	122.4	122.4	125.2	123.6	110.9
Base Metals (3)	295.8	295.8	278.9	282.5	285.7	281.6	283.1	294.9	290.8	266.3
DOMINION OF CANADA LONG-TERM BOND PRICE INDEX	117.8	117.7	117.7	117.2	117.2	117.2	117.5	117.7	117.4	115.7
DOMINION OF CANADA LONG-TERM BOND YIELD INDEX	62.4	62.6	62.6	63.5	63.5	63.5	63.0	62.7	63.4	67.7
FOREIGN EXCHANGE QUOTATIONS(x) - NOON RATES AT MONTREAL										
Sterling	4.8873	4.8832	4.8761	4.8650	4.8628	4.8618	4.8727	4.8959	4.9247	4.9665
U.S. dollars	1.0022	1.0022	1.0013	1.0013	1.0013	1.0016	1.0017	1.0033	1.0034	1.0000
French franc	.0274	.0274	.0273	.0273	.0273	.0272	.0273	.0274	.0276	.0374
Belgian belga	.1692	.1693	.1691	.1690	.1689	.1690	.1691	.1691	.1696	.1685
Netherlands florin	.5481	.5477	.5459	.5450	.5450	.5450	.5461	.5488	.5495	.5514
Japanese yen	.2847	.2850	.2841	.2837	.2834	.2833	.2840	.2850	.2870	.2898
Australian pound	3.9098	3.9065	3.9008	3.8920	3.8900	3.8895	3.8981	3.9167	3.9397	3.9732
Argentine peso--free rate	.2571	-	.2568	.2568	.2569	.2569	.2569	.2571	.2608	.3007

(x) Bank of Canada.

MONTHLY INDEX NUMBERS OF DOMINION OF CANADA LONG-TERM BOND PRICES, 1930 - 1938.
(From data issued by A. E. Ames and Co. Ltd.)
(1926=100)

	1930	1931	1932	1933	1934	1935	1936	1937	1938
January	99.0	103.1	94.1	103.3	104.6	115.9	113.6	117.7	116.1
February	99.3	103.1	94.9	103.4	105.4	114.2	115.0	115.3	116.6
March	99.9	103.7	96.4	102.1	107.9	115.0	115.5	112.9	116.8
April	100.5	104.5	96.2	102.9	109.4	114.5	115.7	112.7	117.3
May	100.9	104.0	96.3	103.8	110.3	115.2	115.9	113.8	118.2
June	101.0	105.0	94.6	104.9	110.4	114.2	117.0	114.9	118.1
July	101.2	105.3	97.0	104.8	111.1	114.5	118.0	115.1	117.6
August	102.1	105.3	101.0	105.6	112.3	114.8	119.1	115.5	117.6
September	103.0	102.1	101.8	105.7	112.6	110.9	119.1	115.3	-
October	103.2	98.1	103.8	105.0	111.1	110.2	117.1	114.5	-
November	103.2	97.4	102.6	104.2	112.2	112.5	117.6	114.8	-
December	103.1	95.5	101.2	103.6	115.2	112.5	118.2	115.6	-

MONTHLY INDEX NUMBERS OF DOMINION OF CANADA LONG-TERM BOND YIELDS, 1930 - 1938.
(From data issued by A. E. Ames and Co. Ltd.)
(1926=100)

	1930	1931	1932	1933	1934	1935	1936	1937	1938
January	102.1	93.9	112.7	96.3	93.2	70.9	72.4	64.6	66.3
February	101.4	93.6	112.2	96.0	91.0	73.2	70.8	68.4	65.4
March	101.1	91.9	109.1	97.7	86.1	71.4	69.9	72.7	64.7
April	99.3	90.0	109.8	96.6	83.8	72.2	69.5	73.2	63.7
May	98.4	89.3	109.3	95.0	81.8	71.4	68.8	71.0	61.7
June	98.2	88.3	111.7	93.3	82.1	73.4	66.9	69.3	61.8
July	98.0	88.3	107.5	93.5	80.1	72.1	65.1	69.0	62.7
August.....	95.9	88.3	100.5	92.2	77.8	71.6	63.2	68.1	62.7
September	93.9	95.5	98.7	92.4	77.2	79.8	63.1	68.3	-
October	93.6	105.2	96.2	93.5	79.3	78.9	66.2	69.7	-
November	93.6	107.7	98.5	94.3	77.2	74.5	65.1	68.8	-
December	93.9	111.7	99.4	95.1	71.3	75.5	64.1	67.4	-

MONTHLY INDEX NUMBERS OF PROVINCE OF ONTARIO REPRESENTATIVE BOND ISSUES, 1930 - 1938.
(From data issued by Wood, Gundy & Co. Ltd.)
(1926=100)

	1930	1931	1932	1933	1934	1935	1936	1937	1938
January	102.3	95.0	119.8	99.2	97.3	76.2	85.5	70.4	69.7
February	102.3	95.0	115.9	98.7	96.0	78.3	80.6	74.3	69.3
March	101.3	95.0	110.6	100.0	90.2	79.5	77.3	78.5	68.5
April	101.3	95.0	111.3	101.3	87.7	80.8	78.5	77.9	67.2
May	101.3	91.9	113.2	98.1	84.8	78.5	76.6	74.5	65.3
June	100.8	91.9	114.4	97.1	85.4	80.4	73.3	72.9	65.3
July	100.2	92.9	110.6	96.7	83.1	80.2	72.0	73.1	66.8
August	96.0	91.9	103.3	95.0	82.3	79.7	71.2	72.2	-
September	92.9	97.1	101.9	95.8	82.0	88.3	69.9	71.8	-
October	93.9	103.3	98.1	94.6	82.9	85.4	72.2	73.1	-
November	93.9	105.4	102.3	97.3	81.0	80.8	71.8	72.7	-
December	93.9	108.6	102.7	98.5	76.2	82.7	69.7	71.2	-

WEEKLY INDEX NUMBERS OF DOMINION OF CANADA LONG-TERM BONDS, 1938*

Date		Prices	Yields
July	7	118.2	61.7
	14	118.0	62.0
	21	117.5	63.0
	28	117.0	63.7
August	4	117.4	63.4
	11	117.8	62.2
	18	117.6	62.7
	25	117.7	62.7
September	1	117.5	63.0

* Based upon an average of daily figures for the week ending on dates specified.

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