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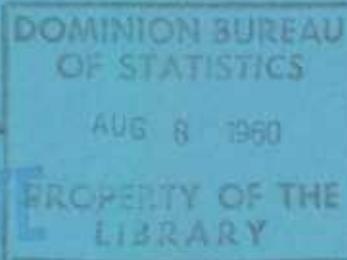
MONTHLY



CANADA

PRICES & PRICE INDEXES

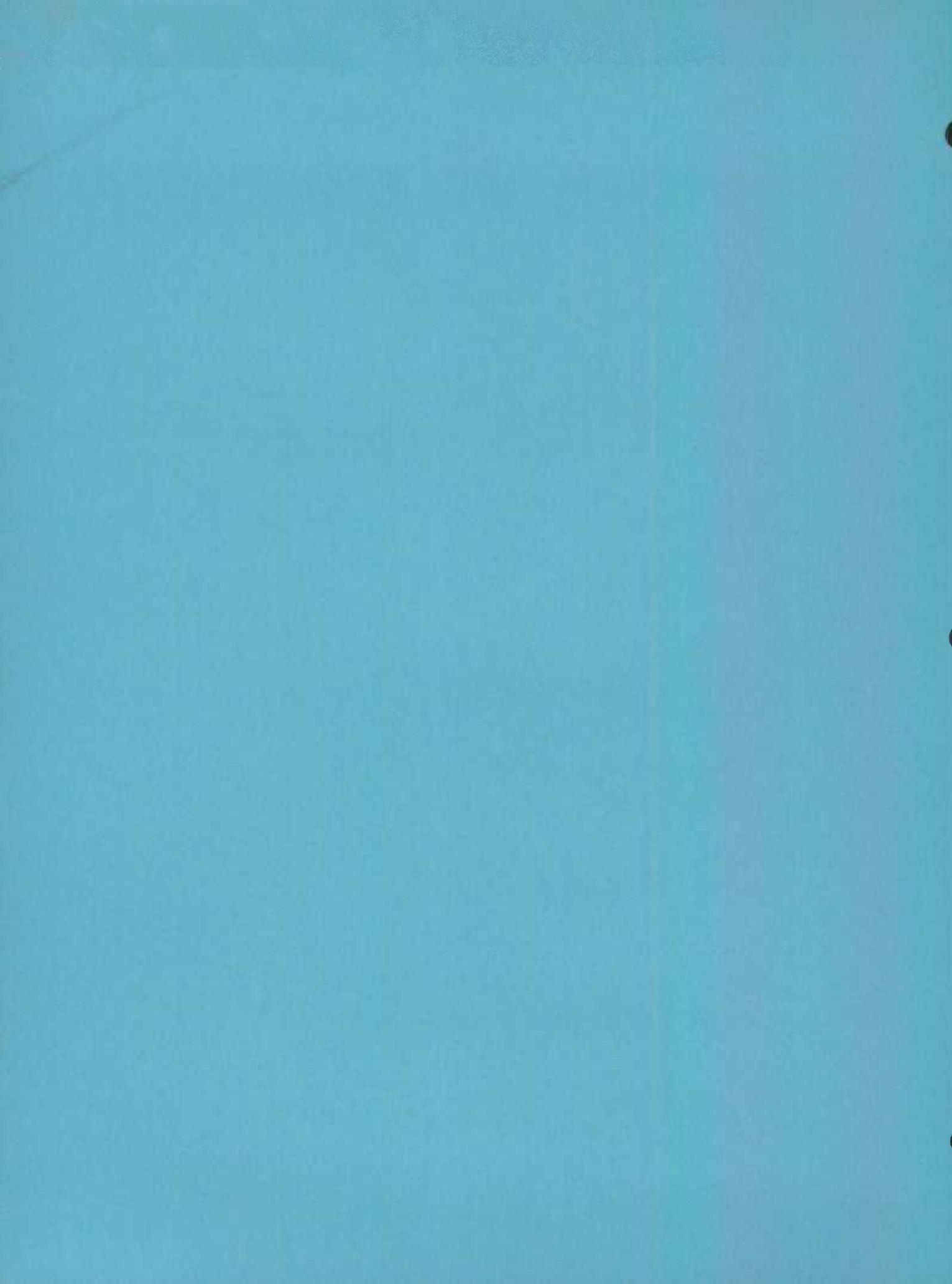
JUNE 1960



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PRICES & PRICE INDEXES

JUNE 1960

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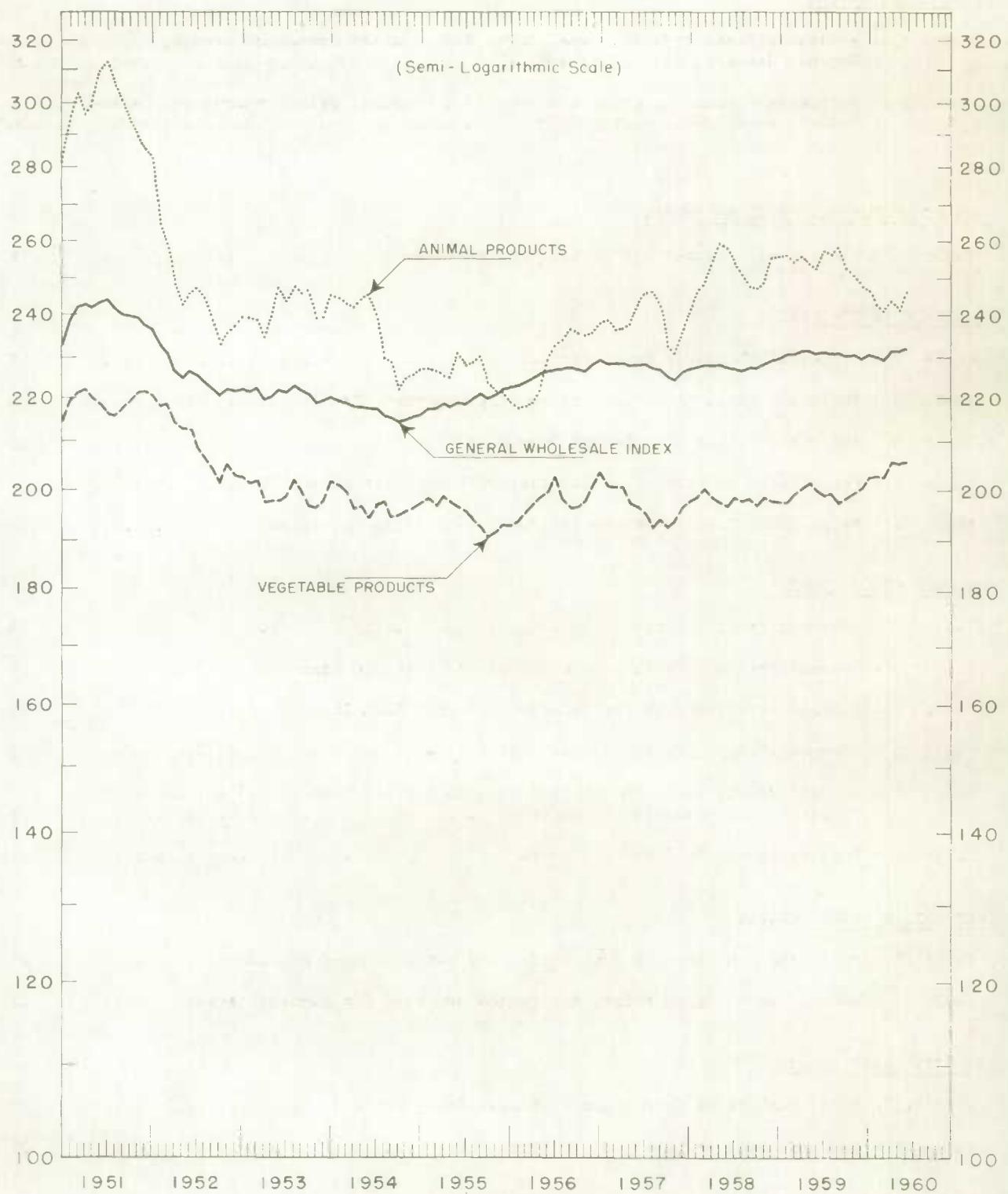
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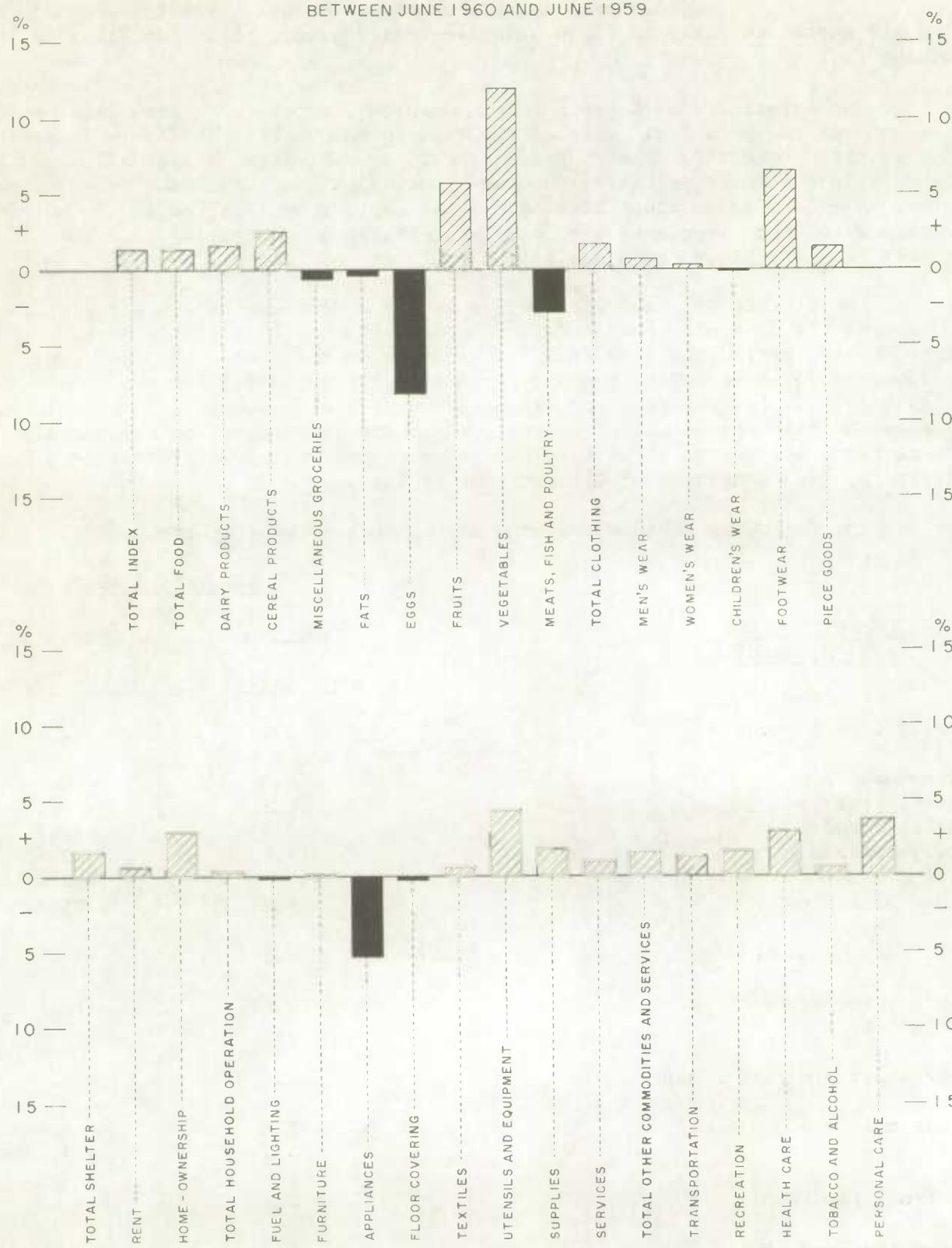
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WHOLESALE PRICE INDEXES
TOTAL INDEX AND SELECTED COMPONENT GROUPS
MONTHLY, JANUARY 1951 - JUNE 1960
(1935-1939 = 100)



PERCENTAGE CHANGE IN GROUP AND SUB-GROUP CONSUMER PRICE INDEXES
FOR CANADA

BETWEEN JUNE 1960 AND JUNE 1959



NOTES ON PRICES AND PRICE INDEX NUMBERS

GENERAL WHOLESALE INDEX: The General Wholesale Index rose fractionally between May (1935 - 1939=100) and June, by 0.2 per cent, from 231.3 to 231.9, and was 0.6 per cent higher than the June 1959 index of 230.6.

During the month increases in three major commodity groups offset declines in the remaining five.

The Animal Products group index advanced 2.0 per cent, from 241.1 to 246.0, and was the principal cause of the rise in the General Wholesale Index in June. In this connection, higher prices for livestock, fresh meats, and cured meats outweighed lower prices for dressed fowl, eggs, and hides and skins. The Non-ferrous Metals group index climbed 0.3 per cent, from 179.7 to 180.3, mainly in response to price increases for prime western zinc, and tin ingots. The Vegetable Products group index was slightly higher in June.

Lower crude oil, and coal prices led to a decrease of 0.5 per cent in the Non-metallic Minerals group index, from 185.5 in May to 184.6 in June. During the same period the Iron Products group index declined by 0.3 per cent from 256.6 to 255.8 as scrap iron and steel prices dropped 5.5 per cent below the June 1959 level. Lower prices for miscellaneous fibre products, and domestic raw wool were the main reasons for a 0.2 per cent downward movement in the Textile Products group index from 231.4 to 230.9. Two groups, Chemical Products, and Wood Products recorded decreases of 0.1 per cent or less.

The following table shows some of the more noteworthy changes:

<u>COMMODITY GROUP AND SUB-GROUP</u>	<u>PERCENTAGE CHANGES</u>		
	<u>June 1960</u>	<u>June 1960</u>	
	<u>May 1960</u>	<u>June 1959</u>	
Animal Products Group	+ 2.0	- 2.6	
Livestock	+ 6.5	- 2.4	
Meats, fresh	+ 6.1	- 1.1	
Meats, cured	+ 3.7	-13.2	
Fowl, dressed	-15.9	+20.4	
Eggs	-10.7	-10.4	
Hides and skins	- 9.6	-33.8	
Non-ferrous Metals Group	+ 0.3	+ 3.1	
Zinc, prime western	+ 1.9	+14.8	
Tin ingots	+ 1.6	- 0.6	
Non-metallic Minerals Group	- 0.5	- 0.3	
Crude oil	- 3.4	- 3.9	
Coal	- 0.4	+ 0.4	
Iron Products Group	- 0.3	--	
Scrap iron and steel	- 5.5	- 5.5	

PERCENTAGE CHANGES

<u>COMMODITY GROUP OR SUB-GROUP</u>	<u>June 1960</u>	<u>June 1960</u>
	<u>May 1960</u>	<u>June 1959</u>
Textile Products Group	- 0.2	+ 0.6
Miscellaneous fibre products	- 4.5	+ 7.3
Wool, raw, domestic	- 1.0	+ 4.7

THE CONSUMER PRICE INDEX: (1949 = 100) The Consumer Price Index rose 0.2 per cent from 127.4 to 127.6 between May and June 1960. At the beginning of June 1959 the index stood at 125.9.

In the current period, an increase of 0.5 per cent in the Food Index combined with fractional gains in the Shelter, Clothing, and Other Commodities and Services Groups, accounted for all of the upward movement in the total index. The Household Operation index declined fractionally.

The Food index moved from 120.2 to 120.8 as higher prices were recorded for most fresh fruits and vegetables, particularly apples, cabbage, tomatoes and potatoes, and for most meats. Price declines were generally limited to eggs and butter.

The Shelter index increased 0.2 per cent from 143.5 to 143.8 as both the rent and home-ownership components were higher. A rise of 0.1 per cent in the Clothing index, from 110.8 to 110.9, reflected some price increases from sales levels of previous months and higher prices for other items, including men's work trousers and oxfords.

Lower prices for coal and fuel oil combined with sale prices for furniture to offset higher prices for textiles and household utensils, and the Household Operation index declined 0.1 per cent from 123.1 to 123.0.

A rise of 0.1 per cent in the Other Commodities and Services index, from 137.6 to 137.7, resulted from higher prices for gasoline, train fares, pharmaceuticals and some personal care items.

TABLE 4. - WHOLESALE PRICES OF SELECTED COMMODITIES
(All prices given in Canadian Funds)

Commodity	Unit	Yearly Average 1959	June 1959	May 1960	June 1960
VEGETABLE PRODUCTS		\$	\$	\$	\$
Barley, No. 1 feed.....	bu.	.96	.93	.98	.98
Coffee beans, Green Santos 2/3's.....	lb.	.39	.38	.39	.39
Flour, first patent, Toronto.....	100-lb. bag	6.16	6.15	6.30	6.45
Linseed Oil, raw, Montreal.....	gal.	1.36	1.29	1.33	1.27
Oats, No. 2 C.W.....	bu.	.788	.763	.840	.848
Potatoes, No. 1 Saint John.....	75-lb. bag	2.124	3.062	3.938	4.225
Sugar, granulated, standard, Montreal....	100-lb. bag	6.79	6.44	7.03	6.93
Wheat, No. 2, Manitoba Northern.....	bu.	1.64	1.64	1.64	1.64
ANIMAL PRODUCTS					
Butter, prints, 1st. grade, Montreal....	lb.	.65	.65	.64	.64
Eggs, grade "A", large, Montreal.....	doz.	.49	.46	.42	.42
Hides, packer, light native steers.....	lb.	.232	.262	.180	.170
Hogs, Toronto (bonus excluded).....	100-lb.	23.76	24.40	21.94	25.03
Steers, good, Toronto.....	100-lb.	25.09	24.53	22.50	22.65
TEXTILE PRODUCTS					
Cotton, raw, middling, 1", New York.....	lb.	.318	.346	.334	.336
Cotton yarn, 10's, white.....	lb.	.70	.70	.69	.69
Cotton, grey Osnaburg, clean, 7 1/8 oz...	yd.	.34	.34	.34	.34
Rayon yarn, 36 filament, 150 denier.....	lb.	.89	.89	.89	.89
Wool, raw, Australian, 64's, clean.....	lb.	-	1.20	1.15	1.18
Wool, raw, Eastern, domestic.....	lb.	.38	.39	.42	.41
WOOD PRODUCTS					
Newsprint paper, standard, Quebec.....	2000-lb. ton	112.04	111.83	114.76	115.47
Pine, white, No. 1, 1" x 8", 8'-16'.....	1000-bd. ft.	184.67	187.00	187.00	187.00
Shingles, asphalt, 12" x 13".....	100 sq. ft.	7.16	7.74	6.15	6.65
Spruce, merchantable, 1" x 6"-7".....	1000-bd. ft.	85.50	85.50	85.50	85.50
IRON PRODUCTS					
Cast iron scrap.....	2240-lb. ton	49.67	50.00	50.00	50.00
Steel scrap, heavy melting, No. 1.....	2240-lb. ton	33.74	33.26	33.26	30.83
Pig iron, foundry, silicon 2.01-2.25.....	2240-lb. ton	65.00	65.00	65.00	65.00
NON-FERROUS METALS					
Copper, electrolytic, domestic.....	100-lb.	29.60	30.25	31.00	31.00
Lead, pig, electrolytic, domestic.....	100-lb.	10.62	10.25	11.00	11.00
Tin, ingots, 99.8%, Montreal.....	lb.	1.04	1.06	1.04	1.05
Zinc, high grade, electrolytic.....	100-lb.	12.24	11.85	13.43	13.60
NON-METALLIC MINERALS					
Cement, Portland, Calgary.....	350-lb.	3.19	3.19	3.44	3.44
Cement, Portland, Toronto.....	350-lb.	3.12	2.90	3.26	3.26
Coal, anthracite, U.S., stove size.....	2000-lb. ton	20.45	19.76	18.11	18.61
Gasoline, regular grade, Montreal.....	gal.	.224	.223	.223	.223
Gasoline, regular grade, Toronto.....	gal.	.224	.223	.223	.223
Gasoline, regular grade, Winnipeg.....	gal.	.224	.223	.223	.223
CHEMICALS					
Sodium Carbonate (Soda Ash) 58 p.c.....	100-lb.	2.51	2.51	2.51	2.51
Sulphuric acid, 66° Baume.....	2000-lb. ton	25.35	25.35	25.35	24.00

TABLE 11. - AVERAGE WEEKLY WAGES IN MANUFACTURING IN CURRENT DOLLARS AND ADJUSTED FOR
CHANGES IN THE CONSUMER PRICE INDEX⁽¹⁾

25.

1945 - 1960

Year and Month	Weekly Wages in Current Dollars	Index Numbers of Weekly Wages in Current Dollars (1949=100)	Weekly Wages in 1949 Dollars	Index Numbers of Weekly Wages in 1949 Dollars
	\$		\$	
1948 - Average	38.96	93.3	39.96	95.7
1949 - Average	41.74	100.0	41.74	100.0
1950 - Average	44.03	105.5	42.54	101.9
1951 - Average	49.29	118.1	43.01	103.0
1952 - Average	53.83	129.0	46.33	111.0
1953 - Average	56.25	134.8	48.70	116.7
1954 - Average	57.43	137.6	49.42	118.4
1955 - Average	59.45	142.4	51.07	122.4
1956 - Average	62.40	149.5	52.70	126.3
1957 - Average	64.96	155.6	53.20	127.4
1958 - Average	66.77	160.0	53.30	127.7
1959 - Average	70.16	168.1	55.42	132.8
1959 - January	69.28	166.0	55.12	132.1
February	69.81	167.2	55.63	133.3
March	69.40	166.3	55.34	132.6
April	70.01	167.7	55.74	133.5
May	70.90	169.9	56.31	134.9
June	70.63	169.2	56.10	134.4
July	69.90	167.5	55.30	132.5
August	69.56	166.6	54.73	131.1
September	71.13	170.4	55.57	133.1
October	71.68	171.7	55.87	133.9
November	71.08	170.3	55.57	133.1
December	68.48	164.1	53.71	128.7
1960 - January	71.89	172.2	56.52	135.4
February	71.49	171.3	56.34	135.0
March	71.94	172.4	56.42	135.2
April	72.37(p)	173.4(p)	56.81(p)	136.1(p)

(1) Weekly Wages in Current Dollars relate to the last pay periods in the month, while the Consumer Price Index relates to the beginning of the month. In calculating Weekly Wages in 1949 Dollars, the Weekly Wages in Current Dollars for any month are therefore adjusted by the Consumer Price Index for the following month as being more representative of the period in which the wages are spent. A statement of uses and limitations of the adjusted figures appears on page 35.

(p) Preliminary.

TABLE 12. - SPATIAL RETAIL FOOD PRICE INDEXES, 1956, 1957, 1958 and 1959*

Winnipeg = 100

	1956	1957	1958	1959
Halifax	99	100	99	102
Saint John	101	102	100	102
Montreal	98	99	98	98
Ottawa	97	99	98	99
Toronto	97	98	97	97
Winnipeg	100	100	100	100
Regina	104	104	103	105
Saskatoon	105	104	104	105
Calgary	101	101	100	102
Edmonton	100	101	100	101
Vancouver	105	105	104	106

* For detailed explanation of this series, see appendix on page 36.

TABLE 13. - PRICE INDEX NUMBERS OF COMMODITIES AND SERVICES USED BY FARMERS
(1935-39 = 100)

	Composite Index Exclusive of Living Component (a)	Farm Machinery	Equipment and Materials	Taxes and Interest Rates (a)	Farm Wage Rates	Farm Family Living	Composite Index Inclusive of Living Component (a)
ALL CANADA							
1926	130.6	97.6	119.9	135.5	164.5	121.1	126.8
1939	99.3	103.6	95.7	101.1	110.3	99.5	99.4
1958	259.9	236.7	213.0	196.7	513.2	217.0	242.7
1959	269.5	248.4	219.1	204.7	538.2	220.1	249.8
1957 - April	260.1	223.8	212.0	191.9	523.9	213.5	241.5
1958 - April	263.7	236.9	213.1	196.7	535.2	217.8	245.3
1959 - January	260.4	248.2	218.2	204.7	487.2	219.4	244.0
- April	273.0	248.9	220.2	204.7	554.6	220.0	251.8
- August	275.2	248.2	218.8	204.7	572.8	220.9	253.5
1960 - January	266.7	251.8	221.9	204.7	510.4	220.6	248.3
- April	277.9	255.2	223.4	204.7	571.7	221.6	255.4
EASTERN CANADA							
1926	129.5	97.0	122.8	128.4	151.1	120.2	125.8
1939	98.7	104.3	94.8	99.2	110.6	99.5	99.0
1958	262.3	238.9	208.6	192.3	497.8	215.7	243.7
1959	273.3	252.0	215.1	201.3	524.1	219.2	251.7
1957 - April	262.8	224.6	210.8	186.4	498.6	211.0	242.1
1958 - April	263.8	239.3	209.2	192.3	503.0	216.3	244.8
1959 - January	267.8	251.8	214.3	201.3	498.8	218.2	248.0
- April	275.4	253.1	217.3	201.3	527.8	219.3	252.9
- August	276.7	251.2	213.8	201.3	545.6	220.2	254.1
1960 - January	274.2	254.3	217.3	201.3	522.3	220.2	252.6
- April	279.4	258.6	218.8	201.3	544.0	221.3	256.2
WESTERN CANADA							
1926	131.8	97.8	117.1	141.6	183.5	121.9	127.8
1939	99.8	103.3	96.6	102.7	109.9	99.5	99.7
1958	257.5	235.9	217.3	200.5	535.0	218.3	241.9
1959	265.8	247.0	222.8	207.5	558.3	220.9	247.8
1957 - April	257.5	223.5	213.2	196.5	559.9	216.0	240.9
1958 - April	263.6	236.0	216.9	200.5	581.0	219.2	245.9
1959 - January	253.1	246.8	221.8	207.5	470.8	220.5	240.0
- April	270.7	247.3	223.0	207.5	592.6	220.7	250.7
- August	273.6	247.0	223.5	207.5	611.4	221.6	252.8
1960 - January	259.1	250.8	226.4	207.5	493.5	221.1	243.9
- April	276.3	253.8	227.9	207.5	611.0	221.9	254.6

(a) 1960 indexes are subject to revision, since tax and interest rate figures are preliminary.

Explanation of Methods Used and Additional Sources for Price SeriesAppearing in this BulletinWHOLESALE PRICE INDEXESCanadian Farm Products

Wheat prices used in this index are buying prices of the Canadian Wheat Board, for Nos. 1, 2 and 3, Manitoba Northern at Fort William-Port Arthur. The initial payment price is first used and revised as further payments are announced.

Final wheat participation payments for the crop year August 1958 - July 1959 were announced June 15, 1960. The price of No. 1 Manitoba Northern was adjusted to \$1.594, No. 2 to \$1.559 and No. 3 to \$1.483 and the indexes revised accordingly. For the crop year 1959-1960, the initial payment for No. 1 Manitoba Northern is \$1.40.

Commencing August 1, 1949, Western oats and barley were brought under control of the Canadian Wheat Board. Prices used for Canadian Farm Products since that time have been initial payments to farmers, with participation payments included whenever they are announced. For the crop year 1958-1959 final payments were announced April 1, 1960 which brought the price to \$.90 per bushel for No. 1 Feed barley and \$.694 for No. 2 C.W. oats. Initial payments for the crop year 1959-1960 are \$.87 for No. 1 Feed barley and \$.60 for No. 2 C.W. oats.

For final revised indexes August 1945 to July 1952 see Prices and Price Indexes, May 1953, Table 21. For subsequent years see Table 4 of February 1954, May 1955 and 1956, and Table 2 of May 1957, May 1958, and July 1959. Indexes subsequent to July 1959 are subject to revision.

The Non-Residential Building Materials Price Index (1949=100)

A second special purpose price index related to the construction industry entitled "Non-Residential Building Materials Price Index" is shown in Table 6. This index has been constructed specifically to measure the price change of materials used in non-residential building construction. It supplements a price index applicable to materials used in residential construction which has been available for some years. The new index has been constructed on the base 1949=100, using weights obtained from data on cost of building materials provided by general and trade contractors for a sample of buildings constructed in Canada during the years 1948-1950.

The methods of constructing the index are explained in some detail in D.B.S. Reference Paper No. 43, entitled "Non-Residential Building Materials Price Index, 1935-1952", which was released on August 21, 1953 and which is available for the sum of 25 cents on request to the Dominion Statistician. This publication also comments on the uses and limitations of the index, and provides the total index by years from 1935 to 1952, and by months for the period January 1949-July 1953. Price indexes for twelve principal component material groups have been calculated by months from January 1949 to July 1953 and these indexes are also contained in the above mentioned publication.

The Residential Building Materials Price Index (1935-1939=100)

This index, which was first published in 1949, was developed to meet the need for a measurement of the price change of that part of housing costs represented by materials. In addition to the composite index which measures the price change of all materials used in residential construction, price indexes are published for nine component material groups. The weights for individual material items and groups of items within the index were based on the estimated material requirement for a national housing target for the year 1946, and the index was calculated on the base 1935-1939=100. However, to facilitate comparisons of its movements with those of the new non-residential series, table 5 shows it arithmetically converted to the base 1949=100. Additional information concerning this index may be found in the special bulletin "Price Index Numbers of Residential Building Materials, 1926 to 1948", obtainable for 10 cents on request to the Dominion Statistician.

As a first step in a revision program, the structure of the Residential Electrical Equipment and Fixtures index has been revised. Both items priced and weights have been brought into line with latest available data on current building practices. The price reference base will continue as 1935-1939=100. For the new weighting diagram effective from July 1959 see "Prices and Price Indexes, August 1959".

RETAIL PRICE INDEXES

Consumer Price Index

The Consumer Price Index was constructed to replace the Cost-of-Living Index and was first published October 23, 1952.

While the Consumer Price Index is an entirely new index constructed from post-war expenditure patterns, it serves the same purpose as the Cost-of-Living Index. That is, it measures the average percentage change in retail prices of goods and services bought by a large and representative group of Canadian urban families. The change in title was made to clarify the fact that the index is a measure of price change and is not affected by changes in standards of living.

In a special report entitled "The Consumer Price Index, January 1949-August 1952,"* the Bureau published an explanation of the construction of the new index and a record of its movements from January 1949 to August 1952. This report contains detailed information on such aspects of the new index as purpose, family coverage, base period, and details of items included as well as their relative importance. It also gives the formula used in calculating the index, outlines methods of price collection and explains special features of the index, such as the methods of incorporating seasonal variations in food consumption, and changes in the price element of home-ownership costs.

Nineteen forty-nine was selected as a reference level or base period for the Consumer Price Index for a variety of reasons. It is the most satisfactory post-war reference year, not only for price index comparisons, but also for other economic indicators. In addition, prices during 1949 were relatively stable. Dating from the termination of World War II there has been a steady shift of interest from pre-war to post-war comparisons in all fields of economic activity. Conditions have changed greatly since 1935-1939 and concern with things as they existed at that time has steadily declined. These circumstances are similar to those which led to the abandonment of 1900, 1913, and 1926 as base periods.

The index is based on goods and services reported purchased during the year ending August 31, 1948 by 1,517 families, representing all Canadian families with the following characteristics: (a) living in 27 Canadian cities with over 30,000 population; (b) ranging in size from two adults to two adults with four children; (c) with annual incomes during the survey year ranging from \$1,650 to \$4,050.

To measure the influence of price change on the cost of goods and services purchased by such families, the Consumer Price Index contains 224 items.

Consumer Price Indexes for Regional Cities: Consumer Price Indexes are published monthly in this bulletin for the following cities or city combinations: St. John's, Halifax, Saint John, Montreal, Ottawa, Toronto, Winnipeg, Saskatoon-Regina, Edmonton-Calgary and Vancouver. With the

* Available in French under the title "L'Indice des Prix à la Consommation Janvier 1949-Août 1952". (These reports obtainable for twenty-five cents each).

exception of the index for St. John's, Newfoundland, which is constructed on the base June 1, 1951 = 100, all indexes are on the base 1949 = 100. The regional indexes with the exception of the one for St. John's, are patterned after the Consumer Price Index for Canada. They are similar to this index in terms of family coverage, item content and weighting system.

These indexes fulfil the same purpose as the cost-of-living series which they replace, viz.: each index is designed to measure the influence of changes in retail prices taking place in the localities specified, upon the cost of a fixed basket of goods and services representing the level of consumption of a representative group of families in those particular areas.

In using the city indexes, it should be remembered that they are not indicators of comparative levels of prices as between the cities. That is, they do not in any way indicate whether prices are higher or lower in one city than in another. This fact may be illustrated by reference to temperature changes occurring in two cities. Suppose that in city A the temperature increases by 20 per cent from Time 1 to Time 2, and that in city B it increases 30 per cent during the same interval. In this instance an index of temperature change for City A would be 120 at Time 2 when Time 1 = 100, and the corresponding index for city B would be 130. From these indexes, it is obviously impossible to say whether or not it is warmer or colder in city A or city B. While the indexes form valid measurements of temperature change, they do not in any way indicate the comparative levels of temperature.

Price Index Numbers of Commodities and Services Used by Farmers: The Index of Commodities and Services used by Farmers is designed to measure the change in retail prices of farm operating costs and farm living costs. It is calculated thrice yearly, viz.: January, April and August, and is on the base 1935-39=100. For an explanation of methods of construction and an historical record, please refer to "Price Index Numbers of Commodities and Services Used by Farmers, 1913 to 1948 (Revised 1948)." A special bulletin giving total and group index detail is released subsequent to each pricing date.

SECURITY PRICE INDEXES

Price index numbers of industrial, utility, bank and mining common stocks, and preferred stocks are calculated from Montreal and Toronto exchange quotations. The indexes are designed to reflect weekly and monthly changes of interest to the investor, rather than day-to-day changes of more speculative interest. Individual stock prices are weighted by the number of shares outstanding in January of each year. The list is reviewed completely in January of each year, when new series are introduced and series of declining importance are discontinued. The Investors Index of 93 Common Stocks and the Mining Stocks Index are based on the average of the Thursday closing prices. The Preferred Stock Index is a monthly average of daily quotations.

Four additional indexes of common stock prices, relating to important categories of stocks not covered by existing series, were introduced May 1960. These will be published as interim indexes pending complete revision of the security price indexes. The price reference date for the new series is 1956; construction and weighting methods conform to those of existing indexes. The current lists of stocks and weights are as follows:

Name of Stock	1960 Weights ^{1/}
<u>Pipelines</u>	
Alberta Gas Trunk Line Co. Ltd. "A" (Added July 1958)	270
Interprovincial Pipe Line Co.	506
Pembina Pipeline Ltd.	160
Trans-Canada Pipe Lines Ltd. (Added January 1958)	585
Trans-Mountain Oil Pipe Line Co.	752
<u>Investment and Loan</u>	
Argus Corporation Ltd.	145
Imperial Investment Corporation Ltd. "A" (Added January 1958)	91
Industrial Acceptance Corp. Ltd.	276
Traders Finance Corporation Ltd. "A"	103
United Corporations Ltd. "B"	114

^{1/} Weights are shares outstanding in ten thousands for Pipelines and Investment and Loan, and hundred thousands for Uraniums and Oil and Gas.

<u>Name of Stock</u>	<u>1960</u>	<u>Weights 1/</u>
<u>Uraniums</u>		
Algoma Uranium Mines Ltd.		43
Bicroft Uranium Mines Ltd.		31
Denison Uranium Mines Ltd. (formerly Consolidated Denison Mines Ltd.)		60
Faraday Uranium Mines Ltd.		44
Gunnar Mines Ltd.		35
Lorado Uranium Mines Ltd.		48
Pronto Uranium Mines Ltd.		27
Rayrock Mines Ltd.		44
<u>Primary Oils and Gas</u>		
Bailey Selburn Oil and Gas Ltd. "A"		29
Canadian Export Gas and Oil Ltd. (added January 1957)		74
Devon-Palmer Oils Ltd. (formerly Devon Leduc Oils Ltd.)		123
Dome Petroleum Limited (formerly Dome Explorations (Western) Ltd.)		25
Home Oil Co. Ltd. "B"		23
Hudson's Bay Oil and Gas Co. Ltd. (added January 1958)		177
Medallion Petroleums Ltd.		43
Provo Gas Producers Ltd. (added January 1957)		67
Triad Oil Company Ltd.		137

1/ Weights are shares outstanding in ten thousands for Pipelines and Investment and Loan, and hundred thousands for Uraniums and Oil and Gas.

Reference Papers and Special Publications

	<u>Price</u>	<u>\$</u>
The Consumer Price Index, January 1949 - August 1952.....		.25
Wholesale Price Indexes, 1913-1950 (Reference Paper No. 24).....		.75
Price Index Numbers of Commodities and Services Used by Farmers, 1913 to 1948 (Revised, 1948)		.10
Wholesale Price Index Numbers of Canadian Farm Products (Base, 1935-39=100).....		.25
Price Index Numbers of Residential Building Materials, 1926 to 1948 (Base, 1935-39=100)....		.10
Non-Residential Building Materials Price Index, 1935-1952 (Reference Paper No. 43).....		.25
Prices and Price Indexes, 1949-1952 (Vol. 23).....		1.50

MEASURING THE PURCHASING POWER OF EARNINGS

Changing consumer price levels affect the amounts of goods and services which a dollar will buy, and average earnings, of course, will be affected in the same way. An earnings measurement which takes the change of consumer prices into account, can be calculated by reducing actual earnings averages by the percentage amounts consumer price levels rise, or increasing them by the amount price levels fall. The adjusted averages may be used to indicate the comparative quantities of goods and services which could be purchased by average earnings if consumer price levels had remained constant. The following illustration shows how this kind of adjustment can be made.

Suppose that a series of weekly average wages rises from \$50.00 in week A to \$60.00 in week B, and that in the same interval a consumer price index advances from 100.0 to 110.0. Because of the 10 per cent rise in consumer prices, \$1.00 will not buy as much in week B as it would in week A. Likewise, the 20 per cent rise from \$50.00 to \$60.00 will overstate the increase which has occurred in the purchasing power of average weekly wages. This overstatement can be removed by reducing the figure of \$60.00 by the amount of the consumer price increase. An adjusted average of \$55.00 ($\$60.00/110.0 \times 100.0$), may be referred to as a weekly wage average for week B, expressed in the dollars of period A, or it may be said to indicate the level of real weekly wages relative to week A.

The foregoing calculation can be carried a step further to express in index number form the relationship between the week A average of \$50.00 and the week B figure of \$55.00. Taking the week A average of \$50.00 as equal to 100.0, the week B index becomes 110.0 ($\$55.00/50.00 \times 100.0$). Such an index may be called an index of weekly real wages. It indicates that average wages for week B will buy 10 per cent more goods and services than those received in week A, in spite of a 10 per cent rise in consumer prices. This 10 per cent increase in real wages compares with the rise of 20 per cent in money wages ($\$60.00/50.00 \times 100.0$).

It should be noted that while the estimates of average real wages may reflect the experience of broad groups of workers fairly well, their applicability to individual wage earners depends upon a number of considerations. For example, individual earnings will differ significantly from the group average, depending upon occupation, industry, geographical location, or the sex of the wage earner. Moreover, individual spending habits differ widely, while the consumer price index which is used to adjust the earnings data is based on the average consumption pattern of a large group of urban population. Also, group-spending patterns change over periods of time. To the extent that this occurs, the earnings data adjusted by the consumer price index (which has a "fixed" consumption pattern), will gradually be rendered less valid. Finally, some part of income is saved, and it should be borne in mind that it is not appropriate to reduce savings to a constant dollar basis by using a price which reflects consumption patterns.

It should also be kept in mind that measures of change in real earnings calculated from averages of gross earnings may differ from changes in the purchasing power of "take-home" pay, due to such factors as changes in personal income tax and pay deductions for such things as social insurance and pension plans. Neither do they take into account other family income, or changes in the savings position of families. Thus index numbers of real wages should not be interpreted as measuring fluctuations in the levels of consumption of wage-earners or wage-earners' families; they are intended to show only the trend in purchasing power of wages over the items covered by the price index.

In Table 11, Page 25, figures for 1949 are used as reference levels for indexes of both actual and real wages, since this is the year selected by the Dominion Bureau of Statistics for general post-war index number comparisons. However, the adjustment made in the foregoing illustration can be applied to any reference level, and it should not be inferred that the 1949 reference period has any special validity for earnings comparisons. Percentage change between any two periods will be the same regardless of the reference period selected.

SPATIAL RETAIL FOOD PRICE INDEXES FOR SELECTED CANADIAN CITIES1956, 1957, 1958, 1959.

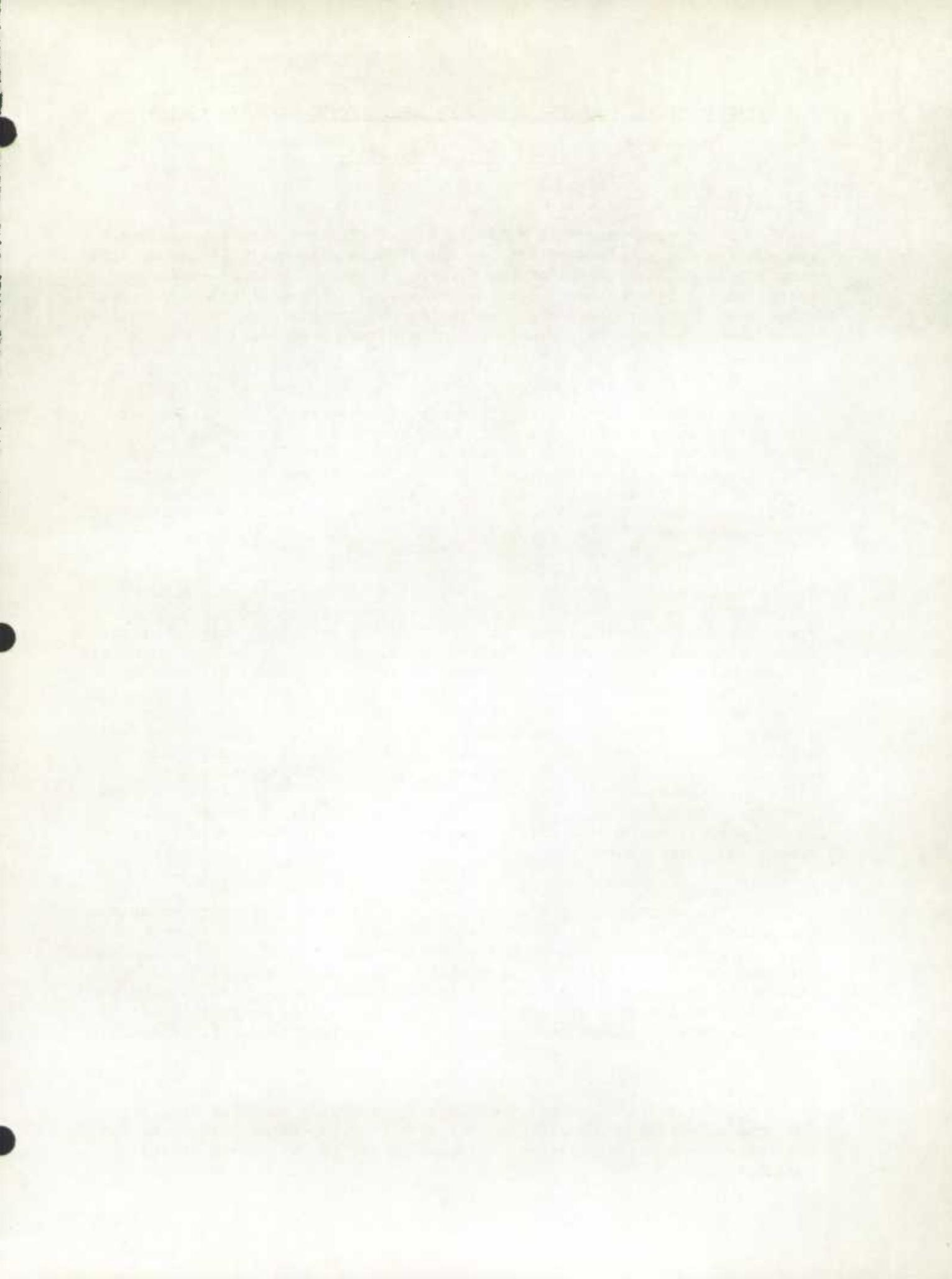
For some years the Dominion Bureau of Statistics has been investigating the problems of calculating indexes which will indicate, with some precision, the extent of the differences in the average level of retail prices between major Canadian cities. In commodities and services other than food, problems of comparability of items are of major significance and it has not yet been possible to cover these areas of family budgets.

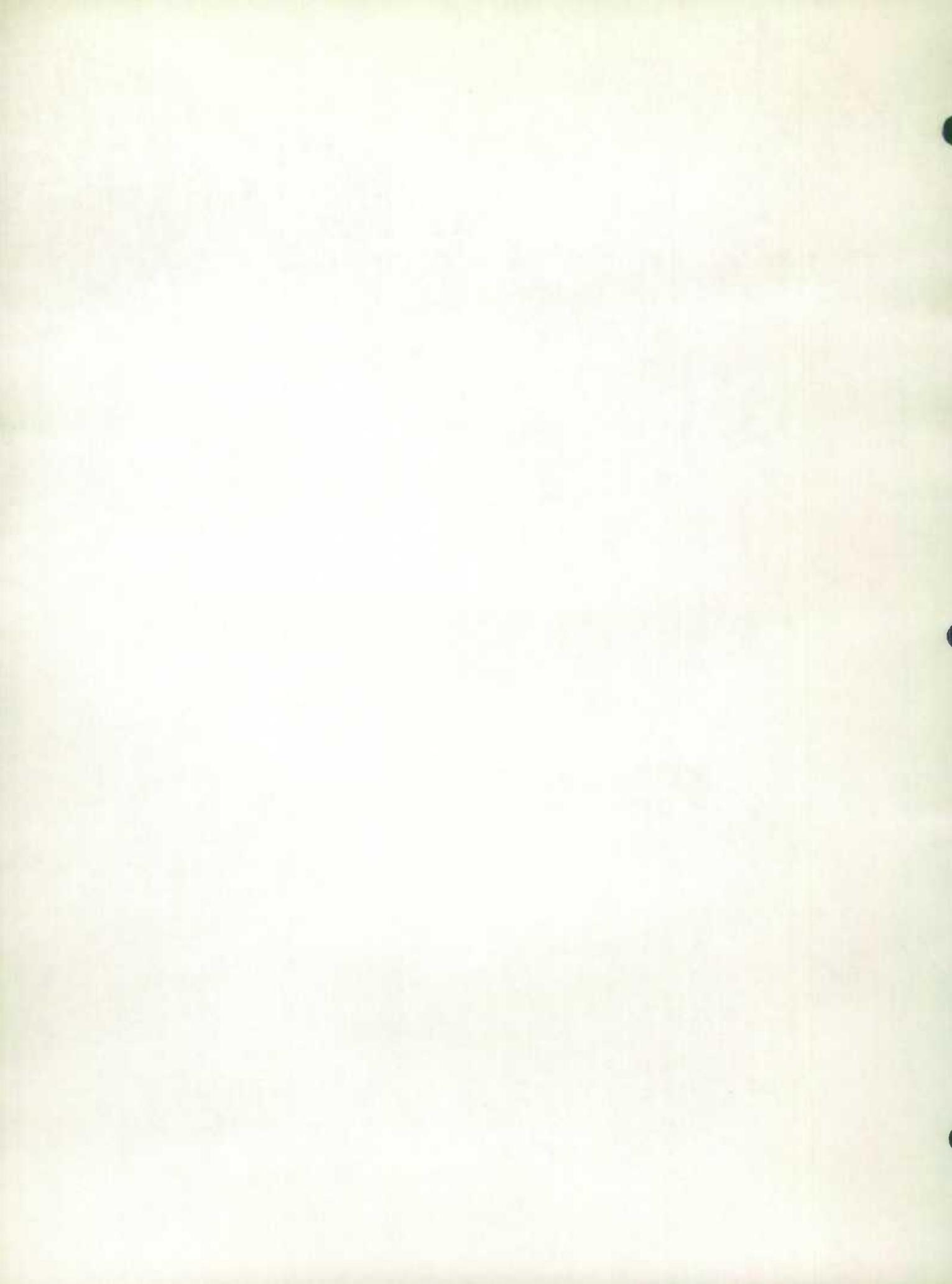
In foods, however, the problem of comparability of items between cities is at a minimum, and it has been possible to calculate indexes which are considered to indicate the extent of the difference in the average level of retail food prices between Winnipeg and 10 other major Canadian cities with sufficient reliability. These have been calculated annually for 1956, 1957, 1958 and 1959, and will be maintained on an annual basis in the future.

These indexes have been calculated on the basis of prices collected in each of the eleven cities, weighted in accordance with average urban food expenditures as contained in the weighting diagram of the Canada Consumer Price Index. Because of the differences in food purchases between cities it is impossible to calculate entirely accurate measurements. The closest approximation would be derived, for example, from the use of both Winnipeg and Vancouver weights in the calculation of the Winnipeg-Vancouver comparison, rather than the use of average urban food expenditures. However, the calculation of a number of indexes using weights relating to each city did not produce indexes significantly different from those which appear in Table 12 on page 25. This reflects the fact that while differences in food purchases exist, the magnitude of the differences in the cities covered is not such as to affect spatial comparisons significantly.

In addition to the problem of weights, the difficulty of obtaining prices for identically the same description of each food item in each city is of some consequence. While considerable care is taken to minimize differences due to variations in quality of the items priced, it is impossible to completely eliminate all such variations. This is particularly true in the case of beef items, where variations in consumption by grades as between cities undoubtedly affect the resultant price comparisons.

While these indexes have been expressed in terms of Winnipeg = 100, the selection of Winnipeg as the base city has no significance, and the indexes may be expressed on the base of any of the eleven cities included.







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