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DEPARTMENT OF TRADE AND COMMERCE
DOMINION BUREAU OF STATISTICS - CANADA
INTERNAL TRADE BRANCH

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PRICE MOVEMENTS, DECEMBER, 1935. (PRELIMINARY)

COMMODITIES

The Dominion Bureau of Statistics index measuring the average level of commodity wholesale prices ended the year close to the high point of the current recovery movement. At 72.6 for the week of December 27, it was only slightly below the peak of 73.2 reached in the second week of October 1935. The recent advance in wholesale prices has been moderate, since the low point of the depression in February 1933 was only 63.5. The greater part of the subsequent rise came in the last three quarters of 1933, the advance since that time being limited to 5.2 p.c. It has been due largely to irregular improvement in prices for primary products. Basic commodity prices in December 1935 were generally stable with the notable exception of silver which declined over 15 cents per ounce, following curtailment of buying on the London market by the United States Treasury. The advance in the basic domestic price of Argentine wheat from 5.75 to 10.00 pesos per quintal caused a temporary flurry in international wheat markets on December 13, but this quickly subsided.

COST OF LIVING

Moderate advances in food and fuel prices were responsible for a rise in the Dominion Bureau of Statistics cost of living index from 80.6 in November to 80.8 in December. The food group moved up from 73.2 to 73.7, firmer prices for eggs, butter, and potatoes being of more consequence than declines for meats and tea. An advance in the fuel index from 87.0 to 87.2 was due to higher prices for coal and coke. The general index of 80.8 compares with 78.9 for December 1935.

SECURITIES

The upward sweep in industrial common stocks which commenced early in October received its first check in the third week of December. An index of 87 industrial common stock prices mounted from 144.1 to 180.5, during the preceding ten week interval before any reaction occurred. The subsequent decline was brief and this index was again headed upward in the final week of the year, rising from 176.1 to 178.3. An index of 20 utilities lost ground during December, declining from 50.9 in the first week to 49.8 in the final week. A small group of 5 companies abroad headed by International Petroleum also moved lower throughout this period, from 124.3 to 121.4. A general index combining all the above mentioned groups, however, was unchanged at 111.4, gains for industrials being counterbalanced by losses in utilities and companies abroad. Mining issues moved somewhat uncertainly, but recorded a net advance for the month. An index of 19 gold stocks rose from 115.3 to 116.7, while 4 base metals mounted from 197.4 to 200.4. A gradual decline in long-term bond yields was indicative of slightly better prices for high grade bonds. The Bureau's index of Dominion long-term yields declined from 74.8 to 73.3 during December.

FOREIGN EXCHANGE

A steady decline in sterling rates has been the most outstanding feature of the Canadian exchange market for December. Sterling fell from $4.9880 to $4.9590 during the month. The Canadian dollar was also stronger in terms of the United States dollar, on which the Montreal premium declined from 1.125 p.c. to 0.563 p.c., the greater part of this recession occurring in the final week of December. In spite of temporary weakness in the latter half of the month, the French franc gained strength and the outward flow of gold to New York was terminated. The total amount of gold shipped from Europe to the United States since September 9, when the flow commenced, has exceeded $320,000,000. Chinese currencies showed little reaction to the decline of over 15 cents per ounce in silver prices during December.