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DEPARTMENT OF TRADE AND COMMERCE
DOMINION BUREAU OF STATISTICS - CANADA CALLED

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PRICE MOVEMENTS, SEPTEMBER, 1935. (PRELIMINARY)

COMMODITIES

Activity in commodity markets during September was greater than for some months past. Wheat prices mounted sharply in the first three weeks, gaining almost 15 cents per bushel, but subsequently lost over 6 cents of this gain. Although this was undoubtedly the most important movement among basic commodities, it was less spectacular than the further precipitate rise in raw silk prices which was due mainly to a shortage in spot stocks and to reports of serious storm damage done to the coming crop. Other commodities to register appreciable advances included copper, zinc, and eggs. Little or no change was recorded for silver, tin, cotton, rubber, coffee, sugar, and steers. Hogs suffered fair sized declines. The Dominion Bureau of Statistics index number of wholesale prices advanced from 71.4 for the week of August 30, to 72.9 for the third week of September, and then reacted to 72.7. The third week index of 72.9 equalled the highest level reached since recovery commenced in 1933.

COST OF LIVING

Moderate recessions for foods were responsible for a slight decline in the Dominion Bureau of Statistics cost of living index from 79.4 in August to 79.3 in September. The corresponding figure for September, 1934, was 78.8. An index for foods fell from 71.3 to 70.9, declines for beef, onions, and potatoes influencing the index more than increases for pork products, lard, eggs, and butter. Slight seasonal advances were recorded for coal and coke, but these were offset by declines in wood prices, leaving the fuel index unchanged at 85.4.

SECURITIES

Renewed evidences of strength in common stock prices appeared in the second and third weeks of September, but markets turned downward in the fourth week following the grave turn of events connected with the Italo-Ethiopian situation. A general index number of common stock prices mounted from 97.3 for the week of September 5 to 98.5 for the week of September 19, and then dropped to 95.8. All groups with the exception of milling issues moved downward.

Bond prices declined sharply in the first half of September and subsequently remained comparatively inactive at lower levels. An index of Dominion of Canada long-term bond yields reflected this movement, advancing from 71.6 in August to 29.8 for September. This was the highest index since July, 1934.

FOREIGN EXCHANGE

Exchange movements were unsettled during September. Sterling fell sharply in the opening week, reflecting the influence of seasonal demand for New York funds to settle autumn commitments. Gold flowed in considerable quantities from London and the Continent to the United States throughout September, the total amount exceeding \$200,000,000. Weakness in the Dutch guilder preceded the re-assembling of Parliament in the Netherlands, but this was checked by an increase in the bank discount rate from 5 p.c. to 6 p.c., along with official assurances that the present position of the guilder would be protected. Sudden weakness also developed in the Canadian dollar in the third week of September to be followed by gradual recovery. This presumably was influenced by the transference of securities out of Canada, since merchandise trade balances have been steadily "favourable" for many months past.

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