Published by Authority of the Hon. W.D. Euler, M.P.,
Minister of Trade and Commerce
DEPARTMENT OF TRADE AND COMMERCE
DOMINION BUREAU OF STATISTICS - CANADA
INTERNAL TRADE BRANCH

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PRICE MOVEMENTS, NOVEMBER, 1936 (PRELIMINARY)

COMMODITIES

Commodity markets gave the broadest display of strength in November that has been witnessed since the inflationary rise in the early summer of 1933. Led by non-ferrous metals and supported by textiles, rubber, sugar, livestock and later by grains, this movement carried the Dominion Bureau of Statistics wholesale price index series upward from 76.8 at the end of October to 77.2 at the end of November. Strength in grain prices appeared only in the closing days of the month, and November averages remained below the unusually high levels of October. Raw sugar recovered practically all of the sharp losses occurring early in October. Raw silk continued upward and wool was firmer, although the movement in cotton prices was limited. Rubber markets were decidedly bullish, considering the recent 5 p.c. production quota increase as very moderate in view of existing stocks and anticipated demand. In the first half of November particularly, prices for all the principal non-ferrous metals were advanced repeatedly, Canadian prices tending to keep pace with London markets which rose faster than those in the United States. The non-ferrous metals price index at the end of November was 2.5 p.c. higher than a year earlier.

COST OF LIVING

Moderate increases in the price of foodstuffs and fuel were responsible for a rise in the Dominion Bureau of Statistics cost of living index from 81.5 in October to 81.7 in November, the highest point recorded since April, 1932. Within the past year the index has fluctuated within a range of 2.5 p.c. Seasonal advances in the price of eggs, partially offset by easier quotations for meats and potatoes, resulted in an advance in the food group from 74.4 to 75.0. The fuel index rose from 86.3 to 86.7, influenced by slightly higher prices for coal, coke and wood.

SECURITIES

With trading at the highest level since July 1933, Canadian industrial issues followed the lead of the New York market which turned definitely upward after the United States Presidential election on November 3. The rise in Canadian stocks was supported by many favourable announcements relative to dividend and bonus disbursements. The peak of the movement came on November 18, and an index of 89 industrial prices touched 226.1 in the third week as compared with 214.3 at the end of October, and 217.7 for the final week of November. Iron and steel issues along with the principal industrial mines led the advance, which was retarded by weakness in oils. Twenty utilities recorded a net gain of 1.4 points, rising from 59.7 to 62.7 and then reacting to 61.1. Among the mines, both gold and base metal issues advanced strongly, the latter supported by repeated increases on base metal commodity markets in the first half of November. A price index of 20 gold issues mounted from 125.7 to 133.0 during the month while a corresponding series for base metals rose from 295.2 to 314.4. Trading among the mines was also exceptionally heavy, aggregating over 45 million shares at Toronto and Montreal. Bond prices were firm, and an index of Dominion of Canada long-term issues advanced from 116.6 to 117.9 during November. A corresponding index of yields dropped from 67.2 to 64.6.

FOREIGN EXCHANGE

Foreign exchange fluctuations during November were of minor proportions. Weakness in sterling and the French franc at the beginning of the month was balanced by corresponding gains towards the close. The influx of foreign capital into the New York security market following the Presidential election was greatly reduced by an official warning that steps might be taken to curb this movement in future. The tri-partite agreement to facilitate gold transfers between the stabilization funds of the United Kingdom, the United States and France was strengthened during November when Switzerland, Belgium and the Netherlands joined on the same terms as the senior members, except that the determination of policy remained with the latter. The National Bank of Roumania was authorized recently to revalue gold at 153,333.3 lei per kilogram, which would make the gold equivalent of the Leu about 6 mgms. as compared with 10 mgms. under the stabilization law of 1929. The Berlin market was reported to be under pressure in the latter half of November, in anticipation of the ban later placed on exports of capital. Since exchanges have returned to a condition of relative stability, it is of interest to compare current Montreal quotations with those prior to devaluation of the French franc. Following are listed November 30 quotations along with the percentage decline since September 24 for a few leading currencies: sterling $4.8933, - 3.2 p.c., French franc 4.65 cents - 29.2 p.c., guilder 54.27 cents - 19.6 p.c., lira 5.25 cents - 33.1 p.c., belga 16.87 cents, unchanged, and the Swiss franc 22.94 cents - 29.5 p.c.

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