

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

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PRICE MOVEMENTS, MARCH, 1935 (PRELIMINARY)

COMMODITIES

Commodity markets were unsteady during March, and the Dominion Bureau of Statistics index fell from 72.6 for the week ending March 6 to 72.2 for the week of March 27. The only noteworthy advance of the month in primary markets was for raw silk which moved up more than 20 cents a pound, regaining over one-half of losses in January and February. Most commodity prices fluctuated narrowly, however, with signs of weakness evident occasionally in the latter half of the month. Wheat, for example, mounted about 2½ cents per bushel in the first two weeks, and then lost practically all of this gain before the month closed. Tin and copper also were weaker in the latter half of March. The most severe decline occurred for eggs, the supply stringency of late February and early March being rapidly replaced by a condition of abundance which carried prices for top grades downward by more than 15 cents a dozen. Little or no change was recorded in prices for rubber, coffee, hogs, cattle, zinc and silver.

COST OF LIVING

During the month of March the index of the cost of living in Canada computed by the Dominion Bureau of Statistics was 80.5 as compared with 80.4 in February. This index has fluctuated within very narrow limits during the past six months. Retail prices of foods rose from 72.9 in February to 73.4 in March, the principal factors contributing to the advance being increases for eggs and potatoes. Butter and pork showed moderate declines. The fuel index moved up from 87.3 to 87.5. Higher prices for coke in a number of important centres were responsible for the failure of this group to record the usual seasonal decline. However, the fuel index in March was still more than a point below the level of a year ago.

SECURITIES

In March, common stock prices received the first definite setback since the beginning of the long rise which commenced last October. This movement had carried a price index for industrial issues upward from 144.1 to 202.2 before the reaction occurred. Although fairly sharp, the March decline was of short duration, being confined chiefly to the second and third weeks. Prices had definitely stiffened again before the month closed. An indication of the behaviour of industrial issues may be obtained from the following weekly indexes: March 5, 202.2, March 19, 192.8, and April 2, 197.9. Utilities declined less appreciably but showed practically no recovery in the final two weeks. A utility price index fell from 58.5 for the week of February 27 to 54.2 for the week of March 19, and closed the month at 54.3. Mining issues behaved similarly to industrials during March with the exception that gold stocks had been gradually drifting lower since the beginning of February. A gold index dropped from 129.6 for the week of February 27 to 119.6 for the week of March 19, and then recovered to 121.4 in the final week. Corresponding indexes for base metals were 234.8, 226.1, and 236.0. Yields on long-term Dominion bonds moved to the lowest level of the year during the week of March 26, when the Bureau's index of yields fell to 69.2. Yields have declined steadily since last October.

FOREIGN EXCHANGE

Foreign exchange movements during March were the narrowest in several months, but underlying pressure upon the European gold "bloc" continued unabated. European currencies were shaken by the tense political situation which developed in the second week, and the French franc declined to its gold export point. Gold losses, however, were relatively small and the franc strengthened as the month closed aided by an increase in the official bank rate from 3½ p.c. to 5 p.c. Sterling continued to maintain a stable position with reference to the franc, and consequently was also somewhat lower. The United States dollar again moved to a premium at Montreal early in March, and was quoted at approximately \$1.005 as the month closed. This compared with a premium of roughly 1 p.c. in the final months of 1935. Stabilization of the Russian ruble at the equivalent of three French francs was recently announced.

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