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Dominion Statistician:	R.H. Coats, LL.D., F.R.S.C., F.S.S. (Hon.)
Chief, Internal Trade Branch:	Herbert Marshall, B.A., F.S.S.
Prices Statistician:	H.F. Greenway, M.A.

PRICE MOVEMENTS, MAY, 1936 (PRELIMINARY)

COMMODITIES

The Dominion Bureau of Statistics index number of Commodity wholesale prices fell from 72.1 for the week ending May 1 to 71.8 for the week of May 29. The principal basic commodities contributing to this decline were wheat and livestock. Wheat reacted closely to weather news, moving lower for the greater portion of the month and then recovering about one-half of earlier losses in the final four days. No. 1 northern cash prices, Fort William and Port Arthur basis, fell from 79  $\frac{7}{8}$  cents per bushel on April 30 to 73  $\frac{5}{8}$  cents on May 26 and closed at 76  $\frac{5}{8}$  cents per bushel on May 30. Canadian livestock markets reflected weakness at border points in the United States. A temporary flurry in silver prices preceded the announcement of the monetary agreement between the United States and China, but subsided after its terms became known. Rubber, raw cotton, sugar, and most non-ferrous metals showed little change. The decline in raw silk prices continued, completely wiping out the sharp gains which occurred in the closing months of 1935.

The general wholesale price index remains close to levels of a year ago, although declining tendencies are apparent in the majority of commodity groups. The May 29 index of 71.8 compared with one of 71.9 for May 31, 1935. Had it not been for substantial advances in lumber prices the current index would be materially lower, since vegetable products, animal products, textiles, non-ferrous metals, and chemical products were all slightly below levels of May 1935.

COST OF LIVING.

Increases in the price of foodstuffs and rentals brought about an advance in the total cost of living index for Canada from 79.8 in April to 80.1 in May. The comparative figure for May of the previous year was 73.6. The food group recorded a slight rise from 71.0 to 71.3, seasonal declines for butter and eggs being of slightly less importance than increases for meats, potatoes, onions and tea. The upward trend in rentals, which has been apparent since October, 1934, was maintained, the index in May, 1936, being 83.8 as compared with 82.6 in October, 1935, or almost on a level with rentals in May, 1933. Dwellings occupied by workmen recorded a slightly greater advance than did those of medium grade. In both classes flats showed the greatest increase, and apartments registered the least movement.

SECURITIES.

Scattered gains in the first three weeks for leverage issues, the two large industrial mines and utilities were of greater extent than a reaction in the final week of May, and the Dominion Bureau of Statistics index of industrial and utility common stock prices stood at 117.9 on May 28, as compared with 115.7 for April 30. Several groups including foods, milling, textiles, and iron and steel showed net declines for the month. Mining issues were active and scored appreciable gains, both in the gold section on which interest centred mainly and in the base metal section. The Bureau's index of gold issues advanced from 123.3 to 130.7 during the month, while base metals mounted from 230.1 to 243.6. Prices for long-term Dominion of Canada bonds remained firm as indicated by indexes of 115.7 for the week ending May 1, and 115.9 for the week of May 29. A slight reaction followed the high of 116.1 touched in the second week. An index of yields for the same six issues dropped from 69.2 to 68.8 during May.

FOREIGN EXCHANGE

A temporary lull occurred in the struggle to maintain the present position of the French franc during the second week of May, only after the official bank rate had been raised for the third time in recent months, and Socialist factions had intimated they would support the existing franc parity. Renewed weakness developed, however, in the closing days of May involving heavy gold shipments to protect the franc and also the Dutch guilder which came under pressure. Throughout the month, Montreal quotations on the £ sterling advanced gradually from \$4.9527 to \$5.0075, marking the first return to the \$5.00 level since February. The premium on New York funds disappeared temporarily in the second week of May, but returned again in a few days. It was approximately 0.25 p.c. on May 30. Announcement was made on May 19 of an arrangement whereby the United States was to purchase Chinese silver which would make available dollar exchange to maintain the position of the Chinese (Shanghai) dollar, currently quoted at 29.30¢.

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