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

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PRICE MOVEMENTS, JUNE, 1936 (PRELIMINARY)

COMMODITIES

The Dominion Bureau of Statistics index number of commodity wholesale prices advanced from 71.8 for the week of May 29 to 72.7 for the week ended June 26. Recovery in wheat prices contributed substantially to this change of trend, with quotations for No. 1 Manitoba Northern cash wheat, at Fort William and Port Arthur, mounting from 75 3/4 cents on June 1 to 84 cents per bushel on June 25, and then reacting moderately to 80 5/8 cents on the 30th. Flour was affected by this movement and quotations advanced. Hogs also were firmer although cattle showed little net change. Active demand for raw cotton, together with uncertain weather conditions for the new crop produced a sharp rally in American cotton prices carrying them to the highest levels of the year. Raw silk likewise staged a strong advance after over two months of steady decline. Copper prices stiffened in the latter half of the month, but market activity still reflected the abnormally heavy buying of last April. Tin quotations moved downward to the lowest levels in three years, with European buying indifferent while production quotas were increased to 90 p.c. of basic allocations. Uncertainty existed regarding the outlook for continued production control.

COST OF LIVING

Seasonal reductions in coal and coke prices caused the Canadian cost of living index to decline from 80.1 in May to 80.0 in June. The food index was unchanged at 71.3, firmer prices for eggs, onions and potatoes, being offset by decreases in butter, canned salmon, corn syrup, and most meats. A reduction in the coal sub-group from 88.2 to 83.6, and in that for coke from 88.3 to 86.8, resulted in a downward movement in the fuel index from 87.3 to 84.7. The general index of 80.0 compares with 78.8 for June, 1935.

SECURITIES

Industrial stocks in June attempted the second recovery subsequent to their sharp break in April. It was of very modest proportions, however, and limited mainly to a few groups including pulp and paper, milling, foods, and the miscellaneous section led by International Nickel. Textiles and Oils averaged lower. The Industrial price index for the week ended July 2 was 190.6 as compared with 189.3 for the week of May 28. Utilities advanced slightly, indexes being 53.6 and 52.3 for these respective weeks. Gold issues turned downward in the second week of June after advancing steadily since the middle of March, and the Bureau of Statistics gold index fell from 136.2 for the week ended June 11 to 132.9 for the week of July2. A good reception to three new Dominion of Canada bond issues stimulated the bond market and prices advanced as indicated by Dominion bond price indexes of 115.9 for May and 117.0 for June. This represented the highest level of prices since Dominion issues became prominent in the domestic market during the war years. A complementary index of long-term Dominion bond yields dropped from 68.8 in May to 66.9 in June.

FOREIGN EXCHANGE

Interest in foreign exchange markets again centred around the French franc during June. At the beginning of the month its position appeared extremely precarious, with gold flowing outwards from Paris in large volume. Several short covering movements, however, served to lessen the strain considerably, and in the fourth week the Bank of France was able to reduce its official rate from 6 p.c. to 4 p.c. in two stages of one p.c. only two days apart. As the month ended the franc appeared firm and repatriation of capital to France had begun in moderate volume. Pressure on the Netherlands guilder also subsided at this time. Montreal rates on the £ sterling mounted rapidly from $5.0087 on June 1 to $5.0557 on June 4, and after a short reaction to $5.0131 on the 8th fluctuated subsequently between $5.03 and $5.0450. The Montreal premium on New York funds during June remained between 0.25 p.c. and o.50 p.c.