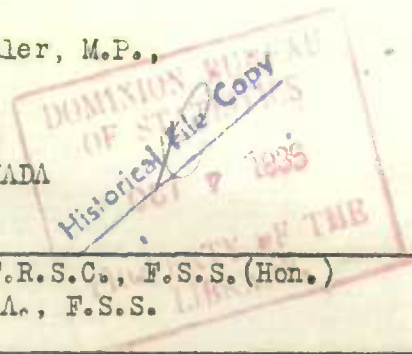


DEPARTMENT OF TRADE AND COMMERCE
DOMINION BUREAU OF STATISTICS - CANADA
INTERNAL TRADE BRANCH



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, SEPTEMBER, 1936 (PRELIMINARY)

COMMODITIES

After a minor reaction in the latter half of August and a period of relative stability in the first two weeks of September, commodity markets again stiffened and the Dominion Bureau of Statistics wholesale price index number touched 76.6 for the week ended September 25, a full point higher than for the corresponding period of August. The proposed devaluation of the French franc announced on September 25 failed to produce any general reaction in commodity markets although wheat prices declined in the final week following beneficial rains in Australia and the Argentine. A sudden drop in sterling exchange at this time also contributed to weakness in wheat. New York raw sugar prices turned downward on September 18, and month-end quotations were thirty points below those of September 1. Prices were also weaker on the London market, falling to the lowest point of the year. Declining consumption in the United States has made it probable that a surplus will exist at the end of the year. A meeting of the International Rubber Committee on September 29 decided to leave raw rubber quotas unchanged at 65 p.c. of standard tonnages, although this question will be considered again during the latter part of October.

COST OF LIVING

Moderate advances in food and fuel prices were responsible for a rise in the Dominion Bureau of Statistics cost of living index from 81.0 in August to 81.9 in September, the highest point recorded since April, 1932. The September food index was 75.1 as compared with 74.7 in the month preceding, and 70.9 a year ago. Higher quotations were noted for eggs, butter, milk, flour, bread, canned vegetables, and dry beans, while potatoes and onions recorded substantial decreases. The fuel group rose from 85.8 to 86.1 as a result of seasonal increases in coal prices.

SECURITIES

Common stocks with the exception of gold and beverage issues made substantial gains during September. A miscellaneous group of Industrials including International Nickel and Smelters registered spectacular increases in the first three weeks but reacted in the fourth. In the third week important general advances occurred affecting nearly all sections of the list and the market was buoyant as the month closed. Anticipation that devaluation of the franc would affect the tone of trading operations through the withdrawal of funds from the New York market failed to be realized. An index for Canadian industrials advanced from 194.6 for the week of September 3 to 205.2 for the week ending October 1, while an index for utilities rose from 53.1 to 55.2 in the same interval. Base metals mounted from 260.9 to 275.4 during this period but the gold index dropped from 132.0 to 129.3. The base metal series has risen more than 100 p.c. since the February low point of 1935. Bond markets sagged temporarily in the final week of September, but were stronger at the close. A price index of Dominion of Canada long-term issues fell from 119.3 to 118.2 during the month, while the yield index advanced from 62.8 to 64.3.

FOREIGN EXCHANGE

The struggle to maintain the gold value of the French franc came to an end on September 25 when the Minister of Finance announced that a bill providing for franc devaluation would be presented to the Chamber of Deputies on the following Monday. Prior to that time the gold flow from Paris had been accelerating rapidly, and although the Bank of France's reserves still exceeded \$3,400,000,000 at the time of the announcement, they were the lowest since the autumn of 1930. A last minute increase in the official bank rate from 3 p.c. to 5 p.c. on the 24th came too late to be of any tangible effect in stemming the flight of gold. Sterling rates which had risen more than two cents in the earlier part of the month broke sharply with the franc on the 25th. Co-operation of British and American authorities with the Bank of France prevented further dislocation, however, and exchanges were fluctuating narrowly during the last three days of the month. The Montreal sterling rate at \$4.95 for September 30 was down 7 cents from September 25, and a nominal quotation of 4.95 cents for the franc on the 30th compared with one of 6.50 cents a week earlier. It has been decided that the franc will be allowed to fluctuate temporarily between 65 p.c. and 75 p.c. of its former value before the new parity is finally determined. Other countries expected to follow suit included the Netherlands and Switzerland, the latter contemplating a reduction of between 26 p.c. and 34.5 p.c. New York funds were quoted at par as the month ended, while the Brazilian milreis and the Indian rupee were materially above levels of a few weeks earlier.

