

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

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Dominion Statisticians:	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 Statisticians:	H.F. Greenway, M.A.

PRICE MOVEMENTS, FEBRUARY 1937 (PRELIMINARY)

COMMODITIES

After a minor setback in the latter half of January, commodity price levels turned upward again in February, supported principally by exceptional strength in metals. This was apparent in iron and steel, as well as among the non-ferrous metals which were bought feverishly in international markets during the last two weeks. At the same time wheat prices were reacting from their mid-month peak, while raw silk and raw sugar also moved lower. The latter declined as it became more certain that a processing tax was to be imposed upon raw sugar in the United States. Spot coffee quotations did not fully reflect the chaotic condition in Brazilian futures, which dropped sharply at the end of February, as a two week Santos coffee brokers' strike ended. Earlier in the month a sharp rise was reported to have caught a large "short" interest in a vulnerable position. Egg prices stiffened in the final week after a series of almost unbroken declines since the beginning of the year. Livestock, rubber and cotton remained fairly steady throughout the month. The Dominion Bureau of Statistics index number of wholesale prices advanced from 81.6 at the end of January to 83.0 for the week of February 19, and remained at that level subsequently.

COST OF LIVING

A slight upward tendency in foods, fuel and miscellaneous items caused the Dominion Bureau of Statistics cost of living index for Canada to advance from 81.6 in January to 81.8 in February. The food group rose from 75.2 to 75.6, gains for potatoes, beans, flour, lard and meats being of more consequence than declines for eggs and butter. The comparative figure for February of the previous year was 72.9. Increased prices for coal were responsible for an advance in the fuel index from 86.5 to 86.6. An index for miscellaneous items moved up from 92.3 to 92.4, influenced by higher prices for gasoline in a number of important centres.

In June, 1933, the cost of living index had fallen more than 23 per cent. below pre-depression levels, and since then it has risen slightly less than 7 per cent. Thus for February, 1937, the index was still 18 per cent. below the 1929 level.

SECURITIES

Interest in industrials and utilities quickened in the second half of February, when selective buying of market leaders sent price averages upward, more particularly in the industrial section. The price rise among the industrials was led by International Nickel and Consolidated Smelters although these stocks reacted in the final week. Brazilian Power and Traction dominated the Utility group. Oil stocks also were sharply higher, and moderate firmness appeared in food issues. Machinery and equipment regained earlier losses in the latter half of the month. Pulp and Paper issues moved irregularly to show little net change, while banks were slightly weaker. The Bureau of Statistics price index for industrials mounted from 221.9 to 236.2 between the closing weeks of January and February, while utilities advanced from 69.2 to 74.5. In the mining section, lighter trading was centred upon base metals and oils. The base metal price index advanced from 321.8 to 356.5 during February, while the gold section moved lower from 139.8 to 137.5 despite a rally in the closing days of the month. Dominion of Canada long-term issues declined steadily, although less sharply than gilt-edged bonds at London. An index of Dominion of Canada prices fell from 117.3 to 114.6, while a corresponding series for yields advanced from 65.1 to 69.6.

FOREIGN EXCHANGE

Although spot rates in foreign exchange markets remained fairly steady during February, evidence of pressure was apparent in several currencies. The sterling at Montreal moved slowly but steadily lower during the last two weeks of the month, falling approximately one cent to slightly below \$4.89. The French franc also declined during this period, weakening noticeably on February 27, when charges were made in the French Chamber of Deputies that heavy gold losses had occurred recently. These were denied and an official spokesman stated that France planned to adhere to the tri-partite gold agreement. It was later announced that the franc was to be maintained at present parities with the sterling and the United States dollar. The Dutch authorities took an unusual step on February 15 when the Bank of the Netherlands buying price for gold was reduced. The florin which had declined earlier, advanced moderately, but failed to rise in keeping with the new price for gold.

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