

Published by Authority of the Hon. W.D. Euler, M.P.,
Minister of Trade and Commerce

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

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PRICE MOVEMENTS, MARCH 1937 (PRELIMINARY)

COMMODITIES

Wholesale commodity price levels swept upward again during March at an accelerated rate which caused the Dominion Bureau of Statistics wholesale price index number to advance from 83.3 to 86.3, up 3.6 p.c. for the month. The current upswing in commodity markets began last June, and in the following ten months this series has risen by 20 p.c., representing a rate of increase which has not been paralleled since the early post-war years. The total advance since price recovery commenced in March 1933 has amounted to almost 36 p.c. Gains in iron and steel products were the outstanding feature of the March rise, although grains, lumber, and non-ferrous metals also showed unusual strength. Apart from copper, however, the non-ferrous group was reactionary in tendency, particularly so for lead and tin. The advances noted for iron and steel carried the price index for this group up 7.5 p.c. during the month to its highest level since 1925. Farm products mounted 5.7 p.c. in March due chiefly to sharply higher grain prices, with livestock registering more moderate gains.

COST OF LIVING

The general cost of living for Canada was unchanged at 81.8 for March. Slightly reduced prices for meats, eggs and butter were more than offset by advances for potatoes, sugar, bread and flour, resulting in an increase in the food index from 75.6 to 75.7. The sharp upward movement recorded by wholesale food prices during the past few months was only partially reflected in retail prices. Advances in women's ready-to-wear garments caused a moderate upward movement in clothing prices. Furniture prices were definitely higher.

SECURITIES

The pronounced show of strength which developed in common stock markets about the middle of February carried prices sharply upward until March 10. This was followed by a ten day reaction, which in turn gave way to hesitant recovery. The pulp and paper group supported by the announcement of important newsprint contracts placing the New York price at \$50 per ton showed unusual strength in the latter half of the month. Building Materials led by the steel issues also made impressive gains during this period, but failed to break through the peak established early in March. The Industrial Mines index for International Nickel and Consolidated Smelters behaved in erratic fashion, early March increases being wiped out between the 10th and 22nd and subsequent partial recovery only partly held. The Investors' index number of common stock prices advanced from 147.7 on March 1 to 150.3 on the 10th. It reached a low for the month of 141.7 on the 22nd and closed at 144.9. Corresponding indexes for the Industrial group were 240.4, 247.3, 233.0, and 239.9. Utilities moved almost steadily lower from 73.6 to 68.9. Both golds and base metals in the mining section declined during the first three weeks of March, after which base metals showed moderate recovery and gold stocks resisted further recession. The Bureau's mining stock index of 177.6 for March 1 was close to the monthly high of 179.1 touched on the 3rd. It was lowest at 168.0 on the 22nd and closed at 169.8. Quotations for Dominion of Canada long-term bonds moved in line with British Consols and United States Treasury issues, recording substantial losses in the first three weeks of March, and partially recovering in the fourth. The Dominion of Canada long-term bond price index dropped from 113.9 to 112.4 between the weeks ended March 4 and 25, and closed at 112.7. Yields advanced from 70.8 to 73.7 and then fell back to 73.2.

FOREIGN EXCHANGE

The French franc broke sharply on March 5 and 6 when heavy selling developed against the possibility of stabilization in the neighbourhood of 4.40 cents, the minimum set at the time of devaluation last October. Montreal franc rates dropped from 4.65 cents to 4.54 cents during this brief interval but have subsequently moved steadily upward again to 4.60 cents. This recovery was affected by the restoration of sales and purchases of gold by the Bank of France enabling devaluation profits to be made on repatriated funds. Sterling continued to weaken irregularly until the final week of March when a gradual upturn commenced. Considerable gold flowed from London to New York during the month, and the Japanese yen was also supported by gold shipments. The Canadian dollar moved against New York and London for the greater part of March, but reacted slightly in the final week.



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