

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

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PRICE MOVEMENTS, APRIL, 1937 (PRELIMINARY)

COMMODITIES

Severe reactions in grain and non-ferrous metal prices were the most important factors in the gradual recession of wholesale price levels during April. This marked the first definite check to a ten month advance which had materially altered price group relationships of the preceding two and one-half years, placing primary products generally upon a somewhat higher plane than finished materials relative to pre-depression averages. The Canadian Farm Products index, for example, after a 7 p.c. decline in April was 88.1, still three points above the general wholesale price index. Although most basic commodity markets suffered losses in the latter part of the month, several group indexes registered small net increases. Animal products advanced 2.5 p.c., Wood products 1.6 p.c., Iron 1.8 p.c., and Non-Metallic Minerals and Chemicals also moved up fractionally. The Dominion Bureau of Statistics general wholesale price index number fell 2.1 p.c. from 86.9 to 85.1 in April.

COST OF LIVING

The general index of the cost of living for Canada, computed by the Dominion Bureau of Statistics, was 82.2 in April as compared with 82.0 in March. The retail price index of foods rose from 75.7 in March to 76.3 in April. Considerable gains were reported for a wide range of foods, including butter, lard, flour, bread, sugar, tea, codfish and several meats, although moderate decreases occurred for eggs, corn, potatoes, marmalade, jam and coffee. There were no changes of any importance recorded for other budgetary groups.

SECURITIES

Canadian stock markets in April received the most serious setback experienced since October 1933, after the speculative outburst which accompanied the first signs of recovery in that year. The reaction came in three phases of increasing severity, interspersed with brief rallies which failed to hold their ground, with the exception of a final upturn in the last two days of the month. From April 10 to 20 Canadian market averages declined steadily despite moderate advances at New York, and resumed their recession as liquidation depressed the New York market in the fourth week. The low for the month on April 28 was considerably below levels at the beginning of the year. The Investors' security price index for industrial, utility and bank stocks dropped from 147.2 for March to 136.2 for April. This compared with a January index of 137.4. Prices for mining stocks also suffered pronounced reductions during April, particularly in the base metal section which was affected by reacting non-ferrous commodity markets. Gold issues fared little better, however, due to uncertainty surrounding the future of gold prices. The Bureau's mining stock price index dropped from 172.6 for March to 154.1 for April, although like industrials and utilities a definite resistance point appeared to have been reached in the closing days. The Bureau's index of long-term Dominion of Canada bond prices changed fractionally from 112.9 for March to 112.7 for April.

FOREIGN EXCHANGE

Recovery in the French franc after the sharp decline of early March was halted by a second break between April 6 and 9, when Montreal franc quotations dropped from 4.61 cents to 4.48 cents. Later they drifted downward to 4.43 cents before rallying to close the month at 4.47 cents. A statement on April 12 credited to the French Minister of Finance intimated that the franc would be allowed to find its natural level between devaluation limits set last October. The decline in the franc coincided with a sudden cessation of gold shipments from London to New York following persistent rumours that United States service charges on gold transfers might be increased, thus reducing the net value per ounce. The inflow to the United States was resumed within a few days, however, and despite higher profit rates set by banks handling this business, the movement increased rapidly. Informed opinion attributed this to uneasiness regarding the future of gold prices. Sterling rates advanced approximately five cents at New York and Montreal prior to April 29 under the stimulus of the heavy gold movement, but reacted slightly after the sharp decline in London security and commodity markets on that date. Subsequently the repatriation of French capital from London weakened the position of sterling. With the exception of French francs and United States dollars, most other currencies moved against Montreal by moderate amounts during April.



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