

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, MAY 1937 (PRELIMINARY)

COMMODITIES

Commodity price levels in May showed signs of steadying after a sharp reaction in the preceding month. Grain markets moved upward again but failed to maintain their gains, while copper recorded irregular recovery of minor proportions. Weekly wholesale price index numbers of the Dominion Bureau of Statistics for May remained between limits of 84.7 and 85.4, and the close of 85.1 was upon a par with the final week of April. This was also the exact level of the May monthly index which compared with an April monthly figure of 86.1. Not changes in the principal commodity groups were nearly all fractional, advances in Wood Products, Non-Ferrous Metals, and Non-Metallic Minerals, being balanced by declines for Vegetable and Animal Products, Iron and Chemicals. The signing of a five-year international agreement on May 6 with respect to raw sugar free market export quotas was followed by a moderate rise in London raw quotations, but New York was less buoyant. There was little reaction in coffee markets to the announcement about two weeks later that Brazil was planning to destroy 70 p.c. of its current crop in an effort to reduce world supplies to more normal proportions.

COST OF LIVING

Increases in food prices and in rentals resulted in an advance for the Dominion Bureau of Statistics cost of living index for Canada from 82.2 in April to 82.8 in May. The food group recorded a slight rise from 76.3 to 76.6, gains for butter, cheese, flour, beans and meats being of more consequence than declines for eggs and potatoes. The rental survey for May showed rents to be still increasing gradually, the index for this group being 87.3 as compared with 84.9 in October. Single houses showed the greatest advance, although all types of dwellings were firmer. The sundries group remained stationary at 92.6 despite a fractional rise in motor operating costs from 92.0 to 92.1, due to higher prices for tires. Reductions in the price of coal in several cities caused the fuel index to recede from 86.6 to 86.1.

SECURITIES

Common stock prices levelled off during May after a weak rebound from the extreme lows of April 28 and 29, which marked the culmination of a six week decline. Two attempted rallies in the first and third weeks of May met with little success, but subsequent reactions were not large, thus leaving market price averages approximately upon the same levels at the close of the month as they had started from at the beginning. The volume of trading was the lowest for the current year to date. Practically all groups of stocks with the exception of newsprint issues followed the general market fluctuations outlined above. Newsprints were strong, particularly in the second half of the month. The Investors' general price index of industrial, utility, and bank common stocks was 129.8 on May 31 as compared with 130.0 on April 30, corresponding figures for industrials alone being 211.2 and 213.5, and for utilities 62.8 and 60.9. Mining stock prices although displaying less underlying strength than industrials followed the same general course except that the second rally among the mines came in the fourth instead of the third week of May. This was short-lived however, and the Bureau's general index of 24 mining stock prices closed at 137.9 down appreciably from 144.3, the level at the end of April. The gold section registered a net decline of 4.7 to close at 108.3, while base metals dropped from 273.7 to 260.0. Long-term Dominion of Canada bond prices moved gradually forward during May, as indicated by price indexes of 112.5 for the last week of April, and 114.9 for the final week of May. A corresponding index of yields dropped from 73.3 to 69.3.

FOREIGN EXCHANGE

Although exchange fluctuations were fairly narrow throughout May, this could scarcely be interpreted as a reflection of underlying stability. Heavy repatriation of funds from London to Rotterdam during the first fortnight caused the Netherlands authorities to reduce their official price of gold a second time in an effort to check the volume of this movement. Later, the flow from London to New York increased again, as nervous hoarders became apprehensive regarding the future of gold prices, and dumped their holdings on the open London market. Despite the rapid inflow of gold, the United States dollar was strong, and Montreal rates returned to par on May 31 after being at fractional discounts since March 11. The French franc moved irregularly lower from 4.49 cents to 4.45 cents, while sterling held between \$4.92 and \$4.94.





1010711534

100

Statistical File Copy

[Faint, mostly illegible text, likely bleed-through from the reverse side of the page]