

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

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Dominion Statistician: R. H. Coats, LL.D., F.R.S., F.S.S. (Hon.)
Chief, Internal Trade Branch: Herbert Marshall, B.A., F.S.S.
Prices Statistician: H. F. Greenway, M.A.

PRICE MOVEMENTS, JULY 1937 (PRELIMINARY)

COMMODITIES

Commodity prices reached a peak in the third week of July when the weekly wholesale index of the Dominion Bureau of Statistics touched 87.7, the highest point since June, 1930. During the month, increases were shown by all of the eight major groups, with the greatest gains being made by Vegetable Products and Non-Ferrous Metals. About the middle of June prices, generally, advanced, strongly influenced by grains, but in the fourth week of July a reaction set in which carried the index back to 86.7. The interest in Canadian wheat apparent at the first of the month was not long sustained and sales for export fell off. Livestock, on the other hand, became more active and the total number of cattle shipped to the United States was approximately double that for the previous month. Coincidental with reports of a bacon shortage in England, domestic hog prices rose carrying the index for hogs to 78.7 for a gain of 5.4 points in the month. Prices for base metals moved higher with zinc making the steadiest and greatest gain. Copper showed sufficient strength to move up the index 1.6 points. Farm Products averaged considerably higher than for June but closed the month unchanged at 89.8. The rapid increase of the first two weeks was not retained by the Field Products which showed a recession of 1.1 points for the month, but Animal Products advanced, after a small check, to a gain of 1.6 points in the same period. The monthly index rose from 84.6 for June to 87.5 for July.

COST OF LIVING

Moderate advances in prices of a few of the more important foods, partially offset by seasonal reductions in coal and coke prices, resulted in an increase in the general cost of living for Canada from 82.7 in June to 83.0 in July. The comparative figure for July, 1936, was 80.4. Retail prices of foods rose from 76.4 to 77.2, due to gains for eggs, creamery butter, onions, and meats. A reduction in the coal sub-group from 82.9 to 82.7, and in that for coke from 86.0 to 85.8, brought about a decline in the fuel index from 84.2 to 83.9. No changes of any consequence were recorded for other budgetary groups.

SECURITIES

Price averages for industrial and utility common stocks moved generally upward during July on seasonal light trading. The Dominion Bureau of Statistics general price index number of common stocks advanced from 127.7 for the week ending July 1 to 134.7 for the week ending July 29. Appreciable rises occurred in the first and third weeks, with slight advances in the fourth, but considerable recessions were shown in the second week. With the exception of milling and machinery and equipment, all sections of the industrials were higher for the month. The two industrial mines, Consolidated Smelters and International Nickel, led the advance, mounting 58 points between June 30 and July 31. Strength was displayed by utilities especially in the power and traction series. Brazilian was the active leader in the latter half of the month. Banks declined from 90.9 for the week ending July 1 to 90.0 for the week of July 29. The recovery movement in the mining stock markets, which commenced on June 24th following a declining trend from March, was continued up to July 20th. Substantial gains were recorded for both groups, with base metal issues showing the broadest increases, as indicated by the indexes, which advances from 105.5 on July 2 to 110.9 on the 20th for golds, and from 262.1 to 286.0 for base metals for the corresponding period. Some irregularity was in evidence in the remaining days of the month, but previous advances were mostly retained. The monthly average for twenty-four mines moved upward from 134.7 in June to 141.8 in July with the golds mounting from 105.9 to 109.2 and the base metals index from 255.0 to 278.9. The high-grade bond market displayed a firm undertone during July and the index for Dominion of Canada long-term bond prices rose from 114.9 for the month of June to 115.1 for the month of July. Turnover was very light.

FOREIGN EXCHANGE

With the reopening of the French Bourse on July 1st, trading in francs was resumed. It was intimated that the franc would be allowed to find its natural level and movements were generally upward during the first two weeks. On the 16th the franc broke sharply following a sudden wave of selling accompanied by reports of the withdrawal of support on the part of the French Stabilization Fund. Spot francs at New York dropped $5\frac{3}{16}$ points between the 15th and 16th and discounts on ninety-day rates widened $1\frac{1}{4}$ points. Rumours of the resignation of the French Ministry were current but, though these were denied, weakness continued till towards the close of the month. Later, strength was attributed to further activity on the part of the Stabilization fund, the powers of which were extended to include future as well as spot rates. The premium on New York funds at Montreal was reduced from 0.16 of 1 p.c. on the 2nd to 0.03 of 1 p.c. on the 31st.

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