

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

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DOMINION BUREAU OF STATISTICS
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PRICE MOVEMENTS, SEPTEMBER 1937 (PRELIMINARY)

COMMODITIES

Although recessions greatly outnumbered advances, the index for commodity prices moved up from 84.8 for the last week of August to 85.2 at the end of September. This was due principally to exceptional strength in cash grain prices, which counterbalanced numerous small declines in other commodities. The sharp increase in wheat was a feature of September markets, with No. 1 Manitoba Northern rising by more than 14¢ per bushel. A feed shortage in Western Canada stimulated the easterly movement of cattle and receipts at stock-yards were particularly heavy. These latterly depressed prices, and the livestock index dropped 7.3 points to 95.4. Raw cotton worked down to 1933 levels and raw wool fell sharply, also. Non-ferrous metals continued a decline commenced early in August and the index for copper dropped from 96.1 to 86.3 during the month. This compared with 69.4 for a year ago. Scrap iron made a substantial gain as increasing exports limited domestic supplies, while higher quotations for pottery caused a fractional gain in the index for Non-Metallic Minerals. British Columbia lumber weakened further and the index for B.C. fir fell to 95.2 as compared with 113.7 in the early summer. The index for Canadian Farm Products climbed 5.9 points to 88.0. Field Products made a sharp gain of 8.1 points, moving to 88.4, and Animal Products showed strength also, rising from 85.1 in the final week of August to 87.3 at the close of September.

COST OF LIVING

The first appreciable decline in food prices during the past year was responsible for a small decrease in the Dominion Bureau of Statistics cost of living index from 83.6 in August to 83.4 in September. The food index fell from 79.1 to 78.3, due principally to lower tendencies in prices for vegetables and beef. These were of greater consequence than increases in other meats, butter, and eggs. This movement is of particular interest in view of the downward tendency in wholesale food prices during the past two months. It comes at a time of the year when food prices are usually dominated by seasonal increases. Fuels which are also subject to seasonal influences, recorded slight advances for September.

The Bureau's cost of living index for September was 3 p.c. above that of a year ago, and 9 p.c. higher than the depression low point in 1933. Meanwhile wholesale price levels have risen by more than 24 p.c. Although shelter, clothing, and household equipment have contributed to some extent to recent advances, the family budget has been affected most by food prices. Between the summer of 1933 and 1937 food prices increased on the average by about 15 p.c., with more than one-third of this movement occurring in the past year.

SECURITIES

Declines in common stock prices during September developed the proportions of a serious recession. All sections of the list shared in a series of reactions which within the space of six weeks depressed prices to summer levels of 1936. A general index of common stock prices (Investors') dropped from 135.2 in August to 118.9 for September. The industrial section fell from 221.6 to 193.3, while utilities moved down from 65.2 to 57.4. Sub-group declines ranged between 38 p.c. for pulp and paper and 6 p.c. for banks, with the average approximating 14 p.c. Mining issues were also hard hit, but showed greater recuperative power in the closing days of the month, particularly among gold stocks. A general index for mining stock prices fell from 146.2 for August to 127.6 for September, with golds down from 112.5 to 103.5 and base metals more sharply from 287.4 to 224.5. Both sections made substantial recovery in the closing days of September. Dominion of Canada long-term bond prices averaged slightly less in the final week of September than for the corresponding period of August as indicated by respective indexes of 114.7 and 115.7.

FOREIGN EXCHANGE

The unstable position of the French franc was clearly revealed by two sharp breaks in September and a third on October 2, resulting in a total decline in Montreal rates from 3.73 cents to 3.29 cents. This constituted a new low record in terms of gold values. A heavily adverse commodity trade balance together with curtailment of summer tourist traffic in France were important factors in the recession. Seasonal declines in sterling were halted early in September about 4 cents below the August peak of \$4.99. Rates have subsequently fluctuated uncertainly around \$4.95. Pressure upon the Belgian belga resulted in considerable gold shipments in the latter half of September. Montreal rates on New York funds were at par during the greater part of September.

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