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DOMINION BUREAU OF STATISTICS - CANADA
INTERNAL TRADE BRANCH

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PRICE MOVEMENTS, JANUARY, 1938 (PRELIMINARY)

COMMODITIES

The minor advance in wholesale commodity prices which began early in December, continued into the new year before meeting with a moderate reverse. Dominion Bureau of Statistics wholesale index advanced from 83.0 for the week ending December 31 to 84.3 in the following week before declining gradually to 83.6 for the week ending January 28. Advances were shown by three of the eight major groups comprising the index, viz., Vegetable Products, Wood and Non-Metallic Minerals while all other groups moved fractionally lower. Grains moved higher, influenced to some extent by reports of unfavorable growing conditions in the winter wheat areas of the south-western United States, and an index of 94.1 for the final week in January compared with 92.7 for the last week in December and 88.4 for the corresponding week of 1937. A sharp rise in newsprint was largely responsible for the advance in Wood, while increases in manufactured gas and asbestos accounted for most of the small gain in Non-Metallic Minerals. Among the more important commodities to move lower were hides, livestock, eggs, raw wool and several of the non-ferrous metals.

COST OF LIVING

For January the Dominion Bureau of Statistics index of the cost of living in Canada was 84.1 as compared with 84.3 in December. This index has advanced 2.8 p.c. within the past year. Foods fell from 79.1 in December to 78.4 in January, declines for eggs, beans, lard, bacon and tea being of more account than higher prices for a lengthier list of items including meats, milk, butter, cheese, potatoes and onions. Higher prices for wood, partially offset by slightly easier quotations for coke in a few centres, resulted in a rise in the fuel index from 86.1 to 86.2. The clothing index was unchanged at 73.3, a moderate advance in men's clothing being counterbalanced by declines in women's apparel and materials sold by the yard. A slight reduction in the price of leather was offset by wage increases, consequently shoe prices showed little change from the previous quarter. Household linens were slightly reduced, while furniture prices moved moderately higher, leaving the miscellaneous index unchanged. Noticeable improvement in the quality of goods purchased at retail has been observed during the past year.

STOCKS AND BONDS

A brisk rally in industrial common stock prices during the first half of January was followed by a gradual reaction which cancelled approximately one-half of earlier gains. The industrial price index opened the month at 165.6, reached a peak of 182.0 on the 15th, and then dropped back to 174.9 on the 31st. The utilities index fluctuated within the exceptionally narrow range of 1.6 points, opening at 47.8 and closing at 47.7. The general Investors' price index of industrials, utilities and banks closed at 106.3 on January 31 for a net monthly gain of 4.2 points. Mining stocks were firmer. Gold issues developed strength in the last two weeks when other sections of the market were declining, and the Bureau's gold stock price index of 126.2 on January 31 was up 7.9 points for the month. Base metals lost nearly half of sharp advances made in the first ten days. The movement of base metals was indicated by price indexes of 214.7 on December 31, 251.6 on January 11, and 233.0 on the 31st. An index of Dominion of Canada long-term bond prices moved within a range of 0.3 points during January and closed down 0.2 at 116.0 on the 31st.

FOREIGN EXCHANGE (Quotations mentioned are Montreal noon rates unless otherwise specified)

Coincidental with a political crisis in France, the franc again broke sharply on January 13 from 3.39 cents to 3.29 cents. After partial recovery in the following week, rates drifted downward again to 3.23 cents before steadying around 3.28 cents in the final days of the month. Sterling dipped temporarily below \$5.00 during January but recovered to \$5.01 towards the close. New York funds declined from a small premium to par in the first two weeks and then moved to a small discount in the last two days of trading. The Argentine peso free market was disorganized for a brief period at the end of January when the differential between free and official rates suddenly widened from approximately 4 cents to nearly 6 cents. Free rates dropped to 27.60 cents while official quotations remained close to 33.40 cents.

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