

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

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PRICE MOVEMENTS, OCTOBER, 1938 (PRELIMINARY)

COMMODITIES:

Wholesale commodity prices drifted lower during October and the Dominion Bureau of Statistics index fell from 74.5 for the week ending September 30 to 73.9 for the week ending October 28. This was a new low since July 1936, and slightly more than 12.5 p.c. below the corresponding period of last year. Five of the eight major groups receded, while advances predominated in Wood, Non-Ferrous Metals and Chemicals. The grain index declined from 47.1 to 43.2 which compared with 92.7 for the final week of October, 1937. Exports were light and the favourable Argentine crop outlook together with the present large world stocks weighed heavily upon the price structure. Livestock values were lower also as demand dragged, and the livestock index dropped 6.0 points to 69.9. Meats became correspondingly cheaper and lard showed a moderate reduction. On the other hand, increasing armament programmes and growing industrial activity stimulated non-ferrous metals, while raw rubber registered a moderate gain as prospects of a boom in automobile manufacture became more definite. Potatoes advanced sharply when blight reduced marketable supplies, and hides rose from 68.3 to 80.1 for a gain of over 17 p.c.

COST OF LIVING:

Moderate recessions in foods and rentals, offset to some extent by moderately higher prices for fuels, resulted in a decline in the general cost of living for Canada from 84.1 in September to 83.9 in October. The comparative figure for October 1937 was 84.2. The food index fell from 77.6 to 77.1, gains for eggs, milk, potatoes and codfish being more than offset by easier quotations for meats, butter, bread, flour, canned vegetables and onions. Seasonal advances in prices of coal and coke caused the fuel index to move up from 85.3 to 85.7. The general level of coal prices during the past six months has been higher than for the corresponding period of 1937. The resultant stiffening in fuel prices followed a protracted decline dating from 1921, at which time the index stood at 109.2. After having recorded a steady advance since the spring of 1934, rentals reversed direction and registered a slight decline from 90.3 to 90.1. Middle-grade dwellings and workmen's abodes shared equally in the recession.

STOCKS AND BONDS:

Coinciding with the quickening tempo of the New York market and generally improved business sentiment share prices on Canadian stock exchanges showed material increases in October. The advance was broad and all sub-group indexes were higher but outstanding strength was exhibited by the shares of base metal, beverage, machinery and equipment, building material and oil sub-groups. Price advances for such market leaders as National Steel Car, Steel of Canada, Walkers, International Nickel, Consolidated Mining and Smelting and Bell Telephone were impressive. After climbing rapidly from 105.0 on October 1 to 110.2 on the 8th, the daily index for 95 common stocks levelled off and finally closed the month at 110.6. The monthly index for this series rose 11.1 between September and October to 109.7. On the mining market, base metal stocks provided the leadership while golds with the exception of one or two specialties showed little movement either way. The Bureau's daily index for 24 mining issues moved up from 152.4 on October 1 to 158.0 on the 31st. The base metal sub-group index advanced from 284.3 on the 1st to a high of 318.2 on the 15th, but the announcement of uncurtailed output of copper lowered share prices considerably and this index closed the month at 312.7. The lack of interest in gold shares may well be illustrated by the movement of the daily index for this group which showed an advance of only 0.2 between October 1 and 31 to 120.6. The daily index for Dominion of Canada long-term bond prices moving in line with other business indicators, showed an increase of 1.1 between the first and last days of the month, closing at 117.3. The monthly index was 116.9 as compared with 116.0 for September.

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

Foreign exchange dealings in October were on a more normal scale than those obtaining in September. Following a strong opening, however, the British pound and continental European currencies allied to it were definitely reactionary throughout the month. As seasonal pressure and other adverse factors heightened, the pound receded from a high of \$4.8508 on October 1 to \$4.7840 on the 13th, its low for the month. Continued short covering brought moderate recovery to almost \$4.820, but a second relapse lowered the bid to \$4.7883 on the final day. The French franc was subjected to heavy selling during part of October as rumors were prevalent of possibilities of further devaluation of French gold reserves. The Belgian belga and Netherlands florin which move independently showed moderate gains between the first and final days of October. Premiums on United States funds moved up from 9/16 of one per cent at the beginning of the month to a high of 1 17/32 per cent on the 15th, and then reacted to close at 11/16 of one per cent on October 31.

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