

DOMINION BUREAU
OF STATISTICS
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PRICE MOVEMENTS, DECEMBER, 1938 (PRELIMINARY)

COMMODITIES

Wholesale commodity prices were comparatively stable during December and the Dominion Bureau of Statistics' weekly index moved within narrow limits. From 73.5 in the final week of November it declined to the month's low of 73.2 for the week ending December 23, and then advanced again to 73.5 for the week following. This compared with 73.9 at the end of October, and 83.0 for the closing week of 1937. During the month Vegetable Products, alone of the eight major groups included in the index, made headway, while slight decreases occurred in Animal Products, Wood, Iron, Non-Ferrous Metals and Chemicals. Grains were firmer and the index rose 1.3 points to 43.5, an increase of 1.8 points over the year's low of 41.7 touched in the first week of November. Raw rubber moved up 1.5 points to 36.3, influenced to some extent by declining inventories, while potatoes climbed from 48.8 to 50.4, a point approximately 65 p.c. above the corresponding week of last year. Led by hogs, livestock moved up 7.9 points to 84.9 and meats were appreciably higher also, but recessions were noted in butter, cheese, lard, fish and eggs. The egg index has dropped 11.0 points from the peak of 83.9 reached in the week of November 19. Non-ferrous metals were soft as the month opened but became firmer, and recorded moderate increases. Tin was outstanding in this group by reason of its resistance to pressure and its quick recovery, which advanced the tin index 0.2 during the month to 71.7. Canadian Farm Products moved from 64.4 to 65.0 as Field Products mounted from 53.8 to 54.2, and Animal Products rose from 64.4 to 65.0.

COST OF LIVING

The Dominion Bureau of Statistics' cost of living index number for Canada changed from 83.7 in November to 83.0 in December, influenced by easier prices for foods. The comparative figure for December 1937, was 84.3. During the year just closed fluctuations in the living cost index were less than 1.5 per cent, 84.8 in August representing the peak, while the lowest point recorded was 83.6 in December. The food index receded from 76.6 in November to 76.2, due principally to lower prices for meats, butter, lard and canned salmon. Potatoes were slightly higher than in November. Year end comparisons indicate that food prices in 1938 showed a net decrease of 3.7 per cent, while wholesale food prices during the same period declined slightly more than 10 per cent. Moderate increases in wood prices together with higher quotations for coke in one or two centres, resulted in an advance in the fuel index from 85.5 to 85.7.

STOCKS AND BONDS

Seasonal dullness pervaded Canadian stock exchanges through most of December although a broad but brief rally near the end of the month lifted share prices slightly above opening levels. The Bureau's daily index for 95 common stocks stood at 108.7 on December 31, which was 1.3 points above the November close. In the industrial section, industrial mines, machinery and equipment and building material shares accumulated the most substantial advances between November 30 and December 31 while moderate declines were noted for pulp and paper and beverage stocks during the same interval. Utility sub-group indexes, with the exception of transportation, moved fractionally lower. Bank shares showed their customary year-end weakness although the declines were only of a minor character. In the mining section, base metal shares gave an erratic display climaxed by a sharp but irregular rally which brought the index to 318.5 on the final day from a monthly low of 308.2 on the 21st. Gold shares also registered considerable activity as the year closed and the index for this series at 123.6 on December 31 was the highest since the early part of September. The general index for 24 mining stocks closed at 161.5, only half a point below the highest level of the year established on November 9. Dominion of Canada long-term bond prices showed little variation in December as indicated by the daily index which closed at 117.9 after touching a low of 117.3 on the 21st.

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

Fluctuations in foreign currencies were on a much smaller scale during the final month of 1938 than in November. Political uncertainties continued to be the chief motivating force underlying exchange movements, and the volume of trading showing considerable seasonal contraction, especially towards the latter part of the month. The pound sterling moved between \$4.7322 on December 5 and \$4.6850 on the 31st. Its opening quotation was \$4.7089. Re-imposition of restrictions on foreign loans by the British Chancellor of the Exchequer on December 20 was expected to alleviate some of the pressure on sterling. French francs, although depreciating in terms of the Canadian dollar, showed moderate appreciation against sterling. The London-Paris cross rate touched 177 francs to the pound on several occasions in December. Bar gold at London strengthened from an opening bid of 148s 6^d to 149s 7^d on the final day. Independent currencies were generally quiescent with the exception of the Netherlands guilder which advanced from 54.75 cents on December 1, to 54.94 cents on the 31st. Weakness in the Canadian dollar at New York coincided with heavy payments of Canadian dividends to United States stock holders. The premium on United States funds firmed 9/16 of one per cent to close at 31/32.



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