

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

Historical File Copy

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

PRICE MOVEMENTS, FEBRUARY, 1938 (PRELIMINARY)

COMMODITIES

Wholesale commodity prices exhibited a firmer tendency in February, after a decline which commenced early in the new year. The Dominion Bureau of Statistics' weekly index rose from the current year's low of 83.5 for the week ending February 4 to 83.8 for the week ending February 25. This compared with 83.0 for the last week of February, 1937. Advances were confined largely to Animal Products, Textiles and Non-Ferrous Metals while Wood Products, Iron and Chemicals were slightly easier and Vegetable Products showed little change. Weather conditions in the winter wheat growing areas of the United States had a bearish influence upon international markets, although reports of large purchases of Australian wheat toward the end of the month provided some support. The spread in price between Canadian and United States centres was not sufficient to encourage sizeable exports of cattle to the South and the attention of shippers turned more toward British markets. Butter prices mounted sharply and the average of 36.4 cents per pound for the fourth week in February was the highest since March 1930. Base metals turned upward during the month. On the 18th instant the announcement by the International Tin Committee of a reduction in the tin export quota for the second quarter, from 70 p.c. to 55 p.c. had a strengthening influence on tin prices, while renewed activity in European markets was reflected in rising quotations for copper.

COST OF LIVING

Declines in the prices of foodstuffs and fuels caused a reduction in the Bureau's cost of living index for Canada from 84.1 in January to 83.9 in February. A retail food prices index fell from 78.4 to 77.9, influenced by reductions in eggs, lard, canned vegetables and pork. Butter, bread, onions, tea, veal, mutton and beef recorded gains for the same period. Following a sharp advance in the latter half of 1937, retail food prices reversed direction and moved downward in January and February of 1938. This movement was preceded several months by a decline in wholesale food prices, which are still falling. A decline in the wood sub-index from 80.2 to 79.0, and in that for coke from 87.1 to 87.0 reduced the fuel index from 86.2 to 86.0. No changes of any consequence were reported for other budgetary groups.

STOCKS AND BONDS

Industrial stock markets revived in the third week of February after moving within narrow limits during the first fortnight. Prices recovered to top levels of the mid-January peak by a small margin and then eased slightly before the month closed. Utility and bank common stock prices had little of the buoyancy in industrials which was most apparent in industrial mines, oils, beverages, machinery and equipment, and building materials. Foods, textiles, and paper stocks remained comparatively steady while milling issues declined. The composite industrial price index of 181.4 for February 28 showed a net gain of 6.5 for the month and compared with a February high of 183.6 reached on the 23rd and 25th. A drop of 0.5 to 47.2 in the utilities section would have been larger except for moderate rallies in power and traction issues in the third week. The Investors' price index covering the general range of common stocks moved up from 106.3 to 108.9 during February. Strength in base metals was almost sufficient to balance weakness in golds and the Bureau's general mining stock price index receded fractionally from 147.2 to 147.0 after passing an intervening peak of 149.1 on the 23rd. The gold index dropped 4.3 to 121.9 while base metals mounted from 233.0 to 250.2. An index of Dominion of Canada long-term bond prices continued gradually upward from 116.0 to 116.8, while a corresponding index of yields fell from 66.5 to 65.0.

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

Weakness in the United States dollar in the first half of February led to a small outflow of funds as fears again revived concerning further inflationary measures. These were dissipated by an official statement, and the dollar moved up from a discount of 1/16 of one per cent. to par. This coincided with a sharp break in London gold bullion prices and a tendency for funds to return to United States financial markets. Montreal sterling rates advanced approximately two cents to \$5.0331 in the first half of February and then reacted before steadying around \$5.015. Declines in Austrian schillings and German registered marks followed political developments in Europe in the third week, and later, French francs, guilders and belgas showed fractional losses. Argentine pesos were more stable in the second half of the month with official rates around 33.45 cents and free market quotations holding close to 26.25 cents.

STATISTICS CANADA LIBRARY
BIBLIOTHÈQUE STATISTIQUE CANADA



1010711543

STATISTICS CANADA LIBRARY