

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

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PRICE MOVEMENTS, APRIL, 1938 (PRELIMINARY)

COMMODITIES:

Commodity wholesale prices indexes declined sharply in the latter half of April, and the Dominion Bureau of Statistics index which stood at 83.3 for the first two weeks fell to 81.5 for the last week of the month. Although all of the eight groups included in the index showed losses in varying degree, Vegetable Products led the recession, dropping from 83.3 to 81.5. The most important factor in the decline was the slump in cash prices of wheat, which was instrumental in decreasing the index for grains from 91.6 to 83.9. The grain index for the corresponding week of last year was 92.9. The decrease in Animal Products was much smaller and the index dropped only 1.8 points to 78.0. Livestock and meats were up, fresh meats rising 4.5 points to 87.4, but butter fell from 36.9 cents to 30.6 cents and fish, hides and milk were cheaper as well. Changes in other groups were comparatively unimportant. Raw cotton moved fractionally higher while raw wool and woollen cloth declined. Newsprint quotations, f.o.b. mill, were shaded due to freight increases and lower prices were asked for British Columbia lumber products. In the Non-Ferrous Metals a small gain was made by copper. Lead and tin weakened, although the international export quota for tin was reduced from 70 p.c. to 55 p.c. for the second quarter of 1938. Seasonal reductions for coal affected the index for Non-Metallic Minerals while a slight drop in Chemicals was due largely to easier prices for drugs and industrial gases.

COST OF LIVING:

A slight upward tendency in foods, partially offset by a minor reduction in fuels, resulted in a small advance in the Dominion Bureau of Statistics cost of living index from 84.2 in March to 84.3 in April. This was 2.3 per cent. above the level of the corresponding month of last year and 10 per cent. higher than the depression low point in 1933. The food group recorded a slight rise from 78.6 to 78.8, gains for meats and butter being of more consequence than declines for eggs, potatoes, canned salmon and veal. The upward movement of 1.7 per cent. observable in wholesale foods since the first of the year was only partially reflected in retail prices. A reduction in the wood sub-group from 79.9 to 79.5, brought about a decline in the fuel index from 86.3 to 86.2. No changes of consequence were recorded for other budgetary groups.

STOCKS AND BONDS

Industrial and utility common stock groups recovered about two-thirds of March losses in the first three weeks of April. This advance was followed by a moderate reaction in the final week which reduced net gains to approximately one-half of the decreases in March. The Investors' price index of industrial, utility, and bank common stocks advanced from 87.9 on March 31 to 102.7 on April 23, and then dropped back to 98.5 on the 30th. The March 1st index was 109.4. Indexes of 161.1 for industrials, and 44.5 for utilities on April 30, showed net gains of 19.1 and 4.7 respectively for the month. Mining markets followed the same course taken by industrials and utilities. A general price index of 24 mining issues advanced from 122.0 on March 31 to 139.9 on April 23 and then fell back to 136.1 on the 30. On that day the gold sectional index was 112.1, and base metals 234.5, net increases for April for these respective groups being 8.7 and 36.4. Dominion of Canada long-term bond prices gained steadily during April and a weekly index for this group mounted from 116.6 to 117.9, its highest level since the beginning of 1937. A corresponding series for yields dropped from 65.0 to 62.2.

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

Erratic fluctuations of foreign exchanges which accompanied European political developments in March, lessened appreciably in the last two weeks of April. Premiums on New York funds dropped from a late March peak of 11/16 to 3/8 of one per cent. and then steadied at 17/32. The principal readjustment came after the announcement of a new United States government expenditure programme and increase in the credit base, to revive lagging business activity. For a brief period capital flowed from the United States, but there was little movement in either direction as the month closed. Sterling moved up from a monthly low of \$4.9932 on April 5 to \$5.0235 on the 19th and then settled back between \$5.01 and \$5.02 during the final fortnight. French francs advanced to 3.175 cents on the 19th, 10 points above an early April low, but reacted sharply to 3.065 cents on the 22nd, following rumours of contemplated devaluation. Later, they rallied slightly and closed at 3.08 cents on April 30. Belgas showed a minor net gain and florins a small loss during April, although the former remained in an unstable position. Argentine peso free market rates moved sharply forward from 24.87 cents to 26.19 cents, with official rates showing a minor rise of 14 points to 33.42 cents. Mexican pesos rallied from 21.44 cents on April 4 to 24.51 cents on the 7, and closed at 23.42 cents.

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