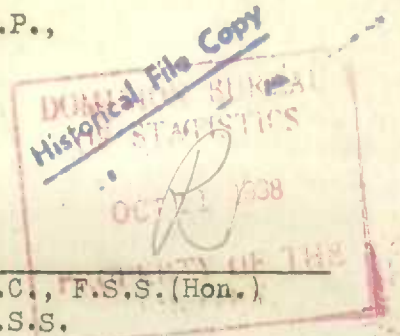


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DEPARTMENT OF TRADE AND COMMERCE
DOMINION BUREAU OF STATISTICS - CANADA
INTERNAL TRADE BRANCH



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PRICE MOVEMENTS, SEPTEMBER, 1938 (PRELIMINARY)

COMMODITIES:

The Dominion Bureau of Statistics' wholesale index moved from 74.6 for the week ending September 2 to 74.5 for the week of September 30. The low for the month was reached in the week ending September 9 when the index fell to 74.0. In the same period the grain index touched a low for the last five years of 42.8 which compared with 96.2, at the years highest point in January and 88.4 for the corresponding period of last year. Other commodities to show reductions included livestock, meats, butter and raw cotton, while advances occurred in coal, chemical fertilizers, scrap iron and the principal non-ferrous metals. Of the eight major groups included in the index, four advanced, viz., Iron, Non-Ferrous Metals, Non-Metallic Minerals and Chemicals, while Vegetable Products, Animal Products, Textiles and Wood Products receded.

COST OF LIVING:

A sharp decline in food prices was responsible for a decrease in the Dominion Bureau of Statistics cost of living index from 84.9 in August to 84.0 in September. The comparative figure for September, 1937, was 83.6. The food index receded from 80.7 to 77.6 or 3.8 per cent, owing to declines for a lengthy list of commodities including meats, codfish, lard, butter, cheese, bread, flour, onions, potatoes and granulated sugar. Eggs, coffee and canned salmon also recorded moderate decreases. Previous to the decline just noted retail food prices had remained extremely steady in marked contrast to the downward movement observable in wholesale prices since midsummer of 1937. The fuel index advanced slightly from 85.2 to 85.3, influenced by seasonal advances in coal prices.

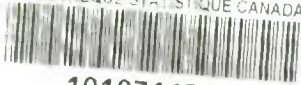
STOCKS AND BONDS:

Dominated very largely by the uncertainty of the European political situation, prices on Canadian stock exchanges moved through two complete cycles during September. The Bureau's monthly average index of 95 common stocks dropped 6.6 points to 98.6 from August to September. All sub-group monthly indexes were lower with losses ranging from 20.1 points for Industrial Mines to 1.6 for Banks. A quite different picture was shown by daily indexes for August 31 and September 30, with levels at the latter date slightly above those a month earlier. The magnitude of the price swings may be gauged by the general index, which after opening the month at 102.4 dropped to a low of 91.7 on the 27 and closed at 104.2 on September 30, showing all of the recovery concentrated in the last three days of the month. Mining issues followed a pattern similar to that of industrials. The monthly index for 24 mining issues was 12.0 lower at 144.0 for September. The daily index for this series, however, which stood at 151.7 on September 30 as compared with 154.4 on August 31 indicated that almost all losses had been regained. Gold and base metal issues shared almost equally in wide price swings. The daily indexes of for the gold and base metal sub-groups after touching lows of 104.7 and 249.1 on September 27 respectively, recovered to close at 120.0 and 282.7 on September 30. Closely paralleling stock exchange prices, an index of Dominion of Canada long-term bond prices receded to 112.6 in the final week of September from 117.2 on August 31 and then advanced sharply to 115.1 on September 30. The monthly index showed a moderate loss at 116.0 as compared with 117.6 last month.

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

The heavy flight of London and continental capital to gold and United States dollars assumed almost panic proportions during the latter half of September, as it became evident that a climax in the European situation was close at hand. Exchange markets fluctuated widely and erratically and sterling suffered repeated drastic setbacks despite almost continuous support on the part of the British and American equalization funds. On September 27, the pound dropped to \$4.7995, the lowest level since October 1933, marking a net decline of 6.23 cents from the opening quotation of \$4.8618 on September 1. With the convening of the Munich conference, however, sterling rebounded and by September 30 had risen to \$4.8553. Continental currencies generally, followed the course of sterling but latterly the Netherlands florin moved independently. The French franc continued under pressure and declined from 2.73 cents to 2.69 cents between September 2 and the 27 but closed the month at 2.71 cents. Weakness in the Canadian dollar coincided with the break in sterling and premiums on United States funds rose intermittently from a low of 5/32 of 1 p.c. on September 1 to 2 p.c. on the 28 but had moved down to 3/4 of 1 p.c. by September 30.

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