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PRICE MOVEMENTS, DECEMBER 1940.

After touching 84.3 in the second week of December, the Bureau's general index of wholesale prices subsequently eased to 84.2 at the close of the month, which compared with 84.1 for the final week of November. Most of the advance over November levels was due to continued strength in Animal product prices, although fibres, textiles and textile products and iron and its products showed fractional increases also. For industrial materials a preponderance of declines lowered the composite weekly index from 79.5 to 78.7 between November 29 and December 27. Declines were noted for both the stable and sensitive series, the former easing 0.1 points to 104.2 and the latter 1.0 to 65.9. Reflecting the easier tone in field product prices, an index of Canadian farm product prices declined from 67.2 in the final week of November to 66.9 at the end of December. Animal products, the other constituent in this series, was unchanged at 91.3.

Further increases for foods and home furnishings were responsible for a moderate advance in the Dominion Bureau of Statistics' cost of living index for Canada from 107.8 in November to 108.0 for December (1935-39=100). The food group mounted from 108.7 to 109.1, due mainly to higher prices for butter, cereals, and vegetables. The home furnishings' index moved up from 110.0 to 110.7, chiefly because of scattered increases for furniture, textile furnishings and hardware. Other group indexes remained unchanged, rents at 107.7, fuel and light at 108.5, clothing at 113.5, and the miscellaneous group at 102.8.

On balance, net changes for industrial and utility common stock prices during December were exceptionally small, though a moderate decline in the first three weeks caused the Investors' composite index to drop to a four months' low of 76.2. Subsequently the index recovered to close the month at 77.5 for a net loss of 0.6 p.c. Compared with the final figure for 1939, however, the average level of common stock prices at the end of December showed a net loss of 23.4 p.c., although still maintaining a level considerably above the mid-year low of 68.5. The Bureau's mining stocks price index finished the month moderately higher at 115.2 compared with 114.0 on November 30. During 1940, prices in this section declined 20.9 p.c. Dominion of Canada long-term bond prices in December continued to show the firmer tone which has persisted over the past year. An index for this series mounted 0.4 p.c. during the month, and 3.6 p.c. for the year, to close at 117.1.

There was no change in official buying and selling rates set by the Canadian Foreign Exchange Control Board for sterling and United States funds during December. Rates for these currencies were \$4.43-\$4.47 and \$1.10-\$1.11 respectively, the level at which they have held since the middle of September, 1939. At New York sterling free market rates were comparatively steady, hovering between \$4.03 1/2 and \$4.04. During the same interval Canadian dollar rates at New York fluctuated between 87 1/16 cents and 86 cents while the close at 86 1/8 cents was 3/4 of a cent below final November levels.

SUMMARY OF PRICE INDEXES  
 (1926=100 for Wholesale and Security Prices)  
 (1935-39=100 for Cost of Living)

	Dec. 1939	Nov. 1940	December, 1940			
			5th	Week ended - 12th	19th	26th
<b>WHOLESALE</b>						
General - 567 Price Series .....	81.7	84.0	84.1	84.3	84.2	84.2
Industrial Materials .....	78.8	79.8	79.5	79.2	78.9	78.7
Canadian Farm Products .....	69.0	66.9	67.2	67.4	67.0	66.9
<b>COST OF LIVING (1st of month)</b> .....	103.8	107.8	----- 108.0 -----			
<b>SECURITY PRICES</b>						
Investors' Price Index (95 common stocks)	101.2	81.7	77.7	77.2	77.0	76.3
68 Industrials .....	135.3	129.6	121.4	120.1	119.6	118.0
19 Utilities .....	45.7	39.4	38.4	38.4	38.4	38.3
Mining Stock Price Index (25 stocks) .....	142.4	118.2	113.3	114.5	116.7	113.9
22 Golds .....	105.0	89.8	87.0	87.9	88.8	87.8
3 Base Metals .....	298.0	236.0	222.6	225.6	228.4	221.6
<b>Dominion of Canada Long-Term Bonds</b>						
Price Index .....	112.7	116.3	116.6	116.8	116.9	117.0
Yield Index .....	75.1	70.5	70.2	69.8	69.7	69.5
<b>FOREIGN EXCHANGE QUOTATIONS - noon rates</b> (Bank of Canada) at Montreal						
Sterling x .....	4.4500	4.4500	4.4500	4.4500	4.4500	4.4500
U.S. dollars x .....	1.1050	1.1050	1.1050	1.1050	1.1050	1.1050
Indian rupee .....	33.63	33.59	33.61	33.59	33.59	33.59
Argentine peso - free rate .....	25.27	26.06	26.07	26.19	26.13	26.13

\* Week ends Friday instead of Thursday, x Average of daily buying and selling rates set by Canadian Foreign Exchange Control Board since September 18, 1939.

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