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PRICE MOVEMENTS, AUGUST, 1940 (PRELIMINARY)

The general level of wholesale prices showed practically no net change in August. Closing the month at 82.7 the final weekly index compared with 82.6 at the end of July and a mid-month low of 82.5. Among the various group indexes small net increases were recorded for animals and their products, wood, wood products and paper, iron and its products, non-metallic minerals and chemicals. However, minor declines were registered for vegetable products, textiles, and non-ferrous metals. In the same interval the composite index for 30 industrial material prices eased 0.1 to 78.5. A decline of 0.1 to 65.3 occurred for 18 sensitive materials while the stable price group moved up 0.2 to 103.7. Influenced by an increase in livestock and raw wool prices, the index of Canadian farm product prices stiffened 0.8 to 63.1 between the weeks of August 2 and 30.

An index of living costs for Canada advanced from 105.8 in July to 106.0 for August (1935-1939=100). Fractional increases occurred for foods, fuel and lighting, and miscellaneous items. The index for August was 5.1 p.c. above the corresponding August index for 1939.

A considerably stronger tone during the latter half of August lifted security prices to approximate parity with mid-May levels. Finishing the month at 79.2 the Investors' Daily index of 95 common stocks showed a net rise of 5.0 p.c. for August, and was 7.9 p.c. above the mid-month low of 73.4. All sub-groups shared in the advance though better than average increases were scored by machinery and equipment issues, industrial mines and transportation stocks. Mining stock prices, moving in line with industrial and utilities, stiffened 5.4 p.c. to an index level of 107.7. Golds were up 6.8 p.c. to 80.5 while base metals closed 3.3 p.c. higher at 220.6. Dominion of Canada long-term bond prices ended the month 0.7 p.c. higher at 115.7 while yields dropped proportionately from 72.3 to 71.2.

There was no change in daily buying and selling rates set by the Canadian Foreign Exchange Control Board for sterling and United States funds during August. These were \$4.43-\$4.47 and \$1.10-\$1.11 respectively. At New York, following the placing of further exchange restrictions, sterling free market rates continued to move upward in limited trading. As the month closed rates were quoted at \$4.03 1/2 as compared with \$3.83 3/4 at the end of July. Month-end rates were at their highest level since early September, 1939, and compared with rates as low as \$3.16 during the early part of May of this year. Quotations on the Canadian dollar at New York eased from 88 1/4¢ on July 31 to a low of 86 1/8¢ on August 20, but subsequently stiffened to 87 3/4¢ at the close for a net loss of 1/2¢.

SUMMARY OF PRICE INDEXES

(1926=100 for Wholesale and Security Prices)
 (1935-39=100 for Retail Prices, Rents, and Services)

	August 1939	July 1940	August			
			Week Ended -			
			8th	15th	22nd	29th
WHOLESALE						
General - 567 Price Series	72.3	82.4	82.5	82.5	82.6	82.7
Industrial Materials	65.3	78.0	78.7	78.5	78.5	78.5
Canadian Farm Products	58.4	64.6	62.7	62.3	62.8	63.1
RETAIL PRICES, RENTS AND SERVICES	100.9	105.8	----- 106.0 -----			
(1st of month)						
SECURITY PRICES						
Investors' Price Index (95 common stocks)	94.2	72.5	75.5	74.5	74.9	77.4
68 Industrials	154.2	113.9	119.1	117.1	117.4	122.6
19 Utilities	40.9	35.5	36.8	36.5	37.0	37.5
Mining Stock Price Index (25 stocks) ..	151.4	92.9	100.8	98.5	100.7	103.7
22 Golds	112.8	69.6	74.8	73.2	75.3	77.6
3 Base Metals	310.3	187.7	208.5	204.1	205.7	212.5
Dominion of Canada Long-Term Bonds						
Price Index	118.1	114.6	114.9	115.0	115.3	115.5
Yield Index	68.1	72.8	72.4	72.2	71.9	71.5
FOREIGN EXCHANGE QUOTATIONS-noon rates						
(Bank of Canada) at Montreal						
Sterling x	4.6327	4.4500	4.4500	4.4500	4.4500	4.4500
U.S. dollars x	1.0047	1.1050	1.1050	1.1050	1.1050	1.1050
Indian rupee	33.46	33.59	33.59	33.59	33.59	33.59
Argentine peso - free market, cents	25.21	24.03	24.53	25.01	25.10	25.14

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

SEP 28 1940

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