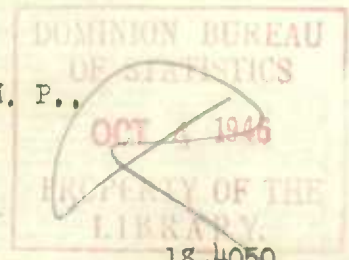


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PRICE MOVEMENTS, SEPTEMBER, 1946 (PRELIMINARY)

WHOLESALE: The wholesale index of Canadian farm product prices declined from 111.0 to 110.1 between the weeks of August 23 and September 27. Seasonal factors were mainly responsible for a drop of 1.2 points to 98.8 in the field products group. For this section, sharp losses were registered for potatoes and onions which outweighed strength in rye and hay. Animal products moved down 0.4 points to 129.1 due to declines in livestock which overbalanced firmer egg prices.

Industrial material prices reported further fractional increases in September the composite index for 30 commodities advancing 0.1 to 105.7 between August 23 and September 27 due mainly to higher quotations for imported items. In the stable group firmer quotations for iron ore, crude oil and white lead moved the index up 0.8 to 125.4. The index for thirteen manufacturing materials stiffened 0.4 to 90.7 reflecting strength in raw cotton. The index for five foods, on the other hand, dropped 1.9 points to 104.4 on lower prices for steers and hogs.

COST OF LIVING: (Increase since August 1939, 24.5 p.c.—from 100.8 to 125.5). Seasonal declines in fresh vegetable prices during August were sufficient to check an advance in the cost-of-living index dating from February, 1946. The index declined from 125.6 on August 1, to 125.5 on September 3, 1946. The food group fell from 144.7 to 143.2, due almost entirely to lower quotations for vegetables; fruits were also slightly lower but eggs recorded further moderate increases. The decline in foods was almost balanced by continuing gains for clothing and homefurnishings. The clothing index moved up from 127.6 to 129.6 for September, while homefurnishings and services advanced from 127.0 to 128.4. The miscellaneous items series changed from 113.8 to 113.9. Fuel and light remained unchanged at 107.2 and rentals at 112.6.

SECURITIES: The decline in common stock prices on Canadian exchanges which has been under way since June, accelerated in September. Between the weeks of August 29 and September 26, the Investors' composite index of 100 common stocks dropped 8.3 p.c. to 103.7, cancelling all gains accumulated since October 1945. Paced by a decline of 14.5 p.c. to 342.9 for beverages, all sub-groups registered weakness during the month; transportation shares were down 13.9 p.c. to 161.2; pulp and paper 13.0 p.c. to 226.0; machinery and equipment 12.7 p.c. to 159.3; and milling 12.6 to 119.7. Losses among mining stocks, while not so severe as those noted for industrials and utilities, were, nevertheless substantial. Between August 29 and September 26, the composite index for 25 mining issues dropped 7.7 p.c. to 81.7, reflecting losses of 9.7 p.c. to 100.1 for base metals and 6.4 p.c. to 71.6 for golds. Dominion of Canada long-term bond prices were slightly easier in September as indicated by the yield on a theoretical 15-year 3 p.c. issue which stiffened from 2.61 on August 28 to 2.62 on September 25.

SUMMARY OF PRICE INDEXES

(1926=100 for Wholesale Prices)

(1935-39=100 for Cost of Living and Security Prices)

	September 1945	August 1946	September, 1946			
			5th	12th	19th	26th
WHOLESALE /						
Industrial Materials	99.4	105.5	105.5	105.4	105.6	105.7
Canadian Farm Products	106.6	111.1	110.5	110.5	110.4	110.1
COST OF LIVING (1st of month)	119.9	125.6	-----	-----	125.5	-----
Foods	134.2	144.7	-----	-----	143.2	-----
INVESTORS' PRICE INDEX (100 com. stocks) .	102.0	116.9	110.4	104.0	99.9	103.7
74 Industrials	95.6	110.4	103.8	97.0	93.0	96.4
18 Utilities	124.7	130.3	123.7	119.0	114.0	119.0
MINING STOCK PRICE INDEX (27 stocks) ...	94.5	89.7	86.3	82.0	77.8	81.7
23 Golds	91.2	77.6	74.6	71.3	67.5	71.6
4 Base Metal	98.6	112.1	108.1	101.8	96.8	100.1
DOMINION OF CANADA LONG-TERM BONDS						
Yield Index	94.6	85.0	84.7	84.7	85.0	85.0

/ Week ends Friday instead of Thursday.



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THE CANADIAN ECONOMY IN THE 1970s
The Canadian economy in the 1970s was characterized by a period of rapid growth, followed by a period of stagflation. The economy was heavily dependent on the oil and gas industry, which was a major source of revenue for the government. The oil price shock of 1973-74 led to a sharp increase in inflation, which was followed by a period of high unemployment. The government implemented a series of measures to address the economic challenges, including a wage and price control program and a tax increase. The economy began to recover in the late 1970s, but it remained vulnerable to external shocks, such as the oil price shock of 1979-80.

Table 1: Economic indicators, 1970-1979

Year	GDP (billions of dollars)	Inflation (%)	Unemployment (%)
1970	100.0	1.2	7.0
1971	110.0	2.5	6.5
1972	120.0	3.8	6.0
1973	130.0	5.1	5.5
1974	140.0	11.0	5.0
1975	150.0	9.1	5.0
1976	160.0	6.2	5.0
1977	170.0	5.0	5.0
1978	180.0	7.6	5.0
1979	190.0	11.3	5.0