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PRICE MOVEMENTS

AUGUST 1956

THE CONSUMER PRICE INDEX: (1949 = 100) The Consumer Price Index advanced 0.5 per cent between July and August 1956 to reach a new high of 119.1. The August index stands 2.3 per cent above the level of a year ago. The latest movement was largely due to a 1.3 per cent advance in the Food index from 114.4 to 115.9, which approximated the usual July-August seasonal increase. The advance was somewhat greater than normal because of an unusually firm price for tomatoes, due to the late growing season, which was only partially offset by a sharp decrease in potatoes from the abnormal high of July to a level still appreciably above average August prices. Higher prices were recorded for eggs, all cuts of meat, coffee, and grapefruit. Significant decreases were confined to oranges and fresh vegetables. The Shelter component moved up 0.2 per cent to 133.0 under the influence of fractional changes in both rent and home-ownership. Clothing was the only major group to register a decline, moving down 0.2 per cent from 108.6 to 108.4. Lower prices for women's spring coats and cotton dresses, reflecting summer sale prices, were largely responsible. Somewhat higher levels were recorded for footwear, rayon piece goods, and men's work trousers and undershirts. The Household Operation index rose slightly from 116.7 to 116.8. Higher prices for soaps, detergents, a number of kitchen utensils and coal were just sufficient to offset declines in furniture. Other Commodities and Services advanced from 121.1 to 121.3. Hospitals in a number of eastern cities reported increased rates. Gasoline prices also increased in Eastern Canada. Some drug and personal care items were higher as were men's haircuts.

Consumer Price Indexes (1949=100)

	Total Index	Food	Shelter	Clothing	Household Operation	Other Commodities and Services
August 1956	119.1	115.9	133.0	108.4	116.8	121.3
July 1956	118.5	114.4	132.7	108.6	116.7	121.1
August 1955	116.4	112.4	129.8	107.8	115.8	118.0

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WHOLESALE PRICE INDEXES (WEEKLY) Industrial material prices, reversing their decline
(1935-1939=100)

of the previous month, advanced 1.1 per cent in the four-week period July 27th to August 24th from 246.9 to 249.5. Steel component items showed important increases while raw rubber, beef hides, steers, linseed oil and tin also moved up. Items registering declines were hogs, fir timber, oats, raw cotton, sisal, wheat, iron ore and bleached sulphite pulp. A strengthening Canadian dollar was a factor in lowering prices for those commodities quoted in United States funds.

The index for Canadian Farm Products at terminal markets fell from a seasonal summer high of 230.8 for the week of July 27th to 211.4 for the week of August 24th for a net loss of 8.4 per cent. The decline in the Field Products group of 19.0 per cent from 203.2 to 164.6, which was chiefly responsible, reflected a rapid drop in potato prices as supply/demand ratios assumed a more normal pattern. Other items registering decreases were hay, Eastern rye and oats and Western wheat. The decline in the average price for the three included grades of Western wheat reflected a lower initial payment for No. 3 Manitoba Northern as announced by the Canadian Wheat Board for the 1956-1957 crop year. Eastern corn advanced strongly while more moderate gains occurred in barley, Eastern wheat and Western flax and rye. The Animal Products group index receded 0.1 per cent from 258.3 to 258.1 as lower prices for lambs, Eastern poultry, hogs, Western calves and cheese milk were almost entirely offset by increases in steers and eggs, Eastern calves and Western wool.

Wholesale Price Indexes (1935-1939 = 100)

	1956 Week Ended					Monthly Average		
	July 27th	Aug. 3rd	Aug. 10th	Aug. 17th	Aug. 24th	Aug. 1955	July 1956	Aug. ^P 1956
Industrial Materials	246.9	247.1	249.9	249.8	249.5	240.9	247.4	249.1
Canadian Farm Products	230.8	221.3	216.7	212.2	211.4	204.8	226.6	215.4
Field	203.2	183.3	175.5	167.0	164.6	159.0	196.9	172.6
Animal	258.3	259.2	258.0	257.4	258.1	250.6	256.4	258.2

p - preliminary, average of four weeks

SECURITY PRICE INDEXES:
(1935-1939 = 100)

The summer rally in common stock prices was terminated on August 9th as the Investors' Index touched 297.8 for a gain of 12.5 per cent over the June 14th level of 264.6. Lower prices through the remainder of August reduced the composite index to 288.6 by the week of the 23rd when, however, it still held a net gain of 0.8 per cent over the final weekly July figure of 286.4. Among the major groups 76 Industrials followed a similar pattern, registering a 12.9 per cent increase from the June 14th level of 279.9 to 315.9 at August 9th and a net gain of 0.9 per cent in the four-week period July 26th - August 23rd from 302.7 to 305.3. The index for 13 Utilities, which moved up 9.8 per cent from 199.5 to 219.0 in a seven-week rise from June 21st to August 9th, showed a net four-week gain of 1.6 per cent from 212.2 to 215.5. For 7 Bank stocks the index reached its peak in the first week of August at 304.7 ending an eight-week advance of 17.9 per cent. Subsequently lower prices moved the index down to 289.0 by the week of August 23rd for a net loss of 1.8 per cent compared to the final weekly July figure of 294.2. Sub-groups registering gains over the four-week period were Transportation (8.3), Industrial Mines (4.6), Oils (3.5) and Telephones (0.6), while decreases in the remaining sub-groups were led by Textiles and Clothing (3.8), Pulp and Paper (3.4), and Beverages (2.9).

The composite index of 26 mining issues was fractionally higher in the four-week period at 146.4 compared to 146.2, as an 0.9 per cent increase in 5 Base Metals from 298.3 to 301.0 slightly overbalanced the 1.0 per cent decline in 21 Gold stocks from 79.7 to 78.9.

Weekly Security Price Indexes (1935-1939 = 100)

	1956 Week Ended					Monthly Average		
	July 26th	Aug. 2nd	Aug. 9th	Aug. 16th	Aug. 23rd	Aug. 1955	July 1956	Aug. (1) 1956
Investors' Price Index								
96 Common Stocks	286.4	297.3	297.8	293.8	288.6	245.3	282.4	294.4
76 Industrials.....	302.7	315.4	315.9	311.2	305.3	252.3	299.0	312.0
13 Utilities.....	212.2	215.6	219.0	217.1	215.5	207.0	207.9	216.8
7 Banks	294.2	304.7	298.2	296.3	289.0	263.2	287.4	297.0
Mining Stock Price Index								
26 Stocks.....	146.2	148.9	149.4	148.3	146.4	129.1	144.0	148.2
21 Golds	79.7	79.8	80.1	80.7	78.9	76.3	79.5	79.9
5 Base Metals.....	298.3	307.2	308.2	303.0	301.0	250.0	291.5	304.8

(1) Preliminary, average of four weeks.

REVISED SECURITY PRICE INDEXES (1956=100)

The Dominion Bureau of Statistics announces that a revision of the Security Price Indexes on the base 1956 has been completed. Revised annual and monthly indexes from January 1956 are shown on the reverse for the Investors Index, its major components, and the Mining Index. Included in the table are conversion factors which may be used to arithmetically convert indexes preceding January 1956 to the new base.

Indexes on the new price reference base 1956=100, including detailed components, will be published by years from 1952 and by months from September 1960 in the June issue of the monthly publication Prices and Price Indexes (to be released early in August). An accompanying explanatory statement will outline the concept, stock selection, weighting and construction methods. A reference paper, to be released within the next few months, will include available historical indexes on the new base for the Investors, Mining, and Preferred Stock indexes by months and years. Current weekly, monthly and annual indexes on the revised basis will be published regularly in the monthly publications Price Movements (D.B.S. Catalogue No. 62-001) and Prices and Price Indexes (D.B.S. Catalogue No. 62-002).

The price reference base for the new indexes is the year 1956 which has been adopted as an interim base for recently developed D.B.S. indexes. The indexes will express current prices as a percentage of prices in 1956.

Security price indexes measure through time the effect of price change on the value of a portfolio of stocks bought and held by a hypothetical investor (as opposed to the more speculative trader). The portfolio represents stocks of Canadian companies listed on Toronto, Montreal and Canadian stock exchanges. The number of shares held for each issue is in proportion to the total number of shares outstanding. Prices in the common and mining stock indexes are Thursday's closing quotations as reported in the Globe and Mail and the Montreal Gazette. For preferred stocks, prices are monthly weighted averages of the daily closing prices in which weights are daily total sales.

The most important change in the revision of the index, apart from the shift in the price reference base, is the classifications of stocks according to the Standard Industrial Classification. In the continuing major group Industrials 4 sub-groups (Milling and Grains, Food and Allied Products, Machinery and Equipment, and Building Materials) will be replaced by 8 new sub-groups (Foods, Printing and Publishing, Primary Metals, Metal Fabricating, Non-Metallic Minerals, Chemicals, Construction, and Retail Trade). The remaining 5 sub-groups of the former index, viz., Industrial Mines, Beverages, Textiles and Clothing, Pulp and Paper, and Oils (renamed Petroleum) will be continued. The major group Utilities will be continued but the Pipeline index has been added as a sub-group and the previous Power and Traction sub-group will be replaced by two new sub-groups, viz., Electric Power and Gas Distribution. A new major group Finance is composed of the former major group Banks and the former supplementary index Investment and Loan.

In other respects the indexes are essentially unchanged, although constant weights which were previously limited to major groups have been extended to sub-groups. Weights in the index continue to be based on shares outstanding.

Revised Index Numbers of Security Prices, 1956=100, by Year and Month from January 1956

Month and year	Investors index	Indus-trials	Utili-ties	Finance	Mining(1)	Month and year	Investors index	Indus-trials	Utili-ties	Finance	Mining(1)
1956	100.0	100.0	100.0	100.0	100.0	1959 January	108.3	104.8	110.2	122.5	90.7
1957	96.8	94.8	105.1	95.0	84.2	February	110.5	107.2	110.5	125.7	91.7
1958	94.1	90.6	100.4	102.6	76.1	March	111.2	107.9	110.3	128.1	93.0
1959	110.4	106.8	109.7	128.6	86.8	April	111.0	107.0	111.4	129.1	88.3
1960	104.5	101.7	104.7	117.3	76.6	May	111.7	107.2	112.4	131.9	87.3
1961	132.7	130.0	125.8	154.3	92.5	June	112.0	107.8	110.0	134.2	87.2
1956 January	94.1	93.9	93.0	96.4	92.6	July	116.9	113.2	113.4	138.6	88.1
February	94.0	93.5	93.5	97.2	92.5	August	114.4	110.4	112.8	135.2	87.6
March	100.1	100.5	97.4	101.5	99.6	September	105.9	102.4	103.7	125.0	81.4
April	101.8	102.5	97.6	104.1	101.7	October	106.3	102.3	106.3	125.0	81.9
May	99.9	100.2	99.8	98.9	101.4	November	106.5	102.9	106.7	122.9	82.2
June	98.7	99.8	96.7	96.0	101.5	December	110.4	107.9	108.3	124.9	82.4
July	104.6	105.0	102.8	104.7	107.2	1960 January	108.0	105.5	108.0	119.9	83.6
August	107.8	108.3	106.3	107.3	109.7	February	103.0	100.6	103.7	113.3	80.6
September	103.1	103.2	103.4	102.0	102.5	March	100.3	97.3	103.1	110.8	78.1
October	99.8	99.4	101.3	99.8	99.5	April	103.0	100.6	103.9	113.0	76.6
November	97.2	95.9	102.9	95.6	95.1	May	104.0	102.2	103.1	113.3	71.8
December	99.0	97.8	105.4	96.4	96.6	June	104.7	102.6	103.0	116.8	70.5
1957 January	101.8	100.0	109.9	99.5	96.8	July	102.3	99.6	102.0	115.1	70.2
February	97.8	95.8	107.0	95.3	90.8	August	105.5	102.6	105.2	119.3	74.2
March	99.2	97.4	110.0	93.8	91.8	September	106.0	102.4	106.3	122.5	76.1
April	104.2	102.2	115.5	98.8	95.2	October	102.2	98.3	104.0	118.1	78.3
May	107.6	106.3	117.6	100.5	91.9	November	105.6	102.4	105.7	120.7	80.4
June	107.4	106.1	115.7	102.7	92.3	December	109.4	106.4	108.2	125.1	79.3
July	105.9	104.6	113.7	102.0	90.5	1961 January	115.6	112.7	113.3	132.4	84.4
August	96.9	95.1	104.3	96.1	80.5	February	120.0	117.1	117.3	136.8	81.3
September	91.1	88.7	99.3	91.7	76.8	March	124.8	122.5	120.1	141.6	82.8
October	82.9	80.7	88.4	85.8	69.8	April	129.0	127.1	122.5	146.6	86.1
November	83.6	80.8	90.5	87.8	68.8	May	134.9	133.1	128.2	151.8	90.7
December	82.7	80.1	89.6	86.3	65.8	June	133.6	130.7	128.5	153.6	90.3
1958 January	83.3	80.2	92.3	86.1	67.0	July	136.0	134.4	125.9	156.9	95.5
February	84.8	81.1	94.4	90.0	69.7	August	139.5	138.5	125.1	162.6	100.3
March	86.1	82.8	95.6	89.2	70.5	September	140.1	138.3	128.9	162.7	96.9
April	85.2	81.3	95.1	90.5	69.5	October	136.6	132.8	130.2	162.6	96.8
May	88.9	85.1	96.8	96.4	72.5	November	139.9	135.2	133.6	169.8	102.1
June	92.6	89.2	98.6	100.9	76.1	December	142.0	137.0	135.4	174.2	103.1
July	95.1	91.7	99.8	104.8	75.7	1962 January	140.3	136.2	133.2	169.0	103.1
August	98.6	95.3	103.9	107.6	77.8	February	140.6	137.0	133.8	166.6	100.9
September	100.8	96.9	107.7	110.2	78.2	March	141.4	138.6	132.9	165.6	100.4
October	103.9	100.4	108.7	114.2	84.2	April	138.7	136.7	129.5	160.1	99.2
November	104.9	101.7	106.1	118.5	86.6	May	132.5	130.5	125.8	150.6	100.6
December	104.9	100.9	105.9	122.2	85.1	June	117.6	115.4	114.9	131.6	98.1

Conversion factors (2) .37416 .36074 .44540 - (3) .73434



- (1) The Mining index is not included in the Investors Index. The revised index movement reflects the revised weights for the Gold and Base Metals Indexes.
 (2) To convert indexes prior to January 1956 from the 1935-39 to the 1956 base, multiply by the conversion factor shown. The factor represents the percentage which the revised index was of the unrevised index at January 12, 1956.
 (3) The Finance index commenced at January 1956.