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WHOLESALE PRICE MOVEMENTS SINCE AUGUST, 1931.

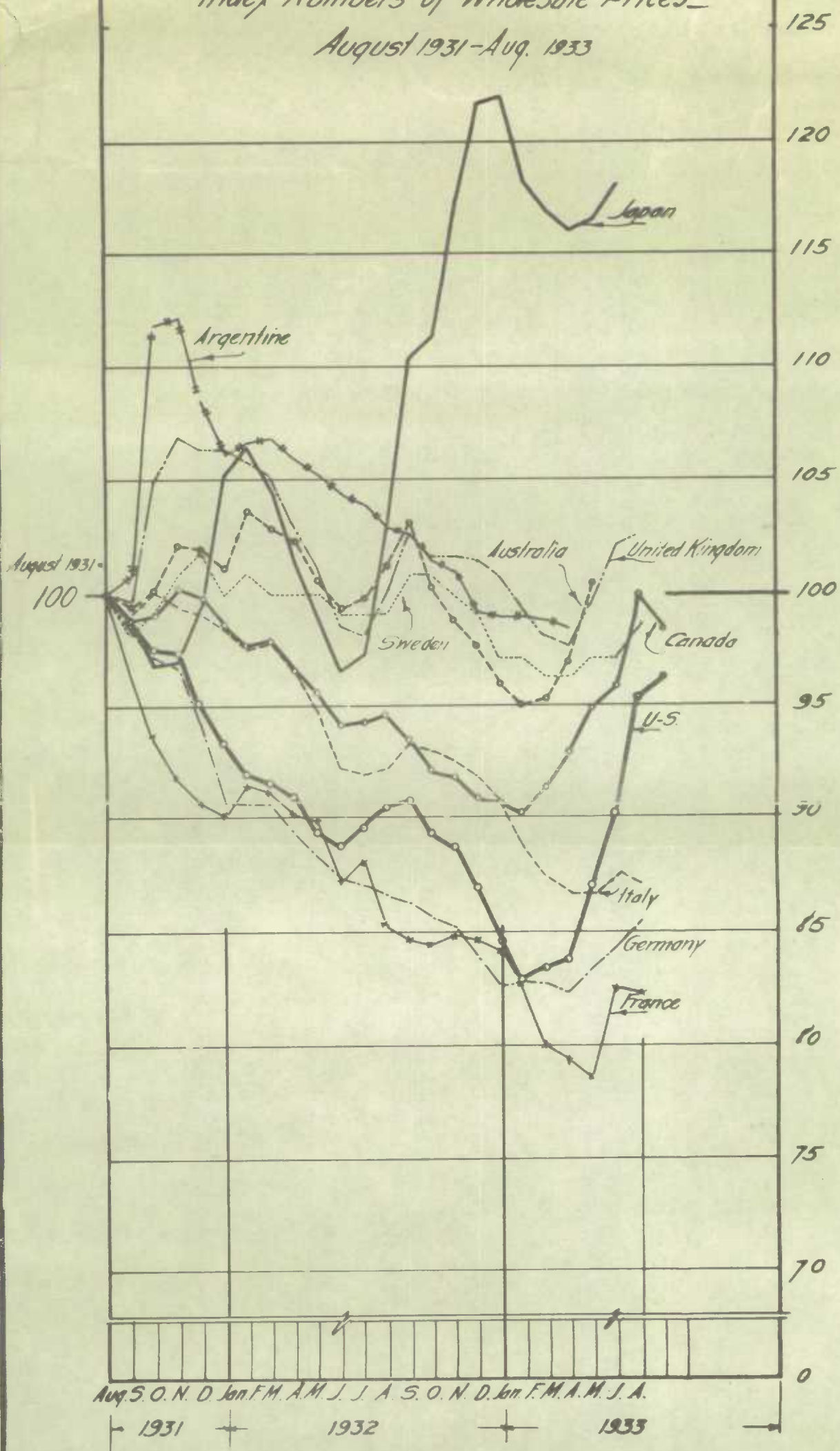
The comparatively uniform recession in world wholesale prices between the fall months of 1929 and August 1931, has subsequently developed an extremely irregular character. In this second stage of the decline when foreign exchange fluctuations have been abnormal, a rift has grown between price levels of countries still adhering to the gold standard and those which have abandoned it. From August 1931 to March 1933, price indexes for countries permitting the free movement of gold declined from 13 p.c. to over 20 p.c. In other countries with the exception of Canada, price recessions have not exceeded 5 p.c. and in the case of Japan, prices actually have advanced to more than 16 p.c. above August 1931 levels. The value of currencies in this second group, measured in terms of gold has depreciated, however, from 30 p.c. (United Kingdom) to nearly 60 p.c. (Japan). Price declines in these countries, measured in gold, have therefore been considerably more severe than in the few remaining gold standard nations.

CANADIAN AND UNITED STATES PRICES

The parallel between Canadian and United States price movements since the beginning of 1932 has been extremely close. In recent months United States prices have risen more rapidly than those in Canada, but the similarity of the advance in these two countries as contrasted with the less rapid rise elsewhere, is rather striking. In both countries the movement began in March 1933, from a month to two months sooner than it became apparent abroad. Between March and July, the rise amounted to 11 p.c. in Canada and 15 p.c. in the United States, as measured by official indexes. In August, wholesale price indexes moved in opposite directions for the first time in many months, the Canadian series declining 1.6 p.c. and that for the United States advancing roughly 1.0 p.c. August decreases in farm product prices were more severe in Canada than across the border, while considerable increases for textiles and household furnishings occurring in the United States, were not reflected in Canada.

Wholesale price movements since August 1931 in ten leading countries are shown in the attached chart.

# Index Numbers of Wholesale Prices August 1931-Aug. 1933





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