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CANADA *N.B.S.*

DEPARTMENT OF TRADE AND COMMERCE

DOMINION BUREAU OF STATISTICS

INTERNAL TRADE BRANCH

PRICE MOVEMENTS IN 1941



Wholesale Prices
Retail Prices
Security Prices
Exchange

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DEPARTMENT OF TRADE AND COMMERCE
DOMINION BUREAU OF STATISTICS - CANADA
INTERNAL TRADE BRANCH

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PRICE MOVEMENTS, CANADA, 1941.

The wartime rate of increase in price levels accelerated during 1941. The general wholesale price index for Canada advanced 11.2 p.c., from 84.2 in December 1940 to 93.6 in December 1941; and in the same period the cost of living index rose 7.2 p.c., from 108.0 to 115.8. The rise was general, and struck its most rapid pace during the summer months. The increase in area and intensity of the war caused many shortages of basic materials, and advances in shipping and insurance costs. The influence of these factors was clearly apparent in price levels of the United States and United Kingdom as well as Canada.

As the rise of prices gained momentum in the latter half of 1941, it became clear that controls established over a few key commodities would not check the general advance, and an over-all control of wages, rents, and commodity prices was imposed. On December 1 price movements in Canada were for the first time made subject to a general ceiling, under terms of Order-in-Council P.C. 8527, which, with amendments and additions, constitutes "The Maximum Prices Regulations." Under this Order, maximum prices were the highest prevailing between September 15, 1941, and October 11, 1941, inclusive. Wholesale and retail prices could not legally move above this level after December 1, but below it they could fluctuate freely. There were a few exceptions: for instance the ceiling did not apply to fresh fruits and vegetables; and there was still a minimum price for wheat. Provision was made for maintenance of the ceiling on necessary imported foods as well as on domestic foods and services.

WHOLESALE PRICES

No commodity component groups, and few individual commodities in the general wholesale index showed net decreases for 1941. The greatest rise was in the animal products index, which moved up from 83.5 in December 1940 to 98.9 in December 1941. Prices for eggs, prepared meats, and oils and fats all recorded substantial gains. The most important group, vegetable products, rose 13.8 p.c. The continued low price of wheat, and steadiness in milled products and bakery products, which together make up half of the vegetable products index, dampened the effect of such large increases as 84.1 p.c. for vegetable oils, 33.9 p.c. for tea, coffee, cocoa and spices group, and 39.7 p.c. for table vegetables. Rises for other groups varied from 1.6 p.c. for bakery products to 44.1 p.c. for the miscellaneous vegetable products group. Among the remaining component groups of the general wholesale index, increases varied from 0.8 p.c. for non-ferrous metals to 14.3 p.c. for chemicals and 12.4 p.c. for fibres, textiles and textile products. The indexes for iron and its products, wood, wood products and paper, and non-metallic minerals rose 6.1, 7.8 and 9.4 p.c. respectively.

Raw and partly manufactured materials increased slightly more during the year than fully and chiefly manufactured materials (12.3 p.c. as compared to 11.3 p.c.), notwithstanding that the continued low price of grains retarded the rise of the raw and partly manufactured materials index. The fully and chiefly manufactured materials index at 92.4 was still 8.1 p.c. above the raw and partly manufactured materials index at the end of 1941.

CANADIAN FARM PRODUCTS

The Canadian farm product wholesale price index kept pace with the general wholesale index, advancing 11.2 p.c., from 67.1 in December 1940 to 74.6 in December 1941. Field products rose 12.3 p.c., while animal products rose 9.7 p.c.; but the animal products index at 100.5 for December was still 41.3 points above the field products series. Increases in the animal products group were somewhat erratic. Livestock showed declines in April, October and November; hides after initial increases fell sharply in June and July, and recovered to their May level only in December. In vegetable products there were small recessions in May, August and November, breaking the slight upward trend of grain prices.

EXPORTS AND IMPORTS

While in 1941 the index of export prices rose from 72.3 to 78.9, that for import prices rose from 98.0 to 108.9. At the end of 1939 the import index was 32.4 p.c. above the export index: at the end of 1941 it was 38.0 p.c. higher.

All the component import groups and most individual commodities rose in 1941. Though no important imports declined, several remained unchanged: raw sugar, iron ore, steel tank plate, tin plate, copper wire bars and some chemicals were chief among these. Unusual increases were shown by vegetable oils, raw cotton, tobacco, tea and coffee, and raw silk.

The more gradual advance of the export wholesale price index was checked in July and August by reactions in grains, flour and other milled products, also in raw wool and iron products in August. No group index showed a net decrease for the year; but the chemicals group was unchanged, and the non-ferrous metals advanced only from 73.8 to 74.0. Animal products showed the greatest increase - 35.1 p.c., the result largely of strong overseas demand for pork products, eggs, and milk products.

COST OF LIVING

In December 1940 the Bureau's cost of living index showed a rise of 7.1 p.c. above the August 1939 level; by December 1941 the increase was 14.9 p.c. A decline of 0.5 points to 115.8 in December marked the first appreciable fall in this index since the outbreak of the war. The food group, which has been responsible for almost half of the wartime increase in cost of living, advanced 13.5 p.c. during the year. Clothing and home furnishings followed with increases less than half as great. The indexes for rents and miscellaneous items showed the smallest net advances, 3.2 p.c. and 3.8 p.c.: fuel and lighting increased slightly more.

SECURITY PRICES

The year saw improvements in bond prices, but both prices and volume were lower on stock markets. Volume at Montreal was less than 10. p.c. of 1937 values, and the Bureau's investors' index of common stock prices dropped almost 10 p.c. during 1941. Prices followed war fortunes. Low points in 1941 came after reverses in Greece and Crete, and peak losses in the Atlantic. Rises came with Russia's involvement in war; but the effect of the Russian counteroffensive and the Libyan offensive near the end of the year was overbalanced by initial Japanese successes and, in Canada, by the institution of the price ceiling. The index of Dominion long term bond prices rose from 100.5 to 102.0 over the year, while yields fell from 97.0 to 93.6.

FOREIGN EXCHANGE

Chief developments of the year in the foreign exchange market were further decreases in the number of currencies quoted, and further application of controls to remaining currencies. Changes in methods used to maintain fixed rates, rather than the slight changes in quotations, have come to be the significant events in the foreign exchange market.

At the end of 1941, the pound sterling was the only European currency regularly quoted in New York. During the year the course of the war caused several additions to the sterling area. Iceland, the Faroe Islands, and the Free French Empire were included in March and April, Syria and Lebanon in September.

Both the United States and Great Britain maintained their support of the Chinese currency, and attempted to ease the strictures of war upon the economies of the South and Central American republics. In May, Britain included twelve Central American countries, and later added Colombia, in a special sterling account area. Stability of Latin-American exchanges was assisted also by a more favourable balance of trade, derived from an increase of raw material exports to the United States, and a decrease of imports because of exchange controls and priorities on materials and shipping. Repatriation of capital and an influx of American and refugee European capital were also of assistance.

At New York, the pound sterling and Canadian dollar sold in the unofficial market usually at a small discount on the official rate. At times they were at a premium, as improvement of controls reduced the unofficial supply of sterling area currency to a trickle. The pound sterling, the official rates for which are 4.02½ - 4.03½ at New York, sold unofficially during most of the year at 4.03 or better.

On April 17-18 it touched 4.01, and during most of the latter half of April it stayed below 4.03; but from October 27 to the end of the year it was steady at 4.04. The Canadian dollar varied from a low of 82 5/8¢ on January 22 to a high of 89 9/16¢ on September 8. From the end of May to the middle of December, it never fell below 88¢, but just at the end of the year it dropped to 86¢. *The unofficial market is now so limited that little importance attaches to these movements.

* Closing nominal quotations for sterling and Canadian funds at New York, from Montreal Gazette.

WHOLESALE PRICE INDEX NUMBERS MARKING PEAKS AND DEPRESSIONS SINCE 1913
(1926=100)

	1913	1920	1922	1929	1932	Aug. 1939	Dec. 1941
General Wholesale Index	64.0	155.9	97.3	95.6	66.7	72.3	93.6
Raw and Partly Manufactured Goods ...	63.8	154.1	94.7	97.5	55.0	62.8	85.5
Fully and Chiefly Manufactured Goods.	64.8	156.5	100.4	93.0	69.8	72.6	92.4
Producers' Goods	67.7	164.3	98.8	96.1	62.4	66.7	85.8
Consumers' Goods	62.0	136.1	96.9	94.7	71.3	72.7	95.5
Canadian Farm Products	64.1	160.6	88.0	100.8	48.4	58.4	74.6
Imports	73.0	158.8	100.4	94.2	70.5	80.5	108.8
Exports	64.7	158.1	94.7	92.2	54.9	59.9	78.9

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WHOLESALE PRICE INDEX NUMBERS MARKING PEAKS AND DEPRESSIONS SINCE 1913
(1926=100)

	1913	1920	1922	1929	1932	Aug. 1939	Dec. 1941
General Wholesale Index	64.0	155.9	97.3	95.6	66.7	72.3	93.6
Raw and Partly Manufactured Goods ...	63.8	154.1	94.7	97.5	55.0	62.8	85.5
Fully and Chiefly Manufactured Goods.	64.8	156.5	100.4	93.0	69.8	72.6	92.4
Producers' Goods	67.7	164.3	98.8	96.1	62.4	66.7	85.8
Consumers' Goods	62.0	136.1	96.9	94.7	71.3	72.7	95.5
Canadian Farm Products	64.1	160.6	88.0	100.8	48.4	58.4	74.6
Imports	73.0	158.8	100.4	94.2	70.5	80.5	108.8
Exports	64.7	158.1	94.7	92.2	54.9	59.9	78.9

CANADIAN WHOLESALE PRICE INDEX NUMBERS, 1913-1941.
(1926=100.0)

	General Whole- sale Prices	Pro- ducers' Goods	Con- sumers' Goods	Building and con- struction Materials	Raw and Partly Manu- factured Materials	Fully and Chiefly Manu- factured Materials	Canadian Farm Products
1913	64.0	67.7	62.0	67.0	63.8	64.8	64.1
1920	155.9	164.8	136.1	144.0	154.1	156.5	160.6
1926	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1927	97.7	98.5	95.7	96.1	99.9	96.5	102.1
1928	96.4	96.7	95.6	97.4	97.4	95.0	100.7
1929	95.6	96.1	94.7	99.0	97.5	93.0	100.8
1930	86.6	82.5	89.3	90.8	82.2	87.3	82.3
1931	72.1	67.1	76.2	81.9	61.9	74.8	56.3
1932	66.7	62.4	71.3	77.2	55.0	69.8	48.4
1933	67.1	63.1	71.1	78.3	56.6	70.2	51.0
1934	71.6	67.8	74.1	82.5	63.5	73.4	59.0
1935	72.1	69.5	73.6	81.2	66.0	72.8	63.5
1936	74.6	72.4	74.7	85.3	70.8	73.6	69.4
1937	84.6	86.1	79.5	94.4	84.3	80.5	87.1
1938	78.6	75.8	77.2	89.1	72.7	78.2	73.6
1939	75.4	70.4	75.9	89.7	67.4	75.3	64.3
1940	82.9	78.7	83.4	95.6	75.3	81.5	67.1
<u>1940</u>							
January	82.6	78.9	82.4	93.6	75.3	81.5	70.0
February	82.8	79.2	82.9	93.5	75.7	81.7	70.3
March	83.2	79.9	83.2	94.1	76.3	81.9	71.3
April	83.1	80.3	82.6	94.2	76.8	81.5	72.1
May	82.2	78.7	82.3	94.3	75.2	80.5	68.0
June	81.6	77.2	82.5	94.3	74.0	80.0	64.3
July	82.6	77.7	83.7	95.3	74.9	80.7	64.4
August	82.6	77.9	83.5	96.7	73.8	81.3	62.7
September	83.0	78.3	84.0	97.6	74.3	81.6	63.8
October	83.3	78.4	84.1	98.0	74.8	81.8	64.6
November	83.9	78.8	84.8	98.2	76.1	82.4	66.9
December	84.2	79.1	85.2	98.0	76.1	83.0	67.1
<u>1941</u>							
January	84.6	79.7	85.5	98.7	76.6	83.4	67.2
February	85.2	80.6	85.7	100.1	77.7	83.7	68.3
March	85.9	81.3	86.2	100.6	78.9	84.2	69.1
April	86.6	81.6	87.0	100.7	79.3	85.3	69.5
May	88.5	83.3	88.6	107.5	80.9	86.8	69.6
June	90.0	84.3	90.6	108.4	81.8	88.8	71.0
July	91.1	84.5	92.0	109.0	82.4	90.2	71.7
August	91.8	84.5	93.3	110.6	83.3	90.8	72.1
September	93.2	85.6	95.2	111.3	84.6	92.4	73.3
October	93.8	85.7	96.7	111.1	85.3	93.2	74.1
November	94.0	85.5	96.8	111.2	85.3	93.3	74.1
December	93.6	85.8	95.5	111.6	85.5	92.4	74.6

CANADIAN LIVING COST INDEX NUMBERS, 1913-1941
(1935-39=100)

	Percent- age Increase since Aug.1, 1929	Total Index	Food Index	Rent Index	Fuel and Light- ing Index	Cloth- ing Index	Home Furnishings and Miscellaneous Index	
1913	-	79.7	88.3	74.3	76.9	88.0	70.3	
1920	-	150.5	188.1	100.2	119.9	213.1	110.3	
1926	-	121.8	153.3	115.9	116.8	139.1	106.1	
1927	-	112.9	130.8	114.5	114.4	135.6	105.1	
1928	-	120.5	151.5	117.2	113.2	135.5	104.8	
1929	-	121.7	134.7	119.7	112.6	134.8	105.0	
1930	-	120.8	131.5	122.7	111.8	130.6	105.4	
1931	-	109.1	103.1	119.4	110.0	114.3	103.3	
1932	-	99.0	85.7	102.7	106.3	100.6	100.4	
1933	-	94.4	84.9	98.6	102.5	93.3	98.2	
1934	-	95.6	92.7	93.2	102.1	97.1	97.8	
						Home Furnish- ings Index	Miscell- aneous Index	
1935	-	96.2	94.6	94.0	100.9	97.6	95.4	98.7
1936	-	98.1	97.8	95.1	101.3	99.3	97.2	99.1
1937	-	101.2	103.2	99.7	98.9	101.4	101.5	100.1
1938	-	102.2	103.8	103.1	97.7	100.9	102.4	101.2
1939	100.7	101.5	100.6	103.8	101.2	100.7	101.4	101.4
1940	104.8	105.6	105.6	106.3	107.1	109.2	107.2	102.3
1939								
August	100.0	100.8	99.3	103.8	99.0	100.1	100.9	101.3
September	100.0	100.8	99.4	103.8	98.9	99.6	100.8	101.3
October	103.7	103.5	106.3	104.4	104.4	99.6	101.0	101.7
November	103.9	103.5	107.1	104.4	105.3	99.6	101.0	101.9
December	103.0	103.8	104.7	104.4	105.4	103.3	104.1	102.0
1940								
January	103.0	103.8	104.5	104.4	105.5	103.3	104.3	101.8
February	103.0	103.8	104.5	104.4	105.6	103.3	104.3	101.9
March	103.8	104.6	104.8	104.4	105.7	107.8	105.9	101.9
April	103.8	104.6	104.8	104.4	105.9	107.8	106.1	101.8
May	104.1	104.9	104.4	106.9	106.1	107.8	106.2	101.8
June	104.2	104.7	103.8	106.9	106.0	109.1	106.5	101.8
July	104.8	105.6	105.2	106.9	107.9	109.1	106.9	102.2
August	105.1	105.9	105.4	106.9	108.4	109.1	106.9	103.0
September	105.6	106.6	105.4	106.9	108.5	113.1	109.4	102.8
October	106.2	107.0	106.1	107.7	108.0	113.5	109.7	102.8
November	106.9	107.8	108.7	107.7	108.5	113.5	110.0	102.8
December	107.2	108.0	109.1	107.7	108.5	113.5	110.7	102.3
1941								
January	107.4	108.5	109.7	107.7	108.6	113.7	110.8	103.1
February	107.3	108.2	108.8	107.7	108.7	114.1	111.5	103.1
March	107.5	108.2	109.0	107.7	108.9	114.2	111.6	102.9
April	107.7	108.6	110.1	107.7	108.9	114.3	111.7	102.9
May	108.5	109.4	109.7	109.7	109.2	114.5	111.8	105.1
June	109.6	110.5	112.5	109.7	110.2	114.9	112.1	105.6
July	111.0	111.9	116.6	109.7	110.5	115.1	113.0	105.6
August	112.8	113.7	121.3	109.7	110.5	115.7	114.3	106.1
September	113.8	114.7	123.3	109.7	110.9	117.4	115.8	106.4
October	114.6	115.5	123.2	111.2	112.1	119.6	117.3	106.5
November	115.4	116.3	123.4	111.2	112.7	120.0	117.9	106.7
December	114.9	115.8	123.8	111.2	112.7	119.9	117.9	106.7

CANADIAN SECURITY PRICE INDEX NUMBERS AND EXCHANGE RATES, 1932-1941
(1935-39=100)

	Industrial and Utility Common Stock Prices			Mining Stock Prices			Preferred Stock Prices	Dominion Long- Term Bonds		Exchanges Noon Rates at Montreal		
	Total	Indus- trials	Util- ities	Total	Gold	Base Metals		Prices	Yields	Sterling	U.S. Dollar	Argentine Peso (free rate)
December 1932	47.6	32.4	90.7	44.0	53.3	-	60.6	87.6	139.8	3.7866	1.1544	.2982
December 1933	68.6	61.3	94.8	73.3	85.3	50.9	72.6	89.6	133.4	5.0957	.9954	.2874
December 1934	78.6	69.1	94.2	87.1	105.9	51.9	86.1	99.9	103.7	4.8865	.9878	.2483
December 1935	98.0	98.5	99.0	92.9	98.9	80.5	89.0	97.2	109.1	4.9755	1.0093	.2749
December 1936	117.7	117.0	124.6	117.0	111.5	127.2	113.3	102.4	93.3	4.9042	.9993	.2975
December 1937	94.5	92.2	98.2	93.7	98.1	85.3	97.7	99.6	100.0	4.9985	1.0004	.2930
December 1938	97.3	98.7	87.3	110.9	103.3	125.3	104.8	102.1	94.0	4.7133	1.0092	.2297
December 1939	92.2	90.9	90.7	99.3	89.2	119.3	110.1	96.9	104.3	4.4500*	1.1050*	.2527
1940 - January	90.9	89.1	90.7	100.9	91.1	119.6	110.7	97.4	103.3	4.4500*	1.1050*	.2515
February	90.2	88.6	89.9	96.2	86.5	115.3	109.7	98.1	101.9	4.4500*	1.1050*	.2573
March	90.3	87.5	93.4	92.5	82.0	112.8	108.8	98.1	101.9	4.4500*	1.1050*	.2598
April	88.4	85.1	93.4	91.2	81.3	110.8	108.9	98.9	100.2	4.4500*	1.1050*	.2550
May	73.3	69.2	78.2	74.5	67.6	88.5	96.7	99.2	99.8	4.4500*	1.1050*	.2514
June	65.5	61.2	71.0	63.4	57.7	74.7	86.9	98.5	101.4	4.4500*	1.1050*	.2438
July	66.1	62.6	70.4	64.8	59.1	75.1	89.0	98.6	101.1	4.4500*	1.1050*	.2403
August	69.3	65.8	73.6	71.0	64.6	83.7	93.9	99.1	100.0	4.4500*	1.1050*	.2492
September ...	75.8	73.1	78.0	77.5	70.8	91.0	99.1	99.5	98.9	4.4500*	1.1050*	.2575
October	74.2	71.3	77.0	79.2	72.9	91.3	100.7	99.7	98.6	4.4500*	1.1050*	.2604
November	74.5	71.3	78.2	82.4	76.3	94.5	103.0	100.1	98.0	4.4500*	1.1050*	.2606
December	70.3	65.9	76.4	80.2	74.9	90.0	101.7	100.5	97.0	4.4500*	1.1050*	.2614
1941 - January	71.3	66.9	77.3	79.4	74.4	89.2	101.4	100.8	96.3	4.4500*	1.1050*	.2618
February	66.5	62.3	71.3	74.9	70.6	83.2	97.6	100.9	96.1	4.4500*	1.1050*	.2617
March	66.8	63.1	70.7	75.1	70.0	84.7	98.7	101.0	95.8	4.4500*	1.1050*	.2558
April	65.8	62.3	68.2	75.1	69.0	87.6	97.9	100.9	95.9	4.4500*	1.1050*	.2590
May	63.9	60.7	65.2	71.2	66.1	81.2	96.3	100.8	95.9	4.4500*	1.1050*	.2628
June	64.0	60.3	67.1	71.0	64.4	83.9	96.8	100.5	96.4	4.4500*	1.1050*	.2632
July	67.5	64.0	70.6	74.6	66.2	91.3	98.5	100.8	95.8	4.4500*	1.1050*	.2640
August	67.8	64.4	71.2	74.6	66.0	91.7	100.0	101.2	95.4	4.4500*	1.1050*	.2643
September ...	71.0	67.5	74.7	75.4	66.0	94.0	103.2	101.3	95.2	4.4500*	1.1050*	.2627
October	69.1	65.5	72.5	69.7	60.8	87.4	102.2	101.4	94.9	4.4500*	1.1050*	.2614
November	68.8	65.3	71.1	65.0	54.9	85.0	102.6	102.0	93.6	4.4500*	1.1050*	.2646
December	67.2	63.9	68.7	63.2	52.2	84.8	100.7	102.0	93.6	4.4500*	1.1050*	.2636

/ Bank of Montreal, 1932-34, Bank of Canada, 1935-41. * Since September 16, 1939, quotations used are the average of the daily buying and selling rate set by the Canadian Foreign Exchange Control Board. The current buying and selling rates for sterling are \$4.43 and \$4.47 and for U.S. funds \$1.10 and \$1.11.

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