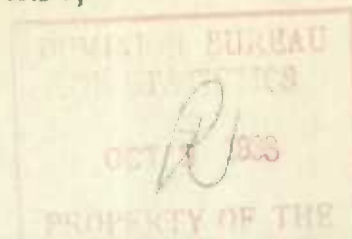


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DEPARTMENT OF TRADE AND COMMERCE
DOMINION BUREAU OF STATISTICS - CANADA
INTERNAL TRADE BRANCH



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SECURITY PRICES AND FOREIGN EXCHANGE, SEPTEMBER 23-SEPTEMBER 29

(1926=100)

INDUSTRIAL AND UTILITY COMMON STOCK PRICES

Four days of severe recession on Canadian security markets, reflecting prevailing anxiety over the European crisis were followed by a marked rebound, as the Four-Power Conference gave hope for a peaceful agreement. The Investors' price index for industrial, utility and bank common stocks dropped from 99.9 on September 22 to 91.7 on the 27th and moved up to 100.7 on the 29th. Although weekly averages showed recessions, pulp and paper excepted, most of the daily price indexes indicated that recent losses had been more than recovered on September 28 and 29. The Industrial mines group recorded a substantial net increase of 9.3 points and was followed by foods, pulp and paper, building materials with more moderate gains. Utilities lagged in the recovery. Apart from a slight gain of one tenth of a point for transportation, other sub-groups registered net declines headed by communication issues, which index fell 3.8 to 118.7. Industrials mounted 2.4 to 166.9 between September 22 and 29, while utilities receded 0.6 to 43.0, and banks 0.5 to 82.4 for the same period.

MINING STOCK PRICES

Shares on Canadian mining markets followed the lead of international stock exchanges which in turn were dominated by the European crisis. Prices dropped precipitously between September 23 and 27 as waves of liquidation flooded the market and the daily index for twenty-four mining issues dropped to a low of 132.8 on September 27. It rebounded on the final two days to close at 146.9 on September 29 as negotiations of the Four-Power Conference presaged a peaceful solution of territorial problems. The weekly index for this series at 138.2 was 4.7 lower than the previous weekly average. Accompanied by heavy turnover, issues in both the gold and base metal sub-groups swept through wide price swings as war tension waxed and waned. Weekly indexes of 109.2 for the golds and 258.5 for the base metals showed moderate recessions as compared with last week's indexes.

LONG-TERM BOND PRICES AND YIELDS

With the dramatic happenings of the past week pointing to a major conflict, security values tumbled and the Dominion Bureau of Statistics' index of Dominion of Canada long-term bond prices fell from 115.7 for the week ending September 22 to 114.3 for the week ending September 29. The Bureau's daily index, which stood at 116.5 on the 22nd, dropped to a low of 112.6 on the 28th, but rose to 113.1 on the 29th as hope appeared for the successful conclusion of a four-power agreement. Provincial bonds sold lower also, with some of the higher priced issues showing the greatest reductions. Nova Scotia 5's of 1960 dropped from 117.00 to 113.00 and the Ontario 5's of 1948 fell from 114.50 to 110.50. British Consols slumped from 71 1/4 on the 22nd to 65 on the 26th before rebounding to close the week at 72, while the Dow-Jones average of high-grade United States bonds moved from 87.10 on the 22nd to 86.49 on the 29th. The index of Dominion of Canada long-term bond yields mounted from 65.4 for the week ending September 22 to 68.2 for the week ending September 29, and the average yield of the issues used in this index rose from 3.18 to 3.31.

FOREIGN EXCHANGE

(Quotations are Montreal noon rates unless otherwise specified)

As uncertainty regarding the outcome of peace discussion grew, fluctuations in exchange markets became wide and erratic. The flight of capital from London to New York increased and selling pressure on sterling was so great that the pound registered the severest decline since the formation of the Tripartite pact. By September 28, quotations have fallen to \$4.7995, the lowest level since October 1933 and 2.9 cents below the opening rate of September 23. Sterling then rebounded as the Four-Power Conference was called and closed at \$4.8361. A sharp decline in Canadian dollars accompanied the drop in sterling. Premiums on United States funds rose steadily from 5/8 of 1 p.c. on the 23rd to 2 p.c. on the 28th but fell back to 1 1/2 p.c. on the 29th.

SUMMARY OF FINANCIAL PRICE FACTORS

Dates	1938 September						Weekly Average Sept. 23-29	Preceding Weekly Average Sept. 16-22	Corresponding Weekly Average Last Month	Weekly Average A Year Ago
	23	24	26	27	28	29				
INVESTORS' PRICE INDEX, 95 COMMON STOCKS	97.0	96.4	93.2	91.7	96.4	100.7	96.0	98.6	103.1	113.7
68 INDUSTRIALS	159.6	158.7	153.3	150.4	159.3	166.9	158.3	162.1	169.2	183.7
Machinery and Equipment (8)	115.5	113.3	108.5	108.0	117.1	123.1	115.3	119.4	128.5	113.9
Pulp and Paper (7)	16.2	15.9	15.1	15.2	16.5	19.5	17.1	16.6	19.5	26.1
Milling (3)	79.3	76.3	76.5	73.2	75.9	79.4	76.7	78.1	86.3	86.6
Oils (4)	164.9	162.1	157.6	152.3	161.5	169.8	160.7	165.2	175.0	199.8
Textiles and Clothing (10)	52.8	52.3	51.7	51.2	51.6	53.8	52.1	53.3	58.3	70.4
Food and Allied Products (12)	160.2	160.9	156.0	152.3	155.1	164.5	158.3	162.0	167.8	161.9
Beverages (7)	106.2	105.1	98.3	96.9	105.9	112.4	103.2	109.3	120.2	114.2
Building Materials (15)	117.0	117.1	112.5	112.4	116.4	122.7	117.0	119.1	132.9	144.5
Industrial Mines (2)	393.8	396.4	381.7	378.7	403.7	418.1	394.0	404.8	407.4	438.3
19 UTILITIES	42.0	41.5	40.2	39.7	41.4	43.0	41.2	42.9	45.8	56.0
Transportation (2)	13.6	13.6	13.1	12.6	13.8	14.4	13.5	13.9	15.7	23.5
Telephone & Telegraph (2)	121.2	120.1	115.1	113.5	117.2	118.7	117.4	122.1	125.8	124.6
Power and Traction (15)	56.8	56.0	54.4	54.1	56.0	58.7	55.8	58.2	62.4	77.1
8 BANKS	82.6	82.2	80.2	80.1	80.0	82.4	80.7	83.4	85.1	82.5
MINING STOCK PRICE INDEX, 24 STOCKS	140.8	138.8	133.1	132.8	138.1	146.9	138.2	142.9	153.9	125.1
Gold Stocks (21)	109.7	108.7	104.7	104.7	110.3	116.7	109.2	111.9	122.4	104.2
Base Metals (3)	269.4	263.3	250.9	249.1	252.8	272.0	258.5	270.8	283.1	209.9
DOMINION OF CANADA LONG-TERM BOND PRICE INDEX	116.0	115.7	115.4	112.7	112.6	113.1	114.3	115.7	117.5	114.7
DOMINION OF CANADA LONG-TERM BOND YIELD INDEX	65.3	65.8	65.9	71.0	71.1	70.2	68.2	65.4	63.0	69.2
FOREIGN EXCHANGE QUOTATIONS ^x - NOON RATES AT MONTREAL										
Sterling	4.8287	4.8218	4.8039	4.7995	4.8073	4.8361	4.8162	4.8363	4.8727	4.9490
U.S. dollars	1.0063	1.0088	1.0094	1.0125	1.0200	1.0150	1.0120	1.0055	1.0017	1.0000
French franc	.0271	.0270	.0268	.0269	.0269	.0271	.0270	.0271	.0273	.0342
Belgian belga	.1698	.1704	.1708	.1714	.1731	.1718	.1712	.1696	.1691	.1684
Netherlands florin	.5413	.5401	.5383	.5440	.5504	.5470	.5435	.5421	.5461	.5527
Japanese yen	.2814	.2812	.2796	.2796	.2805	.2814	.2806	.2819	.2840	.2884
Australian pound	3.8630	3.8575	3.8431	3.8396	3.8458	3.8689	3.8530	3.8702	3.8981	3.9591
Argentine peso - free rate	.2556	-	.2549	.2541	.2560	.2553	.2552	.2544	.2569	.2975

^x Bank of Canada.

MONTHLY INDEX NUMBERS OF DOMINION OF CANADA LONG-TERM BOND PRICES, 1930-1938.
(From data issued by A. E. Ames and Co. Ltd.)
(1926=100)

	<u>1930</u>	<u>1931</u>	<u>1932</u>	<u>1933</u>	<u>1934</u>	<u>1935</u>	<u>1936</u>	<u>1937</u>	<u>1938</u>
January	99.0	103.1	94.1	103.3	104.6	115.9	113.6	117.7	116.1
February	99.3	103.1	94.9	103.4	105.4	114.2	115.0	115.3	116.6
March	99.9	103.7	96.4	102.1	107.9	115.0	115.5	112.9	116.8
April	100.5	104.5	96.2	102.9	109.4	114.5	115.7	112.7	117.3
May	100.9	104.0	96.3	103.8	110.3	115.2	115.9	113.8	118.2
June	101.0	105.0	94.6	104.9	110.4	114.2	117.0	114.9	118.1
July	101.2	105.3	97.0	104.8	111.1	114.5	118.0	115.1	117.6
August	102.1	105.3	101.0	105.6	112.3	114.8	119.1	115.5	117.6
September	103.0	102.1	101.8	105.7	112.6	110.9	119.1	115.3	-
October	103.2	98.1	103.8	105.0	111.1	110.2	117.1	114.5	-
November	103.2	97.4	102.6	104.2	112.2	112.5	117.6	114.8	-
December	103.1	95.5	101.2	103.6	115.2	112.5	118.2	115.6	-

MONTHLY INDEX NUMBERS OF DOMINION OF CANADA LONG-TERM BOND YIELDS, 1930-1938
(From data issued by A. E. Ames and Co. Ltd.)
(1926=100)

	<u>1930</u>	<u>1931</u>	<u>1932</u>	<u>1933</u>	<u>1934</u>	<u>1935</u>	<u>1936</u>	<u>1937</u>	<u>1938</u>
January	102.1	93.9	112.7	96.3	93.2	70.9	72.4	64.6	66.3
February	101.4	93.6	112.2	96.0	91.0	73.2	70.8	68.4	65.4
March	101.1	91.9	109.1	97.7	86.1	71.4	69.9	72.7	64.7
April	99.3	90.0	109.8	96.6	83.8	72.2	69.5	73.2	63.7
May	98.4	89.3	109.3	95.0	81.8	71.4	68.8	71.0	61.7
June	98.2	88.3	111.7	93.3	82.1	73.4	66.9	69.3	61.8
July	98.0	88.3	107.5	93.5	80.1	72.1	65.1	69.0	62.7
August	95.9	88.3	100.5	92.2	77.8	71.6	63.2	68.1	62.7
September	93.9	95.5	98.7	92.4	77.2	79.8	63.1	68.3	-
October	93.6	105.2	96.2	93.5	79.3	78.9	66.2	69.7	-
November	93.6	107.7	98.5	94.3	77.2	74.5	65.1	68.8	-
December	93.9	111.7	99.4	95.1	71.3	75.5	64.1	67.4	-

MONTHLY INDEX NUMBERS OF PROVINCE OF ONTARIO REPRESENTATIVE BOND ISSUES, 1930-1938
(From data issued by Wood, Gundy & Co. Ltd.)

	<u>1930</u>	<u>1931</u>	<u>1932</u>	<u>1933</u>	<u>1934</u>	<u>1935</u>	<u>1936</u>	<u>1937</u>	<u>1938</u>
January	102.3	95.0	119.8	99.2	97.3	76.2	85.5	70.4	69.7
February	102.3	95.0	115.9	98.7	96.0	78.3	80.6	74.3	69.3
March	101.3	95.0	110.6	100.0	90.2	79.5	77.3	78.5	68.5
April	101.3	95.0	111.3	101.3	87.7	80.8	78.5	77.9	67.2
May	101.3	91.9	113.2	98.1	84.8	78.5	76.6	74.5	65.3
June	100.8	91.9	114.4	97.1	85.4	80.4	73.3	72.9	65.3
July	100.2	92.9	110.6	96.7	83.1	80.2	72.0	73.1	66.8
August	96.0	91.9	103.3	95.0	82.3	79.7	71.2	72.2	66.8
September	92.9	97.1	101.9	95.8	82.0	88.3	69.9	71.8	-
October	93.9	103.3	98.1	94.6	82.9	85.4	72.2	73.1	-
November	93.9	105.4	102.3	97.3	81.0	80.8	71.8	72.7	-
December	93.9	108.6	102.7	98.5	76.2	82.7	69.7	71.2	-

WEEKLY INDEX NUMBERS OF DOMINION OF CANADA LONG-TERM BONDS, 1938*

<u>Date</u>		<u>Prices</u>	<u>Yields</u>
July	7	118.2	61.7
	14	118.0	62.0
	21	117.5	63.0
	28	117.0	63.7
August	4	117.4	63.4
	11	117.8	62.2
	18	117.6	62.7
	25	117.7	62.7
September	1	117.5	63.0
	8	117.4	63.2
	15	116.7	64.0
	22	115.7	65.4
	29	114.3	68.2

* Based upon an average of daily figures for the week ending on dates specified.

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