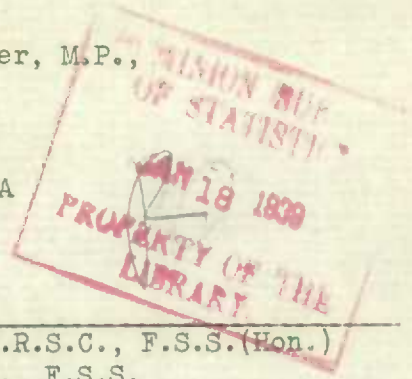


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DEPARTMENT OF TRADE AND COMMERCE
DOMINION BUREAU OF STATISTICS - CANADA
INTERNAL TRADE BRANCH

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WEEKLY INDEX NUMBERS OF WHOLESALE PRICES, 1938-1939
(1926=100)

Further reductions in wholesale commodity prices carried the Dominion Bureau of Statistics index from 73.4 for the week ending January 6 to 73.3 for the week ending January 13. Declines predominated in Vegetable Products, Animals, Textiles and Non-Ferrous Metals, while the remaining four groups were unchanged.

At the bottom of this page will be found an index for Industrial Material Prices which will be published weekly hereafter. A further description of this index is given on the following page. The composite index of 30 industrial material commodity prices declined from 64.4 to 64.0 during the week, showing a slightly greater reaction to depressionary forces than the general wholesale index. The most important changes were in the sensitive food group (due to wheat and hogs) which fell from 57.0 to 55.6. A lesser change occurred in the sensitive manufacturing group which receded from 50.5 to 50.4, while the index for stable commodities remained at 88.1.

Vegetable Products decreased from 60.2 to 60.1. Potatoes sold higher, but canned fruits, canned vegetables, grains and raw rubber weakened. Animal Products fell from 73.3 to 73.1. Firmer prices ruled for fish, fresh meats, butter and cheese, while hides, livestock, cured meats and eggs receded. Easier quotations for raw cotton, cotton yarns and cotton fabrics were largely responsible for lowering the index for Textiles from 66.4 to 66.1, and Non-Ferrous Metals declined from 71.4 to 70.9 when a rise in zinc failed to offset decreases in copper and lead. Wood, Iron, Non-Metallic Minerals and Chemicals continued at 76.3, 98.1, 86.3 and 79.0 respectively.

Canadian Farm Products dropped from 64.9 to 64.6. Field Products rose from 54.4 to 54.7, due mainly to an increase in potatoes, while Animal Products fell from 82.5 to 81.1 because of reductions in livestock, hides and eggs.

	: No. of :	1 9 3 8			1 9 3 9	
		: Price :	Jan. :	Dec. :	Dec. :	Jan. :
	: Series :	14 :	23 :	30 :	6 :	13 :
	:	:	:	:	:	:
Total Index 567 Commodities	567	83.4	73.2	73.5	73.4	73.3
INDEX NUMBERS OF COMMODITIES CLASSIFIED ACCORDING TO THEIR CHIEF COMPONENT						
MATERIALS						
I. Vegetable Products	135	88.0	59.9	60.6	60.2	60.1
II. Animals and Their Products	76	77.3	72.8	73.1	73.3	73.1
III. Fibres, Textiles & Textile Products	85	68.9	66.4	66.4	66.4	66.1
IV. Wood, Wood Products and Paper	49	75.5	76.2	76.2	76.3	76.3
V. Iron and Its Products	44	104.1	98.1	98.1	98.1	98.1
VI. Non-Ferrous Metals & Their Products	18	73.3	71.7	71.7	71.4	70.9
VII. Non-Metallic Minerals and Their Products	83	87.0	86.3	86.3	86.3	86.3
VIII. Chemicals and Allied Products	77	80.9	79.0	79.0	79.0	79.0
CANADIAN FARM PRODUCTS	70	87.2	64.6	65.0	64.9	64.6
INDUSTRIAL MATERIAL PRICES	30	.	64.0	64.5	64.4	64.0
Stable	12		88.1	88.1	88.1	88.1
Sensitive	18		51.7	52.4	52.2	51.7
Manufacturing	13		50.3	50.6	50.5	50.4
Food	5		55.3	57.1	57.0	55.6

CANADIAN INDEX NUMBERS OF INDUSTRIAL MATERIAL PRICES

The primary aim in constructing an index of this nature has been to provide a statistical measurement specially suited to a week-by-week examination of price behaviour in the markets which provide the basic materials required by industry. This index of 30 industrial materials is sufficiently inclusive to represent the general movement of prices for the industrial material group. More than 50 per cent of the annual value of such materials is directly represented, and a much higher percentage receives indirect representation. The index reflects, therefore, the composite of demand and supply forces which find expression in market price movements. It is not sufficient to treat industrial material prices as a homogeneous unit, and to point out that industrial demand is the best available gauge of prospective business activity. It is necessary to recognize basic differences in demand and supply behaviour, and to search for a classification of industrial material prices which will throw these differences into clear relief.

Casual inspection of industrial material price movements reveals two broad types of behaviour. There is an important group of materials for which the price structure is highly stable, yielding very slowly to forces of change. The supply of such materials can be, and usually is, adjusted quickly to variations in demand. There is another larger group of industrial materials whose price structure is quite sensitive to market influences. In many cases, markets for this group are highly organized and transactions are conducted in future as well as in spot positions.

Consideration of the possibilities of differences in price behaviour in these groups has led to a division of industrial material prices as follows:

- 1- Stable prices
- 2- Sensitive prices (a) manufacturing materials
(b) food products

This classification, although empirical in character, makes possible the observation of divergent price movements which have had an important bearing upon economic developments during the past ten years.

In computing index numbers of industrial material prices, an unweighted geometric average with the year 1926 as base, has been employed. The choice of this method was determined by extensive experiments with different types of index formulae, particulars of which may be found in the bulletin "Canadian Index Numbers of Industrial Material Prices" recently published by the Dominion Bureau of Statistics. Table 1 of this bulletin is given below.

MONTHLY PRICE INDEX NUMBERS OF INDUSTRIAL MATERIALS, 1926 - 1938

(1926=100)

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1926 ...	104.7	102.6	100.7	99.4	98.3	98.4	99.5	98.9	99.2	99.1	97.4	98.0
1927 ...	97.2	97.5	96.4	96.7	96.8	96.9	96.0	96.6	96.7	96.0	94.8	96.1
1928 ...	95.4	93.7	94.5	94.1	95.2	93.8	93.4	92.1	90.9	89.9	90.2	91.1
1929 ...	92.2	92.7	93.2	91.8	90.3	90.4	92.9	93.0	93.7	92.4	89.4	89.5
1930 ...	88.3	86.8	84.0	83.4	79.8	77.4	74.0	71.9	69.3	67.7	66.6	64.9
1931 ...	63.9	62.1	61.5	61.2	59.5	59.3	59.6	57.9	56.1	57.7	58.1	57.7
1932 ...	56.8	55.2	53.4	51.5	49.7	49.2	50.3	51.6	51.5	49.9	49.1	47.4
1933 ...	46.0	45.8	48.4	49.3	54.0	56.7	60.8	59.4	58.6	55.7	57.0	57.6
1934 ...	59.4	61.7	61.5	60.9	60.7	60.9	59.8	60.1	59.1	58.4	58.3	58.9
1935 ...	59.8	60.0	59.7	61.1	62.0	61.7	62.0	62.1	64.1	65.9	65.5	65.3
1936 ...	66.1	66.5	66.3	66.0	64.6	64.6	66.4	67.7	68.2	68.0	69.9	73.1
1937 ...	78.1	79.3	85.2	84.7	83.4	82.3	84.5	82.9	81.2	76.8	73.4	71.5
1938 ...	70.6	69.2	68.8	67.4	65.9	65.5	66.3	65.1	64.1	64.2	64.2	

