

Subsection 2.—The Index Number on a Post-War Base (1926).

The official Canadian index number of wholesale prices and other price indexes computed by the Dominion Bureau of Statistics was revised, when prices were considered as having arrived at a condition of post-war normalcy, and calculated with the year 1926 as base.

Details of the method of constructing the new index number—the price series included, the weighting and the classification of commodities—were given at pp. 803-5 of the 1931 Year Book. On this base, the Dominion Bureau of Statistics' annual index number of wholesale price movements for 1931 was 72.2 which is to be compared with 86.6 for 1930. This comparison, however, gives an exaggerated idea of the decline that occurred during the past year, for the monthly index series in 1931 fell only from 75.9 in January to 70.6 in December, while in 1930 it dropped from 95.3 to 77.7 between January and December. It is worthy of note also that the general index of wholesale prices advanced by small amounts in October and November, marking the first break in the recession since December, 1929. Wholesale price levels measured by commodity group indexes declined generally during 1931, the most outstanding drop being recorded by the animals and their products index which fell from 88.2 in January to 66.4 in December. Other group declines occurred as follows: vegetable products from 57.8 to 56.4, fibres, textiles and textile products from 75.0 to 71.8, wood, wood products and paper from 81.8 to 78.0, iron and its products from 88.7 to 87.3, non-ferrous metals and their products from 69.1 to 66.3, non-metallic minerals and their products from 89.3 to 87.5, and chemicals and allied products from 88.3 to 85.1.

The movement in raw and partly manufactured goods prices was roughly parallel to that for fully and chiefly manufactured goods. An index number based upon a series of 232 wholesale quotations for the former dropped from 66.4 in January to 60.2 for December, while a corresponding series based on 276 fully or chiefly manufactured items, fell from 79.0 to 72.9. This was in contrast to the decline in 1930, when the raw and partly manufactured index fell over 30 points and the fully and chiefly manufactured index, slightly more than 11 points. Considering the total movement, raw material prices have apparently fallen at least twice as far as prices for processed and manufactured goods.

Canadian farm product prices as a group have been considerably steadier than in 1930. The wholesale price index for such items fell from 60.9 to 53.8 during 1931, which compared with a drop from 102.7 to 61.8 in 1930. It was strength received chiefly from prices in this group which was responsible for advances in the general wholesale index during October and November.

2.—Weighted General Wholesale Price Index Numbers, by Months, 1923-31.
(1926=100.)

Month.	1923.	1924.	1925.	1926.	1927.	1928.	1929.	1930.	1931.
January.....	97.0	100.4	106.0	103.0	97.8	96.9	94.0	95.3	75.9
February.....	97.1	100.4	105.4	102.1	97.6	96.8	95.0	93.9	75.5
March.....	98.3	98.8	103.5	101.3	97.3	97.7	95.6	91.8	74.5
April.....	102.4	96.7	100.2	101.2	97.3	98.3	94.5	91.2	73.9
May.....	100.4	96.4	101.7	100.2	98.3	97.9	93.4	89.7	72.6
June.....	99.6	97.5	101.5	100.1	98.7	96.9	93.4	87.7	71.9
July.....	96.3	98.5	101.2	100.1	98.5	98.0	97.2	85.3	71.4
August.....	98.3	100.4	101.7	99.1	98.3	95.3	98.4	83.7	70.6
September.....	99.0	98.5	100.0	98.5	97.1	95.4	97.8	82.1	69.8
October.....	98.0	100.5	99.9	98.1	97.2	95.2	96.8	81.0	70.0
November.....	98.1	101.0	103.2	97.7	96.9	94.9	95.7	79.5	70.9
December.....	98.3	103.0	104.7	97.9	97.3	94.6	96.0	77.7	70.6
Yearly Averages....	96.0	99.4	102.6	100.0	97.7	96.4	95.6	86.6	72.2