

Prior to the war the funded debt of the Dominion was entirely held outside the country, there being no home market for Canadian Government bonds. Since about the beginning of the century, however, the province of Ontario, the wealthiest and most populous of the provinces of the Dominion, has done its financing largely in Canada itself, and the fluctuation in the rate of yield of Province of Ontario bonds is thus the best long-term indicator of net interest rates in the Dominion. These yields, compiled originally by Wood, Gundy and Co., of Toronto, and furnished by that firm to the Bureau of Statistics, have been recalculated as index numbers on a 1926 base and are shown in Table 15, a particularly interesting feature being the decline in the interest rates index from the high point of 129.4 in October 1920 to 87.7 in February of 1928. Since the latter date, the scarcity of funds for this type of investment forced the index number up to 104.4 in May and September 1929, from which point it gradually declined to 92.9 in September 1930. In January and February 1931 it had risen to 95.0 but in March and April it declined to 92.9 and in May to 91.9. In the fall months considerable demand upon the available supply of long term funds again sent the index up sharply to a peak of 119.8 in January, 1932, which was the highest point reached since October 1921. In the next few months, somewhat easier conditions prevailed, as indicated by the March, 1932, number of 110.6.

15.—Index Numbers of Interest Rates in Canada, Calculated from Yields of Ontario Bonds, 1906-32.

(Base 1926=100.)

Month.	1900.	1901.	1902.	1903.	1904.	1905.	1906.
January.....	73.1	77.9	79.3	78.5	78.5	78.5	78.5
April.....	74.1	78.5	79.3	78.5	78.5	75.2	76.2
June.....	75.2	78.7	79.3	78.5	79.3	74.1	76.2
October.....	77.2	78.7	79.3	78.5	79.3	75.2	76.8
December.....	77.7	79.3	78.5	78.5	78.3	76.2	77.2
	1907.	1908.	1909.	1910.	1911.	1912.	1913.
January.....	78.3	88.7	82.5	81.4	83.5	83.5	88.7
April.....	81.4	87.7	81.4	82.5	81.0	85.6	89.8
June.....	85.6	86.6	80.4	82.5	81.0	86.6	90.8
October.....	87.7	85.6	80.4	82.5	81.4	87.7	91.9
December.....	88.7	83.5	81.4	83.5	83.5	88.7	91.9
	1914.	1915.	1916.	1917.	1918.	1919.	1920.
January.....	91.9	88.7	109.6	100.2	125.3	121.1	120.0
April.....	90.8	81.9	110.6	109.6	125.3	116.9	121.1
June.....	88.7	93.9	109.6	114.8	126.3	112.7	125.3
October.....	88.7	104.4	104.4	123.2	125.3	116.9	129.4
December.....	88.7	109.6	102.3	125.3	125.3	120.0	128.4

Month.	1921.	1922.	1923.	1924.	1925.	1926.	1927.	1928.	1929.	1930.	1931.	1932.
January.....	125.3	116.9	112.7	106.5	99.2	100.2	97.1	89.8	97.1	102.3	95.0	119.8
February.....	125.3	114.8	110.6	106.1	100.2	100.2	97.1	87.7	98.1	102.3	95.0	115.9
March.....	125.3	113.8	109.6	106.1	100.2	100.2	96.0	83.7	101.3	101.3	92.9	110.6
April.....	125.3	112.7	107.5	106.1	100.2	100.2	95.2	88.7	103.3	101.3	92.9	111.3
May.....	126.3	112.7	107.5	106.1	99.2	100.2	95.0	90.8	104.4	101.3	91.9	-
June.....	126.3	112.7	107.5	105.8	99.2	100.2	95.0	91.9	103.3	100.8	91.9	-
July.....	128.4	112.7	107.5	103.5	99.2	100.2	95.0	93.9	103.3	100.2	92.9	-
August.....	128.4	112.7	107.5	99.2	99.2	100.2	95.0	96.0	102.3	96.0	91.9	-
September.....	127.3	111.7	107.5	99.2	99.2	100.2	95.0	96.0	104.4	92.9	97.4	-
October.....	126.3	111.7	107.9	100.2	100.2	100.2	93.9	95.0	103.3	93.9	103.3	-
November.....	119.4	112.7	107.3	99.2	100.2	99.2	93.3	95.0	103.3	93.9	105.4	-
December.....	119.4	113.2	107.3	99.2	100.2	99.2	99.8	96.0	102.3	93.9	108.6	-