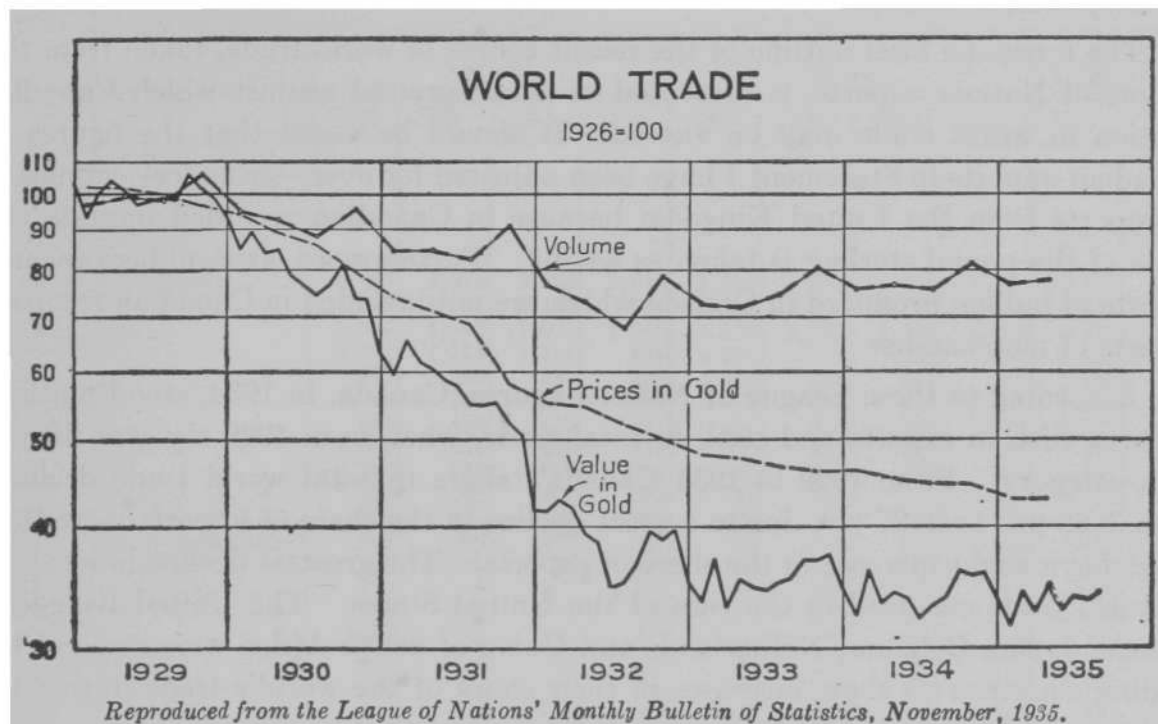


The increase in the quantum of trade during the last quarter of each year, due mainly to the marketing of the autumn crop in the northern hemisphere, conceals to some extent the trend of the quantum curve in the diagram. Actually, the lowest level of trade activities would appear to have been reached either during the third quarter of 1932 or early in 1933. During the first quarter of 1935 the gold value of world trade was 3 p.c. below the figures for the corresponding quarter of 1934, but during the latest months of 1935 the gold value of world trade appears to be slightly exceeding that of the corresponding months of 1934. Measured in sterling, however, the value in 1934 was about 6.3 p.c. higher than in 1933 and 1.4 p.c. higher than in 1932.



During the first years of the depression, manufactured articles fell much less in price than foodstuffs and raw materials. Since 1932, however, the price fall has been heaviest in the case of manufactured articles. The three principal groups of commodities (foodstuffs, raw materials and manufactured goods) all shared in the price fall in 1934, but the average fall was greatest for manufactured goods and smallest for raw materials. As in 1933, therefore, the barter terms of agricultural and mineral-producing countries, which had been most severely affected by the price declines in the early years of the depression, improved in 1934. The quantum of foodstuffs entering into trade, though it rose slightly in 1934, remained some 5 p.c. below the level of 1932 and it is open to doubt whether manufactured articles ready for immediate consumption exceeded the level of 1932, during which the quantum of total world trade reached its lowest point. While in 1933 the rise in total quantum was due principally to raw materials, in 1934 it was mainly due to iron and steel, building materials, heavy metal manufactures, machinery and certain semi-durable articles of consumption such as motor cars. This trade in capital goods which during the early part of the depression had fallen much more than that in consumption goods, rose considerably in 1934, in spite of the fact that Russian purchases of iron and steel and machinery declined greatly.