

The behaviour of Canadian common stock prices has been quite different from that of commodity prices since pre-war years. There was no advance in security markets during the Great War paralleling the pronounced inflation in commodity values. Between 1926 and 1929, however, when commodity prices were declining gradually, common stocks more than doubled in price. Both sets of prices recorded a sharp drop between 1929 and 1933, and both have shown recovery subsequently. This has been much more pronounced in the case of security prices.

Investors Index Numbers of Common Stocks.—Monthly figures for the investors index numbers of common stocks, computed by the Dominion Bureau of Statistics on the basis 1926=100, have been carried back to 1913. The index falls into two parts, *viz.*, the period subsequent to 1926 and the earlier period. For the period 1913 to 1926 those stocks were used which were included in the index number previously issued on the 1913 base, *viz.*, 31 industrials, 10 public utilities and 9 banks, or 50 stocks in all. In the subsequent period the list of stocks included in the monthly index numbers was revised at annual intervals and now contains 68 industrial, 19 domestic utilities and 9 bank stocks. Despite the difference in the number of stocks included, the trend of stock prices is adequately shown throughout the whole period. The larger number of stocks included in the revised index number, though adding little to the accuracy of the general index, gives more complete information regarding various groups of stocks traded on Canadian exchanges.

Security prices in nearly all fields registered sharp gains during 1936 despite corrective reactions in the spring months and again in November. The magnitude of net changes for the year in different sections of the market may be appreciated by reference to the following group percentages of increase: utility common stocks 25 p.c., and industrial common stocks 19 p.c. The marked improvement in utilities in contrast with their lethargic behaviour during the past few years was one of the outstanding developments of 1936. The Bureau's index of industrial common stocks advanced sharply from 178.2 to 200.0 in January and February, with the latter month witnessing the heaviest trading in recent years. A minor reaction in March was followed by a second one of more importance in April which marked the first serious set-back industrials had received since July, 1934. The end of this movement came in May when the industrial group index averaged 187.9. During June and July recovery was hesitant, but in the next three months prices mounted rapidly, this advance being comparable to the sharp rise in the final quarter of 1935. Unlike that movement, however, its 1936 counterpart received a serious set-back in the second and third weeks of November. The market immediately resumed its advance in December, showing much greater recuperative power than after the spring decline. The December average index of 212.8 compared with the high point for the year of 226.1, recorded for the second week of November.

Utility common stock prices followed the same general movements described above for industrials, except that the November reaction was slight and the December recovery relatively stronger. The utility index mounted from 50.1 for December, 1935, to 57.0 for February and then dropped back to 52.5 in May. Subsequent reactions were so small that each succeeding monthly index showed an increase, the final December number being 62.8. Were it not for the transportation sub-group, the December utility index would have been more than 20 points above its current level. This may be observed from the following utility sub-group indexes for December: transportation 34.6, telephone and telegraph 120.4, and power and traction 82.1.