

their terms of trade. Both exports and imports of the United Kingdom fell by 11 p.c. in gold value, the decline in exports being due to a reduction in quantum and that in imports to lower prices. The decline of about one-fifth in the exchange value of the franc somewhat obscured the trade situation of France, but there was an apparent increase in the quantum of exports, confined, in the main, to such highly manufactured goods as textiles, while imports fell off in quantity.

Later monthly reports of the League of Nations indicate that prices were down slightly in the first half of 1939 while quantum, after declining in the first quarter, showed a sharp increase in the second quarter.

Trade by Groups of Commodities.—The commodities that enter into world trade may be roughly divided into three groups, namely, foodstuffs, raw materials, and manufactured goods.

The estimated movement since 1929 of the proportion of total trade, average gold prices, and quantum of commodities belonging to the three groups is shown in Statement II below. The estimates are based on information concerning five* principal trading countries representing about 41 p.c. of world trade.

II.—PRICE AND QUANTUM MOVEMENTS OF GROUPS OF COMMODITIES IN WORLD TRADE, 1929 AND 1932-38.
(1929=100.)

Item.	1929.	1932.	1933.	1934.	1935.	1936.	1937.	1938.
PERCENTAGE SHARE IN VALUE OF WORLD TRADE.								
Foodstuffs.....	24.5	29.0	26.5	25.0	24.5	24.5	23.0	24.0
Materials, raw or partly manu- factured.....	36.0	33.0	36.0	37.0	37.5	38.0	39.5 ¹	36.0
Manufactured goods.....	39.5	38.0	37.5	38.0	38.0	37.5	37.5 ¹	40.0
ALL COMMODITIES.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
PRICE MOVEMENT (In U.S.A. old gold dollars).								
Foodstuffs.....	100.0	52.0	45.5	41.5	40.5	42.0 ¹	45.5	43.0
Materials, raw or partly manu- factured.....	100.0	44.0	40.0	39.5	39.0 ¹	41.5	47.0 ¹	42.5
Manufactured goods.....	100.0	63.5 ¹	56.5 ¹	50.0	48.0	48.0	51.0 ¹	50.5
ALL COMMODITIES.....	100.0	52.4	46.7	43.5	42.4	43.7	48.0 ¹	45.5
QUANTUM MOVEMENT.								
Foodstuffs.....	100.0	89.0	83.0	82.0	85.5	88.0	93.5 ¹	91.5
Materials, raw or partly manu- factured.....	100.0	81.5	87.5	88.0	92.5 ¹	95.5	108.0 ¹	95.0
Manufactured goods.....	100.0	59.5 ¹	60.0 ¹	66.5	69.5	75.0	87.0 ¹	82.0
ALL COMMODITIES.....	100.0	74.6	75.4	78.2	81.8	85.8	96.5 ¹	88.8

¹Revised since the publication of the 1939 Year Book.

The improvement, developing since 1932 in the barter terms of trade of agricultural and mineral-producing countries, continued in 1938, although the terms of trade of these countries had deteriorated so rapidly during the early years of the depression that they still remained lower than in the years 1925-29. Such countries reached their most advantageous position since 1929 in the first half of 1937. Declining prices of primary commodities caused a deterioration in their barter terms again toward the end of the year and throughout 1938.

*United Kingdom, United States, Germany, France, and Italy.