

A second advance in prices commenced in July, reflecting an upturn in basic commodities, new taxation of imports for non-war purposes, and an acceleration of national defence activity. During its spring session, the Dominion Parliament placed a 10 p.c. tax on all import items from non-Empire countries, except those for war purposes, while at the same time a processing tax of 15 cents per bushel was placed on wheat milled for domestic consumption. In addition, an 11 p.c. exchange premium had obtained on all import settlements in terms of New York funds or related currencies since September, 1939.

Among the various component material groups, increases for 1940 ranged between 3.1 p.c. for fibres, textiles and textile products and 7.3 p.c. for wood, wood products and paper. Only vegetable products showed a net loss for the year, amounting to 1.7 p.c. Price increases in the second half of 1940 were more important among fully and chiefly manufactured articles than for basic commodities. From June to December, 1940, the rise in fully and chiefly manufactured articles was 3.9 p.c. compared with a 3.0 p.c. increase in raw and partly manufactured goods.

**2.—Monthly Weighted Index Numbers of General Wholesale Prices, 1929-49**  
(1926=100)

Month	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940
January.....	94.0	95.3	75.9	69.5	63.8	70.7	71.4	72.9	81.9	83.8	73.2	82.6
February.....	95.0	93.9	75.5	68.9	63.5	72.1	71.8	72.5	82.9	83.6	73.1	82.8
March.....	95.6	91.8	74.5	69.0	64.3	72.1	71.9	72.4	85.4	83.1	73.2	83.2
April.....	94.5	91.2	73.9	68.2	65.3	71.3	72.5	72.2	86.2	82.3	73.4	83.1
May.....	93.4	89.7	72.5	67.4	66.7	71.1	72.2	71.9	85.3	80.3	73.7	82.2
June.....	93.4	87.7	71.8	66.4	67.5	72.0	71.4	72.3	84.6	80.1	73.3	81.6
July.....	97.2	85.3	71.3	66.5	70.5	72.0	71.4	74.3	87.6	78.6	72.6	82.6
August.....	98.4	83.7	70.5	66.7	69.5	72.2	71.7	76.1	85.6	76.0	72.4	82.6
September.....	97.8	82.1	69.7	65.9	68.9	71.9	72.4	76.4	85.0	74.5	78.3	83.0
October.....	96.8	81.0	69.9	65.0	67.9	71.3	73.1	77.1	84.7	74.1	79.5	83.1
November.....	95.7	79.5	70.7	64.7	68.9	71.1	72.7	77.2	83.1	73.5	80.4	83.9
December.....	96.0	77.7	70.4	64.0	69.0	71.1	72.7	79.6	82.7	73.3	81.7	84.2
<b>Yearly Averages.....</b>	<b>95.6</b>	<b>86.6</b>	<b>72.1</b>	<b>66.7</b>	<b>67.1</b>	<b>71.6</b>	<b>72.1</b>	<b>74.6</b>	<b>84.6</b>	<b>78.6</b>	<b>75.3</b>	<b>82.9</b>

**Canadian Farm Products.**—Erratic fluctuations featured wholesale prices of Canadian farm products during 1940. A rise, dating from the declaration of war, continued until April when the farm products index was 72.1, as compared with 69.0 in December, 1939, and 58.4 in August, 1939. From this point, however, a sharp decline carried the index back to 62.7 in August. Practically the whole of this drop occurred in the field products section, owing to the rapid decline in the grain price index from a peak of 65.1 in April to 50.2 in August. Later a sharp decrease in the potato index from a seasonal peak of 84.5 in July to 43.1 in October, contributed to further weakness in this section. Prices for animal products, as a group, during 1940 were comparatively steady, though sharp seasonal advances for hides and skins and egg prices in the latter half of the year contributed to a firm close. The December index for animal products was 91.6 as compared with 85.4 in January and a low of 83.3 in August. At the end of the year, the average level of wholesale prices of Canadian farm products stood at 67.1 p.c. of the 1926 base average, or 2.8 p.c. below the final 1939 figure.