

Section 4.—Index Numbers of Bond Yields

The exceptional requirements of the war years of 1914-18 turned the Dominion authorities to the internal market, a field that had hitherto served mainly the needs of the provinces and municipalities. Historical records of long-term bond yields in the internal market prior to 1914 are obtainable, therefore, from provincial and municipal sources only. A record of Ontario issues from 1900 to date is available and was utilized for the first long-term bond yield index constructed by the Bureau of Statistics. The relatively long period for which this record has been preserved makes this series of considerable value. At pp. 805 and 806 of the 1937 Year Book a statement is given showing the movements of Ontario bond yields since 1900.* Since the War of 1914-18, however, the growing importance of Dominion financing in the domestic market has made it advisable to supplement the Ontario series with the Dominion index of long-term bond yields shown in Table 15. The data have been revised since publication of the 1940 Year Book by changing the base from 1926 to the average of the years 1935 to 1939, inclusive. The new indexes correspond very closely with those for the years 1932 to 1939 published at p. 870 of the 1939 Year Book.

The revised indexes were based upon simple arithmetic averages of market prices and computed yields for two representative long-term Dominion issues. At the beginning of 1932, the two issues upon which the indexes were based were Dominion of Canada 4½ p.c. 1948-58, which was used until December, 1936, and Dominion of Canada 4½ p.c. 1949-59, used until December, 1937. The first of these was replaced by Dominion of Canada 3 p.c. 1950-55, which was used from December, 1936, to December, 1938. The two issues now forming the base for the index are Dominion of Canada 3¼ p.c. 1956-66, included since December 1937, and Dominion of Canada 3 p.c. 1953-58, included since December, 1938.

* This index of Ontario long-term bond yields may be found in the Bureau's monthly bulletin "Prices and Price Indexes", obtainable from the Dominion Statistician.

15.—Index Numbers of Dominion of Canada Long-Term Bond Yields, by Months, January, 1935 to May, 1941

(1935-39=100)

Month	1935	1936	1937	1938	1939	1940	1941
January.....	102.4	106.5	94.1	99.2	93.5	103.3	96.3
February.....	105.9	103.6	99.0	98.6	93.8	101.9	96.1
March.....	104.1	102.4	105.0	97.9	92.1	101.9	95.8
April.....	104.5	101.8	106.2	96.2	93.8	100.2	95.9
May.....	103.0	100.9	104.6	94.6	95.0	99.8	95.9
June.....	105.8	98.0	102.5	95.4	93.0	101.4	-
July.....	105.2	95.5	101.8	95.7	92.9	101.1	-
August.....	104.4	92.6	100.8	96.1	94.5	100.0	-
September.....	112.8	91.8	100.6	98.0	108.7	98.9	-
October.....	113.9	96.0	102.8	97.2	106.3	98.6	-
November.....	108.3	94.7	102.4	94.6	102.7	98.0	-
December.....	109.1	93.3	100.0	94.0	104.3	97.0	-