

Section 3.—Index Numbers of Security Prices

Security prices long have been utilized in statistical measurements related to economic phenomena. They are generally sensitive to changing business conditions, although this valuable characteristic is sometimes overshadowed by the fact that their movements may be influenced greatly by speculative interest very remotely associated with underlying economic conditions. Thus in 1928 and 1929, common-stock prices advanced far beyond levels indicated by business profits and prospects. Security-price trends have also been at variance with other business indexes during the War of 1914-18 and the present war.

The behaviour of Canadian common-stock prices since 1914 has been quite different from that of commodity prices. During the War of 1914-18 there was no advance in security markets 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 sharp declines between 1929 and 1933, and both showed recovery until 1937. During the present war, common-stock prices moved predominantly downward until the middle of 1942 when a sustained advance began.

Preferred Stocks.—Preferred stock prices were slow in reflecting the upturn in security markets in 1942. However, the rise in preferred issues gathered momentum during the first half of 1943 and were well above pre-war levels by October when prices received their first setback. The December, 1943, index of 115.8 was the highest year-end figure since 1929.

6.—Index Numbers of Preferred Stocks, by Months, 1927-43

(1935-39=100)

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1927	123.2	123.6	123.9	123.8	123.6	123.2	123.6	125.2	126.4	130.0	133.7	134.9
1928	134.5	133.8	132.6	134.4	134.7	134.1	133.1	129.7	129.8	128.1	125.5	130.2
1929	129.6	130.4	128.8	125.8	125.8	126.4	126.4	127.4	126.8	124.1	120.4	121.1
1930	118.1	119.2	120.6	124.7	123.8	120.0	117.5	117.1	116.0	103.0	98.8	99.5
1931	100.4	100.6	101.6	95.1	89.0	87.6	86.6	83.4	77.4	77.1	80.2	76.0
1932 ¹	69.0	70.9	70.0	66.8	58.4	54.5	59.7	63.8	64.4	63.8	63.0	60.6
1933 ¹	59.8	59.8	57.1	57.1	65.9	70.6	74.7	74.4	73.6	72.0	71.3	72.6
1934	77.3	80.2	81.2	82.6	82.9	82.5	82.1	81.2	81.3	83.8	85.2	88.1
1935	88.7	89.0	85.9	83.5	82.5	82.5	84.0	85.5	83.5	83.8	87.5	89.0
1936	90.3	93.1	92.0	91.7	90.0	91.9	95.9	97.2	101.1	104.7	109.9	113.3
1937	119.7	121.1	123.8	124.4	120.9	119.8	119.9	122.4	109.8	99.2	98.9	97.7
1938	100.6	99.0	93.5	94.3	96.6	98.7	105.2	104.7	98.1	106.2	105.5	104.8
1939	102.5	101.8	101.2	95.2	95.3	98.8	100.1	97.7	100.5	107.4	108.7	110.1
1940	110.7	109.7	108.8	108.9	96.7	86.9	89.0	93.9	99.1	100.7	103.0	101.7
1941	101.4	97.6	98.7	97.9	96.3	96.8	98.5	100.0	103.2	102.2	102.6	100.7
1942	99.6	96.8	95.6	94.5	95.4	96.5	95.7	95.8	95.6	96.2	97.5	100.4
1943	102.7	105.5	106.4	108.2	110.1	113.3	117.3	117.8	118.0	118.2	115.3	115.8

¹ Figures for 1932 and April, 1933, were revised since the publication of the 1942 Year Book.

Weighted Index Numbers of Mining Stocks.—Weakness in gold stocks was responsible for a continuing down trend in the mining market until October, 1942. Subsequent gains paralleled those for industrial issues in the first half of 1943, but at that time prices remained well below pre-war levels.