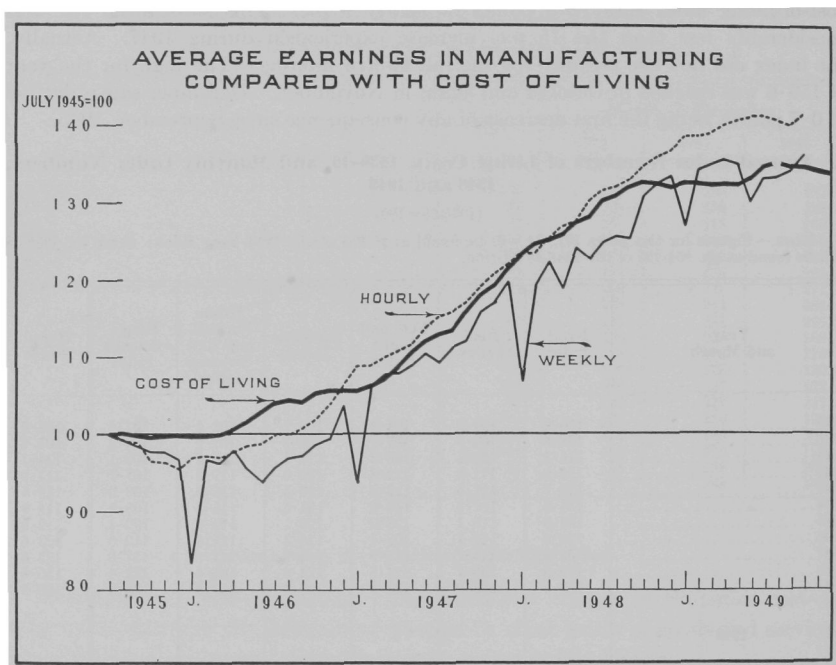


However, the index did not continue to decline and a levelling-off process became evident during the first five months of 1949. This was similar to the pattern of wholesale prices described previously and likewise differed significantly from the sharp drop in retail prices that followed immediately after the peak of 1920. During June, July and August, 1949, seasonal strength was responsible for a slight advance in the index level while the reverse was the case for the last four months of the year.



**Regional Changes in Living Costs.**—In 1941, the Bureau established cost-of-living indexes for eight regional cities covering the period since August, 1939. These indexes, for the cities shown in Table 4, are patterned after the official cost-of-living series for Canada and include group indexes for food, fuel, rent, clothing, home furnishings and services, and miscellaneous items. The budget quantities employed for these calculations have been computed for each city from expenditure records of wage-earner families in the year ended Sept. 30, 1938. For the city records, August, 1939 = 100 is the base used instead of the five-year period 1935-39.

Regional movements in living costs since the outbreak of the Second World War have been closely comparable to movements in the index for Canada as a whole, which advanced 60 p.c. between August, 1939, and December, 1949. During this period increases in the eight city indexes ranged from 54 to 64 p.c.