

5.—Index Numbers of Living Costs in Canada and Other Countries, 1939 and December 1945, 1947 and 1948

(1937=100)

(SOURCE: The Monthly Bulletin of Statistics of the United Nations)

Country	1939	Month of December—		
		1945	1947	1948
Australia.....	105	129	140	154
Canada.....	100	119	144	157
Chile (Santiago).....	106	252	403	471
Czechoslovakia (Prague).....	115	230	310	325
Denmark.....	104	162	167	170
Finland.....	105	419	748	828
France (cost of food in Paris).....	125	552	1,612	2,227
Iceland ¹ (Reykjavik).....	103	285	328	326
India (Bombay).....	100	228	269	308
Mexico (Mexico City).....	116	268	353	377
Netherlands.....	102	177	202	214
New Zealand.....	107	123 ²	133	135
Norway.....	105	161	163	162
Peru (Lima).....	100	190	311	353
Portugal ³ (Lisbon).....	101	197	208	213
Sweden.....	104	149	152	160
Switzerland.....	101	151	163	164
Union of South Africa.....	104	137	146	156
United Kingdom.....	103	132	104 ⁴	109
United States.....	97	126	163	167

¹ Base: January-March, 1939=100.² New wartime index linked to former series.³ Base:

July, 1938-June, 1939=100.

⁴ New series, base: June 17, 1947=100

Section 3.—Index Numbers of Security Prices

Security prices have long 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 First and Second World Wars.

Investors Price Index Numbers of Common Stocks, January, 1948-December, 1949.—After an early decline during the first three months of 1948, common-stock prices advanced to a high in June. Despite the loss of part of the mid-year gains over the latter half of the year, prices closed firm in December, well up from the 1948 low point and considerably above the average for 1947.

During the first six months of 1949, a general weakness in common-stock prices brought the index to 99.6 for June, as compared to 115.8 for December, 1948. While widespread, the declines were most severe in machinery and equipment, pulp and paper, beverages and transportation issues. The decline in the index coincided with weakness in security prices in the United States where a moderate business recession occurred during the first half of 1949. However, stock price trends were reversed during the second half of 1949 and by December, the Investors' Index had risen to 117.9 for a net gain of 2.1 points over the year.