

in the cost of living have been world-wide. These indexes measure price change only and should not be used to compare living costs from country to country.

### 7.—Index Numbers of Living Costs in Canada and other Countries, 1939 and December 1945 and 1947-49

NOTE.—Base: 1937=100 except for Iceland, where Jan.-Mar., 1939=100, and Portugal, where July, 1938-June, 1939=100. For the United Kingdom the base was changed in 1947 to June 17, 1947=100.

Country	1939	Month of December—			
		1945	1947	1948	1949
Australia.....	105	129	140	154	168
<b>Canada</b> .....	<b>100</b>	<b>119</b>	<b>144</b>	<b>157</b>	<b>160</b>
Chile (Santiago).....	106	252	403	471	568
Czechoslovakia (Prague).....	115	230	319	325	..
Denmark.....	104	162	167	170	170
Finland.....	105	419	748	828	856
France (cost of food in Paris).....	125	552	1,612	2,227	2,242
Iceland (Reykjavik).....	103	285	328	326	340
India (Bombay).....	100	228	269	308	291
Mexico (Mexico City).....	116	268	353	377	403
Netherlands.....	102	177	202	214	226
New Zealand.....	107	123	133	144	146
Norway.....	105	161	163	162	164
Peru (Lima).....	100	190	311	353	419
Portugal (Lisbon).....	101	197	208	213	216
Sweden.....	104	149	152	160	160
Switzerland.....	101	151	163	164	161
Union of South Africa.....	104	137	146	156	160
United Kingdom.....	103	132	104 <sup>a</sup>	109	113
United States.....	97	126	163	167	163

### 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.

**Common Stocks.**—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. 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 over 18 points above the June low. This decidedly firmer tone continued during the first half of 1950. The monthly index for 106 common stocks moved up from 117.9 for December, 1949, to 130.9 for June, 1950. Increasing international tension, which finally resulted in open conflict in Korea late in June, had an immediate depressive effect on the market. By July 13 the investors index had fallen to a low of 119.3. Subsequently, however, investors took a longer range view of the situation and the possible effect of war contracts was reflected in higher price levels for most common stocks.