

8.—Index Numbers of Retail Prices in Canada and other Countries 1955 and 1956

(BASE: 1953=100. SOURCE: *United Nations Monthly Bulletin of Statistics, November 1957.*)

Country	1955	1956	Country	1955	1956
Belgium.....	101	104	Iran.....	122	130
Brazil.....	142	173	Israel.....	119	127
Canada.....	101	102	Korea, South.....	229	285
Chile.....	302	471	Netherlands.....	106	108
Denmark.....	106	111	New Zealand.....	107	111
Dominican Republic.....	98	99	Norway.....	105	109
Egypt.....	96	98	Sweden.....	104	109
France (Paris).....	101	103	Switzerland.....	102	103
Germany (Western).....	102	105	Turkey.....	119	136
Greece.....	122	126	United Kingdom.....	106	112
India.....	90	99	United States.....	100	102

Section 3.—Index Numbers of Security Prices

Investors price indexes for common stocks are calculated on the 1935-39 base and published weekly and monthly for a sample of issues, broadly classified under the headings: industrials, public utilities and banks. Within the first category the sample is further classified by industries for which indexes are available. Monthly indexes of mining stocks including both golds and base metals are calculated and published separately, as are indexes of preferred stocks.

For purposes of index calculation,[†] Thursday closing prices are used for the issues of companies listed on either or both the Montreal and Toronto stock exchanges. Weights are applied to each issue on the basis of the number of shares currently outstanding. The list of stocks included in the various security series, currently totalling 95 for the investors index and 27 for mining stocks index, are revised annually so that issues which have become important in stock market activity may be included and those of declining interest removed. Provision is also made for stock splits, mergers and the exercise of 'rights'. The indexes are designed to reflect weekly and monthly changes of interest to the investor, rather than day-to-day changes of more speculative interest. For that reason the historical record of indexes dating back to January 1914 on a monthly basis* is of significance in any analysis of the degree of fluctuation in stock prices through time.

Investors Index.—A continuation of the strong upward trend inaugurated with the inception of the bull market in December 1953 culminated in an all-time peak in the investors total index of 291.8 in August 1956; the September 1929 peak was 197.8. Subsequent sharp declines, which brought the level to 262.3 by November 1956 were reversed in December and by May 1957 losses had been largely recouped. Prices broke sharply in mid-summer, however, and by December the composite index had reacted to 216.2 for a net loss of 19.3 p.c. over the year. Among major groups, industrials moved to a postwar peak of 308.9 by August 1956, but by December 1957 stood at 224.0. Utilities reached a peak of 216.8 in June 1957 and then dropped to 173.9. Banks, pursuing a similar course to industrials, moved to 295.4 in August 1956 and back to 234.9 by December 1957. Sub-groups registering greatest losses in 1957 were industrial mines, transportation, machinery and equipment and oils. One group, foods and allied products, moved higher.

* Available on request from Prices Division, Dominion Bureau of Statistics.