

8.—Index Numbers of Retail Prices in Canada and Other Countries, 1956-58

(BASE: 1953=100. SOURCE: United Nations Monthly Bulletin of Statistics, November 1957 and 1958.)

| Country | 1956 | 1957 | 1958 | Country | 1956 | 1957 | 1958 |
|-----------------------------------|------|------|------|---------------------|------|------|------|
| Belgium..... | 104 | 107 | 108 | Iran..... | 130 | 139 | 140 |
| Brazil..... | 173 | 206 | 237 | Israel..... | 127 | 135 | 139 |
| Canada..... | 102 | 106 | 108 | Korea, South..... | 284 | 350 | 339 |
| Chile..... | 471 | 627 | 752 | Netherlands..... | 108 | 115 | 117 |
| Denmark..... | 113 | 116 | 117 | New Zealand..... | 111 | 113 | 118 |
| Dominican Republic..... | 99 | 104 | 102 | Norway..... | 109 | 112 | 118 |
| Egypt..... | 98 | 102 | 102 | Sweden..... | 109 | 113 | 119 |
| France (Paris)..... | 103 | 106 | 122 | Switzerland..... | 103 | 105 | 107 |
| Germany, Federal Republic of..... | 105 | 106 | 110 | Turkey..... | 136 | 152 | 171 |
| Greece..... | 126 | 129 | 131 | United Kingdom..... | 112 | 116 | 119 |
| India..... | 99 | 104 | 109 | United States..... | 102 | 105 | 108 |

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 industry. Weekly and monthly indexes of mining stocks including both golds and base metals are calculated and published separately, as are monthly 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 92 for the investors index and 28 for the 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. At mid-1957 prices broke sharply and continued in a seven-month slide to 215.4 in January 1958. At this point the index swung upward to 262.1 in October, continued slowly higher to 279.3 in July 1959, broke sharply in September, and in December rallied once more to close the year at 261.5, for a net loss of 1.7 p.c. from January 1959. Among major groups the January-December changes were: industrials -2.2 p.c., utilities -4.2 p.c., banks +6.0 p.c. Sub-group declines were led by oils, food and allied products and transportation, while gains were headed by industrial mines, machinery and equipment, pulp and paper, textiles and clothing, and milling.

However, during the first half of 1960 the downward trend was again evident, the index fluctuating from 259.2 in January to 243.6 by July, a decrease of 6.0 p.c. In the period January-July 1960, changes among major groups were: industrials -6.6 p.c., utilities -1.9 p.c., banks -6.4 p.c., mining -16.5 p.c. and preferred stocks +6.5 p.c. Sub-group declines were apparent only in telephone, food and allied products, and industrial mines; declines were led by golds, building materials, and machinery and equipment.

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