

prices from the base period to date. For some of the food items entering into the basket, the quantities are allowed to vary as between months but not as between years, in order to take account of seasonal variations in consumption.

Since the Index refers to a post-war level of living it was fitting that a post-war year be selected as the reference level of prices. Of the post-war years, 1949 was the most suitable because price levels were relatively stable throughout that year. The fact that 1949 is a satisfactory reference level for other index number measurements, such as those related to industrial production, agriculture, imports and exports, was another important consideration.

The percentage distribution of the main group weights as of the base period is as follows:—

<i>Budget Group</i>	<i>1949 Base Weight</i>
Food.....	31.7
Clothing.....	11.5
Shelter.....	14.8
Household operation.....	17.3
Other commodities and services.....	24.7
TOTAL.....	<u>100.0</u>

Consumer Price Index and Prices of Staple Foods.—The Consumer Price Index rose steadily throughout 1951 from 107.7 for January of that year to a post-war peak of 118.2 for January 1952. During this period, all groups of the Index advanced, with foods showing the sharpest increase from 109.0 to 122.4. In 1952, the Index declined steadily until May, and remained fairly stable between that date and November 1952. Six consecutive declines followed, bringing the Index down from 116.1 in November 1952 to 114.4 in May 1953. Reversing its trend, the Index then moved up in a series of five increases to 116.7 by October, where it was only 1.5 points below the peak level of January 1952. The food index fell by 8.4 points during 1952, from 122.5 in December 1951 to 114.1 in December 1952. Further losses during the first five months of 1953 were offset by increases between June and October, leaving the index for October 1.4 points above the December 1952 figure. Shelter continued upward throughout 1952 and the first ten months of 1953, exceeding other group index levels from March 1952 on. Clothing, which reached its highest point in December 1951, declined throughout 1952 to stabilize at a level of 109.7 in the early months of 1953. Subsequent increases brought the index to 110.3 by October. The household operation index fluctuated narrowly between December 1951 and October 1953 showing a net gain of 1.1 points to 117.5 between these two dates. The other commodities and services series which moved between 115.5 and 116.6 throughout 1952, climbed to 116.7 early in 1953. A sharp drop in March and April, however, brought the index back to the December 1951 level of 115.0 but a subsequent rise of 0.9 points between May and October left the index at 116.0.