

Section 4.—Index Numbers of Bond Yields

The exceptional financial requirements of the war years 1914-18 turned the federal authorities to the domestic market, a field that had hitherto served mainly the needs of the provinces and municipalities. Historical records of long-term bond yields in the domestic market prior to 1914 are obtainable, therefore, from provincial and municipal sources only.

The growing importance of Federal Government financing in the domestic market since World War I made it advisable to publish the Government's index of long-term bond yields shown in Table 12. This series (1935-39=100) has been prepared from January 1937 on the basis of yields computed from a 15-year, 3 p.c. theoretical issue. Quotations for the theoretical yields are computed by the Bank of Canada.

The easier tone for Government of Canada obligations, which developed in the second half of 1951, continued through 1952 and into 1953. There was, however, evidence of a more stable price in the first part of 1953 as indicated by the long-term bond yield index which hovered around 119.0 in the first quarter and reached 120.8 by October.

12.—Index Numbers of Government of Canada Long-Term Bond Yields, by Month, 1944-53

(1935-39=100)

Month	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953
January.....	97.3	96.7	90.0	84.9	92.1	95.4	90.1	97.9	113.4	118.3
February.....	97.3	96.6	85.9	84.7	92.1	95.2	90.3	97.7	113.9	118.8
March.....	97.3	96.3	83.8	84.6	96.7	94.7	90.2	104.6	115.1	118.9
April.....	97.3	96.0	84.3	84.8	96.5	94.4	90.7	104.9	115.3	118.9
May.....	97.2	96.0	85.1	84.6	95.3	94.4	90.2	104.9	112.6	119.6
June.....	97.0	95.6	84.9	84.3	95.4	94.4	90.2	105.3	114.0	120.6
July.....	97.0	94.6	85.1	83.8	95.6	93.8	91.0	104.7	117.3	120.7
August.....	97.0	94.4	85.0	83.9	96.2	92.7	90.5	104.9	119.1	121.0
September.....	97.0	94.6	84.9	84.0	96.1	91.8	89.8	105.0	119.6	121.5
October.....	97.0	94.4	85.0	84.2	96.3	89.1	92.0	105.7	118.6	120.8
November.....	97.0	93.9	85.0	84.4	95.7	89.2	93.9	107.8	117.8	
December.....	96.9	92.2	85.0	84.8	95.5	90.3	96.7	112.0	118.0	