

Banks, Bankers and Banking

World Prices of Commodities

**Belief That Prices Would Drop in April Has Not Been Con-
summated—Minerals Show Slight Decline in Prices—The
Wholesale Prices of the World Since 1914.**

From "THE STATIST."

During April there prevailed a widespread belief that a fall in the general price-level was imminent, but this optimistic outlook has not been supported by events. On the contrary, all the signs point to a further advance in prices during the coming months. We have been told only quite recently that in order to place the sale of sugar and coal on an economic basis the price of granulated sugar will be raised to 1s. 2d. per lb., while 14s. 2d. per ton will be added to household coal and 4s. 2d. a ton to the price of coal for domestic. The advance in the price of sugar will advance substantially to domestic expenses, but dearer coal will be much more far-reaching in its effects, for not only will it occasion a large direct increase to the household in the cost of lighting and heating, but also it will raise the production cost of almost every commodity he buys, and supply and demand being what they are at present this increased cost will ultimately have to be borne by the consumer. Speaking more generally, the increase in the rate of excess profits only, if retained as originally budgeted, by striking at production in all its stages from the extraction of the raw material to the marketing of the finished product, is bound to fall on the consumer many times over, while the growth of industrial unrest all the world over, the disorganization of the financial machine, and the acute under-production of nearly all commodities, all tend to maintain if not to accentuate the present abnormal level of prices. This view is supported by our index-number for April, based on the wholesale prices of 45 representative commodities, which are expressed as percentages of the average prices for the years 1866 to 1877 inclusive. The general index-number is 266.1, an advance of 4.3 points or 1.6 per cent on March, of 44.1 per cent on April of last year (and of 227.7 per cent on June 1914. The following table shows the movements in an analysed form:—

	Monthly Index Nos.				Increase % April 1920 on			
	Ap. 30	Mar. 31	Ap. 30	June 30	Mar. 31	Apr. 30	June 30	June 1914
Veg. Food	240.6	237.6	168.8	66.5	1.3	42.5	261.8	
Animal Food	264.1	236.4	205.0	97.5	11.7	28.8	170.9	
Sugar, Coffee & Tea	209.9	210.7	122.5	51.8	x0.4	71.2	305.2	
Foodstuffs	242.3	231.5	172.4	74.8	4.9	40.8	224.6	
Sundries	267.7	265.9	202.9	82.5	0.7	31.9	224.5	
Textiles	297.7	302.3	201.2	80.6	x1.5	18.0	269.4	
Minerals	290.6	291.1	169.9	96.7	x0.2	71.0	200.5	
Materials	283.1	283.9	193.5	85.7	0.3	46.3	230.3	
Totals	266.1	261.8*	184.6	81.2	1.6	44.1	227.7	

x Decrease.

* Revised figure.

It will be noted that the cause of the increase is to be found in the Foodstuffs group, which advanced 4.9 per cent during the month. This advance occurred mainly in the "animal food" category, in which pork shows an increase on the month of fully 135.9 per cent—a direct result of the decontrol of pork and pork products on March 31st last. In the Food group also tea

declined, while sugar advanced. As regards the latter, it may be noted that sugar reached "record" prices in America last month. The primary cause of the increase in price is a declining output. It is estimated that the world's total production of sugar this year will be about 15 per cent below that of the year before the war; the European beet crop alone for the current year will be about 60 per cent of the pre-war crop. Rice remained unchanged during April, but it will be about 60 per cent of the pre-war crop. reported failure of the Siamese and Burmese crops, the price almost doubled. This influence has not been spent yet, and further price advances in rice are expected. Potatoes showed a rise which was rather large, even for the season. Barley declined further. American maize, which during March fell sharply, advanced again during April; covering purchases by "future" dealers who were caught short were almost wholly responsible. Following its sharp rise during March, wheat remained unchanged in price last month. We fear, however, that this halt will not be for long for reports from the great producing areas all tell of bad weather conditions, scarcity and dearth of labour, and lack of adequate transport

facilities. In the United States wheat belt this spring is reported to be one of the worst ever experienced, and with farm help difficult to obtain even at \$10 a day, a greatly reduced output, if not an actual scarcity, is predicted for the current year. The American Government Department of Agriculture estimates the winter wheat crop at 483,617,000 bushels, or nearly 250 million below last year's crop, the conditions being only 75.6 per cent of the normal, as compared with 99.8 per cent a year previously. Thus the removal of the Government control on June 1 is not likely to result in lower prices. Wheat requirements in America for home consumption, seed, and export are normally about 800,000,000 bushels. This leaves about 316 millions to be made up by the spring crop, but weather, labour, and transport conditions being what they are, the spring is expected to fall short of this figure by about 100,000,000 bushels. As, moreover, the outside demand will be intensified by a reduced European cultivation, being about 12 million acres below the normal, by the embargo on the export of wheat which is in force in Australia (and an embargo on the part of the Argentine is also expected) and by the fact that more bread will be consumed by those poorer countries and peoples who, as a result of war's privations, cannot afford or cannot obtain much food of a more expensive nature, it can readily be imagined how remote are the prospects of lower wheat prices in the current year. A message from South Africa speaks of a severe wheat shortage there and a sharp rise in the price portends a revision to "war bread." The situation could be saved were the vast resources of the Ukraine to be used for the production of this commodity, which is now in greater demand than before the War, for it now is of much greater importance in the diet of the poorer classes.

(Continued on page 18.)

The following table shows the price movements during the War in the more important countries:

INTERNATIONAL WHOLESALE PRICES.

	Index-Numbers				Expressed as a Percentage of 1913			
	U.K. ("Statist")	America (Brad- street's)	Japan Bank of Japan	France Kingdom	United States	United States	Japan	France
1913	85.0	9.2115	132.2	115.6	100.0	100.0	100.0	100.0
1914	85.0	8.9034	126.3	117.9	100.0	96.7	95.5	102.0
1915	108.0	9.8530	127.8	161.6	127.1	107.0	96.7	139.8
1916	136.0	11.8237	154.9	217.6	160.0	128.4	117.2	187.0
1917	175.0	15.6385	196.4	302.4	205.9	170.0	148.5	261.6
1918	193.0	18.7117	259.0	392.1	227.1	203.2	195.9	339.2
1919								
January	190.7	17.6344	283.2	401.8	224.4	191.5	214.2	348.0
February	187.5	17.2244	281.6	393.5	220.6	187.1	213.0	340.0
March	184.7	17.2795	272.7	388.1	217.3	187.7	206.3	336.6
April	184.6	17.2376	273.2	384.0	217.2	187.2	206.6	332.0
May	194.6	18.0900	283.7	375.8	228.9	196.5	214.6	325.1
June	199.8	18.8964	301.6	380.0	235.0	205.2	228.1	329.0
July	206.4	20.0017	326.8	403.0	242.8	217.2	247.2	349.0
August	212.7	19.4720	332.2	401.7	250.2	211.5	251.3	347.0
September	214.8	19.5215	340.5	416.2	252.7	211.9	257.6	360.0
October	224.3	19.9026	352.1	441.4	264	216.1	266.3	382.0
November	231.0	20.1756	370.2	468.5	272	219.0	280.0	405.0
December	235.2	20.3638	381.5	479.5	276	221.1	288.6	417.0
1920								
January	245.3	20.8690	397.9	562.9	288	226.6	301	486.9
February	260.4	20.7950	413.8	601.1	306.3	225.7	313	520
March	261.8*	20.7124	—	—	308	224.9	—	—
April	266.1	—	—	—	313.1	—	—	—

The following table affords a comparison of movements of the index-number during the last century and, in greater detail, since June 1914.

Annual Numbers		End-of-Month Numbers	
1809 (Jevons)	189	June '14	81.2
1810 adjusted	171	Dec. "	118.4
1818 Figures)	159	Jan. '16	123.6
1873	111	Mar. "	130.4
1880	88	April "	134.2
1896	61	Oct. "	141.5
1911	80	Nov. "	150.8
1912-13-14	85	Dec. "	154.3
1915	103	Jan. '17	159.2
1916	136	Feb. "	164.0
1917	175	April "	173.0
1918	193	May "	175.0
1919	206	June "	180.4
		Aug. '17	175.7
		Oct. "	180.6
		Nov. "	182.9
		Dec. "	185.1
		Jan. '18	186.2
		Feb. "	187.3
		April "	189.8
		May "	191.1
		July "	190.9
		Aug. "	195.0
		Nov. "	195.3
		Dec. "	195.0
		Jan. '20	195.3
		Feb. "	196.4
		Mar. "	196.8
		April "	196.1

* Revised figure from the "London Statist."