

7. Hides, leather, boots and shoes.. . . .	11
8. Metals and implements.. . . .	27
9. Fuel and lighting.. . . .	10
10. Building material—	
(a.) Lumber.. . . .	11
(b.) Miscellaneous building materials.. . . .	14
(c.) Paints, oils and glass.. . . .	14
11. House furnishings (furniture, crockery and glassware, kitchen furnishings and table cutlery).. . . .	16
12. Drugs and chemicals.. . . .	15
13. Miscellaneous—	
(a.) Furs.. . . .	4
(b.) Liquors and tobacco.. . . .	4
(c.) Sundry.. . . .	6

In selecting the articles included in each group the aim was to reflect the general trade and production as well as the consumption of the country. For example, under the heading "fish" the more important products of the three great divisions of the Canadian fisheries, namely, the fisheries of the Maritime Provinces, the fisheries of the great lakes of the interior and the fisheries of the Pacific coast, are included. Under textiles, quotations of woolsens, cottons, silks, jutes, and oil-cloths are given. Similarly with metals, meat products, leathers and the rest. For each commodity an effort was made to secure a reliable price quotation in a primary or representative market for the opening week day of each month in each year back to 1890.

The general result shows that prices in Canada followed a downward course from 1890 to 1897. This was succeeded during the ensuing decade by a more rapid upward movement which culminated in 1907, the last mentioned year reaching the highest point in the twenty year period. Prices fell in 1908, but were upward again in 1909. Using the average level of prices during the decade 1890 to 1899 as a basis of comparison, prices were ten per cent. above that level in 1890, but had dropped eight points below in 1897. In 1907 they were over twenty-six per cent. above. The recession in 1908 amounted to nearly five points.

The index numbers for the several groups show some interesting results. Of the great producing industries, agriculture shows the largest increase. Grains and fodder have advanced by nearly fifty per cent. compared with the base decade. Animals and meats show a similar increase. Dairy produce was thirty-three per cent. higher in 1909 than in the decade 1890-1899, and fish about thirty per cent. higher. Miscellaneous food products, including groceries, vegetables, fruits, etc., on the other hand, show an advance of only seven per cent. in 1909 compared with the base decade. Lumber has advanced very rapidly since 1898, the increase in the case of pine amounting to fully seventy per cent. in ten years. Metals, however, which were comparatively high in 1890 are now only slightly above the average for the decade 1890 to 1899. The most rapid advance shown in any one group is in the case of furs which have more than doubled in price during the past twenty years.

This is but the barest outline of the report, which contains an amount of carefully compiled statistics that cannot be done justice to in the limited space of one article. We hope to consider and discuss in more detail subsequently some of the more important points raised. In the meantime, we have to express our obligation to the Department of Labour for its contribution to Canadian econo-

mics and statistics. The report places at the disposal of the Canadian public in accessible form an important body of statistics collected and presented in accordance with the method of index numbers used in Great Britain, the United States and on the continent of Europe. Not the least of its results also is that it will enable the Department to carry forward on a proper basis a contemporary index number from month to month in future which will perform for prices in Canada the same function that is performed by the well-known Economist index number in the case of Great Britain, or the number of the United States Government in the case of the United States.



THE RELATION OF BONDS TO THE STOCK MARKET.

A few signs appearing in Wall Street last week of an awakening in the bond division gave the market some little encouragement. There was an unexpectedly good demand for the unsold balance of the New York State Canal bonds. Some large bond houses, while doing only a small business as compared with really good times, reported an improvement in volume of sales, and the last two or three days of the week showed bond dealings, which, although smaller than when the July re-investment demand was on, are the best of the current month so far.

The reason why these few signs of renewed activity were taken as a good omen in Wall Street is because it has become a generally adopted view, say observers of Wall Street conditions, that no sustained rise in stock market values may be anticipated until a better demand appears for bonds. The assertion, remark these authorities, was repeatedly heard during the long period of depressed security markets which followed the 1907 panic. It was lost to view during the summer of 1909, when stock market values were forced to unprecedented levels though bonds remained dull, but it has re-appeared at times during the reaction since then, and is now, as has been said, quite a generally held view.

Whether or not an improvement in the stock market might be expected to follow as a logical corollary of a better bond market, which is none too certain, dealers in bonds know from sad experiences as well as from considerations which are really elementary, as the Boston Evening Transcript very pertinently observes, that a very pronounced advance in the stock market, especially if it were the result of genuine public buying and were based on improvement in underlying business conditions, might be the reverse of a favorable development for the bond market. Those who take an interest in charts showing separately the movements of average prices of stocks and bonds over a long period of years are familiar with the numerous instances in which stocks have gone up while first-class bonds have been going down. This is for obvious reasons. For one thing, a rising stock market requires money to finance it. It costs more to buy stocks, and requires more money to carry them. And at the same time the supply of bonds in the market is constantly increas-