

Banks, Bankers and Banking

Lower Prices of Commodities

May commodity prices in England show a decline—Analysis of the causes does not lead one to believe that the decline will necessarily continue.

(In continuation of Sauerbeck's Figures.)

For the month of May we have to record a decline in our Index-Number—the first since the fall in the general price-level which occurred during the five months succeeding the Armistice. The total Index-Number for May is 260, which, though 33.7 per cent higher than that for May of last year and 220.2 per cent above the Index for June, 1914, is yet 2.3 per cent below that for April, and is, indeed, slightly lower than the Index for February last. Nevertheless, an analysis of the causes of the decline prevents one from jumping to too optimistic conclusions.

The analysed presentation of the figures is given below:—

A study of this table shows that though meat declined substantially on the whole, foodstuffs rose by 1 per cent during the month on account of the increased price of sugar. This rise in turn was more than offset by a decline of 4.4 per cent in the materials category in which, with the exception of minerals, all the groups declined—textiles especially having fallen 13.1 per cent on the month.

Before proceeding to examine more closely the movements of the commodities *inter se* it is fitting to remark that this tendency, namely an increase in the relative value of foodstuffs, is but a repetition of what is taking place in other countries, especially in the United States, and, as all the evidences indicate, is a tendency

which we will experience for some time. The causes are not far to seek. Since active hostilities stopped in November, 1918, the whole country has been organizing for peace production, and now at last the output of all commodities except foodstuffs is rapidly approaching normal dimensions, being restrained only by labor troubles and by the difficulty of obtaining raw materials. Why the production of foodstuffs should not keep pace with that of other commodities is due to many causes, chief among which are the exodus of labor from agriculture, the comparatively long time which must elapse before money invested in agriculture can yield a return, and the consequent uncertainty, the greater difficulty of foreseeing the conditions of demand, the great dependence of the growth of crops on weather conditions, which have not, in fact, been favorable, and the fact well known to economists, that according as land is cultivated more and more intensively the return to the capital and labor invested becomes proportionately less.

Coming down to details of the price movements, we find that in the vegetable food group cereals advanced, potatoes declined, and rice was unchanged. Of animal foods the only change to be recorded is a substantial decline in pork prices. The present prices are still higher than they were before the control was removed on March 31, and the collapse was due to the refusal of the consumer to pay the 130

per cent increase asked for after the decontrol. Home-killed beef and mutton will be decontrolled from July 4, and it is probable that these meats will then suffer a similar experience, that is to say, if the prices rise after July 4 the public will revert to substitutes and force a reduction. The supplies of all kinds of meat are becoming more plentiful, and lower prices should result. Butter, too, is approaching its season of plenty and will probably be cheaper this summer. The only other movement of importance in the foodstuffs group was the rise in the price of sugar. During the month record prices were paid for sugar "futures" in America. As a result of prohibition, of course, the United States demand is greater than ever before, and unless the consumption is rationed there, we will have to pay yet higher prices for our sugar here, moreover, as the output of cane sugar will be lower this year, though the European beet crop is about one million tons higher than it was last year. In the minerals group the rise in coal prices needs no comment. Iron rose substantially, but copper, tin, and lead declined. This latter movement is in great part due to a forced closing of speculative positions through scarcity of banking accommodation and may prove to be merely transient.—From the London "Statist."

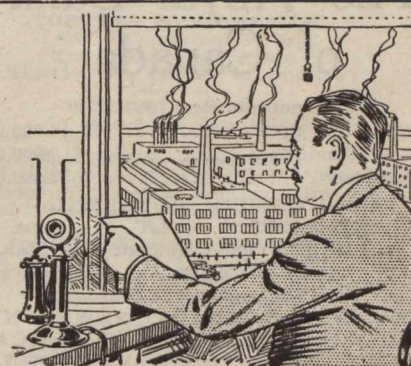
During the past week enormous shipments of grain have been made from the port of Montreal. It is stated that a very large portion of the grain is going to Italy, some to France and about the usual quantity to the United Kingdom. It is well known among the members of the milling industry that Italy has some of the finest flour mills in the world. The products for which Italy is famous, mararoni, vermicelli and other things made with flour, are using a lot of Canadian wheat.

	Monthly Index Numbers.		—Inc. or Dec. % May 1920 on—				
	May 31, 1920.	April 30, 1920.	May 31, 1919.	June 30, 1914.	April, 1920.	May, 1919.	June, 1914.
Vegetable Food,	243.4	240.6	170.0	66.5	1.2	43.2	266.0
Animal Food	242.9	264.1	207.1	7.5	*8.0	17.3	149.1
Sugar, Coffee & Tea	253.3	209.9	126.5	51.8	20.7	100.2	389.0
Foodstuffs	245.3	242.8	174.5	74.8	1.0	40.6	227.9
Minerals	301.3	290.6	195.8	96.7	3.7	53.9	211.6
Textiles	258.8	297.7	213.2	80.6	*13.1	21.4	221.9
Sundries	260.0	267.7	215.0	82.5	*2.9	20.9	215.2
Materials	270.7	283.1	209.3	85.7	*4.4	29.3	215.9
Totals	260.0	266.1	194.6	81.2	*2.3	33.7	220.2

* Denotes decrease.

Prizes for British Research.

Many industrial research associations have been formed in Great Britain and are working in conjunction with the Department of Scientific and Industrial Research. The expenses of the research are met partly by the industries concerned and partly from State funds. Co-operative work of this kind, has not, however, discouraged private enterprise in research. Many firms are extending their research laboratories and prizes are being offered for success in special directions. Sir Robert Hadfield, for example, has deposited £200 with the Institution of Mechanical Engineers to be awarded as a prize for new and accurate method of measuring the hardness of metals. Present methods are not very satisfactory, especially with very hard metals.



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UNION BANK OF CANADA.

Head Office

Winnipeg.

THE STANDARD BANK OF CANADA

Quarterly Dividend Notice No. 119.

A Dividend at the rate of Three and One Half Per Cent (3½%) for the three months ending 31st July, 1920, has been declared payable on the 2nd of August, 1920, to Shareholders of record as at the 17th July, 1920.

By Order of the Board,
C. H. Easson,
General Manager.

Toronto, June 16th, 1920.