

DOMINION GOVERNMENT'S LOAN IN NEW YORK.

Announcement is made that the Dominion Government has placed \$45,000,000 5 per cent. tax-free notes in New York. The notes are divided into two maturities, \$25,000,000 running for one year and \$20,000,000 for two years, and will be dated in each case August 1st, 1915. The shorter term issue has been sold at par and the longer term issue at 99½. Holders of both will be given an option to convert their security into 5 per cent. twenty-year bonds.

The new loan has been placed by the Bank of Montreal, acting as fiscal agents for the Dominion of Canada, with J. P. Morgan & Co., Brown Bros. & Co., the First National Bank of New York, and the National City Bank of New York, while the Bank of Montreal has also associated itself with them in the purchase.

AN IMPORTANT OPERATION.

From more than one point of view, the new operation is of considerable importance. By this loan funds are provided for the carrying on of various uncompleted works, which it is necessary should be pushed forward even under present circumstances, and in this respect, it is stated, will meet the requirements of the Federal Government until the end of the year at least. While some months ago an arrangement was made by which the Treasury Committee permitted borrowing in London by the Dominion Government for these purposes, and that arrangement is still in existence, obviously, under present circumstances, the London authorities will appreciate it not being taken advantage of, so that London funds, by which Canada's war expenditure, among others, is being financed, are left wholly free for war purposes. Again, the new loan will have an important effect in correcting the exchanges between the Canadian centres and New York. New York exchange has for some time been running heavily against Canada, owing to the fact, that even under present circumstances the balance of trade between the United States and Canada is heavily against the latter. As it is, in transferring the present funds to Canada, the Government will get the benefit of the existing premium on New York exchange. The new loan will also obviate the necessity, for the present at all events, of a domestic loan issue. It is stated that this has not been considered expedient by the Minister of Finance in view of the heavy financial demands which will be made for the movement of this year's crops and other purposes.

AN ATTRACTIVE ISSUE.

The option to holders of the new notes to convert their holdings into 5 per cent. twenty-year debentures makes the new issue an exceedingly attractive one. The rate of interest paid is in line with the new interest level set by the British Government's war loan. Under normal circumstances, capital can be secured more cheaply in London than in New York, but at the present if the Canadian Government had decided to go to London instead of New York, it may be doubted whether they could have obtained a more favorable rate. In any case, there would have been a severe loss on exchange in transferring funds from London at the present time.

MR. H. V. MEREDITH'S VIEWS.

Mr. H. V. Meredith, president of the Bank of Montreal, fiscal agent of the Dominion, in the course of a statement regarding the new loan, said that the two chief reasons for borrowing in the United States were, that by having such a large amount of money there available, the exchange situation as between Canada and New York would be relieved to a very great extent, and it would also have the effect of improving the borrowing exchange situation as it applied between London and New York. What was equally important also was that at the present time Canada could obtain its money in New York on more advantageous terms than it would be possible for her to do in London, having in view the penalizing rate of exchange in transferring funds from London to this side.

"On this account," added Mr. Meredith, "the Minister of Finance, Mr. White, is to be congratulated on the discretion and sound judgment he has shown in effecting this sale and obtaining the money on such highly satisfactory terms. In addition, the Imperial Treasury and London market is freed from the necessity of financing the Dominion and this should prove very acceptable at a time when the Mother Country has so much to look after in other directions. The uncertainty that prevails and the difficulty of forecasting the conditions which will obtain in London from now on makes the action of the Dominion Government one which entitles it to the special commendation of the country."

THE CROP OUTLOOK.

The Molsons Bank has again performed a valuable service by a very thorough collection of reports on the condition of the crops at midsummer throughout the Dominion. Speaking generally it may be said that the reports are thoroughly encouraging in tone and indicate that if the present promise be fulfilled the agricultural community throughout Canada will have good reason to consider 1915 a prosperous year. In the province of Quebec, a larger area is reported to be under grain cultivation and while the hay crop may not be as good as usual, pastures are frequently stated to be in satisfactory condition with live stock in good shape, and a dairy output that thus far this season has commanded satisfactory prices. In the province of Ontario, grain, with the exception of corn, is reported to be doing exceedingly well; small fruits are the same, with apples and peaches less promising.

As regards the Western Provinces, the North West Grain Dealers' Association reports a 14 per cent. increase in the area sown to wheat, and one of ten per cent. in the case of oats. The general promise in Manitoba is for a fair average crop which, on an enlarged acreage, would give greater returns than were recorded in 1914. In place after place an increase in some kind of live stock is noted. What is true of Manitoba is in a general way the rule in Saskatchewan and Alberta. There has been a general increase in the area under crop and the growth is well advanced. Some observers in favored localities look for as much as thirty bushels an acre. Yields of barley of fifty bushels and of oats of sixty bushels to the acre are also spoken of as probable. An increase in the number of cattle, sheep and hogs is also recorded in many instances.