CANADIAN BONDS AFTER MINIMUM REMOVALS

Wisdom of Treasury Decision is Questioned—Divergencies in Colonial Government Quotations

The decision of the British treasury to abolish a number of the stock exchange minimum prices—which it will be remembered were revised at the beginning of the year—which have been in force since the commencement of the war, opposed as it was to the carefully considered judgment of the committee of the stock exchange, has had the effect which might have been expected to follow such ill-advised action, remarks our London contemporary, "Canada."

With the artificial support which has been accorded them for so many months unexpectedly withdrawn, there was a very heavy fall in the prices of those most susceptible to such a change, this being especially the case in the colonial corporation group. Whilst the condition of the market for Canadian municipal issues had prepared investors for some drastic revision in the minimums which have hitherto made this section one of the most immobile in the stock exchange, it was not believed that these minimums would be ruthlessly swept away, and prices left absolutely at the mercy of the market conditions.

Results are Marked.

Whatever was the consideration which influenced the treasury and decided them to fly in the face of the stock exchange committee, the results must have been sufficiently sensational to convince the chancellor of the exchequer how ill-advised was the action of the department over which he presides, and may prevent similar attempts to flout the stock exchange in future. How harmful was the decision of the treasury to the investing community in regard to Canadian corporation issues may be gauged from the following table, prepared by our contemporary, which shows the minimums—which have now disappeared—the last "markings" and dates of the transactions prior to their abolition, business since current quotations, and yields at the new valuations.

Canadian Municipal 4 Per Cent. Securities.

	Late minimums.	Last "marking" and date of last "marking" prior to abolition.		Extreme "markings" since abolition.	Last marking or current price.	Yield %† Fall from minimum.	Yield %† at last marking or price.
Toronto 1944-8	85	85	19.11	79¾-78½	78½	6½	5/1/11
Montreal 1948-50 ..	87	87	19.11	81-72	81	6	4/18/9
Ottawa 1926-46	85	85½	16.8	——	73-75*	11	5/8/1
Quebec (City of) 1923	89	90½	25.10	91¼	91¼	‡2¼	4/7/8
Vancouver 1950-2 ..	86	86	5.11	75-67	74½	11½	5/7/5
Winnipeg 1940-60 .	87	87	21.6	76¼-75¾	76¼	10¾	5/4/11
4½ Per Cent. Securities.							
Toronto 1948	94¾	94⅞	9.11	——	86.88*	7¾	5/3/6
Montreal 1951-3 ...	97	97	19.11	90-83	87½	9½	5/2/10
Ottawa 1932-53 ...	93½	93⅞	16.8	——	82-84*	10½	5/8/5
Quebec (City of) 1963	94¼	94¼	15.10	——	80-83*	12¾	5/10/5
Vancouver 1953 ...	94½	94½	7.7	——	78-80*	15½	5/13/11
Winnipeg 1943-63 ..	93¾	93¾	19.11	85	85	8¾	5/5/11
5 Per Cent. Securities.							
Calgary 1933-44	92	92⅜	22.11	85	85	7	5/17/8
Edmonton 1923-53 ..	92	92¾	9.11	83¼	83¼	8¾	6/0/1
Maissoneuve 1952-3 .	94	94	6.8	——	88-90*	5	5/12/4
Regina 1943-63	90	90⅛	22.11	86½	86½	3½	5/15/7
Saskatoon 1941-61 ..	91	91	4.11	85	85	6	5/17/8
South Vancouver 1962	85	85	9.8	86	86	1‡	5/16/3

*Current quotation. †Without allowing for profit on redemption. ‡Rise.

Variants in Quotations.

An examination of the colonial government section of the official list, where the minimum quotations are still in operation, and which includes all Canadian government and provincial issues, reveals a remarkable divergence in the minimum quotations for stocks of practically identical status. In the case of 18 3½ per cent. securities this amounts to no less than 8¾ points—the lowest figure, 83, applying to an issue maturing 1934-59, and the highest, 91¼, to one falling due for repayment in 1921-26. If we eliminate those maturing within ten years we get the following result: Redemption date 11 to 20 years, prices 91¼, 89¼, 88½, 87½—price variation 3¾; 21 to 30 years, 85¼, 83¾, 84—price variation 2 points; 31 to 44 years, 83¼, 84¼, 84½, 86¼, 83—price variation 3¼ points.

In the great majority of cases redemption commences before 1930, but we have taken the ultimate year for this comparison. It might be argued that accrued interest would in some instances account for the variations, but this could never amount to more than 1¾ per cent.—six months' interest—and is exceeded in each case. If we assume that the average amount of accrued interest is three months, the net variations would work out as follows: 11-20 years, 2⅞; 21 to 30 years, 1⅛; 31 to 44 years, 2⅜. It is of interest to note that the average prices of the three groups work out as follows: 11-20 years, 89⅛; 21 to 30 years, 84⅛; 31 to 44 years, 84¼. The latter figure, being as it is practically identical with the former group, seems to bear out the suggestion previously advanced in these columns, that where the dates of redemption are so far ahead they do not exercise any active influence upon current quotations. Taking the mean of the 21 to 30 groups, and allowing for profit on redemption, the yield would be about £4 16s. per cent., whilst that on the 31-44 group would be only about £4 12s. per cent.

Standard Price Suggested.

There are difficulties to be faced, the principal of which, of course, would be the differentiation between the various issues; but these are certainly not insuperable. The leading jobbers could easily classify the different loans and fix standard quotations for the various rates of interest which they bear, dividing the different maturities into five-year or ten-year groups. The question of accrued interest might present an initial difficulty, but this also could be got over by a little rough and ready averaging.

Needless to say, there would be no official classification apart from the standard price itself, which would be a quite sufficient distinction. Such a standardization as "Canada" has suggested would result in an all-round adjustment of existing quotations and the elimination of many anomalies which now exist, and for which there is in nine cases out of ten absolutely no justification. It would certainly prove acceptable and reassuring to investors, who are at present mystified by the remarkable divergence in the quotations of high-class investments of equal financial calibre.

COBALT ORE SHIPMENTS

The following are the shipments of ore, in pounds, from Cobalt Station for the week ended December 10th, 1915:—

Silver Queen Lease Mines, 39,380; Dominion Reduction Company, 88,000; Buffalo Mines, 61,430; Penn Canadian Mines, 68,253; La Rose Mines, 87,195; Mining Corporation of Canada (Townsite City Mines), 173,872; Peterson Lake Silver Mining Company, 133,925; Temiskaming Mining Company, 57,514. Total, 709,569 pounds, or 354.7 tons.

New Liskeard—

Casey Cobalt Mine, 49,460 pounds, or 24.7 tons.

The total shipments since January 1st, 1915, are now 29,757,148 pounds, or 14,878.5 tons.

NOVEMBER COBALT ORE SHIPMENTS

The following are the shipments of ore from Cobalt during November, 1915:—

	Tons.
Beaver Consolidated Mines	111.9
Buffalo Mines	61
Coniagas Mines	104
Dominion Reduction Mining Company.....	225.5
La Rose Mines	130.5
McKinley Darragh-Savage Mines	161.9
Mining Corporation of Canada (Townsite City Mine)	114.5
Mining Corporation of Canada (Cobalt Lake)	92
O'Brien Mines	73.7
Penn Canadian Mines	72.9
Peterson Lake Mines	130.3
Temiskaming Mines	87.8
Total	1,366.9
New Liskeard—	
Casey Cobalt Mine	42
Porquis Junction—Nickel Ore	
Alexo Mine	1,305.1

Dr. David K. Bergstrom, formerly Swedish minister of war, has been appointed consul-general to Canada.