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THE GENERAL FINANCIAL SITUATION.

The announcement by the Minister of Finance that the Dominion Government will float another domestic loan in September bears out a forecast made in this column some time ago that such a flotation would be made. As regards the various guesses concerning its terms which have been ventured in various quarters, it may be remarked that it is much too early to speculate intelligently in this connection. We are inclined to think, however, that the terms will eventually be found satisfactory to the investor. For this reason: While the amount to be raised will not be so large as last year, on the other hand, the popular feeling will not be so intense. In any event, also the amount to be raised will be quite a substantial one in proportion to Canada's investment capacity, largely as that capacity has been increased during recent years. In fact, the successful flotation of such a loan will be impossible without the support of a large aggregate of very heavy subscriptions. A stock of small subscriptions and those of moderate amount, important as it is that these should be secured, will not of themselves ensure the success of the loan. It is this extremely practical consideration which will make attractive investment terms for the new loan a certainty.

A good deal of local attention has been attracted by the recent financial developments in the United States, particularly by the stock market boom which appears to have culminated, for the time being at all events at the end of last week. It is recognized that however extravagant in some instances, stock market sentiment may become, it is based on a well-founded anticipation of business activity, which in the opinion of many competent and conservative observers, means a period of remarkable prosperity in the neighboring republic. It is noted that the American wheat crop will possibly run to 500,000,000 bushels in excess of the usual production at a time when Central Europe is starving and the shortage in several other of the grain-producing countries is quite as large as the excess in the United States. The winter wheat crop in the United States, after the smallest recorded loss of acreage during the winter has entered the spring season in the highest condition ever reported at this time of year, with the possibility

of a total yield of double the total crop of 1917 or 1918. This occurs also at a time when the Government guarantee of price insures to the farmer probably the highest average price in the history of American agriculture. The recent exuberance of the Stock Exchange is merely its usual intelligent anticipation of the influence which those conditions ought to exert on next autumn's trade activity transportation earnings and general prosperity.

In Canada, also, the week's developments are not unfavorable. So far as the crop outlook is concerned, it appears that as a result of the mild winter, the percentage of winter wheat killed is exceptionally small, about 5 per cent., while last year about 50 per cent. of the crop was killed. The seeding of spring wheat is reported from the West as proceeding satisfactorily. It is not to be expected that this year, Canadian farmers will have the advantage of the fixed price for wheat which has been in force for the last two seasons, and there is no good reason why they should have it. The prospects are, however, that with reasonable luck in the matter of weather, the proceeds of this year's crops will mean another very large addition to the liquid wealth of the country, with a consequent demand for the products of all lines of industry. Industrially, the week has seen the important announcement of the intention of the Government to continue building ships throughout the present year, and probably into 1920. The declared reasons for the continuation of this policy are the great demand for ocean tonnage, the fact that the ships built can, if desired be disposed of at a profit and the inadvisability of throwing out of employment men now engaged in the shipyards and allied industries. While this shipbuilding policy is therefore in part dictated by the necessities of tiding over the period of demobilization, it is at the same time, based upon sound economic principles, and will serve as a substantial accession to the keeping going of the country's business activity.

While the tendency of the average newspaper to emphasize the bizarre has to be borne in mind, the reports which are to hand concerning the evidence laid before the Labor Commission during its

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