

DOMINION LOAN OVERSUBSCRIBED

Lists Were Opened on Saturday and Closed at Once— How Loan May Affect Exchange

Subscription books were opened on Saturday last at the office of J. P. Morgan and Company, New York, for the \$45,000,000 Dominion of Canada 1 and 2-year notes offered for subscription by the Morgan firm and Brown Brothers and Company, together with the Bank of Montreal, the First National Bank and the National City Bank. The books were closed at once as the volume of applications received was far in excess of the amount of notes available.

Allotments of the one and two-year notes have been made to subscribers on the following basis:—

To all subscribers for all amounts in excess of \$10,000, 100 per cent.

To subscribers for amounts from \$11,000 to \$49,000, 50 per cent., and

To all subscribers for all amounts in excess of \$49,000, 25 per cent.

The loan, it is understood, was more than three times subscribed. As was the case with the New York City short-term notes last fall, the bankers, who were members of the syndicate, were given the privilege of withdrawing their participation in the offering. As practically all of the banks exercised this privilege, it was impossible to include the entire amount in the public offering.

Speaking of the result of the loan, Hon. W. T. White, minister of finance, said:—"I am much gratified at the result of the issue. As our first offering in New York it was most important that it should be favorably received. More than the conspicuous success of the loan, the Canadian people will appreciate the cordial feeling of international goodwill of which it is the expression. The liberal oversubscription is a fine compliment to the credit of the Dominion and will have an important stimulating effect upon the market for all Canadian securities."

Exempt from Taxation.

Subscriptions were asked for \$45,000,000 Canadian government 5 per cent. notes at a price of 100 and interest for the \$25,000,000 due August 1, 1916, and of 99½ and interest for the \$20,000,000 due August 1, 1917. The bankers making the offering were advised that the Canadian government will not borrow further sums in the United States during the current calendar year. Both principal and interest of the notes are payable either at the agency of the Bank of Montreal, in New York City, in United States gold coin, or, at the option of the holder, at the Bank of Montreal, in Montreal.

Notes are exempt from all present and future taxes imposed by the Canadian government, and are convertible at par at any time prior to three months before maturity into 20-year 5 per cent. bonds of the Dominion of Canada, maturing August 1, 1935, similarly payable in the United States and free from all Canadian taxes.

May Save on Exchange.

An interesting feature of the loan is the fact, the Wall Street Journal points out, that under certain given conditions, the Canadian government stands to save almost ¾ of 1 per cent. in interest on the one-year notes and half that rate on the two-year notes by reason of the high premium prevailing at Montreal on New York Exchange, provided the exchange rate attains a normal level by the time the notes mature.

The syndicate will pay for the notes in New York funds. Accordingly, in order to transfer the money to Canada, the Canadian government will have to sell New York funds in Montreal and other Canadian centres. As the premium on New York funds in Canada is at present quoted at \$7.81¼ to \$8.12½ per \$1,000, or nearly ¾ of 1 per cent., the Canadian government will save in interest ¾ of 1 per cent. on the one-year notes and ¾ of 1 per cent. per annum on the two-year notes.

Several Important Qualifications.

This deduction, however, is subject to several important qualifications. It is assumed that the total loan will be transferred to Canada, because of the official announcement that the proceeds will be used for public improvements in the Dominion.

The sale of exchange by the Canadian government is likely to result in an appreciable lowering of the premium on New York funds in Canada and accordingly reduce the Canadian government's profits on the sale of exchange. Furthermore, it must be borne in mind that the Canadian government will have to pay the notes in New York, if so desired by the final holders. It, therefore, runs the risk of actually paying more for the loan in the end should the rate of exchange at Montreal advance to higher levels at the end of the first or second year.

GRAND TRUNK PACIFIC'S "OIL" LOCOMOTIVES

Mr. Morley Donaldson, vice-president of the Grand Trunk Pacific Railway, announces that the installation of oil-burning locomotives on the mountain section of the line has been completed. These locomotives are of the most modern type, and are operating from Jasper to Prince Rupert, over 719 miles of main line.

Special interest attaches to the installation of this class of motive power, as it marks the first use of oil-burners on an extensive scale in Canada. Great oil storage tanks have been erected at various points along the line for supplying locomotives with the necessary fuel. With the operation of these locomotives there is a complete absence of the discomforts which sometimes arise from the use of coal, with its tendency to give off dust and grit.

The section of the line on which these locomotives are being used passes through the finest scenic territory in the Canadian Rockies, and the absence of coal dust, it is believed, will add to the pleasures of the journey.

The Grand Trunk Pacific steamships "Prince George" and "Prince Rupert," which operate from the Pacific terminal of the line at Prince Rupert to Victoria, Vancouver, and Seattle, are also oil-burners, and this gives the Grand Trunk Pacific nearly 1,500 miles of rail and water route on which this form of fuel only is used.

RUSSIAN STEAMSHIP COMPANY WANTS BUSINESS

Canadian firms desirous of trade with Russia will be interested in the information received by the department of trade and commerce from a responsible source which indicates the desire of a steamship company, with headquarters at Riga, Russia, to develop trade between Canada and Russia. The willingness is expressed to be of assistance to any Canadian firm desirous of arranging a selling agency in Russia for their products, it being understood that in the event of business resulting the steamship line in question would receive the preference for the carriage of the goods. This company intends taking what steps may be considered necessary with a view to preparing the ground in order to take advantage later of the position brought about by the war. An effort will be made to open local agencies in the more important Russian towns, and also to increase the fleet of the company with a view to capturing from the Germans the Russian trans-Atlantic trade. Up to the present, with the exception of the direct line between Libau and New York, practically the entire Russian trade with North America has had to be transacted through the German ports of Hamburg and Bremen.

The steamship line referred to, however, in their capacity as a local line subsidiary to the main trans-Atlantic routes, hope to be able to divert a considerable portion of this profitable business to ports other than German. It is stated that the carriage of every description of Canadian goods into Russia through one or other of the large European transshipment harbors, such as London, Hull, Rotterdam or Amsterdam, would come within their sphere of action. If business relationships could not be entered into for the present between Russian importers on the one hand and Canadian exporting houses on the other, it might nevertheless be possible to induce firms in London to act as intermediaries for the convenience of the Russian buyer in a manner similar to that whereby this business of intermediary has up to the present been carried on by the Germans. The name and address of the Russian steamship company above referred to may be obtained on application to the department of trade and commerce, Ottawa.