

THE PHARMACEUTICAL INDUSTRY

SEES METALS OUTLOOK GOOD

Barring a major war, productive capacity in the major base metals - copper, lead, zinc, nickel and aluminum - should be able to meet any foreseeable increase in demand for some years to come, according to the Bank of Montreal's Business Review for August.

Entitled "The Slump in Base Metals", the Review says that the market reversal which began in March 1956 has been of major importance to Canada, for in that year, this country's production of these metals amounted to almost \$1 billion.

More than three-quarters of the free world's nickel is mined in Canada; the proportions for copper, lead and zinc range between ten and 15 per cent; and about one-fifth of the free world's output of aluminum is Canadian, the Bank of Montreal says.

In each case, most of the output is exported, largely to the United States, the Bank continues. Moreover, the development of new sources of supply has been one of the factors contributing to our post-war prosperity, and has led to the establishment of new settlements in hitherto wilderness areas.

Tracing causes for the current situation of "relative abundance", the Review recalls that immediately after the war these metals were in short supply. In 1949, there was a temporary surplus, except of nickel, and prices of copper, lead and zinc fell sharply. Then the demands of the Korean war and massive United States and British stockpiling pushed prices up quickly; new mines were opened up, exploration and prospecting activities were intensified, and abandoned mines were reworked.

By 1955 world output had shown an appreciable increase. In 1956, production continued to increase, but, by "an unfortunate coincidence", this was the year that strategic stockpiles were curtailed, and also the year when commercial demand began to level out and later turn downward, the Bank says.

Thus, for the first time since the war, there is now "excess capacity" in all five of the metals covered in the Bank of Montreal Review.

"From a worldwide point of view," the Bank says, "the main hope for an improvement in the metal markets lies in a renewed expansion of the American economy and, more particularly, in the volume of capital investment and the demand for consumer durable goods."

Any positive effects of a recovery in the American economy, however, "may be tempered by the levelling out that appears to be taking place in European demand, which has been responsible for much of the increase in world consumption during the 1950's", the Review says.

"It is however possible that, through an active policy of research and promotion, new markets may be developed for non-ferrous metals, particularly aluminum and nickel.

Indeed it may fairly be said that the use of these two metals, and perhaps also of copper, has been deterred by their acute scarcity throughout most of the post-war period. But it is apparent that the fear of not being able to obtain sufficient supplies of these metals need no longer be a factor in the selection of materials to be used in manufacturing or construction," the Bank of Montreal Review says.

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FOUR BILLION REACHED

Just five weeks after the Canada Conversion Loan of 1958 was announced, Victory Bond conversions crossed the four billion dollar mark, Bank of Canada officials reported.

Returns reaching Ottawa from across Canada showed conversions from all sources were \$4,046,000,000 - slightly more than double the amount raised in the largest of the wartime loan campaigns. Included were several large transactions from the exempt list but also an important contribution from general sales. Returns from the small individual bondholders will assume greater importance during the four weeks remaining in the Conversion Loan campaign.

Results of both bank and investment dealer activity during the past few weeks confirm widespread ownership of small denomination bonds. The Department of Finance again stressed the importance of small conversions, pointing out that from the standpoint of the success of the refinancing programme every individual conversion, however small, is important.

Three exempt list conversions reported last week all came from Nova Scotia where the provincial government converted \$3,974,700, with more to come later this month; the Acadia Insurance Co., Halifax, converted \$436,000 and Acadia University of Wolfville, converted \$35,000.

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CANADA TROPHY

Four Lane Sally, a pedigreed Canadian Holstein Friesian cow, has made her owner the first in Peru to win the "Canada Trophy" presented by the Canadian Government, reports D.H. Cheney, Commercial Secretary in Lima. The award, an engraved sterling silver tray, was made at the Ninth National Livestock Exposition in Lima.

Canadian cattle and their progeny made a fine showing in the Holstein Friesian class, competing against Peruvian-bred animals and those from several other countries. The impressive list of grand championships and first and second prizes indicates the important contribution Canada has made in building up the quality of Peruvian herds in recent years. Since 1952, Canada has shipped more than 700 head of high-quality dairy cattle valued at \$296.7 thousand to Peruvian breeders.