CANADA

# CANADIAN WEEKLY BULLETIN

INFORMATION DIVISION · DEPARTMENT OF EXTERNAL AFFAIRS · OTTAWA, CANADA

Vol. 13 No. 30 July 23, 1958

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## MAJOR FINANCIAL OPERATION

Details of the Canadian Conversion Loan of 1958 were announced in the House of Commons July 14 by Finance Minister Donald Fleming, who also told members of Parliament of Government arrangements to sell an issue of $400 million of five-month bonds.

In his statement, Mr. Fleming said, in part:

"In my budget speech four weeks ago I informed the House and the country in some detail of our financial requirements during the coming year. I stated then that in order to carry out our approved programme in the fields of both economic capital development and social welfare we would require $1,400 million of new money during this fiscal year, in addition to providing for the refunding of nearly $2,000 million of maturing bonds. This, as I said at that time, is a formidable task.

"We must also look beyond the immediate needs of this fiscal year. During the next few years there will mature in quick succession the whole of the remaining wartime victory loans. The total amount of the five victory loans falling due between now and 1966 is over $6,400 million. This is a very large sum and it constitutes more than 60 per cent of our outstanding funded debt, excluding the special categories of Canada savings bonds and treasury bills.

"This large volume of early maturities overhanging the market made it very difficult to plan an orderly programme of debt management and has contributed greatly to the general feeling of uncertainty which has prevailed in our bond markets for the past few years. This uncertainty in the market for prime Canadian bonds has had inevitable effects on the market for provincial, municipal and good corporate bonds.

"We have therefore decided to clear away this heavy congestion of early maturities and lay the foundations of an orderly and sensible programme of public debt management. Today we are launching the Canada conversion loan of 1958. The details of this offer are being made public concurrently with this announcement. All holders of unmatured victory bonds are being offered new and longer term bonds in exchange for their present holdings. The holders of the eighth and ninth victory loans maturing in 1963 and 1966 are offered a choice of new 4½ per cent 25-year bonds maturing in 1983 or new 4½ per cent 14-year bonds maturing in 1972. Holders of the seventh victory loan which matures in 1962 may convert at their option into either of the two new bonds already mentioned or into a 3-3/4 per cent 7-year bond maturing in 1965. Finally, the holders of the fifth and sixth victory bonds due in 1959 and 1960 may convert into new 3 per cent 3¼-year bonds maturing on December 1, 1961 or into any of the other new bonds mentioned.

"In brief, the holders of all these victory loan bonds may convert into a choice of four issues, 25 years at 4½ per cent, 14 years at



(Over)