

## UNITED STATES LIKES CANADIAN BONDS

## World's Present Banker Has Good Knowledge of the Resources and Development of Canada

Nothing was more natural than that the United States should provide Canada with a large proportion of borrowed capital during 1915. Already admittedly the richest country in the world in natural resources, our great neighbor—as a result of her enormous sales of war munitions and supplies of all kinds—soon occupied the unique position of being money-lender to the world, intimated Mr. E. R. Wood, at the annual meeting of the Dominion Securities Corporation.

When it is realized that the favorable trade balance of the United States was \$1,723,000,000 for 1915, as against \$325,000,000 for the preceding year, one has some idea of why this became possible. Norway, Sweden, Switzerland, Argentina, Bolivia, Greece, Russia, France, Germany, Italy, Great Britain and Canada have all borrowed in her markets, the total amount and banking credits being, approximately, \$975,000,000, of which the chief item was the \$500,000,000 Anglo-French loan in October last.

## United States Market was Active.

Moreover, it is estimated that the United States have repurchased from abroad since the outbreak of the war more than \$1,500,000,000 of their own securities, and, as a very large proportion of this and the loans above alluded to have been spent locally in the purchase of commodities, it would seem safe to assume that the credit position of the Republic with regard to foreign countries has been improved by \$2,300,000,000.

It is no wonder that the United States bond market became more and more active as the year advanced, though, curiously enough, the United States investor showed no particular keenness for the loans of the foreign nations. This was partly owing to lack of education in foreign investments and partly to distrust as to the outcome of the war itself. At any rate, the close of the year witnessed the strange anomaly of the Anglo-French loan, in spite of the excellence of the security, selling around a 6½ per cent. basis as against 4½ per cent. for the first mortgage bonds of leading United States railroads and 4 per cent. for their principal cities.

## Bonds are Popular in United States.

Fortunately, for the Dominion, Canadian bonds are not considered "foreign" investments and are becoming increasingly popular in the United States market each year. This is amply evidenced by the fact that the United States took over \$90,000,000 more securities from us in 1915 than in the year before, our figures for the last three years being:—

1915 .....	\$143,972,896
1914 .....	53,944,548
1913 .....	50,720,762

Confidence in Canada's future, a better knowledge of our financial resources, and our close trading relations must steadily widen the market for our securities with the United States investor, quite apart from the higher interest yield he obtains from our bonds as compared with those of his own country.

With the London market closed to us for an indefinite period, it becomes of the highest importance to Canada that the United States market be cultivated to the greatest possible extent, and there can be no question that it will absorb a greater amount of our government and municipal bonds each year, provided those responsible for the offerings are careful to see to the sufficiency of the security and that in form, interest rate, place of payment, etc., our bonds meet the requirements of the discriminating United States investor.

## USEFUL INFORMATION VOLUME

As in previous years, the new edition of Heaton's Annual contains official, bank, insurance, and legal directories, postal information, cable rates, complete customs tariff revised to date, shippers' guide, list of registry offices for deeds, chattel mortgages, etc., exchange and miscellaneous tables, and much general information.

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## WAR LOAN FAIRLY ACTIVE

## Buying From New York—Municipal Issues Scarce—Anglo-French Loan

A fairly good market is in evidence in Canadian war loan bonds on the Canadian exchanges, particularly Montreal. The price is steady at about the issue price, 97½. While many transactions in \$100 bonds have been recorded, the bulk of the buying apparently is coming from New York. The issue is well known there and a heavy amount may ultimately find its way to the United States. About \$75,000,000 of our \$100,000,000 war loan has already been paid up by subscribers.

## New York Bond Issue.

Bond prices in New York indicate that there may be a steady absorption from there of offerings made in the Canadian markets. The United States took 65 per cent. of our bond issues last year. New York State, which has been doing its financing since 1912 through 4½ and 4 per cent. bonds, is bringing out a \$25,000,000 4 per cent. issue this month, and this will probably be sold at a premium. The result is awaited with a good deal of interest, as it will be the first big transaction in state or municipal financing since Great Britain issued its 4½ per cent. war loan, and higher rates for all public financing the world over were predicted.

## Municipal Issues Scarce.

There are very few bond issues being made by Canadian municipalities just now. What few bonds are being offered, have been rapidly acquired by the financial houses.

Recently Anglo-French 5 per cent. bonds were selling within ¾ point of the cost of the issue to syndicate members. When the 60-day syndicate agreement was about at an end the bonds were still holding close to the price to the members. Knowing that in a few days a very large proportion of the offering would be turned over to the subscribers, and supposing that many of them would at once throw their allotment on the market, the syndicate managers held a conference with a view to united action looking to the support of the issue. It was the best opinion of the bankers present that the issue would likely break to 90, or to a level little above that figure. It was accordingly decided to put in buying orders at that price to tide the issue over its crucial stage.

## Anglo-French Loan.

Some of the men outside the syndicate thought too that the bonds would go to 90, or even lower. They had none of the issue, but they were anxious to make money on the decline, so they sold the bonds short. That is to say, they allowed themselves from 15 to 30 days in which to get bonds for delivery, and sold them to be supplied during that time. These sellers got in most cases 95, or 94½ "flat," meaning that when they were paid they were not to get the accumulated interest added to their price. If they succeeded in buying bonds to make good their deliveries at just the price received they would have lost the interest for the period elapsing between the time of sale and the time of delivery.

Most of these option bonds, as they are called, were sold for delivery within 30 days, and were put out on December 8 and 9. The date for making deliveries expired recently, and those who delayed buying until near the end of their optional time had to pay from 95 to 95¼. It is probable that many of them took a loss by reason of the unexpected recovery. Others must have closed the transaction about evenly, for their sales were made at about the prices now obtaining.

At the annual meeting of the Brandon Life Underwriters' Association the following officers were elected: Honorary president, Mr. E. Daw, manager, London Life; president, Mr. J. A. Wilson, manager, Canada Life; vice-president, Mr. E. A. Dayton, superintendent, Metropolitan Life; secretary and treasurer, Mr. James Moore, London Life; board of management, Mr. Alfred McIsaac, Imperial Life; Mr. R. H. Wright, Great-West Life; Mr. F. E. Johnson, deputy superintendent, Metropolitan Life; Mr. F. E. Leitch, manager, Imperial Life. It was decided that monthly meetings would be held on the first Saturday of each month during the year.