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PRINCIPAL CONTENTS OF THIS ISSUE.

BOND MARKET CHANGES.

The Canadian bond market appears to be undergoing important changes. These seem due to the speculative trend of investment, trade expansion and the hardening of the money market. The first factor deserves perhaps most attention, as upon its temporary or permanent nature the future of the market will largely depend. The higher prices of commodities and of living generally, the almost unconscious transference of luxuries to the necessities list, have probably helped to induce the investor to seek a higher return upon the capital placed. Some authorities carry this argument so far as to say that the investor is compelled to obtain a big yield to keep pace with these new developments.

Industrial bonds naturally offer the greatest inducement in view of the present market sentiment. As an additional incentive to the purchase of these securities is the education of the investor within comparatively the past few years. The industrial bond gives a return of from five to six per cent., and is usually backed by good security. The difference in its yield and that of a municipal or government bond is about represented by the comparative degree of safety.

Large Canadian industrial bond issues have recently been absorbed in London, and in many cases considerably over-subscribed. Less than ten years ago some hesitancy would have prevailed before these issues could have met with even a moderately favorable reception. Canada's bond issues are supported strongly by national expansion possibilities in every direction. That fact is a good foundation. With substantial, responsible and clean sponsorship, the appetite of the investor for our industrial bonds is almost insatiable. This refers not only to the overseas investor, but also to Canadian demand. One recent issue was completely taken off this market in a few hours by British and United States interests, leaving none for the Canadian investor who desired them.

While this marked change may be to some extent temporary, it is reasonable to suppose that we have entered upon a new era in investment buying, with the result that part of this speculative taste will remain as a permanent market factor. One naturally wonders what will be the result on municipal debentures. They offer a smaller return and more security than do industrial bonds. Yet, taking all facts into consideration, the demand for Canadian municipal debentures is not as large as one would suppose it should be. The question arises as to whether the municipal bond is offering sufficient attractions, admitting the fact that it affords more safety than does the industrial bond.

Four years ago Ontario county bonds were selling on a 3¼ per cent. basis, Toronto city bonds at the same figure and town debentures at about 3½. All these classes are now yielding to the purchaser approximately 1 per cent. more. Some think that they must yield still more to become adapted to present conditions, some of which will probably remain as a market influence. On this point opinions are divided. Others argue that this brand of speculation is a passing craze, and that in due time investors will seek again municipal bonds with greater zest than ever. One broker remarked that a loss in a bond investment of a highly speculative character would soon swallow profits made in many others. Canadian municipals are having better success in England than at home. This is reasonable, as security overseas is