WAR LOAN GOING WELL

Small Subscriptions Are Still Wanted, Though—Market Notes

The list of subscriptions to the war loan, which *The Monetary Times* is compiling and which will be printed in these columns next week, shows that the success of the loan is assured. At the same time, it is very desirable that all investors with from $100 to $25,000 to invest should subscribe to the issue. The loan could be subscribed by the banks, insurance companies and other large corporations, but it is desired that every small investor in the country take a bond even if it is only one for $100.

This week's reports indicate that a number of subscribers to the first loan are taking heavier amounts in the second loan. This is the case both with small investors, individual investors of substantial amounts and corporations. As ten months have elapsed since the first war loan, small investors have had an opportunity to save sufficient, as a rule, to duplicate their first investment and in some instances, to increase it. There are also many small investors subscribing for the first time. Their hesitancy for various reasons, in respect to the first loan, having disappeared. The small subscriptions, therefore, are likely to be more numerous than in November last.

Small Subscriptions Needed First.

Comparatively few large corporations' subscriptions have as yet been announced. This will help to encourage small subscriptions. Undoubtedly, on the last occasion, a large number of subscriptions ranging from $500 to $3,000 were withheld because of the impression during the first few days of the loan, that the issue had already been oversubscribed. The small investments are needed first. The more important investors will then see that the loan is fully or oversubscribed towards the end of next week.

Advices received by *The Monetary Times* indicate that in the aggregate the investments of industrial corporations in the loan will be heavier than previously. A great number are receiving war orders. Most of the companies have been able to put their dividend shareholders upon a fair dividend basis and to pay dividends which had accumulated. In addition, they have built up substantial reserves and part of these is being invested in war bonds.

Life Insurance Companies.

Last year, the life insurance companies conferred together as to the amounts they would subscribe to the war loan. Their aggregate subscription was about $8,000,000. On this occasion, the companies are working more independently, each one subscribing according to its investment policy at this time and according to the provisions of the insurance act. Those life insurance subscriptions already reported to *The Monetary Times*, show larger amounts than in the case of the first loan. One company subscribing $500,000 to the first loan, for instance, is putting $1,500,000 in to the present loan. It would not be surprising if the life insurance companies' subscriptions aggregate $15,000,000, or nearly double the amount subscribed to the November loan. A small part will probably be accounted for by conversion.

The loan and trust companies, as a group, did not subscribe very heavily to the first war loan. They did not know to what extent at that time debenture holders would desire maturing debentures to be paid, rather than renewed. They arranged with the government and the banks for the advance of funds against approved collateral, should any emergency arise. In the meantime, they have accumulated large surpluses and reserves as indicated by their reports at the end of last year, the demand for mortgages not being heavy. The loan and trust companies are still pursuing a cautious policy and while the financial skies are clearer, opinions differ as to whether their war loan subscriptions in the aggregate will be larger this time than last.

Little information is available as to how much of the old war loan is being turned in at 97½ as the equivalent of cash for subscription to the new loan. One municipality in Quebec province has subscribed $121,000 to the loan, $100,000 of which is new money and $21,000 of which is in November war bonds turned in for the conversion privilege. Many of the corporation subscriptions are likely to be partly represented by the conversion privilege. The final returns, however, will probably show that comparatively little of the old loan has been converted.

The bond houses have been very active in connection with the present offering. They have waged an excellent advertising campaign in connection with the sale of war bonds, and which must have done much to attract investors to the loan. Not a little of the success of the offering will be attributable to their efforts. The banks have also received a large number of subscriptions direct.

United States Investors.

The fact that the bonds are payable in gold makes the issue more attractive to United States investors who ultimately will play an important role in the absorption of the loan.

Subscriptions from the United States may not be as numerous as anticipated, although there have been many inquiries, and the aggregate subscriptions should prove substantial. United States investors are keen on interest being paid in New York, which is not the case in the present loan. Some of the Canadian brokers are disappointed in this regard. Even though the interest is not payable in New York, however, both principal and interest are payable in gold and the investment is a very profitable one for people of the United States.

Participation by United States investors in the loan, according to investment houses with international connections, will probably be large, although the Mackay companies' $2,000,000 is the only important subscription in that class announced this week. However, it is known that different houses are carrying inquiries for substantial amounts for New York, and the loan offering is only in its first week.

The Canadian Pacific Railway has applied for $2,500,000 of the loan. The exact amount applied for by the company at the time of the last loan was not made public. Presumably it was large, as the balance sheet of June 30 last showed a total of $5,272,690 described as "temporarily invested in war loans."

List of Subscriptions.

The four months' limit for total payments is regarded by some as an inconvenience to those who take up the loan for savings. At the same time small investors have probably saved in advance for this loan and will be ready in many cases to pay in full on October 16th.

Those companies and individuals who desire their subscriptions to appear in *The Monetary Times* list of war loan subscriptions should send the particulars without delay to the editorial department, 62 Church Street, Toronto. The details required are name of subscriber, city or town, amount of subscription.

PAYABLE IN NEW YORK

One Toronto bond house, Messrs. Wood, Gundy and Company, have studied the interests of their clients to the extent of arranging for a fixed rate of exchange at which the principal sum and all interest coupons as they mature will be paid in New York City. It was recognized that large numbers of the firm's clients in the United States would wish to participate in the war loan and in sending out prospectuses Messrs. Wood, Gundy and Company advised their clients as follows: "For the convenience of clients purchasing these bonds through us we have arranged with the Royal Bank of Canada to pay principal and interest at their office, corner William and Cedar Streets, New York, for a charge of ⅛ per cent."

The advantage of this provision is obvious. Exchange between Canada and the United States has fluctuated between ⅛ per cent. to ½ per cent. during the last six to 12 months, costing those cashing coupons payable only in Canada the rate of the day then prevailing. By this arrangement subscribers through Wood, Gundy and Company may cash their coupons and eventually their bonds at a maximum charge of ⅛ per cent.—a very nominal fee. Such an arrangement is regarded not only of advantage to United States investors, but also to Canadian investors, buying bonds carrying this privilege. The payment of ⅛ per cent. for cashing each coupon as it falls due and the principal at maturity is equivalent to paying ⅛ per cent. at the time of purchase, so it is possible for an investor by paying 97⅝ instead of 97½ to secure a bond payable at par in New York. It is, however, an advantage to Canadian investors to pay the ⅛ per cent. only in case their bonds are to be cashed in New York, as otherwise they would be paying for a privilege which they would not be exercising.