MUNICIPAL BONDS AWARDED

Stratford, Ont.—$50,000 5 per cent. 10-years.

St. John, N.B.—$15,850 5 per cent., 1936, to Eastern Securities Corporation, St. John.

Saskatoon, Sask.—$15,000, to Messrs. Wood, Gundy and Company, Toronto.

Saskatchewan School Districts.—$12,300 7 per cent. 10-instalments, to Messrs. H. O'Hara and Company, Toronto.

Peace River Crossing, Alta.—$11,500 6 per cent. 5-year serial bonds, to Alberta School Supply Company, Edmonton.

Manitoba School Districts.—$4,600 7 per cent. 10 and 15-instalments, to Messrs. H. O'Hara and Company, Toronto.

Rochester Township, Ont.—$10,913 6 per cent. 5 and 10-instalments, to Messrs. Mulholland, Bird and Graham, Toronto.

Lethbridge, Alta.—$420,739 5 per cent. 30-year sinking fund bonds, to Messrs. A. F. Carrothers and Company, Edmonton.

Meyroome and Southern Telephone Company, Sask.—$25,500 15-instalments, to Messrs. W. L. McKinnon and Company, Toronto.

South Melfort Rural Telephone Company, Sask.—$6,000 7 per cent. 15-instalments, to Messrs. H. O'Hara and Company, Toronto.

Grahame Chatsworth Rural Telephone Company, Sask.—$2,500 8 per cent. 15-instalments, to Messrs. H. O'Hara and Company, Toronto.

Youngstown, Alta.—$8,000 7 per cent. 20-years, Delia S.D., $3,000 7 per cent. 20-years, and Big Valley $3,000 6 per cent. 5-years, to Alberta School Supply Company, Edmonton.

WHY INSTALMENT BONDS ARE POPULAR

By the annuity or serial instalment method adopted by Toronto in regard to its bond sales this week, the amount of the debt repaid each year is a definite quantity, and the bonds corresponding thereto are redeemed and cancelled. As a result, the net indebtedness of the municipality at any given time can be determined with accuracy. By the sinking fund method the entire debt and the bonds representing it remain outstanding until the end of the period, and, through the sinking fund, the debt is then paid off. "The yearly reduction of a debt of any enterprise unquestionably tends to create a much more favorable impression of its financial position than a stationary liability of many years' standing, although there is an increasing asset (the sinking fund) to offset it," says Mr. T. Bradshaw, finance commissioner, Toronto.

"Both instalment methods, which provide for the repayment of the debt gradually from year to year as the annual taxes are received, do away with the necessity of establishing a sinking fund, the management and conduct of which are always fraught with difficulties, dangers and temptation. The misuse of, the low rate of interest earned on, the failure to efficiently manage, the expense and time involved in administration of and the losses involved in sinking funds are thoroughly well known to those versed in municipal finance. Undoubtedly the best sinking fund ever devised is the partial payment of the debt year by year.

"More and more is it becoming recognized that the instalment method of repaying loans is the safest, surest and most economical. Bond houses and important investors in bonds, here and in the United States, are showing a preference for issues so made payable. They then have absolute knowledge that the municipality is steadily improving its financial position by the annual reduction of its bonded liability. It is only necessary to mention that such cities as Chicago, New York, Boston, Philadelphia, etc., are issuing bonds in this form to indicate how general it is becoming.

"It was formerly claimed that there was a limited market for instalment bonds, because investors preferred to have their investments mature at one period, some years distant. This objection has little weight in view of the fact that with such important issues as the larger municipalities will put out from time to time there will always be a choice of maturities, running from one to say 20 or 30 years, and that such variety will suit the varying needs of a greater body of investors."

ONTARIO'S BOND SALE

Premier Hearst's Statement—Why the Issue was Criticized

Premier Hearst, of Ontario, states that the provincial loan of $4,000,000 5 per cent. 10-year bonds, raised this week, netted par, without any deduction for commission, and was therefore placed at a price ¾ of 1 per cent. higher than the city of Toronto's loan. Bond brokers, however, are inclined to believe that the premier has omitted to figure expenses and commission, which would bring the price down to 99, the figure which was first mentioned in financial circles this week. The bonds are now being offered publicly at 101¾ and interest. Premier Hearst's statement is as follows:—

Statement of Premier.

"As a result of negotiations with several of the largest financial firms, the provincial treasurer has succeeded in selling $4,000,000 5 per cent. straight 10-year bonds of the province to the National City Bank of New York at par and accrued interest. Recently the city of Toronto made what is considered to be a remarkably good sale under present conditions. The Toronto sale realized 99.637 for instalment bonds bearing 5 per cent. interest, and consequently the Toronto loan cost 5.03, while the provincial loan, sold at par, cost 5 per cent. The fact that it is claimed that the instalment form of bond, as issued by Toronto, is more attractive to the United States investor than the straight term bond issued by the province makes the comparison even more favorable to Ontario's credit. In both cases the borrowers had the advantage of the rate of exchange being in their favor by the premium on New York funds. It will be readily seen that the province realized about ¾ of 1 per cent. better price than the city of Toronto, and that the newspaper criticism of the provincial loan based on the assumption that Ontario does not do as well as Toronto is entirely without foundation in fact."

Bond brokers, commenting upon this statement, insist that all the facts in connection with the provincial loan must be given publicity in order to make proper comparisons with the Toronto sale. Finally, the entire discussion regarding the Ontario government's bond sale would have been avoided had the province sold its bonds by public tender, a practice which eliminates practically all criticism of bond sales.

CLEARING HOUSE RETURNS

The following are the bank clearing house returns for weeks ended May 25th, 1916, and May 27th, 1915, with changes:—

	Week ended May 25, '16.	Week ended May 27, '15.		Changes.
Montreal	$ 63,689,115	$ 38,214,453	+	$25,474,662
Toronto	46,715,898	27,975,902	+	18,739,996
Winnipeg	35,808,067	16,568,110	+	19,239,957
Vancouver	5,016,452	4,652,149	+	364,303
Ottawa	3,941,367	3,416,964	+	524,403
Calgary	3,938,706	2,361,459	+	1,577,247
Hamilton	3,045,982	2,238,216	+	807,766
Quebec	2,877,976	2,413,300	+	464,676
Edmonton	1,861,483	1,571,913	+	289,570
Halifax	1,846,987	1,613,592	+	233,395
London	1,499,128	1,358,329	+	140,799
Regina	1,630,360	1,086,228	+	544,132
St. John	1,635,733	1,186,594	+	449,139
Victoria	1,181,100	1,084,953	+	96,147
Saskatoon	939,157	607,801	+	331,356
Moose Jaw	678,147	489,488	+	188,659
Brandon	414,091	370,715	+	43,376
Brantford	541,874	436,722	+	105,152
Fort William	427,996	313,774	+	114,222
Lethbridge	394,766	254,632	+	140,134
Medicine Hat	312,961	190,970	+	121,991
New Westminster	213,730	259,569	—	45,839
Peterboro	371,898	351,252	+	20,646
Totals	$178,982,974	$109,017,085	+	$69,965,889
Sherbrooke	392,477			
Berlin	452,951			