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THE GENERAL FINANCIAL SITUATION.

It was foreseen that with the payment on May 1st, of the last instalment of the Victory Loan, there would be an opening for a limited number of provincial and municipal issues. During the interval of four or five months, between May and the flotation of our next national war loan, individual and corporation investors will be accumulating funds, and some of them would be on the lookout for desirable securities of the class above referred to. Also in cases where the loans are required for necessary purposes, the Finance Minister does not withhold his consent. The event of this week was the placing of the $3,000,000 six per cent, ten-year loan of the Province of Ontario. These bonds were taken by the dealers at 99.49, representing an interest cost of 6.07 per cent. per year. Preceding this Ontario issue, the City of Toronto at the end of last week placed a loan of $736,000 in the form of 5½ per cent., twenty-year serial gold bonds—the proceeds of the loan being intended for hydro-electric purposes. In this case the bid of the successful syndicate was 97.265, which represented a price of 6.11 per cent. to the city.

The Toronto loan followed the $346,000 issue of the City of Hamilton, which was subsequently offered to the public by the successful tenderers on an interest basis of 6 per cent. These borrowers, it should be remembered, are in the highest class, and probably eastern cities of less importance, and western borrowers generally, would have to pay a slightly higher rate. It is said that several other borrowers are likely to be in the market shortly. While the supply of funds is satisfactory at present, the experts say that the absorptive capacity of the market is not unlimited. From the point of view of investors the provincial and municipal issues now appearing represent opportunities of getting yields slightly higher than that obtainable on the Victory bonds; and many individuals and companies are able to take on a moderate amount of such investments without prejudicing their position in regard to the impending domestic war loan. In certain cases the new issues also serve to liquify special loans which the banks have been carrying, and when that is their effect, they strengthen the general financial situation.

While there continues to be a fair measure of activity in the principal Canadian stock markets, it is evident that the bull movement is not likely to become a money market factor of importance. In view of the fact that the Dominion Government will call upon the bankers for extensive loans in July and August, there is not likely to be a heavy diversion of bank funds into loans on stock exchange collateral. Rates of interest on call loans in Montreal and Toronto are unchanged; commercial loans and discounts, too, rule at the same percentages as in the recent past. Bank of England rate is held at 5 per cent. In the London market call money is 2½ per cent; and discount bills, 3½ to 3 9/16.

Call loans in New York ranged from 3 to 6 per cent. As in previous weeks there was strong demand for time money, but some of the parties wanting it were obliged to content themselves with call money. For all maturities 6 per cent. was bid. This rate applied also to commercial paper, although it is said that there were a few sales of particularly attractive paper, with short date, at 5¾. An interesting movement, which has its bearing on the large call loan business carried on in New York by the Canadian banks, was described in a recent issue of the New York Sun. It is to be noted that the call loan rate as published daily in the press, applies to loans wherein the collateral consists of 50 per cent. rails and 50 per cent. industrials. A few years ago it was generally stipulated by the lenders that call loan collateral should consist of railway stocks to the extent of 65 per cent., thus leaving but 35 per cent. for industrials. However, the industrial section of the American securities market has developed very rapidly in the past six or seven years; and this fact was recognized through allowing a larger proportion of industrial collateral in the call loan envelopes. The Sun explains that the Stock Exchange Partners' Association (which is composed of members of Stock Exchange firm's who do not hold memberships on the exchange) has commenced an agitation for the establishment of two call money rates—"one for loans which are secured half with railroad securities and half with industrials, and the other for loans the collateral back of which is entirely industrial securities." The expectation is that the rate applying to loans secured altogether by industrials will be fully one-half per cent. higher than the regular call loan rate. The Sun remarks that quite a number of the banks and trust companies have steadfastly refused to lend funds at call with the collateral consisting entirely of industrials; but most of the city bankers now realize that the high class in-

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