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FINANCE OF THE WEEK.

The sentiment on the "street" has been encouraged by the favourable developments on the local stock exchange since the resumption of open market trading last week. A considerable number of purely Canadian stocks have graduated into the class of those available for open market trading by going above the official minimum and the movements in several of the market leaders, notably Montreal Power, have been distinctly gratifying. In the first week of open trading Power moved up from 214 to 225½, suffering only a slight re-action subsequently to 224 bid, and there have been marked advances also in others of the leading stocks which have demonstrated their ability to continue to earn profits and pay dividends whether times be good or bad, and in several of the industrials that are supposed to be benefitting from war orders. The sharp advances in some of the high-grade stocks on comparatively light trading suggest a feeling of confidence among holders inducing them to hold on in the expectation of higher levels at no distant date. Undoubtedly sentiment here has been favourably affected by the big bull demonstrations in the New York market. Still the initial difficulties in the resumption of trading have been safely surmounted, and with the surmounting of those difficulties there has been created to some extent a feeling of confidence, which is of importance in regard to the future.

Apart from this, the general sentiment has been somewhat encouraged by intimations from the West that the cultivation of large additional areas is progressing and that the necessary preliminaries for a large increase in this year's Western crops are being energetically undertaken. Further, private advices from London have reported the impression in financial circles there that the war cannot now last much longer. There has certainly been nothing in the news, or lack of it, from the Front to justify this impression. But it is a notable fact that the London financiers have consistently maintained on this point, an optimistic attitude, and at the present time the feeling is more hopeful than ever.

COLONIAL SECURITIES FAVOURITES.

Meantime, it is reported from London that the investment market which seems most to attract investors' savings at the present time is that in colonial securities. The recent eager subscription for these stocks, notably the new Dominion loan, is accounted for by the attractive terms upon which they have been offered in comparison with the minimum prices established for similar stocks, and by their comparatively short terms, whereby the investor is safeguarded against much fluctuation in capital value arising from circumstances other than the actual default of the borrower. Commenting upon the recent Dominion issue the London *Economist* says that it looks attractive, "because the colonies, for one thing, are not piling up war debt at the awful rate of Europe, and for another, the system of protection under which the London capital market now works, if continued for long, may have the effect of raising colonial credit to a fictitious level by comparison with foreign investments." The same authority goes on to point out that recent loans suggest that for practical purposes colonial credit may be regarded as worth 4½ per cent. for a ten-year term. Whether colonial credit on longer terms—say 50 or 60 years—would be worth more or less than 4½ per cent. is a matter of opinion. Last June, before the outbreak of war, the South African Union Government issued 4 per cent. ten-year debentures at 97½, so the *Economist* concludes "it is evident that on ten-year debentures Colonial credit has depreciated very nearly ½ per cent. in the last six months, in spite of the protection it now enjoys at the expense of the City and the investor." "Protection" in this instance, of course, refers to the Treasury differentation between colonial and foreign securities in the London market, through its embargo upon new issues unless with official sanction.

CONTINUING CANADA'S WAR FINANCING.

The cables intimated this week that Sir George Perley, the acting high commissioner, has negotiated with the British Treasury a renewal of the arrangement made in the early period of the war for payment of Canada's war expenditure. The British Treasury will continue to pay on the Dominion Government's acount £2,000,000 monthly, £1,000,000 in the middle of the month and another £1,000,000 on the last day of the month, which will be for the Dominion's war expenditure alone. Eventually, at such time as the Chancellor of the Exchequer and the Dominion Minister o. Finance consider it opportune, a Canadian loan will be floated for the liquidation of this indebtedness to the British Treasury. These temporary loans by the British Government bear 4 p.c. interest. It will be borne in mind that the Dominion's recent £5,000,000 public issue in London did not provide at all for war expenditure but for the continuation of public works