

JULY MUNICIPAL BOND SALES

GRAND TRUNK EQUIPMENT NOTES

Totalled One Million and Half—United States Houses Acquire Two Issues

The municipal bond sales in Canada for July, as compiled by *The Monetary Times*, amounted to \$1,591,924, compared with \$2,435,726 for June, and \$1,967,476 for the corresponding period last year, and making a total for the year of \$13,013,935.

Six provinces were in the market. The largest issues were made by McLeod, Brandon and Halifax.

The amount of Canadian municipal bonds sold in the United States during June was as follows:—

Watrous, Sask.	\$ 70,000	....	....
Halifax, Nova Scotia	299,000	4½	1945

The following are the particulars by provinces:—

Alberta	\$ 672,030
Manitoba	281,926
Ontario	283,968
Nova Scotia	258,000
Saskatchewan	82,800
British Columbia	13,200
	\$1,591,924

The following are the monthly totals during 1910, 1911, 1912, and 1913:—

	1910.	1911.	1912.	1913.
January	\$ 881,838	\$ 420,337	\$ 2,133,531	\$ 1,337,500
February	1,272,977	1,037,287	2,596,378	1,038,806
March	1,169,730	6,271,025	1,926,716	1,035,492
April	6,805,078	3,910,288	927,160	3,693,857
May	5,964,896	3,946,047	1,928,748	1,880,630
June	2,187,588	3,983,670	1,690,344	2,435,726
July	1,536,424	1,594,566	1,967,476	1,591,924
August	1,312,953	1,493,507	1,640,547	.....
September	2,841,486	1,748,778	1,998,605	.....
October	2,211,461	1,730,075	1,060,597	.....
November	2,292,781	2,915,765	1,396,664	.....
December	566,113	1,243,596	491,590	.....
Total	\$29,043,325	\$30,295,838	\$19,767,356	\$13,013,935

The following are the details:—

Alberta.			
Lethbridge	\$ 66,930	4½	....
Redcliff	150,000	6	....
McLeod	336,000	..	....
Calgary	103,000	..	....
School Districts	12,600	..	....
Edmonton	3,500	4½	1953
	\$672,030		
Manitoba.			
Brandon	\$214,926	....	....
Grey S.D.	7,000	6	1926
Whitemouth S.D.	5,000	6	1933
South Springfield S.D.	35,000	5½	....
Brandon Schools	20,000	5	1943
	\$281,926		
Ontario.			
Windsor	\$123,000	5	....
Belleville	23,000	..	....
Berlin	112,968	6	1943
Penetanguishene	25,000	5	....
	\$283,968		
Nova Scotia.			
Amherst	\$ 75,000	5	1943
Dartmouth	21,500	5	1943
Dartmouth	10,500	5	1943
Dartmouth	31,000	5	1933
Halifax	120,000	5	1933
	\$258,000		
Saskatchewan.			
Pense R.M.	\$ 5,000	..	....
St. Agnes R.C. S.D.	20,000	..	....
Graton R.C. S.D.	30,000	..	....
Rudy R.M.	10,000	6	1933
Bredenburg	15,000	7	1933
Carrot River S.D.	1,000	..	....
Gwyfe S.D.	1,800	..	....
	\$82,800		
British Columbia.			
Vancouver	\$11,500	..	....
Vancouver	1,700	..	....
	\$13,200		

Issue in London Causes Further Comment—They Were Oversubscribed

Criticism is still heard regarding the Grand Trunk Railway's issue in London of £1,500,000 5 per cent. 5-year equipment notes at 98, the underwriting commission being 1¼ per cent. This issue was, however, over-subscribed. Mr. Chamberlin, president of the road, informed *The Monetary Times* that the funds were needed to pay for equipment now on order.

Money Urgently Needed.

A London cable message says:—"It may be taken for granted that the money is urgently needed, as the Grand Trunk has for a long time past been spending considerable sums, amounting last year to over £250,000, on hired equipment in spite of the fact that the line has had the use of rolling stock which has to be passed on to the Grand Trunk Pacific line in due course.

"Moreover, the Grand Trunk Pacific prairie section will shortly be linked up with the main Grand Trunk system via Cochrane, and it is expected that a large increase in traffic will accrue therefrom. As it is the Grand Trunk's traffic has been increasing in a remarkable fashion for the last few years, and it is surprising that some special equipment financing has not already been undertaken.

Objections of London Market.

"The market here objects to the company embarking on a new form of financing (for the Grand Trunk) by the issue of short term notes, but it is being pointed out that many of the first-class roads in the United States, such as the Lake Shore and the New York Central, have been recently doing the same thing and on no better terms than the Grand Trunk is able to obtain; in fact, in most cases your lines have had to pay considerably higher rates than the Grand Trunk for temporary loans of this nature."

An explanation of the sale of these notes in London, instead of in the United States as heretofore, may possibly be in the association of Sir Felix Schuster with the Grand Trunk Pacific Railway, of which he is a director. He is also president of the Union of London and Smith's Bank, of London, which acted as trustee for this issue.

Commenting on the issue of Grand Trunk and Canadian Northern short term notes, the London correspondent of the *New York Annalist*, says:—"It might be thought from the success of the city of Winnipeg's issue here, which was oversubscribed, and the ease with which one or two exceptionally attractive industrial issues have been floated, that the new loan market was entering on better days. But the Grand Trunk and Canadian Northern Railway Companies have obviously found it otherwise. Needing money, they and their financial godfathers have not ventured to issue long-term stock. They have eaten of the fruit of the tree of knowledge shown to them by the American railroads, and have been borrowing on short-term notes, one at least, at ruinous rates. The Canadian Northern has had to allow 6½ per cent. to buyers of \$3,500,000 one-year notes. The Grand Trunk has got off with 5½ per cent. in selling \$1,500,000 five-year notes. In each case the notes are secured by collateral, the Grand Trunk on \$2,000,000 4 per cent. debenture stock, and the Canadian Northern on \$5,000,000 3½ per cent. guaranteed bonds.

Advice for Our Railroads.

"The idea is that when the notes mature the loan market will be more favorable, and the collateral will be issued to repay the notes. That is the happy-go-lucky idea which underlies all finance of the sort. And then when the time comes there is another Balkan war, perhaps, and the borrower has to renew the short-term loan again at an exorbitant rate. The shorter the term for which you borrow, the more opportunities you give to lenders to squeeze you. And in nine cases of the sort out of ten of which you have experience, the event has shown that it would have been better policy for the borrower to have made a fixed loan at once, even on the terms that seemed very bad at the moment, and to have had done with it."

WESTERN LOANS AND COLLECTIONS.

The Monetary Times, discussing the question of loans and collections with the manager of a loan company in Winnipeg, was told that payments are coming in satisfactorily, but that so far as loans are concerned, there is little money to be had. Notwithstanding this, a number of the leading firms are doing a considerable amount of loaning, on both farm lands and city property.

Wholesale houses report that collections are poor, but they look for an improvement this month and next.