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IMPORTANT EFFECT OF C.P.R.'S FINANCING.

C.P.R. financing has furnished the main topic for discussion this week. The Company's action in asking its shareholders to lend it \$41,600,000 for ten years on what is practically a ten per cent. basis is variously construed according to the standpoint of the critic or observer. The radical element of the public denounces it as stock-watering and declares that "the people" must in the last analysis pay, in excessive passenger fares and freight rates, the bill for the benefits now allowed to the stockholders. On the other hand the owners of the common stock doubtless regard the note issue as a satisfactory method of providing the capital needed for the great projects under way.

EFFECT ON MONEY MARKET.

From the money market's point of view the note issue means the bringing into Canada in the course of the next three or four months of \$32,000,000 or \$33,000,000 fresh capital from abroad. That is a most important consideration under present circumstances. The payments on the \$60,000,000 stock issue this year undoubtedly served a very useful pur-

pose in enabling the Dominion to get through a difficult season without serious trouble; and the importation of this new body of capital will help materially to put a better complexion on the affairs of 1914. The tendency will be to hasten the coming of better times and in that way all parts of the country should share in the benefit. It is quite probable that Canada as a whole will take this broad or large view of the transaction notwithstanding the arguments of the corporation-baiters and popularity hunters. The stockholders of the C.P.R. have to provide \$16,640,000 cash on February 2nd, and \$24,960,000 at the beginning of March. The financing entailed upon them is not so onerous as that necessitated by the last issue of stock. While the Montreal and Toronto holders will have to do some financing in this case, the burden falls mainly on London. Probably our markets will feel the benefit of the prospective inflow some weeks before the cash arrives. In the meantime there has been no change in rates. Call loans are quoted 6 to 6½ per cent.; and mercantile paper is discounted at from 6 to 7.

EUROPEAN MONETARY POSITION.

The Bank of England secured the bulk of the \$4,000,000 new gold offered on Tuesday in the London market. Bank rate at the British centre remains at 5 per cent. In the open market call money is quoted 4¼ to 4½ p.c.; short bills are 5 per cent.; and three months' bills, 1 3-16 to 4/8. At Paris the private rate of discount is 3½ p.c. as against the Bank of France's official quotation of 4 p.c.; and at Berlin the private rate is 4½, while the Reichsbank quotes 5½. A reduction in the German bank rate is expected.

BORROWING STATES LOOK ASKANCE AT CANADA.

With reference to London it has been noted that the market was somewhat disturbed over the Dominion loan of £4,000,000. That loan being so quickly followed by the Canadian Pacific announcement probably caused some apprehensions of large Canadian borrowings in 1914. The numerous borrowing states which are awaiting an opportunity to float loans of their own doubtless look on our activity with no kindly eye. From their point of view the Canadian issues tend to absorb the available funds and to make it more difficult for later applicants to get the money they need. Perhaps it will put a check on the expenditures of second and third rate powers on armaments and on war if they have to stand aside while countries like Canada are getting what money they need for reproductive purposes.

NEW YORK MONEY.

The New York money market has been firm. Call loans are quoted 5½ per cent.; sixty day loans are 5½; ninety days, 5¼; and six months, 5 per cent. Thanks to an enormous contraction of their loans the clearing house institutions at New