PROVINCIAL GOVERNMENT BONDS

Issues Amounting to $6,630,000 Sold This Year to Date—Ontario's Loan Explained

The sale of $3,000,000 6 per cent. 10-year bonds of Ontario province makes the fourth provincial government issue of the year. The first provincial borrower was Saskatchewan, which marketed $630,000 5 per cent. 15-year bonds with little publicity. The four provincial government issues to date are as follow:—

1918	Government	Amount	Securities	Rate %	Term years	Offered to Yield Investors %
Jan.	Saskatchewan	$ 630,000	Gold bonds	5	15	6½
Jan.	Manitoba	1,000,000	Gold bonds	5	2	6¼
Jan.	Manitoba	1.000,000	Gold bonds	6	10	6¼
Feb.	New Brunswick	1,000,000	Coupon gold bonds	6	10	6¼
Feb.	Ontario	3 000,000	Coupon gold bonds	6	10	6
		$6,630,000				

In all cases, the issues were approved by the Priority Board of the Department of Finance, Ottawa. The Saskatkatchewan issue was offered privately by a syndicate of bond houses and was taken in a few hours. The Manitoba issue quickly followed. The 2-year bonds were offered at 96.97 and the 10-year bonds at 98.16, both "and interest." The New Brunswick issue was made at 99.08 and accrued interest, while the Ontario bonds were offered at par. The four provincial government issues this year to date total $6,630,000, compared with $6,382,500 for the entire twelve months of 1917.

Impossible in New York.

Explaining the loan of $3,000,000 last month, Hon. T. W. McGarry, provincial treasurer of Ontario, said that a loan in New York would have been impossible at less than 8 per cent. The bond brokers in Toronto at first would not guarantee to purchase bonds at 6½, but they were willing to take an option on them. He then saw Sir Thomas White, finance minister, and made arrangements for money at 6½ per cent. On February 4th, Sir Thomas White asked him to feel out the market in Toronto, and place a loan in Ontario, if possible.

"We had in mind that the Dominion government must go into the market this year for $400,000,000 at least," said Mr. McGarry. When he commenced negotiations with the Toronto brokers he specified that the loan should be at better terms than 6½ per cent., and he gave three companies: Messrs. A. E. Ames and Company, Messrs. Wood, Gundy and Company and the Dominion Securities Corporation, authority to place $2,000,000 of Ontario bonds at 6 per cent., provided they could place these bonds where they would not interfere with Dominion financing, and on the understanding that the investors who bought them undertook that the bonds would not be placed on the market. What the bond dealers got was the right to feel out the market. No sale took place and no communication came from them between February 4 and February 18, when Mr. Wood intimated that they had succeeded in placing the $2,000,000 in such a way that they would not come into competition with Dominion bonds. Later, Mr. Wood said they could place another $1,000,000. The province would probably require $8,000,000 for capital expenditures this year, most of it for the Hydro-Electric. The money will cost 6.3166 per cent. The loan was not finally put through until last week.

Average Sale Price, 97.66.

Mr. McGarry said that in his judgment no government in Canada had placed a loan recently on such favorable terms. "It would have been unfortunate if the province had not been able to place the loan, and consequently no announcement was made in the papers," said Mr. McGarry. "There has been no commission paid by the province. The $2,000,000 issue was sold at 97 and the $1,000,000 at 99, the average being 97.66."

COBALT ORE SHIPMENTS

The following are the shipments of ore, in pounds, from Cobalt Station for the week ended February 22nd, 1918:—

Kerr Lake Mines, 59,408; McKinley-Darragh-Savage Mines, 86,592; O'Brien Mine, 64,320; Dominion Reduction Company, 82,000; Buffalo Mine, 240,965. Total, 533,285 pounds, or 266 tons.

The total shipments since January 1st, 1918, now amount to 1,392,459.8 pounds, or 6,962 tons.

SASKATCHEWAN FIRE LOSSES

Mr. A. E. Fisher, fire commissioner and superintendent if insurance for Saskatchewan, in an address at a recent meeting of the Moose Jaw Fire Agents' Association, stated that during the past year in Saskatchewan there was sufficient wheat destroyed by fire to feed all the cities of the province for a period of twenty months. Fire caused the loss of twenty-three lives in the province and the serious injury of fifteen other persons, and the financial toll of fire in Saskatchewan last year totalled $2,750,000.

LONDON MUTUAL FIRE INSURANCE COMPANY

Judging by the balance sheet of the London Mutual Fire Insurance Company for 1917, the corporation has not only made a substantial profit on its operations for the year, but has also improved its position and increased its reserve strength. The result of the year's business was a profit of $40,656 after providing for all bad and doubtful debts and outstanding liabilities. Of this amount, $15,000 has been set aside as a reserve for possible future losses on investments, and the balance ($25,656) has been added to the surplus. The net premium income for the year was $399,923, an increase of $36,239, while both the loss and expense ratios have been satisfactory.

The reinsurance reserve (full government sandard) stood at $279,095, an increase of $6,763; the cash surplus, $141,559, an increase of $25,656; and the capital stock paid up at $19,250, an increase of $1,750. The total cash security for policyholders was $502,417, an increase of $31,301, in addition to which there is the unassessed portion of premium notes, which amounts to $250,999, an increase of $3,507, making the total security to policyholders $753,417, an increase of $34,808, and a total surplus to policyholders of $411,808, an increase of $30,913.

The company held its annual meeting last week, when a very satisfactory financial statement was presented. Mr. A. H. C. Carson is president of the company, devoting his entire time to the promotion of its interests. Mr. F. D. Williams, the manager, is attached to the Royal Flying Corps, but is able to give a part of his time to the company's affairs. The directorate comprises Messrs. A. H. C. Carson, president; R. Home Smith, vice-president; directors, F. D. Williams, A. C. McMaster, W. T. Kernaham and H. M. Cowan.

IMPORTANT VISIT TO WASHINGTON

Ottawa despatches, discussing the visit of Sir Robert Borden, premier, and Hon. A. K. MacLean, acting finance minister, to Washington, point out that at the present time Canada is buying at the rate of about four hundred million dollars more per year from the United States than the United States buys from Canada. Iron and steel supplies, coal, etc., are needed by Canada from across the border in larger quantities than ever before. Much of the raw materials brought in are afterwards sent in the form of munitions, etc., to Britain, which asks Canada to finance her credits for all war supplies purchased here. Canada has to pay the United States for goods imported, and the adverse trade balance must be taken up in gold or credit. Great Britain's adverse balance with Canada has so far been taken up with credits furnished by the Canadian treasury through domestic loans. Great Britain can still get loans from the United States, but Canada is asked to raise all necessary cash within her own resources.

In consequence of the adverse trade balance with the United States and the gold scarcity, rates of exchange between Canada and the United States are such as to prohibit further purchases by Canada unless credits are continued.

While nothing official is obtainable as to the proposals in view to remedy the situation, it is understood that what the Canadian ministers hope to secure is an agreement with the British and United States governments for reciprocal credits, balancing Canada's payments due across the border with Britain's payments due here. This, it is said, will be done through the medium of a new British credit established with the United States government, against which Canada might draw in liquidation of the amount owed by Britain to Canada. This system of cross-balancing would remedy the exchange situation, and provide for a continuance of the flow of supplies from the United States to Canada and from Canada to Britain.