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THE GENERAL FINANCIAL SITUATION.

There are some signs that the market for high-grade securities is becomming to be favourably affected as a result of the events of the last few weeks. While trading in the Victory Bonds has only been going on a couple of weeks, an early advance in their fixed price is already talked of. By all accounts, the recent loan was placed a good deal more firmly than its predecessor, and realizations by those who over-bought, either deliberately or through an error of judgment, are somewhat less than was the case a year ago. This is an excellent sign for a healthy investment market during the next few weeks, and should such signs persist, the task of those in charge of the national financing will be considerably facilitated in the floating of the next loan. It may be reasonably anticipated that prior to that event, and with a general firming-up of the bond market, there will be a fair advance in the fixed prices of the Victory Bonds.

Financial circles have been interested in the sale this week of $1,000,000 4½ per cent. 35-year bonds of the Harbour Commission of Toronto, the first important event of its kind since the armistice. The successful tenderers, the Dominion Securities Corporation and Messrs. W. A. Reed & Co., offered a price of 83.39 New York Funds (equivalent to about 84.70 Toronto), which represents a price of slightly less than 5.50 per cent. to the city. This is a very fine result, and in comparison with the offerings in the early part of the year of high-grade municipal bonds at from 6 to 7 per cent. marks a distinct improvement in the market for this class of securities. The personnel of the successful tendering syndicate, and the fact that arrangements were made for payment in New York funds, indicate that the expectation is that the great bulk of these bonds will be disposed of in the United States. Their long-term, and scope for appreciation in capital value, makes them, of course, an exceedingly attractive issue for that market. The fact that this substantial block of bonds has been readily disposed of, also, at so good a price, is an encouraging indication of the possibilities attending the sale of Canadian high-grade investments in the United States in the near future. Any pronounced movement of this kind would not only be exceedingly useful in enabling the Canadian municipalities to liquidate their floating indebtedness and to finance new public works, which have had necessarily to be deferred for several years, but might also become an important factor in the rectification of exchange, and the placing of it upon a more normal basis.

A distinctive feature of business on the Canadian stock exchanges during the last few weeks has been a rise in the prices of bank shares. About ten days ago, practically all the bank stocks, with two exceptions were on offer at minimum prices, but light buying has served to bring out advances of from two to eight points in these quotations. A number of factors enter into investment calculations in connection with these stocks. While the promise of a definite decline in the rate of interest is a factor, there is also the consideration, suggested by the series of bank balance sheets which have been lately published, that the banks are on the threshold of a period of substantial and increasing earning power. There is, moreover, the expectation that at no distant date, valuable rights will accrue to bank shareholders in connection with new issues of stock, which in case of several of the leading banks are likely to be no longer deferred than is absolutely necessary. There is every indication in fact that we are on the eve of another period of great expansion in Canadian banking activities, which will necessitate considerable new increases of capital, and result in the long run in most substantial gains to shareholders and a marked enhancement of the prestige of the banks and Canadian finance generally.

Several interesting features are disclosed in the various trade returns issued this week. In regard to the whole of our foreign trade, our November exports totalled $119,161,003 and imports $73,090,048, giving a surplus of exports over imports of $46,070,-955. November exports in the record-breaking year 1917 were $187,315,515 and imports $72,708,439. The decrease is doubtless a reflection of this year's smaller grain-crop and indicates the extent to which our export trade depends upon the country's basis industry, agriculture. Our grain export last month at $24,278,235, were recorded at less than a third the figures of November last year, the decrease in the face of the fixed high price being a measure of the smaller surplus available from the disappointing wheat crop. On the other hand, exports of manufactures were well sustained last month, their total of $53,598,932, comparing with $68,947,268 in the corresponding period of last year.

Taking the eleven months' figures, the total exports reach $1,121,733,843, and imports, $833,329,-139, a surplus of exports over imports of $288,404,704 The 1917 figures are respectively: exports, $1,399,-018,000; imports, $943,499,567, and surplus $455,-519,369. On these figures, it appears that our export balance for the full year will be about $200-000,000 less than in 1917, but somewhat larger than in the next best year, 1916. So far as our trade with the United States is concerned, an analysis issued from Washington this week shows American imports of Canadian p oducts at the h ghest level of the year in October, as a result of the filling of United States

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