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## OUR BOND ISSUES.

Mr. E. R. Wood's annual compilation of Canadian bond issues, and his timely comments thereupon contain this year, as usual, much that is of interest to financial students and observers of the Canadian situation. In 1916 there was a falling off in the total amount of our bond issues in comparison with the preceding year, a welcome indication that all the advice given by bankers and financial leaders in regard to the necessity of curtailment of unnecessary or postponable expenditures has not fallen on deaf ears. This advice was of course, reinforced by the prevalent high rates of interest, which naturally acted powerfully in the discouragement of would-be borrowers. The total Canadian bond issues of 1916 reached \$316,917,362, compared with \$341,892,871 in 1915, a decline of approximately \$25,000,000. The decline is mainly accounted for by decreases in the amounts of municipal and railway issues. Government issues during 1916 totalled \$208,621,933 against \$214,814,133; municipal issues, \$49,893,763 against \$66,508,073; railway issues, \$15,920,000 against \$37,915,665; miscellaneous, \$19,531,666 against \$8,050,000, this increase being attributed to the impetus given to industrial concerns through the enormous munition orders in the Dominion. Public service corporations, including Canadian corporations operating abroad issued bonds last year aggregating \$22,605,000 against \$14,605,000 in the year preceding, re-financing explaining to a large extent this increase.

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The distribution of these bonds shows an increasing dependence upon United States investors. Of the total issue in 1916 of \$316,917,362, Canada absorbed 33.56 per cent. (\$106,375,014), Great Britain 1.55 per cent. (\$4,866,666), and the United States 64.89 per cent. (\$205,675,682). The proportions in the preceding year were Canada, 43.71 per cent.; Great Britain, 14.18 per cent. and the United States, 42.11 per cent. The decline in Canada's share of these issues, amounting to over \$43,000,000 in comparison with 1915, is attributed by Mr. Wood to the fact that the funds of many wealthy investors were being utilized to a much greater extent in financing their increasing business and also because of the "tempting possibilities in the stock market." It should be noted, however, that in addition to absorbing the 1916 issues to the amount mentioned. Canadians bought back during 1916 parts of previous London issues, which

can be safely estimated at \$24,000,000. This buying back has now been stopped through the prohibition of the British Treasury, which insists on retaining such securities in Great Britain, for use in connection with the various measures of war financing. United States investors took Canadian issues of 1916 to an amount exceeding that of 1915 by \$61,700,000, an exceedingly satisfactory development, following upon very rapid growth in preceding years, of our financial relations with our neighbours to the south. The figures given, it should be remembered, do not take into account redistribution of old Canadian issues in the American market both by Canada and London, which would undoubtedly total at least \$16,000,000 during 1916. It is, therefore, reasonable to estimate, says Mr. Wood, that United States investors have taken at least \$221,675,000 of our bonds during the past twelve months.

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The phenomenal amount of funds in the United States available for investment, the attractive returns from Canadian securities and the excellent record which Canadian bonds enjoy, account in Mr. Wood's opinion, for the favorable reception of Canadian bonds in the United States market. In this connection, Mr. Wood prints an interesting table showing the yields given at recent date in the New York market by Canadian bonds and the British and other issues made in New York during the war. From this table it appears that while the credit of Canada in New York is approximately upon a five per cent. basis, foreign belligerents' credit (where collateral is provided) is on a 6 per cent. basis and, without collateral, on a 7 per cent. basis. Although the position is to some extent illogical, the figures constitute striking evidence of the valuable character of the preference given by United States investors to Canada, through their refusal to regard the Dominion as a "foreign" country. Obviously, it is of very great importance that Canada should continue to maintain this position in the American investment market and that no action should be taken which would in any way tend to depreciate our credit among United States investors. In these trying times, remarks Mr. Wood, nothing is of greater importance to Canada financially than that the wealth of the United States should continue to seek the investment opportunities presented by the bonds of our governments, municipalities and public and private corporations.