

Government and Municipal Bond Market

British Columbia Sells Securities at a Premium—Issue Disposed of Across the Line—Saskatchewan Will Conduct a Campaign to Sell Farm Loan Debentures Locally—Three and a Half Millions Wanted—Windsor May Test the Local Market

THERE is no visible broadening tendency in the bond market just yet, and bond dealers are of the opinion that no great change will take place this year. After the strain of the crop movement and the credit situation has been relieved, a better demand is expected, while prices will no doubt stiffen, but until Victory bonds are placed on the open market, which it is hoped will be at the end of the year, and prices are allowed to find their own level, it is recognized that there will be no marked improvement.

The market in the United States is in a very satisfactory condition. Demand is good, and prices, particularly of Liberty bonds, have had a marked advance. There is also a good demand for Canadian bonds in that market, as evidenced by the absorption of all of the British Columbia issue and practically all of the Ottawa bonds. The same syndicate which purchased the \$1,000,000 of British Columbia's, are now offering to place double that amount of the same bonds on the same terms, which should be a good indication of the situation.

British Columbia May Borrow More

According to an announcement made in Vancouver recently, British Columbia has not yet finished borrowing this year. The province has under consideration a loan of about \$5,000,000 for roads, this loan to be provided for out of increased motor fees. Should conditions warrant, a similar amount will be borrowed within the next three months. In addition, it is understood that the government has been sounding local bond houses with a view to having them subscribe to a loan to provide funds wherewith the \$3,000,000 University of British Columbia project at Point Grey may be inaugurated under the provisions passed at the last session of the legislature.

Windsor, Ont., is now considering the advisability of selling somewhat over \$400,000 debentures locally. It will be remembered that the city had some \$376,548 debentures recently returned, owing to a legal difference. These securities, together with some housing bonds, are now ready for the market. Whether local or not it has not yet been decided.

Gloucester Township bonds, which are being offered locally are selling well, according to reports. City Treasurer Huber, of Kitchener, Ont., also advises *The Monetary Times* that about \$80,000 of total of \$152,300 debentures have been disposed of over the local counter.

City Treasurer Davis, of Hamilton, also advises that since May 1 last approximately \$425,000 debentures have been sold to inhabitants of the community at a 6 per cent. rate.

Saskatchewan to Sell Locally

Saskatchewan has decided to conduct a campaign between October 26 and December 7 for the sale of \$3,500,000 farm loan debentures within the province. According to Hon. C. A. Dunning, provincial treasurer, the campaign will be conducted on a miniature Victory loan scale. The executive of the Saskatchewan Press Association will take charge of the publicity side of the campaign, and the municipal officials throughout the province will have charge of the organization work and will arrange for canvassing committees. Mr. Dunning, speaking of the new plan, said in part:—

"The Saskatchewan Farm Loans Board has loaned over \$5,250,000 since the first loan was made on September 10th, 1917. In a new province like ours the lack of capital has always proved a heavy handicap to thousands of our best farmers. The need of adequate capital was never greater than it is at present when so many of our farmers are changing over from straight grain growing to mixed farm-

ing. At the same time, financial conditions throughout the entire world have never been more unsettled.

"There is no way by which the government can secure sufficient funds at a reasonable rate of interest to meet the heavy demand from farmers in all parts of the province, except by guaranteeing to the home investor a safe and profitable investment, and borrowing from the people of Saskatchewan who have money the funds to loan farmers who desire to borrow on first mortgage, on longer terms and at a lower rate of interest than they can secure money from other sources. I feel quite confident that we can secure from our own citizens the money which is so urgently required for establishing our farming industry on a permanently profitable basis.

"In creating the Farm Loans Board our principal object was to reduce the cost of money to the farmer, not to do all the farm loan business. It was never the policy of the government and it is not the policy at the present time to attempt to take over the farm loan business, but rather to exert an influence on the cost of money to the farmer and to affect the terms and conditions upon which he secures mortgage loans, just as the Saskatchewan Co-operative Elevator Co. influences the grain business in Saskatchewan. There is every indication that our hopes are being realized, as there is ample evidence that we are affecting the farm loan business in the province to a very great extent.

"Saskatchewan farm loan debentures are an obligation of the whole province of Saskatchewan and therefore provide an absolutely secure as well as a patriotic investment for our citizens. As these bonds are redeemable at par at any time by giving the provincial treasurer three months' notice in writing, the bonds can never depreciate in value and are always worth 100 cents in the dollar. The interest yield of five per cent. per annum, payable semi-annually, gives a satisfactory return to the investor while providing the farmers of our province with capital at a reasonable rate of interest.

"Up to the present time, although there has been no active campaign put on to dispose of these bonds, a total of \$2,082,000 worth of the debentures has been sold. We had just entered upon a campaign for the sale of these bonds in the fall of 1917, but at the request of the finance minister of Canada we laid our campaign aside so as not to interfere with the Victory loan campaign."

Bond dealers are rather doubtful as to the outcome of such a campaign, especially in view of the fact that Saskatchewan bonds are now selling to yield 6.30 per cent. There will be a number of purchasers, no doubt, who will be attracted by the 90-day retirement privilege, and a number more who will yield to the "call of patriotism," but wise investors will demand more than a 5 per cent. yield. To sell the entire \$3,500,000 within the period desired is considered almost an impossibility, at least just now.

Coming Offerings

The following is a list of debentures offered for sale, particulars of which are given in this or previous issues:—

Borrower.	Amount.	Rate %.	Maturity.	Tenders close.
Ste. Anne de Chicoutimi, Que.	\$ 25,000	5½	10-years	Oct. 11
Three Rivers, Que. .	700,000	6	10-years	Oct. 11
Kentville, N.S. . .	30,300	6	25-years	Oct. 18

Kentville, N.S.—The \$30,300 6 per cent. debentures of the town, for which tenders are being called, are redeemable in twenty-five years. The latter remark was omitted from the advertisement which was published in *The Monetary Times* last week.