MONEY AND MAGNATES

The Canadian War Loan

THE New York Evening Post says that in banking circles it is stated that negotiations have been resumed by Canada for a new loan in New York. Some of the American bankers, the paper adds, some weeks ago agreed to advance $150,000,000 to the railways.

The last Canadian loan was $75,000,000 in five, ten and fifteen year bonds, placed to yield from 5.10 per cent. to 5.50 per cent. Part of the proceeds went to mature the one year Canadian issue which fell due the first of this month across the line. Bankers here doubt that the Government is negotiating for another issue across the line, believing rather that any conversations have been with reference to the second Canadian war loan to be put out shortly, part of which is expected to go across the border.

Bankers do not place any credence in the report that the second loan will be payable in New York, as well as on this side of the border. It is pointed out that this is to be a domestic loan, and that provision was made to take care of the American demand by means of the external loan of $75,000,000 placed across the line in the spring.

The new British loan, to be offered by J. P. Morgan and Co. and other bankers, will be $250,000,000 in 2-year 5 per cent. notes, dated September 1st, 1916, maturing September 1st, 1918, redeemable at option of the British Government on 30 days' notice in whole or part up to August 31st, 1917, at 101 and interest, and thereafter any time before maturity at 100½ and interest. The collateral has a value, calculated at present market prices, of at least $300,000,000. The loan will be handled by the syndicate at 98, and will be offered to the public at 99.

At 99 the notes will yield between 5½ and 5¾ per cent. The Anglo-French loan, issued at 98, yielded between 5.40 per cent. and 5½ per cent., and is now selling to return about 6.15 per cent. The Canadian 5, 10 and 15-year loan in New York last March yielded from 5.10 per cent. on the 5-year bonds to 5½ per cent. on the 15s.

In banking circles it is stated that the British loan is for the purpose of protecting the sterling exchange market, which has been showing signs of drooping. It is understood that other countries allied with Britain will join later in protective measures to maintain the level of their exchanges, probably by other loans.

Included in the collateral for the new British loan will be the latest Canadian Government bond issue, amounting to over $100,000,000, which the authorities handed over to Britain in payment of advances made to Canada by the Imperial Treasury. These obligations will prove attractive backing to the American investor.

An interesting transaction showing the close relations between the Allies has taken place between Japan and Britain, the former having placed at the disposal of the latter some thirty million dollars in New York credits which had been built up during the past year. In exchange Britain turned over to Japan an equal number of British Treasury bills. The deal relieved the sterling exchange market by obviating the necessity of purchasing just that amount of New York funds in London.

New Records Made by Steel Products

OFFICIAL statistics of production of steel products in this country illustrate graphically the extent of the boom in the steel industry. The output of steel ingots and castings will be at a new high record in history, surpassing the previous high in 1913. Production of steel rails this year shows a big decline, due to the fact that only the Algoma Steel is seeking to do business of this nature, the other concerns concentrating on other products. As a matter of fact the output of rails for the first half of 1916 ran the smallest since back in 1905, and the record for the whole year promises to make a corresponding showing. It is learned that about 300 cars of steel, having a total tonnage of 4,000 tons, the first shipment of a 60,000 ton order diverted to Philadelphia from Canada, will be shipped to France on the British steamer Camlake. Railway freight charges on the consignment will be about $1,250,000 and ocean freight charges $1,000,000.

This refers to one of the big orders which the French Government endeavoured to place in this country in accordance with the plan of the Allies to give business to each other rather than to neutrals. Owing to the famine in steel, however, Canadian mills were unable to handle the contract. The incident is significant as illustrating the remarkable change which has come over the Canadian steel industry since war contracts were first placed about a year ago.

Local agencies of the steel companies report that so largely has the production been contracted for ahead that they have very little to sell for the balance of this year. The demand for domestic consumption is large, and this is being taken care of as far as possible, but many large orders have had to go across the border of late, owing to the inability of the Canadian companies to make deliveries before 1917. Among these orders is one from the Canadian Pacific Railroad, which has been in the market for 14,000 tons of steel rails. The road now has another contract for 11,000 tons to place, which will also go to United States manufacturers, as the Canadian companies are too busy on war munitions to meet delivery requirements.

The trade reviews note an advance across the line in all wire products amounting to $2 a ton, while plates are up from $2 to $3. The increase will, of course, be followed by the Canadian steel companies, as the domestic quotations are practically on a basis with Pittsburg plus the duty. It is stated at local steel agencies that they cannot accept orders for delivery of some wire products for many months to come. There is a marked scarcity of nails already, and the outlook is for further developments along the same lines. Meantime, owing to the higher prices, earnings of the big steel companies are mourning to new high records, as the volume of business handled is still the utmost capacity of the plants.

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