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FINANCE OF THE WEEK.

It was announced on Wednesday that the Bank of Montreal, acting as the financial agents of the Dominion Government, have underwritten in London, for issue to-day, a new Dominion Government loan of £5,000,000 to be issued in 4½ p.c. bonds, redeemable after May 1st, 1920, and maturing May 1st, 1925, the price of issue being 99½. This loan is the first public financing of the Canadian Government in London since the outbreak of war, and is issued under the authorization of the Appropriation Act, Statutes of Canada, 1914, chapter 59, which was to provide for capital expenditure upon undertakings under contract, including the terminals and works at Halifax, St. John and other ports; for the construction of the Welland ship canal; for the deepening of the St. Lawrence ship channel and for other capital outlays.

The terms of the loan are attractive to the London market under present circumstances, and it may be anticipated that the loan will be a success. Recently, it is interesting to note, Queensland entered the London market with a similar issue of bonds, but to an amount of £11,728,000 and at a price of 99. This issue, as also an earlier New South Wales issue of £2,000,000 4½ p.c. 5-year debentures at 99½, was largely over-subscribed. The securing of these funds should have an important effect here in allowing the continuance of public works begun prior to the war and at present unfinished.

SHELLS FOR RUSSIA.

The announcement that the Canadian Car and Foundry Company has secured a very large order for shells from the Russian Government is a favourable development, following a long campaign by the Company for foreign business. If suitable arrangements can be made to that end, apparently the work of making these shells will be widely distributed among the numerous firms who have lately turned their attention to this temporary industry, and some of it turned over to firms in the United States. This large order will undoubtedly be of benefit in tiding over the industrial interregnum here, though some of the manufacturers complain that profits upon shell manufacture are on a very modest scale.

The order may possibly also be useful in directing attention to the possibilities of Russia as a field for certain lines of Canadian manufactures after the war. The impression seems well founded that following the war, there will be in Russia an era of immense industrial development, not dissimilar in character to that which took place in Canada between 1900 and 1910, necessitating the importation of large amounts of foreign-made equipment and supplies of all kinds.

STOCK EXCHANGE MINIMUM PRICES.

Complaints are again heard locally of the action of the Canadian Stock Exchange committees in maintaining the minimum prices of representative securities at too high a level. While a number of Canadian industrial concerns have passed or reduced dividends since the end of July, the minimum prices fixed for these stocks have not been reduced correspondingly. This policy is contrasted unfavourably with that of the New York Stock Exchange, where, as in the case of United States Steel common, the official minimums have been reduced following the reduction and eventual passing of the dividend. The latter policy results in the keeping open of the market for holders requiring to sell, while the Canadian policy, it is said, prevents holders realising. The minimum prices, a Canadian correspondent of a New York daily writes, are supposed to regulate the margins in case of bank loans, and perhaps some of the brokers would find that their collateral did not represent the full 20 per cent. over and above the loans, if the minimum prices of representative stocks were reduced to the point of permitting real buying and selling. Again, perhaps some firms would be forced to show liabilities in excess of assets, if stocks were put in at actual valuations. In this way some uncomfortable facts which have lately developed are not as yet officially recognized; but everyone knows that the banks have registered special marks against the loans which are unable to provide the required margin without putting in the security at prices higher than are warranted, and when statements of position come in, they will make their own valuations and adjustments based on the prices which they think should obtain for the stocks of uncertain value.

Meantime there seems no good reason why holders requiring to realise should not negotiate privately the sale of their holdings at less than the minimum prices, and this is undoubtedly being done in many cases.