

Net new issues of securities in Canada by the federal, provincial and municipal governments and by corporations have shown wide swings over recent years. In 1954 the total amount of net new borrowing through the securities market in Canada was just under \$1 billion, in 1955 it was almost \$2 billion, in 1956 it was somewhat over \$1 billion, in 1957 \$1,750 million, in 1958 nearly \$2,700 million, and in the first six months of 1959 it was about \$1,100 million. This year the federal government's share of Canada's net new borrowing requirements will be only about half of what it was last year.

The role of the chartered banks in the bond market has also been significant. In round figures the chartered banks held about \$2,500 million of Government of Canada securities in August, 1957. By October, 1958, this figure had risen to almost \$4,000 million, and the published figure last week showed holdings of approximately \$2,800 million. In other words, between August, 1957, and October, 1958, the banks made net purchases of \$1,500 million of Government of Canada securities, but during the past twelve months they have made net sales of \$1,200 million, -- sales which were necessary in order to provide funds for regular business and commercial loans. The constant selling by the banks has for many months created a steady pressure on the bond market.

The encouraging corollary of these figures is that the general public in Canada, after several years of selling off their Government of Canada securities, have during the past twelve months greatly increased their holdings. In 1955 the general public's holdings of Government of Canada securities were about \$9 billion; by mid-1958 they had fallen to less than \$8 billion. Today the public's holdings of our bonds exceed \$10 billion, an increase of \$2 billion in twelve months.

In other words, in one year the public's holdings of Canada Bonds have risen by 26 per cent. This increase is in part a reflection of the more attractive interest rates prevailing, but it also demonstrates unmistakably the growing public confidence in the Government's determination to resist inflationary pressures and to defend the value of our national currency. This same confidence was further demonstrated by the striking success achieved by our Bond issue on September 14th, the result of which has helped to stabilize the bond market still further.

Moreover, besides the increase of \$2 billion in its holdings of Canada Bonds the public has in the same twelve-month period increased its holdings of other Canadian securities, whether provincial, municipal or corporate, by another billion dollars.