

LONDON MARKET IS UNRECEPTIVE

MUNICIPAL BONDS

Borrowers from All Parts of the World Suffer from the Financial Stringency

Toronto Guarantees Housing Company's Bonds—Issues of Treasury Notes

Issues in London last week \$32,500,000
Left with the underwriters \$23,500,000

Last week, seven new issues aggregating \$32,500,000 and coming from all parts of the world—Canada, Brazil, Chili, Wales, South Africa, and England—were made in London. The condition of the market is indicated by the fact that \$23,500,000, or 70 per cent. of that sum, was left with the underwriters.

Underwriters Took Eighty Per Cent.

Private cables from London state that shareholders had subscribed for only 20 per cent. of the new \$10,000,000 preferred issue of the Brazilian Traction Company, the underwriters taking the balance of 80 per cent.

Leading underwriting houses in London are trying to put an embargo upon new issues until the undigested securities have passed into the hands of investors. Experience shows that embargoes of this kind are likely to break down before tempting offers from would-be borrowers.

New issues include \$2,500,000 in 6½ per cent. participating preference Columbia Western Lumber Yards, for the establishment of retail yards at Edmonton and elsewhere, by Messrs. Mackenzie and Mann.

Left With the Underwriters.

A large number of Canadian borrowers are awaiting improved conditions in order to seek favor in the London market. The results of the majority of Canadian loans overseas this year to date have not been very gratifying on account of the stringency. Here is a list of some of the issues of which the underwriters had to take 40 per cent. and over:

Borrower	Amount	Percentage left with underwriters
Quebec Government	\$ 400,600	48
Grand Trunk Pacific Railway	479,300	73
City of Toronto	1,075,000	85
Edmonton, Dunvegan and British Columbia Railway	411,520	98½
City of Winnipeg	750,000	75
Terminal Cities of Canada	679,012	82
Pacific Great Eastern Railway	1,000,000	60
Saskatchewan Province	1,000,000	85
Southern Alberta Land Company	250,000	65
City of Edmonton	1,068,000	80
Grand Trunk Pacific Railway	2,000,000	80
City of Maisonneuve	187,600	50
City of Montreal	1,430,600	66
City of Victoria	482,870	82

These Were Oversubscribed.

On the other hand, several of our issues were oversubscribed. These included the following:

Borrower.	Amount.
British Columbia Electric Railway	£ 750,000
City of Quebec	400,600
Toronto Power Company	616,438
Canada Southern Railway Company	411,520
City of Montreal	1,438,300
Manitoba Province	400,000
City of Prince Albert	102,700
City of Port Arthur	415,700

Changes in Canadian bonds occurred during the last week as follows:—

- Dominion of Canada, registered, 1930-50, 93-95.
- Province of Quebec, inscribed, 1937, 3 per cent., 77-70.

Regarding the issue in London of \$900,000 7 per cent. participating cumulative preference shares at 114, the Economist says: "The investment may be described as an industrial speculation with fair security and promise." The Statist says: "The shares may be regarded as a fair venture of their class."

At the last regular meeting of the Fort William city council it was decided that an issue of debentures to an amount of \$1,212,400 for waterworks should be made.

Retrenchment will mark the North Bay council's actions until its debentures are sold. Councillor Milne sounded a warning note with the fact that there were \$300,000 worth of unsold debentures of the town which the Royal bank was carrying. The bank had raised the interest charges to 6½ per cent., and from the state of the bond market there was no immediate prospect of selling municipal debentures at anything but a sacrifice.

May Issue Treasury Notes.

Mayor Roe, of Port Moody, B.C., says that the banks would loan money at 6 per cent. on treasury certificates, taking the city's bonds as security. He also states that he has communicated with eastern financiers regarding the bond issue. It is probable the treasury certificate plan will be adopted.

Saskatoon's board of school trustees have been informed by Messrs. Wood Gundy, Toronto, their fiscal agents that the outlook is not promising and are inclined to think that the trustees' bonds will not find a market unless placed at 90, the same figure as the bonds of Edmonton were quoted. Even then it is doubtful whether the sale could be made.

Guarantee Housing Company's Bonds.

Toronto city council have decided to guarantee the bonds of the Toronto Housing Company to the extent of \$850,000. That amount is eighty-five per cent. of the entire issue of \$1,000,000, and the remaining \$150,000 is guaranteed by the company. One hundred and fifty philanthropically inclined persons are interested in the company, which is incorporated in the regular way. The only salaried official is the secretary, who is paid \$2,000 a year. The shares have a face value of \$25 and no shareholder can purchase more than forty shares. These are payable at thirty days' notice and may draw dividends up to six per cent. Stock to the value of \$100,000 has been sold.

Col. G. A. Stimson of Messrs. Stimson and Company, has conferred with various British Columbia municipalities relative to debenture issues which are being held owing the financial stringency.

Burnaby has an Offer.

Reeve McGregor stated at the Burnaby, B.C., council meeting, that the bonds reported some weeks ago to have been sold in London, were not yet disposed of, owing to a slight hitch having occurred in the negotiations. He stated that a Toronto firm had asked for a fifteen-days' option on the last bond issue of \$625,000 and that a net rate be fixed and they would endeavor to dispose of them either at Toronto, Chicago or New York. Also they would consider a further extension of 15 days if this should fail and were prepared to advance 60 per cent. of the face value of the bonds as a ninety days' loan.

After some discussion on the matter and in view of the existing tangle in London, in connection with the other bond issue, a motion was made to the effect that Reeve McGregor be sent to London with power to act in connection with all the bond issues. This motion carried, and the expenses of the trip ordered to be paid by the municipality.

Point Grey will buy the sewers and waterworks of Shaughnessy Heights from the Canadian Pacific Railway. The by-law calling for \$324,606, to be used for this purpose, was given its second reading at the council meeting. The amount is payable to the Royal Trust Company, trustees for the two systems. The bonds will be issued at five per cent. interest.

BOND AND STOCK ISSUES

Messrs. G. W. Farrell and Company, Montreal, are offering the unsold portion of \$1,100,000 first 5 per cent. bonds, due 1942, of the Lake Erie and Northern Railway at 92½, with a bonus of 25 per cent. common stock.

The Abitibi Pulp and Paper Company is making an issue of preferred stock with a bonus of common.

STOCKS AND BONDS TABLE—NOTES

(u) Unlisted.
† Canadian Consolidated Rubber Bond Denominations, \$100, \$500 and \$1,000. Steel Company of Canada, \$100, \$500, \$1,000. Sherwin Williams, \$100, \$500 and \$1,000. Penmans, Ltd., \$100, \$500 and \$1,000. Canadian Cottons, \$100, \$500 and \$1,000.

‡ Quarterly.
All companies named in the tables will favor The Monetary Times by sending copies of all circulars issued to their shareholders, and by notifying us of any errors in the tables.

** Threthwey pays no regular dividend. They have paid:—1906, 4%; 1907, 4%; 1908, 15%; 1909, 25%; 1910, 10%; 1911, 20%; 1912, 10%.
Montreal prices (close Thursday) furnished by Burnett & Co., 12 St. Sacramento Street, Montreal
Figures in brackets indicate in footnotes date on which books close for dividends, etc.

(1) June 16-31 (2) June 6-16 (3) June 16-July 2 (4) June 20-30