BONDS PURCHASABLE BY INSTALMENTS

The present loan, as in previous cases, is payable in instalments.

How the three loans compare in this respect, is shown in the following table:—

Loan of Nov., 1915. Per cent. of loan.	Payable on	Loan of Sept., 1916. Per cent. of loan.	Payable on	Loan of March, 1917. Per cent. of loan.	Payable on
10	Application	10	Application	10	Application
7½	Jan. 3, 1916	30	Oct. 16, 1916	30	April 16, 1917
20	Feb. 1, 1916	30	Nov. 15, 1916	30	May 15, 1917
20	Mar. 1, 1916	27½	Dec. 15, 1916	26	June 15, 1917
20	Apr. 1, 1916				
20	May 1, 1916				
97½		97½		96	

In the first loan, the instalments were payable over a period exceeding five months. The second loan was payable during a period of little more than three months. The present loan is payable over a similar period. The privilege of paying instalments in full under discount at the rate of 4 per cent. per annum on the first occasion, was not available until about six weeks after the subscription list had been opened. In the second loan, that privilege was available within practically a month of the opening of the subscription lists. As a result of conferences of the government and the bankers, it was thought necessary to defer the calls on the first war loan until the financing of the crop movement had been completed. The initial payment on the loan, therefore, became due at the end of November, the larger instalments not beginning until February 1st. In the second loan the large instalments fell due in October, November and December, the most important part of the crop movement period.

The difference in this matter in the three loans was probably governed by the fact that financial conditions are easier, that the smaller western crops entailed less financing than in 1915, and that the monthly expenditure for war purposes was considerably heavier.

WHAT INVESTORS PAY AND GET

Analysis of the Price and Yield of Present Loan—How Conversion Privilege Figures

The man who pays for his $1,000 bond by instalments (see the official prospectus on page 8), pays exactly $960. This is 77 cents less than a 5.40 per cent. yield basis. In other words, a price to yield 5.40 per cent. in this case figures at exactly $960.77. This is shown in a carefully compiled and interesting schedule figured by W. L. McKinnon & Company, bond dealers, Toronto, a copy of which has been handed to *The Monetary Times*. The same firm has made the following special calculations regarding the present war loan.

The issue price is 96 flat. The purchaser pays $960 without interest for a $1,000 bond. His payments are spread over a period within the first half-year, but he gets a full half-year's interest on September 1st. Thus a bonus is really paid him on September 1st. After deducting this bonus, and discounting all payments to date of the bonds, the price to the investor becomes (1) 95.068 and interest (as at March 1st, 1917), if paid by the instalments mentioned on the prospectus, or (2) 95.156 and interest (as at March 1st, 1917), if paid in full by April 16th, 1917.

The exact yield rate is 5.4065 per cent. if paid by instalments, or 5.399 per cent. if fully paid by April 16th, 1917.

The bonus payable September 1st, 1917, resulting from the fact that the bonds are bought "flat" and not "and interest," is exactly $8.62 on each $1,000 for those who pay in instalments, or $5.10 on each $1,000 for those who are fully paid by April 16th.

For those who wish to fully pay for their bonds by April 16th, a discount of $2.65 per $1,000 will be allowed. Those who wish to pay balance in full on this date will require to pay $857.35 for each $1,000 bond. This, of course, is in addition to the 10 per cent. or $100 originally paid down on application.

Holders of Dominion of Canada 5 per cent. debenture stock, maturing October 1st, 1919, have the privilege of surrendering this stock at par and accrued interest. It will be taken by the government as the equivalent of cash in payment of any new bonds which are allotted to them out of this present war loan issue. Holders of this debenture stock are advised to exercise their privilege and make the exchange, unless circumstances absolutely demand that they have a security maturing by 1919. The following comparison illustrates the advantage of making this exchange:—

Due date.	Term.	Rate.	Price.	Yield.
Oct., 1919	3 years	5%	*$100.00	5 %
March, 1937 ...	20 years	5%	*95.156	5.399 %

*And interest.

Holders of first war loan convertible bonds due 1925, who are considering converting these bonds into the present issue, will be interested in the following comparison:—

Due date.	Term.	Rate.	Price.	Yield.
Dec., 1925	9 years	5%	*$ 97.50	5.35369%
March, 1937 ...	20 years	5%	*95.156	5.399 %

*And interest.

If payment of the ten per cent. deposit required is made in bonds issued under the terms of the war loan prospectus of November, 1915, or in five per cent. debenture stock maturing 1st October, 1919, such bonds or stock must be deposited with the present application in lieu of the cash payment

CUSTOMS REVENUE INCREASES $40,000,000

The customs revenue of Canada for the fiscal year which will end on March 31st will exceed that of the last fiscal year by more than $40,000,000.

The revenue from customs duties for February, the minister of customs announced recently, amounted to $11,190,000, or $1,062,000 more than those of the corresponding month in 1916. For the eleven months of the fiscal year which have now passed Canada's customs revenue amounted to $130,739,000, as compared with $91,946,000 in the same period of the previous fiscal year, or an increase of $38,793,000.

"The government confidently appeals to the Canadian people to support this loan, and thus further demonstrate the strength, unity and solidarity of the Empire, and our invincible determination to prosecute the war to a victorious conclusion."—Sir Thomas White, Canada's finance minister.

" Please accept my thanks for the interest which *The Monetary Times* has been good enough to take in the success of the war loan."—*Extract from letter of* SIR THOMAS WHITE, Minister of Finance, Canada, and dated Sept. 12th, 1916.