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THE NEW DOMINION LOAN

The new Dominion loan of £5,000,000, announced in London at the end of last week, has furnished material for discussion at home and in England during the past few days. The arrangements made in the present instance are about the same as in case of the loan of £3,000,000 last fall—4 per cent. bonds being then put out at 99; but they are more favorable for the Canadian Treasury than in the case of the £4,500,000 loan floated last December, when 97 was the best price procurable for 4 per cents. The loan is said by the cables to have been subscribed by the public to the extent of about 22 per cent.

NO IMMEDIATE TRANSFER OF FUNDS LIKELY.

It is not expected that the present issue will result in any immediate transfer of new funds to our financial centres from London, since the proceeds will be required largely for the purpose of clearing off the floating debt at the Imperial capital. Treasury bills in London have been continuously in evidence in the monthly reports of the Finance Department since August, 1913, and the amount outstanding has shown a marked tendency to rise, For instance, the January 31st, 1914, statement shows a total exceeding $18,000,000. However, even if the whole of the proceeds of the present bond issue were required to retire the bills, the presumption is that the Finance Minister will from time to time put out fresh batches of Treasury bills, the proceeds of which would be available for meeting outlays or expenditures in the Dominion.

CRITICAL ATTITUDE OF LENDERS.

According to the cables the announcement of the new loan occasioned some surprise in London, and some of the leading papers discuss it in rather unfriendly manner. It begins to be quite clear that even in case of the very best security Canada has to offer—the bonds of the Dominion Government—we cannot presume that there is an immediate market in England for an unlimited amount, with the completion of the present loan and possibly another of respectable size in the course of a few months we can expect that the financial interests overseas will invite the Finance Minister to endeavor to restrict his expenditures as a means of avoiding further recourse to London. Under these circumstances it will, of course, be advisable to cut out wasteful and unnecessary appropriations. The same thing applies to the provinces, the municipalities, the railways and other corporations.

MONEY UNCHANGED.

Money market conditions in Montreal and Toronto are practically unchanged—call loan rates being 5½ per cent., with some banks charging 6. We are now approaching the season for spring demands for credits, and possibly the banks will not be disposed to make any important concessions in the matter of rates until the spring revival is passed.

EUROPEAN MONEY.

The bulk of the $3,000,000 gold available in London, at the beginning of the week went to the Continent; and the circumstance had some tendency to harden discount rates at the English centre. Bank rate is held at 3 per cent. Call money is 1½ to 2 p.c.; short bills are 2½ p.c. and three months bills, 2⅜. The French bank rate is 3½ p.c. as heretofore, and private rate at Paris is 2¾. The German bank quotes 4, and in the private market at Berlin discounts are 3¼ per cent.

UNFAVORABLE FEATURES.

The Mexican situation is still viewed in Europe with calmness. Serious political complications are not at all expected; but naturally the various securities representing Mexican investments have displayed a drooping tendency under the selling of the parties who from time to time make up their minds to wash their hands entirely of the affairs of that troubled Latin-American republic. With reference to Paris, it is said that the position of important financial institutions is still critical—last week two