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Commodity Prices and Security Values

Price Declines Which Have Brought Bear Market in Stocks Have Improved Tone of Bond Market—Heavy Losses Registered By Speculative Securities on Canadian Exchanges—Bond Prices Are Firm in Canada and Show Advances in New York

WHICH way is the market going? was the question of foremost interest in brokerage circles during the past summer. The developments of the past few weeks have removed the feeling of uncertainty. Stock prices are going down, keeping pace with the fall in commodity prices, which must mean slow business and smaller profits. Bonds, on the other hand, which carry a fixed interest return are showing a tendency to strengthen as speculative issues lose favour and possibilities of market appreciation in stocks disappear.

Commodity prices have been falling steadily since last June, without a doubt, while the past two or three weeks have witnessed a more pronounced downward movement, but as far as Canada is concerned, an upturn in the bond market has not yet become greatly apparent. In this regard, however, it must be remembered that there has been practically no market here for any securities but municipals, so that to trace a definite movement is rather difficult. In the past few months practically all provincial bonds went to United States investors, while railroad and corporation securities were largely disposed of across the line. The control of the Victory bond market also eliminated another valuable index of conditions. Figures prepared by *The Monetary Times*, however, throw some light on the situation.

The movement of Dominion of Canada War Loan prices on the Canadian stock exchanges since July last, is shown in the following statement:—

	July, High.	Last Week, High.	Low.
Dominion of Canada 1925..	96	92½	91¾
Dominion of Canada 1931..	93	90½	89¾
Dominion of Canada 1937..	97	94¾	94

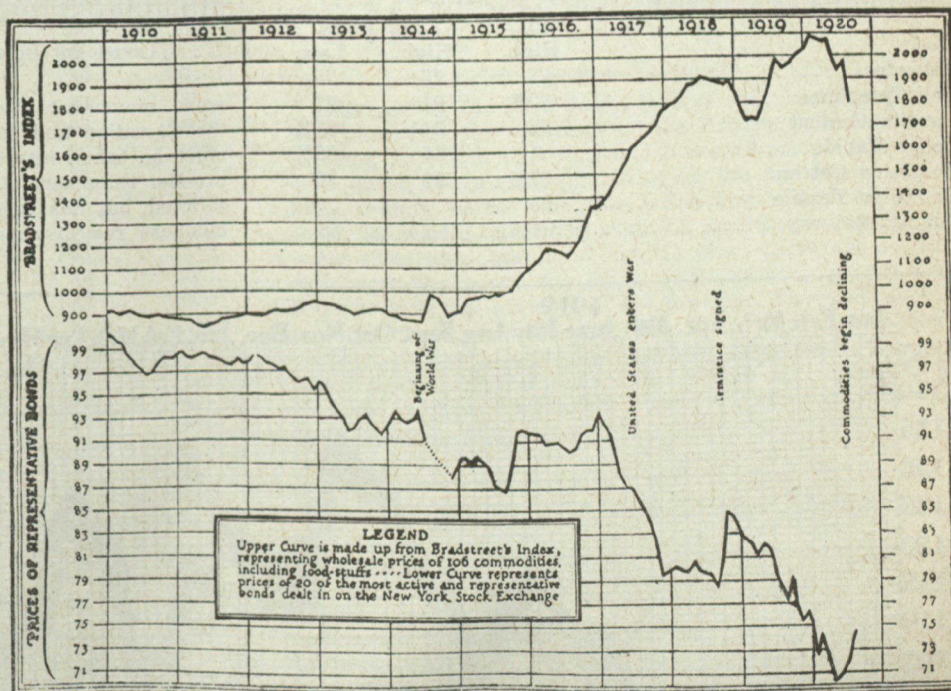
Municipal Prices Not Strengthened

Municipal prices show no particular strengthening tendency, as indicated by the rates of Ontario transactions, figures of which are as follows:—

June—	Counties.	Amount.	Rate %	Interest basis.
	Renfrew	\$100,000	5½	...
	Renfrew	150,000	5	6.47
	Carleton	190,000	6	6.38

August—

Counties.	Amount.	Rate %	Interest basis.
Carleton	\$150,000	6	6.70
Prescott & Russell ..	200,000	5½	6.70



BOND AND COMMODITY PRICES

October—				
Halton	35,000	6	6.53	
Lincoln	50,000	6	6.75	
November—				
Renfrew	150,000	6	6.65	

Other Municipalities (Straight Term).

June—				
Sault Ste. Marie	150,000	6	6.70	
Port Arthur	173,000	6	6.90	
Peterborough	500,000	6	6.30	
September—				
Sarnia	128,000	6	6.60	
October—				
Brockville	37,500	6	6.53	
Belleville	3,000	6	...	
Belleville	38,000	6	6.55	