DOMINION LOAN IN LONDON WAS WISE MOVE

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TO AVOID NEW YEAR RUSH

That is Why Dominion Took London Market's Breath and Four Millions Sterling

Amount of Loan	£4,000,000
Security	4 per cent. stock.
Issue price	97
Left with underwriters	83 per cent.

Undoubtedly, the issue of the Dominion loan in London last week was a surprise to the market. The result, namely, that the public took only 17 per cent., naturally is not a reflection upon Canada's credit. As the loan was underwritten, the Dominion gets the money and incidentally learns the true nature of market conditions, information which other countries have also noted with interest. Other recent loans overseas have also suffered. One of the latest, the offering of £350,000 5 per cent. debentures at 92 loaded the underwriters with 85 per cent. No colonial government loan in London has been fully subscribed for the last eighteen months.

The Canadian loan dropped ½ discount, a slight change which was taken to mean that the result was not regarded as very unsatisfactory, all circumstances considered. There is a disposition to believe that Canada was wise to obtain funds now, in view of anticipated large borrowings from European countries, following the Balkan War, and other issues.

Buyers Come Later.

Commenting on the result, the London Daily News and Standard both agree that whatever disappointment may be felt at the ill-success of the loan will be quickly dispelled by the strong demand that sprang up shortly after, when the scrip recovered to ½ discount. Insurance and kindred companies were heavy buyers, one firm alone purchasing $40,000 of stock.

There is now a good demand for the loan, and as a Canadian Associated Press dispatch reports, the experience of this loan is similar to that of previous emissions, investors awaiting a favorable opportunity to get in on the "ground floor." Brokers reported a good investment demand, beyond that already mentioned and the underwriters should soon be relieved of a large portion of their burden.

Finance Minister's Opinion.

Discussing the loan, at Ottawa, Hon. W. T. White, minister of finance, said that the response of the public while somewhat disappointing was not surprising in the light of the uncertainty in the London market as to flotations and funding operations, which will undoubtedly be upon a large scale at the beginning of the new year.

A new York view is that London financial authorities preceding the offering commented unfavorably upon the proposition as being untimely, in view of the extraordinary renewed congestion of the investment market at the British capital, that the London financiers designedly sought to emphatically impress the futility of further applications for new capital at that centre until the turn of the year at the earliest. It is surmised that the Dominion authorities, in offering the loan meant to forestall the competition of the great mass of new offerings expected early in the new year.

Of the Previous Loan.

The previous Canadian Government loan was in October for three millions. This loan met far better success than the last one, only fifty-seven per cent. going to the underwriters when loan was floated. It was issued at a quarter premium, but on the announcement of the result receded to a half discount.

FEWER CANADIAN IMPORTS

†London, December 8.—Official returns show that the November imports of wheat from Canada were nearly £200,000 less value than those during the previous November. Bacon imports were 294,000 pounds less, and cheese 283,000 less.

**Montreal Star* cable.
†Canadian Associated Press cable.

PRINCE ALBERT LOAN

†London, December 8.—The new loan for the city of Prince Albert, Saskatchewan, being underwritten here, is given as $1,000,000 in fives at 90.

MUNICIPAL SCRIP VARIES

†London, December 8.—Despite the ill-success of the government loan, Montreal and Saskatoon's recent scrip are both at a half premium to-day. The Toronto loan is at three-quarters discount.

HOW ISSUES WERE RECEIVED

*London, December 6.—The amounts subscribed in the latest new issues are as follows: city of Stockholm, £500,000, oversubscribed; Eastern, Carpathian Oil, £50,000, nearly 80 per cent.; Argentine Iron and Steel, £150,000, rather under 50 per cent.; British Portland Cement, £350,000, about 15 per cent.

LONDON PAPERS ON CALGARY OIL STRIKE

*London, December 6.—The Globe and Pall Mall Gazette both comment favorably to-day on the outspoken warning of a Calgary paper on the Alberta oil strike, which is accompanied by many wildcat schemes.

Advice is given to British investors to be wary until the commercial value and the quantity of oil is known. Experts say that there is undoubtedly paying oil in Alberta, but consider it is to be found in the northern part of the province.

EVIDENCES OF IMPROVEMENT

*London, December 6.—Coats, Son and Company launched the New Toronto loan of $7,500,000 4½ per cents. at 97¾ underwritten at 1¼ commission. The bonds are redeemable in 1948. This is the first time that Toronto has borrowed on a 4½ per cent. basis. The success of Saskatoon's issue of $850,000 fives is fresh evidence of the improved condition of the Canadian municipal market. The province of Alberta has placed privately $1,250,000 six months treasury bills yielding 5¾ per cent.

ISSUES COME TOO RAPIDLY

†London, December 10.—Financial authorities confirm Hon. W. T. White's statement that the result of the Canadian Government loan is largely due to the new habit among investors to purchase new loans at a discount in the market instead of applying at the time the issue is being made.

Under the influence of these after-issue purchases quotations rose from ⅝ to ¼ discount, and there is talk of one premium in the early future.

Underwriters included leading insurance and kindred companies who were glad to secure such a gilt-edged investment.

Complaint, however, comes from holders of the earlier issue, whose interests Mr. W. Ernest Wright writes to The Times protesting against the depreciation due to the practice of issuing at short intervals Government, municipal and other loans with identically the same security, and bearing the same rates of interest, at diminishing prices

He adds:—"Canadian authorities are following the practice of the suburban shopkeeper, but he only marks down prices when he becomes overstocked or goods have become soiled."