MANY COMMENTS ON DOMINION LONDON LOAN

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DOMINION BORROWS TWENTY MILLIONS

To Retire Treasury Notes and Reimburse Government for Grand Trunk Bonds—London Writers Are Critical

The Canadian Government loan now being placed in London is the third public issue since the present government assumed office. The first was for £5,000,000 in February, 1911, for the purpose of retiring a loan of like amount maturing on May 1st, 1911. The next was for £3,000,000 in September last. Out of the proceeds of this issue a sterling loan of £1,700,000, maturing on October 1st, and a currency loan of $1,400,000, maturing November 1st, were paid off. The present issue is for £4,000,000, subscriptions being payable in four monthly instalments, as is usual in the case of Dominion flotations. Out of the proceeds will be paid £1,000,000 of treasury bills maturing in February and £1,000,000 maturing in March. The balance will partly recoup the government for expenditure in purchasing Grand Trunk Pacific Railway bonds guaranteed by the government as a result of the "implementing" agreement. The funds thus recouped became available for capital or other expenditure of the government. In addition to the above loans paid off during the past two years, debentures of the government to the amount of $2,500,000 were redeemed in March and April of the present year.

Hopes Loan Will be Supported.

The following cable indicates the effect of the loan on the market and the comments expressed regarding same:—

†London, December 1.—A new Canadian Government loan is being underwritten to the amount of four millions sterling 4 per cent. stock, due 1940-60, at 97 per cent. The full six months' dividend will be payable April 1st. The old stock was quoted Saturday at 99½.

This second early application by the Dominion to the London market is no doubt considered advisable in view of the fact that early in the new year a great number of capital issues on a gigantic scale from other quarters will be made. The more favorable reception accorded Canadian applications recently gives hope that the new loan, which is at a very favorable figure, will be well supported.

MARKET GRUMBLES AT APPLICATION

†London, December 2.—It is understood that the new Dominion loan is required to retire the treasury bills to pay for the Grand Trunk Pacific bonds which the government bought some little time back. The London market is inclined to grumble at this second early application by Canada.

"The appearance of this big loan is very inopportune," says the Daily News. "So inopportune, indeed, that the last Canadian loan, which was quoted at ⅛ per cent. discount to ⅛ per cent. premium on Saturday, slumped to 2½ discount and consols dived down to a fresh low record when the quarterly dividend had been deducted. Of course, there are a lot more new loans to come, but not all are such a direct competition as that of Canada. Had Canada deferred her loan operation until the new year the effect would probably have been less, but in any case can it be wondered at, that existing high-class securities should shudder? The terms on which the new Canada loan are offered are clearly attractive. They must be attractive, else the loan will not be absorbed quickly."

The Morning Post says: "With such tidal waves as this new Canadian loan rolling up unexpectedly, it is best to be down in the cabin. The government has also disposed privately of some three million sterling in the London market in the course of the last half-year. This system of liquidating debts by the sale of two different sorts of securities in one market almost at the same time is novel. It seems to us also undesirable, and must make it impossible for the investor to have any clear idea of the financial position of the debtor. Besides, the small investor may well be vexed to find that he is lending to the government at 4 per cent. almost at the same time as his banker is lending at 4½ per cent."

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

FLOOD OF NEW ISSUES

(Central News cable to *The Monetary Times.*)

London, December 5.—As a result of the deadlock over the new French loan caution is being exercised in financial circles, and the financing of the floating indebtedness of the European governments, which aggregates approximately £220,000,000, has been delayed. It is not believed here that the French operation will come out this year.

A flood of new issues has had a chilling effect on dealings on the stock exchange. The new four million pound 4 per cent. Canadian government loan hampered Toronto's 4 per cent. loan of £1,200,000, only fifty per cent. being subscribed for. It had been understood on Monday that the Toronto flotation had been covered, but the tenders were withdrawn later. The result of the new Canadian government loan remains in doubt. There have been fears that the outcome will be an inquiry for gold from the Dominion. The city's allotment of half of the one million pound 4½ per cent. city of Stockholm loan was offered here to-day. The remainder will be disposed of on the continent.

Money is more plentiful, but rates for bills are hard. The Bank of England's minimum rate of discount was left unchanged at 5 per cent. to-day! There have been reports in the air that Paris will be a heavy purchaser of gold in January. It is believed that new loans will more than offset the funds that will be released after the first of the year.

There has been no improvement in the British labor situation. The employees of the home railways are particularly troublesome. The strike on the Great Western Railway is responsible for the throwing out of employment of about fifteen thousand coal miners in South Wales.

PUBLIC TOOK HALF TORONTO'S LOAN

†London, December 3.—The Canadian Associated Press understands that fifty per cent. of Toronto's 4½ per cent. loan at 97½ has been left with the underwriters. The issue is now quoted at 1¼ per cent. discount.

QUEBEC GOVERNMENT MAY ACQUIRE RAILWAY

*London, December 1.—It is understood among the creditors of the Charing Cross Bank, now in liquidation, that the Quebec Government is considering the purchase of the Atlantic, Quebec and Western Railway, whose bonds are the bank's chief asset.

Canadian groups hold options upon 400,000 acres of land, and the grant expires January 1st, 1914.

INVESTING PUBLIC ARE CANNY

†London, November 28.—News of the new Toronto loan has caused the city's issue of last January to drop to ninety to-day.

It is likely, however, that the new security will be in good demand, but the investing public has become uncommonly canny lately, often leaving a large portion of a new issue with the underwriters and taking it up later.

Montreal's recent success has put fresh heart into the Canadian market and several other new loans are mooted.

REVENUE SUFFICIENT TO PAY INTEREST

†London, November 28.—The prospectus appears this morning under the authority of Lloyd's Bank of the issue of the City of Toronto general consolidated load debentures for £1,200,000, bearing 4½ per cent. interest at the price 97½ per cent. The loan is redeemable in 1948, and both principal and interest payable at Lloyds Bank in London.

The estimated assessment of the city for the coming year as $102,000,000 and the value of municipal assets is stated at just over £8,000,000, while the estimated gross revenue is £2,349,000.

It is stated that the revenue of the city for 1913 from its proportion of receipts of the Toronto Street Railway, from the city waterworks and from other sources, apart altogether from the usual source of taxation, is estimated at £684,000, or more than sufficient to pay the interest on the entire debit of the city.