

The combined companies showed a moderate decrease in the number and amount of small loans made during 1956 as compared with 1955, and reported a slight increase in the number and amount of small loans balances outstanding in the same comparison. During 1956, 844,348 small loans valued at \$184,293,692 were made as against 860,134 loans amounting to \$191,248,350 in 1955. The average small loan was approximately \$210 in 1956. At the end of that year small loans outstanding numbered 543,394 for an amount of \$88,428,203 or an average of \$163; at the end of 1955 the outstanding loans numbered 529,704 and amounted to \$88,844,506 or an average of \$168 per loan.

### Section 3.—Sales of Canadian Bonds\*

Previous editions of the Year Book trace the sales of Canadian bonds to the end of 1954. This review continues through 1955 and 1956 the record of new issues placed.

During the period under review, the principal trend was caused by a harder monetary policy which began in the latter part of 1955 and was continued during the following year. A decline in prices and a rise in yields, particularly in the short-term and medium-term issues, provided an opportunity for discerning investors to increase the proportion of high-grade bonds in their portfolios. This development constituted a 'prime movement' on the bond market which was felt particularly by large institutional investors.

In the flotation of new issues, offerings of Canadian bonds and debentures in 1955 (excluding issues with a term to maturity of less than one year) totalled \$2,661,516,323, down sharply from 1954. In 1956, however, the comparable total increased considerably to \$3,093,670,267 although it was still under the all-time peak of \$4,468,983,364 in 1954. These declines were mainly the result of a sharp drop in Government of Canada financing from \$3,200,540,900 in 1954 to \$1,348,500,000 in 1955 and \$1,357,000,000 in 1956. On the other hand, provincial financing (including provincial guaranteed issues) and municipal financing (including parochial school issues) were both higher in 1955 and 1956 than in 1954. In this respect, all provincial financing totalled \$434,165,000 in 1955 and \$557,888,000 in 1956 compared with \$400,916,000 in 1954, while all municipal financing (exclusive of that guaranteed by the provinces) totalled \$293,055,423 in 1955 and \$318,597,867 in 1956 compared with \$260,993,664 in 1954. As far as new issues in the corporate field were concerned, there was a decrease in 1955 at \$585,795,900 but a marked increase in 1956 at \$860,184,400 when compared with the total of \$606,532,800 in 1954.

In the field of federal financing for 1955 and 1956, very considerable new capital was acquired by public subscription to Canada Savings Bonds Series Ten (Nov. 1, 1955) and Series Eleven (Nov. 1, 1956). In common with all other Canadian Savings Loan issues, these flotations were limited to purchases by individuals only, as distinct from both corporate and individual purchases allowed for the Victory Loan issues of 1941 to 1945 inclusive, and the two War Loans of 1940.

As a distinctive feature, not found in previous issues, the Series Eleven Savings Loan issue of 1956 paid interest on a sliding scale—the first payment being made after six months and annually thereafter. This scale called for a rate of 3½ p.c. payable on two coupons for the first year and a half; 3¾ p.c. payable on two coupons for the next two years; 3¾ p.c. payable on two coupons for the next two years; and 4 p.c. payable on seven coupons thereafter to a maturity on May 1, 1969. Altogether, an average rate of 3.76 p.c. made this security a most attractive issue and caused a greater exchange of previous issues into Series Eleven than for any of the former Savings Loans.

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