

During 1957 and 1958, corporate financing totalled \$1,024,604,100 and \$729,255,000, respectively, and compared with a total of \$860,184,000 in 1956. The record total in 1957 was attributed to the large number of plans for industrial expansion with emphasis on pipeline financing. Since a general slow-down of business activity began towards the end of 1957 and continued into the following year, this decline was reflected in the number and amount of new corporate issues placed. As a result, corporate financing for 1958 was well below that of 1957 and 1956 but was higher than for all previous years.

In the corporate domain, as in the municipal area, the new issue market was much more active during the first part of 1958 than in the later months. New money borrowed in the domestic market included \$50,000,000 by British Columbia Electric Company Limited, \$40,000,000 by Canadian Pacific Railway Company, \$30,000,000 by The Alberta Gas Trunk Line Company, and \$25,000,000 by Algoma Steel Corporation Limited. New corporate money borrowed in the United States included \$50,000,000 of Bell Telephone Company of Canada bonds and \$30,000,000 of Pacific Petroleum debentures, carrying stock purchase warrants.

Sales of provincial government and municipal bonds in the United States showed a moderate increase during 1958 while new issues of Canadian corporate bonds declined sharply to about 30 p.c. of the 1957 level. These trends were caused partly by the pipeline financing done in 1957 and partly by more favourable Canadian interest rates in 1958. As an over-all result, all new issues placed in the United States totalled \$482,077,621 in 1958, compared with \$606,876,100 in 1957 and \$470,532,982 in 1956.

Variations in the volume of Canadian financing done in the United States have involved a consideration of three essential factors: the comparative levels of interest rates; variations in exchange rates; and the volume of financing required in relation to available money supply. When all factors are evaluated, however, interest and exchange rates must take second place to money supply. Thus, most of the United States financing undertaken by Canadian governments and corporations has been by users who required more money than they were able to raise on the Canadian market.

During the years 1957 and 1958, a continued trend to lower prices caused a wide range of comment about future markets for Canadian bonds. Apparently, a big factor forcing investors out of bonds and into equities was the continued inflation which caused doubts about the stability of real dollar values. In contrast, however, there was a marked public confidence in the Conversion Loan, in Savings Bonds, and in most other fields of security financing as a way to desirable economic expansion. Should investors ultimately come to believe that inflationary pressures are only a temporary threat, further advances can certainly be expected in the volume of new issues placed.

7.—Sales of Canadian Bonds, by Class of Bond and Country of Sale, 1949-58

(SOURCE: *The Monetary Times*)

NOTE.—Figures from 1904 are given in the corresponding table of previous Year Books beginning with the 1933 edition.

Year	CLASS OF BOND					
	Federal ¹	Provincial	Municipal	Parochial and Miscellaneous	Corporation	Total
	\$	\$	\$	\$	\$	\$
1949.....	790,200,000	449,347,000	134,796,184	23,853,200	285,268,000	1,683,464,384
1950.....	2,167,600,000	373,824,500	150,369,281	30,466,369	431,180,303	3,153,440,453
1951.....	594,642,400	369,532,000	196,438,916	37,967,921	451,630,000	1,650,211,237
1952.....	830,761,100	426,973,000	147,690,940	49,264,100	573,539,000	2,028,228,140
1953.....	1,950,548,900	436,616,900	186,784,460	35,242,605	336,295,800	2,945,488,665
1954.....	3,200,540,900	400,916,000	209,640,778	51,352,886	606,532,800	4,468,983,364
1955.....	1,348,500,000	434,165,000	226,991,573	66,063,850	585,795,900	2,661,516,323
1956.....	1,357,000,000	557,888,000	265,936,167	52,661,700	860,184,400	3,093,670,267
1957.....	2,468,787,450	645,959,500	305,726,988	49,966,700	1,024,604,100	4,495,044,738
1958.....	2,566,000,000	791,271,000	401,426,925	62,081,000	729,255,000	4,550,033,925

For footnote, see end of table, p. 1130.