

(at \$102,515,500 in 1961 and \$85,320,000 in 1960), these issues amounted to \$339,254,024 in 1961 and \$386,894,288 in 1960. Among the largest municipal borrowers in 1961 were the Metropolitan Areas of Montreal and Toronto and the Cities of Saskatoon, Winnipeg, Hamilton, Kitchener, London, Ottawa, Montreal and Halifax.

Over the past five years, a fairly stable volume of new bond sales has been recorded for federal, provincial and municipal financing. In contrast, new corporation issues have shown more varied trends, attributable principally to a general slow-down of business activity. In 1961, corporation sales totalled \$567,059,500, an increase over the totals of \$498,886,000 in 1960 and \$369,025,000 in 1959 but a decided decrease from the totals of \$729,255,000 in 1958 and \$1,024,604,100 in 1957.

The largest corporate borrowers during 1961 were The Alberta Gas Trunk Line Company Limited and The Bell Telephone Company of Canada. The Alberta Gas Trunk Line Co. Ltd. entered the market in May of 1961 with an issue of \$67,000,000, 5½ p.c., first mortgage, sinking fund bonds, Series "B", maturing on May 1, 1981. This issue was sold privately in Canada and the United States. The Bell Telephone Company of Canada entered the market in November with an issue of \$40,000,000, first mortgage bonds, Series "V", maturing on Jan. 2, 1982. This issue was offered at 100.25 by a syndicate of dealers.

The total of all new Canadian bond sales financed in the United States amounted to \$181,902,000 in 1961. Following the declining trend over the past five years, it was down from \$283,169,000 in 1960, from \$472,856,431 in 1959, from \$486,950,621 in 1958 and from \$606,876,100 in 1957. Of the total financed in the United States in 1961, \$26,402,000 was for municipal issues and \$155,500,000 was for corporation issues compared with \$110,909,000 and \$80,260,000, respectively, in 1960. In the latter year, an additional amount at \$25,000,000 was for provincial financing and \$67,000,000 was for provincial guaranteed financing in the United States.

During the early part of 1962 (based on developments up to June 30), there were some extremely significant trends on the Canadian bond market. For example, the Provinces of Saskatchewan and Manitoba began issuance of 91-day Treasury Bills; amounts were for \$1,000,000 each with a total outstanding at \$13,000,000. While patterned on similar federal activity, there have been a number of distinctive developments in this provincial Treasury Bill financing. To date, there has been only one weekly 91-day issue (instead of 91-day and 182-day issues) and maturities have been on Wednesdays instead of Fridays. When this study was being prepared, informed opinion suggested that the amount outstanding would soon be increased and other provinces would undertake similar flotations. The general effect should greatly broaden the scope of Canada's short-term money market with increased applications for investor participation.

Another event of major significance for the Canadian bond market came on May 2, 1962, when the international exchange rate for the dollar was fixed at 92½ cents in terms of United States currency. As a result, Canadian borrowers in the United States were automatically assessed increased interest and capital charges. In experiencing these losses, however, it should be realized that certain offsetting factors were involved. Had the money been borrowed in Canada, higher interest rates would have been mandatory at the time of flotation.

While it is most difficult to assess long-term results from the foreign exchange devaluation, it can be expected that Canadian bond sales in the United States will continue to decline. If comparable amounts of new financing are to be undertaken, therefore, the domestic market must be prepared to absorb them. By mid-1962 an encouraging volume of new issues had been received with few indications of any decidedly upward pressures on interest rates.