

In the category of direct municipal financing (exclusive of municipal issues, guaranteed by various provinces), the market for new flotations totalled \$444,199,639 in 1962. Exclusive of loans for parochial and other educational purposes at \$120,740,400, these issues amounted to \$323,459,239. Largest municipal flotations in 1962 were undertaken by the urban centres of Winnipeg, London, Ottawa, Hamilton, Toronto and Montreal.

In the 1962 Canadian bond market, new corporate bond sales totalled \$703,101,000. Although this was significantly lower than the peak of such sales in 1957 and slightly lower than the 1958 total, it was well above the totals for the three immediately preceding years, as shown in Table 6. The recent upward trend may be attributed to generally improved business environment and a better borrowing position for more corporations.

The largest single corporate borrowers during 1962 were: the Aluminum Company of Canada Limited which entered the market in May with an issue of \$100,000,000, 5.10 p.c., promissory notes, maturing in 1992; and Wabush Securities Corporation which entered the market in August with an issue of \$130,000,000 in first mortgage and collateral trust bonds, Series "A", maturing Jan. 2, 1991. Both issues were placed privately on the United States market.

The largest single corporate borrowers on the Canadian market during 1962 were The Bell Telephone Company of Canada and Price Brothers & Company Limited. Bell entered the market in June with an issue of \$30,000,000, 5½ p.c., first mortgage bonds, Series "W", maturing June 15, 1984. This issue was offered at \$99.00 by a syndicate of dealers, headed by A. E. Ames & Company Limited, and the Bank of Montreal. Price Brothers entered the market in December with a two-part issue of \$25,000,000, 5¾ p.c., serial debenture and sinking fund bonds, Series "A", maturing on Dec. 1, 1964 to 1968 and on Dec. 1, 1982. This issue was sold privately at \$100.50 by a syndicate of dealers, headed by Royal Securities Corporation Limited; Wood, Gundy & Company Limited; W. C. Pitfield & Company Limited; and Dominick Corporation of Canada. There was an additional amount of \$6,626,000,000 for short-term financing of less than one year in 1962. The increases from \$6,394,000,000 in 1961 and \$6,490,000,000 in 1960 indicated a growing importance for the Canadian money market with a sound development since its inception in June of 1954.

In addition to the federal sales of Treasury Bills during 1962, the Provinces of Manitoba and Saskatchewan floated Treasury Bill issues of their own and, later in the year, the City of Montreal began financing in this way. At the same time, several other large Canadian municipalities floated short-term security issues of less than one year. Along with the introduction of Bankers' Acceptances (June 11, 1962), these trends have significantly increased the volume of security financing on a near-term basis.

Because of the exchange crisis in June 1962, interest rates (on the bond market and elsewhere) fluctuated much more abruptly than is customary in Canada. They were forced to a sharply higher level, particularly on short-term funds, in order to attract investments and thus ease the dollar position. As the dollar strengthened, the rates declined steadily but returned to much higher levels toward the end of the year. During the first six months of 1963, the situation became more stabilized at lower levels again and with much less confusion on near-term markets.

Mid-year returns on security financing indicated a relatively stable market during the first half of 1963 with a somewhat more satisfactory reception for new issues. An outstandingly significant trend was the marked increase in new Canadian bond sales in the United States.