

Investment outlays made by businesses in 1966 greatly exceeded their savings through retained income and depreciation. Net bond issues were \$908,000,000, which was higher than in any previous year except 1965. It is probable that bond issues would have been even larger had it not been for the scarcity and high price of funds. Interest rates on long-term bonds rose from 6.05 p.c. in December 1965 to 6.83 p.c. in December 1966. Issues of finance company paper and other short-term commercial paper totalled \$120,000,000 compared with a net retirement of \$282,000,000 in 1965, when the short-term money market was disturbed by the imposition of United States guidelines and the Atlantic Acceptance Corporation default on its obligations. Bank loans to business were up by about \$400,000,000 in 1966 and direct investment increased by \$660,000,000.

Bonds Outstanding.—Total government and business bonds outstanding at the end of 1966 amounted to \$51,686,000,000, an increase of 6 p.c. over 1965 and of 18 p.c. since 1963. In the 1963-66 period, the largest increase was one of 33 p.c. in corporate bonds outstanding, followed closely by an increase of 31 p.c. in provincial bonds. The total of outstanding bonds includes treasury bills, finance company paper and other short-term commercial paper; it does not include the term deposits, certificates and debentures of trust and mortgage loan companies, which amounted to almost \$4,000,000,000 at the end of 1966, nor does it include mortgage debt, which was estimated by Central Mortgage and Housing Corporation at over \$20,000,000,000 at the end of 1965.

24.—Net New Issues of Canadian Bonds, 1962-66, and Bonds Outstanding as at Dec. 31, 1962-66

NOTE.—Federal, provincial and municipal bonds include direct and guaranteed issues; corporation bonds include finance company and other short-term commercial paper; "other bonds" include bonds of religious and other institutions and a small amount of foreign bonds payable in Canadian dollars.

Item	1962	1963	1964	1965	1966
BONDS ISSUED					
	\$'000,000	\$'000,000	\$'000,000	\$'000,000	\$'000,000
Government of Canada.....	801	827	457	-52	430
Treasury bills.....	280	75	-100	10	20
Marketable bonds.....	38	273	55	-305	57
Non-marketable bonds.....	483	479	502	333	353
Provincial Government.....	709	901	947	729	1,497
Municipal Government.....	230	390	440	271	328
Corporations.....	646	744	1,120	989	1,038
Finance company paper.....	144	166	259	-163	99
Other short-term paper.....	58	-43	46	-190	31
Bonds.....	444	621	815	1,271	908
Other bonds.....	10	30	11	39	33
Totals.....	2,396	2,892	2,975	1,976	3,326
BONDS OUTSTANDING, DEC. 31					
Government of Canada.....	19,448	20,276	20,733	20,681	21,111
Provincial Government.....	9,051	10,206	11,155	11,889	13,424
Municipal Government.....	4,363	4,753	5,193	5,464	5,793
Corporate ¹	7,963	8,224	9,042	10,129	10,945
Institutional.....	302	332	343	380	413
Totals.....	41,127	43,791	46,466	48,543	51,686

¹ Includes other commercial borrowers.