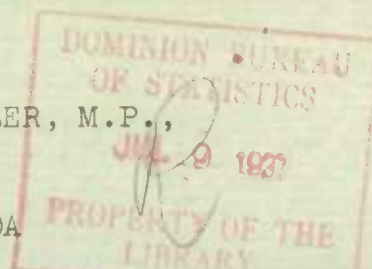


Published by Authority of the HON. W. D. EULER, M.P.,
Minister of Trade and Commerce

DEPARTMENT OF TRADE AND COMMERCE
DOMINION BUREAU OF STATISTICS - CANADA
INTERNAL TRADE BRANCH



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Vol. 3

No. 5

Sales and Purchases of Securities Between Canada
and Other Countries

May, 1937

The volume of Canada's international trade in securities declined sharply in May. Total sales to other countries during the month fell from \$53 million in April to \$26 million in May; purchases fell from \$64½ million in April to \$28½ million during May. Net purchases during May were about \$2 million compared to \$11½ in April. The decline in Canada's international trade in securities in May, 1937, parallels a decline in May, 1934, 1935 and 1936, though in these years it was less pronounced.

Canadian and United States securities constituted about 93 per cent of the volume of trade. Canadian securities comprised about 55 per cent of the total sales as well as of the total purchases. United States securities were about 40 per cent of the total sales and 37 per cent of the total purchases.

Net purchases of Canadian common and preference stocks accounted for \$1½ million of the \$2 million net purchases. Net sales of \$½ million United States bonds and debentures were balanced by purchases of a like amount of United States common and preference stocks.

Decline in trade was distributed in a fairly uniform proportion though trade with the United States, comprising the bulk of the total, showed a decline of nearly \$50 million.

Although total trade with the United Kingdom was reduced by over 50 per cent, little variation was evidenced in the class of securities traded. Net sales to the United Kingdom increased from \$½ million to \$1½ million. This trade was confined chiefly to sales and purchases of Canadian securities.

Sales during May to countries other than the United States and the United Kingdom fell \$1½ million; purchases from the same countries were \$1 million less than in April. The changes were mostly concentrated in sales and purchases of Canadian common and preference stocks.

The supplementary tables show the following changes during the month. The average discount on United States funds at Montreal increased slightly to 0.16, the greatest average discount since 1934; the average premium on sterling at Montreal rose to the highest point since September, 1936. The index numbers of common stock prices in Canada, Great Britain and the United States showed pronounced declines. The trend of bond prices continued as in April. Bonds of the United Kingdom and of the Dominion of Canada which are shown appreciated slightly; the price of the United States bond continued to decline.

The international security transactions shown in this bulletin were carried on through the medium of the investment dealers, stock exchanges, banks, United States branch houses and other agencies in Canada. The sales of new issues of Canadian securities to syndicate members resident outside of Canada are not included in these figures, such as the new issues of \$85,000,000 Dominion of Canada bonds sold in January, 1937, to a syndicate in New York. The redemptions of called or matured Canadian securities abroad and of British and foreign securities owned in Canada are not included among the transactions recorded.

Price: \$1.00 per year.
Single copies, 10 cents.

Table 1.

I

Month	Sales to the United States			Purchases from the United States		
	1935	1936	1937	1935	1936	1937
January	16,001,508	45,260,642	42,881,080	23,044,678	28,974,654	54,739,139
February	14,691,217	36,260,759	49,310,107	11,969,013	28,329,794	45,650,662
March	27,046,720	24,403,261	48,358,262	12,050,506	20,041,317	50,610,233
April	22,834,736	16,853,198	39,135,489	13,935,444	15,371,360	52,262,574
May ^x	22,057,755	12,075,199	19,568,823	10,976,937	15,246,883	23,910,921
Total, 5 months ^x	102,631,936	134,853,059	199,253,761	71,976,578	107,964,008	227,173,529

II

Month	Sales to Great Britain			Purchases from Great Britain		
	1935	1936	1937	1935	1936	1937
January	4,263,321	31,112,761	12,984,542	2,460,766	3,092,797	8,783,183
February	1,560,990	5,993,537	16,510,801	2,817,360	3,540,208	9,347,580
March	1,820,261	4,136,831	15,132,057	5,586,692	4,554,205	10,516,839
April	1,085,282	2,685,742	11,083,110	5,587,232	3,353,340	10,563,904
May ^x	1,362,195	4,446,213	5,578,614	2,929,576	5,721,795	3,885,266
Total, 5 months ^x	10,092,049	28,375,084	61,289,124	19,381,626	20,262,345	43,096,772

III

Month	Sales to Other Countries			Purchases from Other Countries		
	1935	1936	1937	1935	1936	1937
January	210,842	155,938	3,283,360	263,481	485,588	1,529,031
February	182,902	264,844	3,341,683	491,935	173,778	1,213,627
March	145,869	647,802	2,960,691	1,676,263	349,362	1,669,642
April	238,226	699,177	2,723,951	452,857	961,034	1,760,174
May ^x	339,835	471,946	1,118,183	414,054	731,932	661,297
Total, 5 months ^x	1,117,674	2,239,707	13,427,868	3,298,590	2,701,694	6,833,771

IV

Month	Sales to All Countries			Purchases from All Countries		
	1935	1936	1937	1935	1936	1937
January	20,475,671	56,529,341	59,148,982	25,768,925	32,553,039	65,051,353
February	16,435,109	42,519,140	69,162,591	15,278,308	32,043,780	56,211,869
March	29,012,850	29,187,894	66,451,010	19,313,461	24,944,884	62,796,714
April	24,158,244	20,238,117	52,942,550	19,975,533	19,685,734	64,586,652
May ^x	23,759,785	16,993,358	26,265,620	14,320,567	21,700,610	28,457,484
Total, 5 months ^x	113,841,659	165,467,850	273,970,753	94,656,794	130,928,047	277,104,072

^x Subject to revision.

Table 2.

Analysis of Trade in Securities Between Canada and Other Countries
May, 1937

	Total Sales	Total Purchases	United States		United Kingdom		Other Countries	
			Sales to	Purchases from	Sales to	Purchases from	Sales to	Purchases from
	\$	\$	\$	\$	\$	\$	\$	\$
Bonds and Debentures, Total	8,169,057	8,413,265	6,764,106	7,450,568	1,110,727	846,266	294,224	116,361
Canadian new issues	973	-	-	-	973	-	-	-
Canadian outstanding issues --								
Dominion	2,825,496	590,222	2,677,601	494,706	82,952	94,552	64,943	964
Provincial	504,728	1,099,324	489,431	1,086,128	15,297	9,523	-	3,673
Municipal	112,499	969,145	83,708	956,744	28,791	12,401	-	-
Guaranteed by the Dominion	327,800	323,317	191,876	268,200	120,399	50,487	15,525	4,630
Railway, Other	512,747	325,889	393,634	197,465	117,113	86,052	2,000	42,372
Other Corporations	1,008,642	1,951,907	321,602	1,599,648	582,516	301,176	104,524	51,083
United States new issues --								
Government	-	-	-	-	-	-	-	-
Other	-	182,639	-	175,936	-	6,003	-	700
United States outstanding issues --								
Government	1,000,542	3,092	1,000,542	3,092	-	-	-	-
Other	406,160	757,573	383,295	755,877	13,865	1,696	9,000	-
United Kingdom new issues --								
Government	-	7,600	-	7,600	-	-	-	-
Other	-	-	-	-	-	-	-	-
United Kingdom outstanding issues --								
Government	11,115	4,664	-	-	3,515	4,664	7,600	-
Other	152,821	87,984	4,049	9,340	67,372	78,644	81,400	-
Other Countries new issues	-	68,896	-	68,896	-	-	-	-
Other Countries outstanding issues	216,605	102,928	196,139	74,793	13,279	19,918	7,187	8,217
Unspecified bonds and debentures	1,088,929	1,938,085	1,022,229	1,752,143	64,655	181,220	2,045	4,722
<u>Common and Preference Stocks</u>								
Canadian	9,000,964	10,444,497	3,909,021	6,911,422	4,315,282	2,993,319	776,661	539,756
United States	9,055,597	9,575,816	8,870,886	9,536,432	144,553	34,204	40,158	5,180
United Kingdom	11,994	4,957	16,435	350	8,052	4,607	-	-
Other Countries	27,408	18,524	7,775	11,724	-	6,800	7,140	-
Short-Term Securities (one year or less)	-	-	-	-	-	-	-	-
Other Securities	600	425	600	425	-	-	-	-
GRAND TOTAL	26,265,620	28,457,484	19,568,823	23,910,921	5,578,614	3,885,266	1,118,183	661,297

Table 3.

Purchase and Sale of Securities Between Canada and Other Countries, by Nationality
and Class of Security, May, 1937
(Summary Table)

	Total Sales	Total Purchases	United States		United Kingdom		Other Countries	
			Sales to	Purchases from	Sales to	Purchases from	Sales to	Purchases from
	\$	\$	\$	\$	\$	\$	\$	\$
Canadian Securities, Total	14,293,849	15,704,726	8,066,873	11,514,738	5,263,323	3,547,510	963,653	642,478
Bonds and Debentures	5,292,885	5,259,804	4,157,852	4,602,891	948,041	554,191	186,992	102,722
Common and Preference Stocks	9,000,964	10,444,497	3,909,021	6,911,422	4,315,282	2,993,319	776,661	539,756
Other Securities	-	425	-	425	-	-	-	-
United States Securities, Total	10,462,899	10,519,120	10,255,323	10,471,337	158,418	41,903	49,158	5,880
Bonds and Debentures	1,406,702	943,304	1,383,837	934,905	13,865	7,699	9,000	700
Common and Preference Stocks	9,055,597	9,575,816	8,870,886	9,536,422	144,553	34,204	40,158	5,180
Other Securities	600	-	600	-	-	-	-	-
United Kingdom Securities, Total	175,930	105,205	20,484	17,290	78,939	87,915	89,000	-
Bonds and Debentures	163,936	100,248	4,049	16,940	70,887	83,308	89,000	-
Common and Preference Stocks	11,994	4,957	16,435	350	8,052	4,607	-	-
Other Securities	-	-	-	-	-	-	-	-
Other Countries Securities, Total	244,013	190,348	203,914	155,413	13,279	26,718	14,327	8,217
Bonds and Debentures	216,605	171,824	196,139	143,689	13,279	19,918	7,187	8,217
Common and Preference Stocks	27,408	18,524	7,775	11,724	-	6,800	7,140	-
Other Securities	-	-	-	-	-	-	-	-
Short-Term Securities (one year or less)	-	-	-	-	-	-	-	-
Unspecified Securities	1,088,929	1,938,085	1,022,229	1,752,143	64,655	181,220	2,045	4,722
GRAND TOTAL	26,265,620	28,457,484	19,568,823	23,910,921	5,578,614	3,885,266	1,118,183	661,297

Table 4.

Monthly Average of Daily Quotations and Premiums
or Discounts for New York Funds and Sterling
Montreal, 1935-1937

Month	1935		1936		1937	
	New York Funds at Montreal	Premium + Discount - %	New York Funds at Montreal	Premium + Discount - %	New York Funds at Montreal	Premium + Discount - %
January9986	-0.14	1.0005	+0.05	1.0003	+0.03
February	1.0013	+0.13	.9986	-0.14	1.0002	+0.02
March	1.0097	+0.97	1.0013	+0.13	.9995	-0.05
April	1.0049	+0.49	1.0047	+0.47	.9987	-0.13
May	1.0015	+0.15	1.0018	+0.18	.9984	-0.16
June	1.0014	+0.14	1.0026	+0.26		
July	1.0022	+0.22	1.0008	+0.08		
August	1.0027	+0.27	1.0001	+0.01		
September ...	1.0080	+0.80	.9997	-0.03		
October	1.0141	+1.41	.9997	-0.03		
November	1.0105	+1.05	.9986	-0.14		
December	1.0093	+0.93	.9993	-0.07		
Year	1.0054	+0.54	1.0006	+0.06		

Month	1935		1936		1937	
	Sterling at Montreal	Premium + Discount - %	Sterling at Montreal	Premium + Discount - %	Sterling at Montreal	Premium + Discount - %
January	4.8870	+0.43	4.9657	+2.03	4.9092	+0.87
February	4.8833	+0.36	4.9940	+2.62	4.8953	+0.59
March	4.8247	-0.85	4.9783	+2.29	4.8824	+0.32
April	4.8622	-0.08	4.9673	+2.07	4.9095	+0.88
May	4.8958	+0.61	4.9798	+2.32	4.9313	+1.33
June	4.9426	+1.57	5.0328	+3.41		
July	4.9674	+2.08	5.0269	+3.29		
August	4.9850	+2.45	5.0265	+3.28		
September ...	4.9701	+2.14	5.0390	+3.54		
October	4.9778	+2.28	4.8972	+0.63		
November	4.9776	+2.28	4.8817	+0.31		
December	4.9755	+2.24	4.9042	+0.77		
Year	4.9293	+1.29	4.9749	+2.22		

Table 5.

Bid Price and Yield for Domestic Government
Bonds in Canada, United Kingdom and United States

Date	United Kingdom		United States		Dominion of Canada			
	3½% War Loan Callable Dec. 1, 1952, or after ^x		3% of Sept.15, 1955, callable on or after Sept.15, 1951.		4½% of Nov.1, 1958, callable on or after Nov. 1, 1948.		3% of June 1, 1955, callable on or after June 1, 1950.	
	Price	Yield	Price	Yield	Price	Yield	Price	Yield
<u>1934</u>								
January 17 ...	100.79	3.44	96.00	3.26	99.00	4.57	-	-
February 14 ..	101.27	3.41	97.18	3.18	99.75	4.52	-	-
March 14	102.48	3.32	98.29	3.11	103.00	4.22	-	-
April 18	103.15	3.27	99.24	3.05	104.50	4.09	-	-
May 16	102.90	3.29	100.23	2.98	105.15	4.03	-	-
June 13	102.25	3.34	101.00	2.93	105.00	4.04	-	-
July 18	103.66	3.23	102.10	2.84	105.85	3.96	-	-
August 14	103.78	3.22	100.12	2.99	106.85	3.87	-	-
September 12 .	103.88	3.22	98.18	3.12	107.25	3.83	-	-
October 17 ...	104.42	3.18	100.50	2.96	106.00	3.94	-	-
November 14 ..	107.66	2.95	99.26	3.05	107.00	3.85	-	-
December 12 ..	107.13	2.98	100.15	2.99	110.75	3.51	-	-
<u>1935</u>								
January 16 ...	108.67	2.88	102.50	2.81	110.25	3.55	-	-
February 13 ..	105.78	3.08	103.00	2.77	108.00	3.74	-	-
March 13	105.76	3.08	102.23	2.83	108.85	3.67	-	-
April 17	106.55	3.02	103.19	2.76	109.25	3.63	-	-
May 15	106.79	3.00	103.28	2.75	109.85	3.57	-	-
June 12	105.13	3.12	103.24	2.75	108.75	3.66	97.50	3.17
July 17	106.30	3.03	104.40	2.66	109.00	3.64	99.05	3.06
August 14	106.03	3.05	103.17	2.76	110.00	3.54	100.00	3.00
September 18 .	102.70	3.29	101.30	2.88	104.25	4.08	98.25	3.12
October 16 ...	102.68	3.29	102.59	2.80	107.25	3.79	99.13	3.06
November 13 ..	105.17	3.11	102.59	2.80	107.75	3.74	98.10	3.13
December 18 ..	105.82	3.06	102.41	2.81	107.13	3.79	97.75	3.16
<u>1936</u>								
January 15 ...	105.63	3.07	103.06	2.76	107.63	3.74	97.88	3.14
February 19 ..	106.35	3.07	103.56	2.72	109.60	3.55	97.75	3.16
March 18	105.20	3.10	103.91	2.69	109.75	3.54	98.00	3.14
April 15	106.25	3.02	104.19	2.66	110.13	3.50	98.63	3.10
May 13	106.37	3.01	104.47	2.64	110.50	3.46	99.30	3.05
June 17	105.46	3.07	104.34	2.65	112.00	3.31	99.85	3.01
July 15	105.81	3.04	104.56	2.63	112.48	3.26	101.00	2.91
August 12	105.86	3.04	104.72	2.62	113.63	3.15	102.75	2.76
September 16 .	106.34	3.00	105.13	2.59	113.88	3.12	101.60	2.86
October 14 ...	106.95	2.95	104.97	2.60	111.63	3.32	99.88	3.01
November 12 ..	106.73	2.97	105.94	2.52	112.00	3.28	100.10	2.99
December 16 ..	105.73	3.04	106.28	2.49	112.75	3.20	101.13	2.90
<u>1937</u>								
January 13 ...	105.02	3.10	106.53	2.47	112.38	3.23	100.63	2.94
February 17 ..	101.05	3.41	106.38	2.48	109.50	3.50	97.50	3.18
March 17	100.78	3.43	104.81	2.60	107.25	3.73	95.00	3.37
April 14	101.64	3.36	102.44	2.79	107.88	3.66	95.38	3.34
May 13	102.29	3.31	102.09	2.82	108.50	3.59	95.50	3.33

^x All prices are quoted on an "and interest" basis. The price of the United Kingdom War Loan has been adjusted from the "flat" basis on which it is quoted in London.

Table 6.

Index Numbers of Common Stocks Prices in Canada, Great
Britain and United States, 1935-1937

(1926 = 100)

Month	Canada (96) (Dominion Bureau of Statistics)	England (92) (London and Cambridge Economic Service) ^x	United States (419) (Standard Statistics Co. Inc.)
<u>1935</u>			
January	88.6	119.2	69.7
February	87.8	115.7	67.8
March	84.4	113.1	63.9
April	86.4	113.9	67.5
May	93.6	119.2	73.1
June	93.8	122.6	76.0
July	92.4	122.6	79.4
August	94.7	128.8	83.3
September	93.6	122.6	85.0
October	96.1	120.9	86.1
November	105.8	129.6	94.2
December	107.4	127.9	95.7
<u>1936</u>			
January	112.9	134.0	101.7
February	120.7	138.3	106.7
March	117.4	134.8	108.7
April	115.9	139.2	108.9
May	112.8	134.0	101.0
June	113.8	134.0	105.6
July	114.3	136.6	109.2
August	114.7	143.5	113.0
September	119.5	144.4	114.1
October	126.9	147.9	118.7
November	131.8	147.0	124.2
December	129.2	145.2	123.1
<u>1937</u>			
January	137.4	147.0	126.4
February	142.4	143.5	129.5
March	147.2	135.7	129.9
April	136.2	135.7	124.5
May	132.2	134.0	116.3

^x London and Cambridge Economic Service indexes have been converted from their original base to a 1926 base so as to render easier comparison with other series.



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