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Vol. 8

No. 5.

SALES AND PURCHASES OF SECURITIES BETWEEN CANADA AND OTHER COUNTRIES

May, 1942

Net sales of securities by Canada to other countries continued at an unusually high level in May amounting to \$7.6 million. While this amount is lower than the \$13.8 million and \$23.0 million recorded in April and March respectively, it exceeds the balance of sales reported in any other month during the war. Sales of outstanding Canadian bonds in the United States were again the principal factor in the import of capital.

Dominion guaranteed issues continued to be the most favoured group of bonds, net sales being about \$5.5 million. Substantial amounts of Dominion, provincial and municipal issues were also sold while there were moderate repurchases of unguaranteed railway and corporation issues. Net sales of Canadian stocks were small. Sales of United States stocks were also light in volume.

Repurchases from the United Kingdom of \$0.3 million were divided between Canadian stocks and bonds.

While the volume of trade with other countries was heavier than in previous months, transactions were mainly offsetting.

In the first five months of 1942, net sales of securities by Canada totalled \$51.2 million compared with \$10.1 million in the same period of 1941. Net sales of Canadian bonds were \$48.8 million. Net sales of Dominion guarantees accounted for \$24.2 million of this. Sales of Dominion and provincial issues made up most of the remainder.

The index numbers of common stock prices in Canada gained slightly in May, interrupting the decline recorded in each month since September, 1941. The index of United States stocks remained fairly steady after declining for a number of months. The official buying and selling rates for foreign exchange remained at the levels fixed in September, 1939.

The international trade in securities shown by statistics in this bulletin was carried on through the medium of the investment dealers, stock exchanges, banks, Canadian branches of United States houses and other agencies in Canada. It should be noted that certain types of international security transactions are not included in these statistics. The most important groups of security transactions not included are the redemption of called or matured Canadian bonds owned abroad and official repatriation operations. For a period of years, retirements of Canadian bonds owned outside of Canada have exceeded flotations of new issues abroad by substantial amounts. Statistics on these capital movements are shown in the annual reports on the Canadian Balance of International Payments.

SALES AND PURCHASES OF SECURITIES BETWEEN CANADA AND OTHER COUNTRIES
 (In millions of dollars to nearest hundred thousand)

Table 1.

Year and Month	Total Transactions			United States			United Kingdom			Other Countries		
	Sales	Purchases	Net Sales + Purch.-	Sales to	Purchases from	Net Sales + Purch.-	Sales to	Purchases from	Net Sales + Purch.-	Sales to	Purchases from	Net Sales + Purch.-
<u>1940</u>												
TOTAL	123.9	95.1	+ 28.8	113.8	83.4	+ 30.4	7.0	9.6	- 2.6	5.1	2.1	+ 1.0
February :::	13.6	10.0	+ 3.6	11.3	8.4	+ 3.4	1.4	1.3	+ 0.1	0.4	0.2	+ 0.1
March	14.9	11.3	+ 3.6	12.5	9.2	+ 3.3	1.6	1.5	+ 0.1	0.3	0.5	+ 0.3
April	15.6	12.0	+ 3.6	13.5	9.8	+ 3.6	1.7	2.0	- 0.3	0.4	0.3	+ 0.1
May	18.3	16.0	+ 2.3	17.1	14.4	+ 2.7	0.3	1.3	- 0.5	0.4	0.3	+ 0.1
June	9.0	6.4	+ 2.6	8.5	5.7	+ 2.8	0.4	0.6	- 0.2	0.1	0.1	-
July	4.4	3.1	+ 1.3	4.2	2.8	+ 1.4	0.1	0.2	- 0.1	0.1	0.1	-
August	3.8	3.4	+ 0.4	3.7	2.9	+ 0.8	0.1	0.5	- 0.4	(1)	(1)	-
September ..	6.1	4.1	+ 2.0	6.0	3.9	+ 2.1	(1)	0.2	- 0.2	0.1	(1)	+ 0.1
October	5.3	4.8	+ 0.5	5.2	4.6	+ 0.6	(1)	0.1	- 0.1	0.1	0.1	-
November ...	9.0	8.6	+ 2.4	8.8	5.8	+ 3.0	(1)	0.6	- 0.6	0.2	0.2	-
December ...	8.1	7.0	+ 1.1	8.0	6.6	+ 1.4	(1)	0.4	- 0.4	0.1	0.1	-
<u>1941</u>												
TOTAL	108.3	75.5	+ 33.0	104.8	63.5	+ 36.3	1.3	4.9	- 3.1	1.7	1.9	- 0.2
January	9.1	6.3	+ 2.8	8.1	5.7	+ 2.4	0.3	0.4	+ 0.4	0.2	0.2	-
February ...	6.3	5.0	+ 1.8	6.2	4.5	+ 1.7	0.4	0.3	+ 0.1	0.2	0.2	-
March	6.3	5.4	+ 0.9	5.8	5.0	+ 0.8	0.3	0.3	-	0.2	0.1	+ 0.1
April	7.3	5.2	+ 2.1	7.1	4.8	+ 2.3	(1)	0.3	- 0.3	0.2	0.1	+ 0.1
May	6.9	4.4	+ 2.5	6.9	4.1	+ 2.8	(1)	0.2	- 0.2	(1)	0.1	- 0.1
June	5.4	3.2	+ 2.2	5.2	2.8	+ 2.4	0.1	0.3	- 0.2	0.1	0.1	-
July	7.9	6.4	+ 1.5	7.8	5.9	+ 1.9	(1)	0.3	- 0.3	0.1	0.2	- 0.1
August	7.0	5.8	+ 1.2	6.8	5.2	+ 1.6	(1)	0.5	- 0.5	0.1	(1)	+ 0.1
September ..	11.2	7.5	+ 3.7	11.0	6.8	+ 4.2	0.1	0.6	- 0.5	0.1	0.1	-
October	15.9	9.4	+ 6.5	15.7	8.8	+ 6.9	(1)	0.5	- 0.5	0.2	0.1	+ 0.1
November ...	13.9	8.3	+ 5.6	13.7	7.1	+ 6.6	0.1	0.8	- 0.7	0.1	0.4	- 0.3
December ...	10.5	8.3	+ 2.2	10.4	7.7	+ 2.7	(1)	0.4	- 0.4	0.1	0.2	- 0.1
<u>1942</u>												
TOTAL	78.8	27.6	+ 51.2	78.0	24.8	+ 53.2	(1)	2.1	- 2.1	0.8	0.7	+ 0.1
January	12.4	7.3	+ 5.1	12.3	6.7	+ 5.6	(1)	0.5	- 0.5	0.1	0.1	-
February ...	5.3	3.5	+ 1.8	5.2	3.1	+ 2.1	(1)	0.3	- 0.3	0.1	0.1	-
March	23.9	5.9	+ 23.0	28.8	5.2	+ 23.6	(1)	0.6	- 0.6	0.1	0.1	-
April	18.6	4.8	+ 13.8	18.5	4.3	+ 14.2	(1)	0.4	- 0.4	0.1	0.1	-
May (x)....	13.6	6.0	+ 7.6	13.2	5.3	+ 7.9	(1)	0.3	- 0.3	0.4	0.4	-

(1) Less than 0.05. (x) Subject to revision.

Analysis of Trade in Securities Between Canada and Other Countries
May, 1942

Table 2.

	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	12,033,114	4,714,172	11,687,690	4,196,127	1,500	122,036	343,924	395,359
Canadian new issues	-	-	-	-	-	-	-	-
Canadian Outstanding Issues --								
Dominion	1,636,245	312,135	1,403,803	700,174	-	-	282,437	211,961
Provincial	1,869,620	307,067	1,869,620	246,148	-	31,810	-	29,109
Municipal	579,362	238,241	579,362	171,339	-	66,702	-	-
Guaranteed by the Dominion	5,617,139	268,423	5,617,139	174,058	-	4,000	-	90,365
Railway, Other	1,011,629	1,391,827	1,011,629	1,391,827	-	-	-	-
Other Corporations	578,425	719,045	518,938	635,147	-	19,374	61,487	64,524
United States New Issues --								
Government	-	20,193	-	20,193	-	-	-	-
Other	-	223,140	-	223,140	-	-	-	-
United States, Outstanding Issues --								
Government	172,535	110,035	172,535	110,035	-	-	-	-
Other	276,586	330,501	276,586	330,501	-	-	-	-
United Kingdom, New Issues --								
Government	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
United Kingdom, Outstanding Issues -								
Government	1,500	-	-	-	1,500	-	-	-
Other	-	-	-	-	-	-	-	-
Other Countries new issues	-	-	-	-	-	-	-	-
Other Countries outstanding issues ..	57,332	3,693	57,332	3,693	-	-	-	-
Unspecified bonds and debentures ...	182,191	139,367	182,191	139,367	-	-	-	-
Common & Preference Stocks								
Canadian	968,724	1,001,217	935,933	817,123	13,473	156,756	19,318	27,368
United States	573,191	274,936	573,191	274,909	-	-	-	87
United Kingdom	-	-	-	-	-	-	-	-
Other Countries	17,794	-	17,794	-	-	-	-	-
Short-Term Securities (One Yr or Less)	5,893	-	5,893	-	-	-	-	-
Other Securities								
Canadian	2,500	2,500	2,500	2,500	-	-	-	-
United States	-	-	-	-	-	-	-	-
United Kingdom	-	-	-	-	-	-	-	-
Other Countries	-	-	-	-	-	-	-	-
GRAND TOTAL	13,601,321	5,992,915	13,223,106	5,290,659	14,973	278,842	363,242	423,414

Analysis of Trade in Securities Between Canada and Other Countries
For the five months ending May, 1942

Table 2 A

	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	57,383,487	10,111,515	62,687,719	17,180,595	21,244	1,327,377	679,524	597,343
Canadian new issues	9,600		600				9,600	
Canadian Outstanding Issues								
Dominion	16,232,520	5,128,310	15,712,938	4,777,255	200	21,472	518,382	328,976
Provincial	13,474,415	1,315,149	13,474,415	385,907		371,085		58,157
Municipal	1,962,362	864,316	1,962,362	466,374		397,942		
Guaranteed by the Dominion	25,850,287	1,779,986	25,845,325	1,637,052		47,678	4,962	95,458
Railway, Other	3,245,224	4,263,212	3,230,195	4,211,751	5,600	46,498	7,429	4,963
Other Corporations	2,653,343	2,405,570	2,497,384	2,104,548	11,514	217,527	144,450	83,495
United States New Issues								
Government		222,023		222,023		-		
Other		255,880		255,880		-		
United States Outstanding Issues								
Government	744,800	387,526	744,800	387,526				
Other	1,070,041	719,111	1,070,041	711,943				7,163
United Kingdom New Issues								
Government		-		-				
Other		-		-				
United Kingdom Outstanding Issues								
Government	3,930	275,385	-	1,385	5,930	221,500		
Other	111,828	111,049	111,323	111,949		-		
Other Countries new issues								
Other Countries outstanding issues	428,142	277,433	427,841	254,232	-	3,668	301	19,533
Unspecified bonds and debentures	1,603,990	1,157,660	1,603,990	1,157,660	-	-		
Common & Preference Stocks								
Canadian	4,647,133	5,634,650	4,460,257	4,730,295	20,014	742,063	66,912	112,292
United States	8,001,014	2,067,986	6,090,904	2,062,128		3,760	110	2,093
United Kingdom	769	630	-	600	769			
Other Countries	40,016	408	40,482	-			134	408
Short-Term Securities (1 Year or Less)	7,998	98,016	7,998	98,016				
Other Securities								
Canadian	388,134	382,793	388,134	382,793	-	-		
United States	366,721	259,695	366,721	259,695	-	-		
United Kingdom		-	-	-	-	-		
Other Countries	24,655	-	24,655	-	-	-		
GRAND TOTAL	78,255,577	27,555,750	78,066,870	24,770,209	42,027	2,073,200	746,680	712,341

Sales and Purchases of Securities Between Canada and Other Countries
by Nationality and Class of Security

(Summary Table)

May, 1942

Table 3

	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	12,314,144	4,840,485	11,937,429	4,138,316	13,473	278,842	363,242	423,327
Bonds and Debentures	11,342,920	3,836,733	10,998,096	3,313,693	-	122,086	343,924	395,969
Common and Preference Stocks	968,721	1,001,247	935,933	817,123	13,473	156,756	19,318	27,368
Other Securities	2,500	2,500	2,500	2,500	-	-	-	-
United States Securities, Total	1,022,312	958,870	1,022,312	958,782	-	-	-	87
Bonds and Debentures	449,121	683,374	449,121	683,374	-	-	-	-
Common and Preference Stocks	573,191	274,996	573,191	274,999	-	-	-	87
Other Securities	-	-	-	-	-	-	-	-
United Kingdom Securities, Total	1,500	-	-	-	1,500	-	-	-
Bonds and Debentures	1,500	-	-	-	1,500	-	-	-
Common and Preference Stocks	-	-	-	-	-	-	-	-
Other Securities	-	-	-	-	-	-	-	-
Other Countries Securities, Total	75,176	3,693	75,176	3,693	-	-	-	-
Bonds and Debentures	57,382	3,693	57,382	3,693	-	-	-	-
Common and Preference Stocks	17,794	-	17,794	-	-	-	-	-
Other Securities	-	-	-	-	-	-	-	-
Unspecified Bonds and Debentures	182,191	189,867	182,191	189,867	-	-	-	-
Short-Term Securities (1 year or less)	5,993	-	5,993	-	-	-	-	-
GRAND TOTAL	13,601,321	5,992,915	13,223,102	5,290,659	14,973	278,842	363,242	423,414

Sales and Purchases of Securities Between Canada and Other Countries,
by Nationality and Class of Security

For the Five Months ending May, 1942

Table 3-A.

	Total Sales	Total Purchases	United States		United Kingdom		Other Countries	
	\$	\$	Sales to	Purchases from	\$	\$	Sales to	Purchases from
Canadian Securities, Total	63,361,073	21,773,986	67,577,610	19,246,575	37,323	1,844,272	746,135	683,139
Bonds and Debentures	63,425,750	15,750,543	62,729,210	14,083,487	17,314	1,102,200	670,225	570,347
Common and Preference Stocks .	4,547,163	5,634,260	4,460,257	4,780,295	20,014	742,063	66,912	112,292
Other Securities	388,134	382,793	388,134	382,793	-	-	-	-
United States Securities, Total .	8,272,576	3,912,226	8,272,400	3,399,205	-	3,760	110	9,221
Bonds and Debentures	1,814,841	1,584,545	1,814,841	1,577,382	-	-	-	7,163
Common and Preference Stocks .	3,091,014	2,007,986	3,090,904	2,002,128	-	3,760	110	2,098
Other Securities	336,721	259,695	336,721	259,695	-	-	-	-
United Kingdom Securities, Total..	116,527	333,024	111,923	114,524	4,699	221,500	-	-
Bonds and Debentures	115,758	335,354	111,923	113,334	3,930	221,500	-	-
Common and Preference Stocks .	769	690	-	690	769	-	-	-
Other Securities	-	-	-	-	-	-	-	-
Other Countries Securities, Total	493,413	277,841	492,970	254,232	-	3,663	425	19,941
Bonds and Debentures	428,142	277,433	427,841	254,232	-	3,663	301	19,533
Common and Preference Stocks .	40,616	408	40,432	-	-	-	134	403
Other Securities	24,655	-	24,655	-	-	-	-	-
Short-Term Securities (1 Year or less)	7,993	98,013	7,993	98,013	-	-	-	-
Unspecified Bonds and Debentures	1,603,990	1,157,660	1,603,990	1,157,660	-	-	-	-
GRAND TOTAL	78,855,577	27,555,750	78,000,370	24,770,209	42,027	2,073,200	746,680	712,341

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

Table 4

Date	United Kingdom		United States			Dominion of Canada			
	3- $\frac{1}{2}$ War Loan Callable on or after December 1, 1952+		3% of Sept. 15, 1955, callable on or after Sept. 15, 1951		4- $\frac{1}{2}$ 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	Tax Equiv.	Price	Yield	Price	Yield
1940									
January, 17.	95.54	3.66	110.09	2.03	2.68	108.38	3.39	95.75	3.36
February, 14	97.77	3.58	110.25	2.00	2.68	108.63	3.35	95.88	3.35
March, 13 ..	98.25	3.56	110.97	1.93	2.59	108.38	3.37	95.75	3.36
April, 17 ..	97.80	3.58	111.06	1.92	2.53	108.63	3.33	95.63	3.28
May, 15	98.16	3.57	108.31	2.17	2.83	108.38	3.35	97.15	3.24
June, 19 ...	96.83	3.61	109.32	2.02	2.72	107.25	3.49	96.00	3.34
July, 17 ..	98.69	3.55	110.41	1.96	2.75	107.25	3.49	96.50	3.30
August, 14 ..	99.29	3.53	109.75	2.01	2.80	108.00	3.38	97.13	3.25
September, 18	99.95	3.50	110.91	1.90	2.69	108.63	3.28	97.50	3.22
October, 16.	101.43	3.36	111.38	1.84	2.78	108.38	3.31	97.83	3.18
November, 13	101.67	3.33	112.78	1.70	2.64	108.13	3.33	98.13	3.16
December, 18	102.59	3.24	113.50	1.63	2.57	109.00	3.20	98.63	3.12
1941									
January, 15.	103.01	3.19	112.28	1.73	2.67	109.25	3.15	98.83	3.10
February, 19	102.67	3.23	110.34	1.92	2.86	108.63	3.23	98.50	3.13
March, 19 ...	103.15	3.18	111.94	1.75	2.69	109.25	3.13	99.00	3.09
April, 16 ..	102.58	3.23	111.83	1.77	2.71	108.88	3.17	98.75	3.11
May, 14	103.96	3.09	112.13	1.71	2.65	108.50	3.21	98.75	3.11
June, 18 ...	103.84	3.10	112.59	1.66	2.60	108.25	3.23	98.50	3.13
July, 16 ...	104.63	3.02	113.06	1.60	2.54	108.38	3.20	98.43	3.12
August, 13 ..	104.99	2.98	111.94	1.71	2.65	109.00	3.10	98.63	3.12
September, 17	105.15	2.96	111.78	1.71	2.65	108.75	3.12	98.83	3.10
October, 15.	104.64	3.01	112.22	1.66	2.60	108.75	3.11	99.13	3.08
November, 12	104.73	2.99	113.13	1.56	2.50	109.00	3.05	99.38	3.06
December, 17	104.41	3.02	110.91	1.73	2.72	108.38	3.06	99.38	3.06
1942									
January, 14.	104.89	2.97	110.56	1.80	2.74	109.00	3.02	99.63	3.03
February, 18	103.99	3.06	108.97	1.97	2.91	108.75	3.05	99.38	3.06
March, 18 ..	104.72	2.98	110.59	1.78	2.72	108.75	3.03	99.25	3.07
April, 16 ..	105.03	2.94	110.69	1.76	2.70	109.00	2.98	99.38	3.06

+ 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.

x Yield on a comparable taxable security which would give an equivalent net return to holders who were subject to income tax at the flat corporation rate. This rate was 16- $\frac{1}{2}\%$ to December 31, 1939; 18% to June, 1940; and 20.9% in July, August and September; and 24% in October and thereafter.



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Prices in Canada
1939-1942

(1935-39 = 100)

Table 5

	CANADA			United States (402) (Standard & Poor's Corp.)	
	Dominion Bureau of Statistics		Composite Mining Index (25)		
	Investors' Price Index (95)	Mining Stocks Gold Stocks (22)			
	(68 Industrials 19 Utilities 3 Banks)			364 Industrials 20 Railroads 28 Utilities)	
1940					
January	90.9	91.1	100.9	97.4	
February	90.2	86.5	98.2	96.8	
March	90.3	82.0	92.5	96.7	
April	88.4	81.3	91.2	98.1	
May	73.3	67.6	74.5	85.1	
June	65.5	57.7	63.4	78.1	
July	66.1	59.1	64.8	80.3	
August	69.3	64.6	71.0	81.6	
September	75.8	70.6	77.5	85.5	
October	74.2	72.9	79.2	86.0	
November	74.5	76.5	82.4	86.7	
December	70.3	74.9	80.2	84.9	
1941					
January	71.3	74.4	79.4	85.0	
February	68.5	70.6	74.9	80.1	
March	66.3	70.0	75.1	80.3	
April	65.3	69.0	75.1	77.9	
May	63.9	66.1	71.2	77.1	
June	64.0	64.4	71.0	79.5	
July	67.5	66.2	74.6	83.2	
August	67.8	66.0	74.6	83.2	
September	71.0	66.0	75.4	83.6	
October	69.1	60.8	69.7	80.4	
November	68.8	54.9	65.0	77.4	
December	67.2	52.2	63.2	71.3	
1942					
January	66.3	50.5	61.9	72.6	
February	64.7	45.4	57.5	69.9	
March	62.6	40.1	51.3	66.0	
April	61.1	37.5	49.3	63.3	
May	62.0	39.6	51.7	65.2	