

Advance In Interest Rates More Than Many Expected

By FORBES RHUDE
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The cost of borrowing money has advanced more than expected along a broad front of financial markets.

The advance, however, was interpreted as an adjustment to the financial and fiscal program announced by the government Sunday, rather than any development in itself.

By result is more expensive money, if you are a borrower—and perhaps a little more expensive than many people had expected immediately. Thursday's developments by themselves, however, give no indication that they may be a prelude to still more expensive money, although this is a possibility. Neither do they indicate tight money in the sense of scarce money.

The situation is one of pulls and hauls, and a continuing uncertainty during which a large supply of available money is waiting to see how the situation sorts itself out.

The key to the extent to which the present government measures...

...gave promise of achieving their objectives. If they progress favorably and financial confidence at home and internationally is restored, we may be at or near the peak of money costs. If they don't, however, favorably most speculation is worthless.

WON'T FORECAST

In this situation, investment men are loath to make forecasts and, as one of them commented: "A lot of people are scratching their heads."

Thursday's developments included the following:

From July 2 charts, and banks will increase the prime rate (or lowest rate) at which they will lend money from 5½ to six per cent; the highest rate they are allowed under the Bank Act.

And from July 1, chartered banks will increase the interest rate they pay on SAVINGS deposits from 2½ to three per cent, the highest rate since 1953.

Average interest rate on 91-day government treasury bills advanced from last week's 4.92 per cent to 5.45 per cent, compared with 5.07 per cent April 28. The rate on 182-day bills advanced from last week's 5.16 per cent to 5.72 per cent.

The bond market Thursday forenoon continued what one dealer described as "a gentle deterioration." In the prices offered for bonds—which means an increase in interest yields—and in the afternoon "went dead."

WOODEN COINS ARE UNWANTED

BOWNESS' AMB. (CP)

Jack Dumbor of Bowness is finding that wooden nickels are pretty hard to give away these days.

He has 25,000 of them; the remains of some 50,000 wooden nickels ordered last year for the town's jubilee celebration.

"I'm going crazy. Nobody wants them. I can't even give them away," he told the town council.

Council said it was unable to help.

FRENCH START PACKING

BIZERTE, Tunisia (Reuters)

France Thursday started handing over the southern part of its air and naval base here to the Tunisians, a spokesman at the base announced.

Negotiations over Bizerte—the last big issue between France and its former protectorate—granted independence in 1956—were broken off last January after failure to agree on a timetable for evacuation.

BENNIES ROAD SCHOOL

The following is the yearly report of Bennies Road School:

Grade VIII: J. Pat Gallant, Billy Gallant.

Grade VII: 1. Lynn Gallant, 2. Jean McMay, 2. Lois Smith, 2. John McMay.

Grade VI: 1. Catherine McMay, 2. Yvonne Gallant, 3. Arnold Gallant.

Grade II: 1. Nancy McMay, 2. Kenneth Gallant, 3. Elizabeth Pound.

Grade I: 1. Geraldine Gallant, 2. James Gallant, 3. Mildred Pound and Clarence Proctor (tied).

Highest average in junior grades: Geraldine Gallant 92 per cent.

Highest average in senior grades: Lucy Gallant 89 per cent.

Earle E. Molyneux, teacher.

FAIRVIEW SCHOOL

(Report for June)

Fairview School with an enrollment of 18 pupils has the following report:

Grade X: Donna Murphy and Marion Smith wrote entrance exams.

Grade VIII: 1. Michael Murphy, 2. Marcia Currie, 3. Brenda Currie, Marlene MacLean.

Grade VII: J. Rozanna Gerweat.

Grade VI: 1. Derek MacEachern, 2. Eddie MacLean.

Grade V: 1. Joey Murphy.

Grade IV: 1. Harley Currie.

1. Fay Currie, 2. Ricky Commandant and Sylvia MacLean (tied).

2. Carol Murphy.

Grade III: 1. Beth Currie.

Grade II: 1. Kent MacDougall.

1. Barry Murphy.

Highest average grades 1-3: Kent MacDougall 93.

Highest average grades 4-6: Harley Currie 83.

Highest average grades 7-10: Rozanna Gerweat 90.3.

Best attendance during the year: Sylvia MacLean.

Mrs. John MacEwen, teacher.

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