

SURVEY OF THE WEEK

Wheat Selling.

The bright prospects for the return of a favorable ballot and bringing to an end the miners' strike in Great Britain is a matter of much satisfaction to financiers in Canada. So far Britain has kept out of the Canadian wheat market and this has added to the burden that Canadian banking institutions have had to bear in financing the splendid crop in the West. With the settlement of the labor trouble, however, it is expected that Britain will come to the Canadian market for substantial quantities of grain and flour as well as for other commodities and thus relieve to a considerable extent the present situation.

Toronto General Trusts New Stock.

A new stock issue of \$500,000 is to be made by the Toronto General Trusts Corporation. The issue will be sold at a premium of 75 per cent. On the market there has been little activity noticeable in this stock recently, but late in September it sold as high as 206. The new stock will be offered to shareholders of record November 20 in the ratio of one new share to every three shares then held, and payments will be distributed in five instalments of \$35 each between December 10, 1920 and September 1st, 1921. This is the first stock issue by the Toronto General Trusts Corporation since 1913, and brings the outstanding stock up to \$2,000,000. The first \$1,000,000 was allotted previous to 1912, and issues of \$250,000 were made in 1912 and 1913 at 185.

Western Canada's Lower Profits.

In line with the experiences of other milling concerns the annual statement of the Western Canada Flour Mills Co. submitted at the general meeting of shareholders held at Toronto on Friday, shows a small decline in net profits compared with last year and 1918. The net profits this year amounted to \$414,723 compared with \$437,986 in 1919 and \$543,844 in 1918, the latter being the best year in the history of this milling enterprise. Discussing the cause of this moderate falling off, Mr. Andrew Kelly, the president, in his report to the shareholders, states that it was due to the lack of export business. The mills of the company were shut down at various intervals during the period with the result that production was substantially reduced, but with the abolition of the Wheat Board, Mr. Kelly sees an opportunity of resuming business with foreign connections, and he has no fear that next year's results will be satisfactory if the mills are operated to capacity.

Company in Strong Position.

After deducting bond interest amounting to \$79,253 there remained available for application to the outstanding capital stock of the Western Canada Flour Mills Co., a balance of \$335,470, or 13.5 per cent. This compares with 14.4 per cent last year and 19.9 per cent in 1918. A dividend at the annual rate of eight per cent and a bonus of two per cent was distributed among shareholders, and in addition they received a special bonus of \$250,000 in Victory Bonds as was the case in 1919. Current assets of the company exceed the liabilities of the same category by well over a million dollars which leaves the working capital at approximately the same amount as last year.

New Finance Corporation.

The British-American Finance Corporation has been incorporated, with a capital of \$1,500,000, head office in Toronto and a branch in New York, and Sir William Wiseman, a banker of London, England, as president. The new company will deal in Canadian, American and Mexican securities. Sir William Wiseman, the promoter of the company, was a British officer in the war, was a member of the British embassy at Washington after the war, and was an adviser for the British Government on American affairs at the Peace Conference in Paris. Associated with Sir William in his Canadian undertakings are F. B. Robins, Toronto real estate broker, and George A. Touche and Co., chartered accountants, of Toronto.

Finance Minister Meets Financiers.

Sir Henry Drayton, Minister of Finance, addressed several hundred members of the banking, stock brokerage and other financial interests on the floor of the Montreal Stock Exchange on Thursday. The mission of the Minister of Finance was to urge the necessity of continuing the embargo on the importation and sale of Canadian securities held overseas. He briefly reviewed the financial position of the Dominion and pointed out that the favorable trade balance of 151 millions which Canada had at the end of the first half of the fiscal year in 1919, has been converted into an adverse balance of similar proportions at the end of the first half of the 1920 fiscal year. He emphasized the fact that this state of affairs could not continue indefinitely and said that even now resource had to be had to artificial means to conserve the working capital of the Dominion.

Not Unanimous.

The meeting approved of a resolution endorsing the action of the Minister in continuing the restrictions for the present, although there was some disagreement expressed and several criticisms offered. Mr. I. W. Killam, president of the Royal Securities Corporation, was opposed to control in such matters and said that he thought the exportation of Canadian products would be materially assisted by the acceptance of British-held securities in part payment for the goods shipped to Great Britain. Neither did Mr. Killam concur in the control of the Victory bond price and the consequent centralization of the power of such a great quantity of the country's wealth. From his viewpoint he would like to see the premium on the United States dollar go higher so that the imports from that country might be further discouraged.

Clarifying Customs Ruling.

With regard to the Customs ruling as to the calculation of exchange for duty purposes on goods received from Great Britain, a further explanation has been issued at the behest of the Canadian Association of British Manufacturers. Henceforth, it will be necessary for the exporter to put on all invoices the following declaration: "The fair market value for home consumption at the time shipped on this invoice is £...s...d... in paper currency and its equivalent to £...s...d... in gold sovereigns as compared with the basis of \$... to the pound sterling."

To make that perfectly clear the following example is given. Supposing that an invoice shows that the fair market value for home consumption at the time shipped is £100 in British paper currency and that the rate of exchange on the said date is \$3.9946, then the equivalent in gold sovereigns would be £80; on which latter amount the duty would be payable at \$4.86 2-3 to the pound. The Customs Department will allow refunds for the amounts of duty overpaid since July 22nd, 1920, if certified amended invoices are forwarded with the above statement and signed by the exporter.

Bank's View of Commercial Position.

Emphasis is laid on Canada's basically sound commercial position in the November report of the Royal Bank of Canada, and on the fact that general business is far from being bad. The tendency to hold back future orders for expected lower prices is noted, but orders for immediate delivery are stated to be good, especially in the west, while the industries in which special dullness is reported are clothing and boots and shoes.

The labor situation throughout the Dominion is stated to be for the most part very much improved, and labor is more efficient and men are more anxious to hold their positions than they have been at any time since the armistice.

As to this province, the Royal Bank says: "In general, factories are well employed. Those producing boots and shoes are an exception, and there inactivity is the rule. The neighborhood of Quebec city is an important centre for this industry. Pulp and paper plants are the most active, and as usual these are working to capacity. Wholesale trade is moderately good. Retail trade was assisted by the large number of visitors to the province during the summer and early fall. Collections were poor in September but have improved during October. Over a period of months, however, a slowing up tendency is apparent."

C. P. R. Earnings.

A slight improvement over August is shown in the statement of earnings for September, just issued by the Canadian Pacific Railway. Gross earnings show an increase of 14.2 per cent. as compared with an increase of 17 per cent. in August over the corresponding months a year ago, while operating expenses in September showed an increase of 19.9 per cent as compared with 37 per cent. in August. The gross for the month at \$20,009,287 is the largest for September in the history of the road, and a record is created also in expenses for the month, which amount to \$16,100,632. Net earnings, however, at \$3,908,654, show a decrease from a year ago of \$183,264, but show an improvement over the August figures where the net showed a decrease of \$1,577,354.

Molson's Bank Annual Statement.

A satisfactory year's report will be submitted at the annual meeting of the shareholders of the Molson's Bank called for early this month. Profits were slightly under \$4,000 more than in the exhibit of a year ago, which up to that time constituted a record in the history of the bank, the 1920 results in this respect being \$822,718, compared to \$818,802 last year, and \$712,485 in the previous twelve monthly period.

The showing as to profits, considered before the usual deductions for Government taxes, pension fund and other allowances, is equivalent to 20.5 per cent. on the outstanding capital stock of the company, against approximately the same figure last year, 17.8 per cent. in 1918, and 15.4 per cent in 1917.

After all deductions were made there remained a balance at the credit of profit and loss account of \$518,092, against \$275,435 in 1919, the showing in this respect being influenced by the fact that no addition was made to the reserve account of the bank this year, compared with \$200,000 a year ago, and \$100,000 in the 1918 period. The reserve of the institution stands at \$5,000,000, with the outstanding capital stock obligations a million lower.

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