

from the middle standpoint, neither inclining to optimism that a further reduction in the official rate will be made nor pessimistically regarding the troubled political future and its influences upon the money market with anything but calmness.

This week's London market outlook may be shortly summed up thus: On the one hand the uncertainties surrounding our national finances, and the likelihood that there will soon be many new issues to compete with existing stock; on the other, a prospective investment demand owing to the reduction of the bank rate having automatically reduced the rate of interest allowed by British banks upon deposits, and the fact that more attention will be given to business when the General Election is over.

#### Continent and English Railway Stock.

Among other events of the Stock Exchange week one may note the interesting fact that for the first time in history the stock of an English railway has been quoted on a foreign bourse, Great Eastern ordinary having this week been admitted to quotation at Amsterdam. The Great Eastern is one of our minor lines, standing in point of prestige in a class behind such giants as the London and North Western and Great Western. It has an enormous suburban traffic, but outside that runs almost entirely through agricultural country although it is fast developing its continental connections, and its Harwich-Hook of Holland route gives it a very strong hold among the Dutch. The Amsterdam bourse, of course, has long been famous as a centre of cosmopolitan finance. Thrifty Dutchmen have invested large sums on your side, and if Dame Rumour be correct, have consistently made handsome profits out of United States railroads over a long series of years by the simple process of buying when prices are low and selling when they are high.

#### Banking Dividends.

The half-yearly dividend announcements of our joint-stock banks have, so far mainly been of a humdrum character, the rates announced with only two important exceptions being the same as a year ago. The exceptions are the Union of London and Smith's Bank, of which Sir Felix Schuster is governor, which is adding a bonus of 1 p.c. to its dividend of 10 p.c. as it did in 1907, and Lloyds' which pays only 16¼ this half year as against 18¾ a year ago, of which there will no doubt be an explanation later. The clearing house returns of 1909 show an enormous increase of banking turnover. The figures for the year are £13,525,000,000, an increase of 1,405 millions on 1908, the "town" clearing (i.e. Inner London) being responsible for 1,335 millions of this increase. Cheap money certainly broadened out business in 1909, even if that business did not add very substantially to bankers' profits.

#### A Grand Trunk Mystery.

We heard from New York the other day—and the statement was also made separately by a Canadian journal in London—that a traffic compact had been made between the Grand Trunk and Rock Island lines, which, practically, would give the former a partnership "in the heavy grain and coal

trade from the Great Lakes to tidewater at New York." Inquiries at the Grand Trunk's London office, however have elicited a denial of this story—"no compact of any sort has been entered into between the two companies mentioned." The denial is disappointing; the whole circumstances of the circulation of the original report and subsequent denial are something of a mystery.

#### Strong Opposition to Quebec and Lake St. John's Reconstruction Proposal.

Opposition to the financial reconstruction proposals of the Quebec and Lake St. John Railway is fast developing in anticipation of next week's meeting of the bondholders. A meeting convened by a London Trust Company was held this week at which strong opinions were expressed as to the objectionable character of the proposals and a committee appointed to safeguard the interests of the bondholders. From the speeches made it appears that one of the chief objections to the scheme as formulated is the fact that it leaves the rights of the ordinary shares absolutely untouched so that they will be entitled to all the surplus profits which may arise in future years. In the view of those now engaging in active opposition, it is impossible to discuss a scheme which means simply the benefit of the ordinary shareholders at the expense of the bondholders or the acquisition of the bondholders' property by another company at less than half its value. Some of the bondholders at the meeting in question used pretty strong language regarding the relations of the Canadian Northern with the Quebec line, the former, one speaker observed "had done exactly as they liked"—and the opinion was frankly expressed that the Quebec line should, if possible, be got away from the Canadian Northern and that every effort should be made to resist the Northern's efforts to get the Quebec line into its own hands for a "mere song." Much sarcasm also was expended on a letter written by the representative of the Canadian Northern line in London stating that his company had been "approached" by the Quebec and Lake St. John Company, and asked to assist in formulating some arrangement whereby the loss to the holders of the security of the latter company could be "minimised;" the bondholders being informed that nearly the whole, if not the whole of the Quebec Company's shares were acquired by the Canadian Northern two years ago, and that that company has since been responsible for the working of the Quebec line. The whole feeling of the meeting was to throw the responsibility of recent events, so far as they are controllable by management and culminating in the default of the 1st inst., upon the Canadian Northern.

Since the above was written announcement is made that the Canadian Northern court investigation of their management of the line, and are willing to extend the time during which the original offer was to be accepted until February 28, provided a committee representing all classes of bondholders is appointed to make the investigation. It is possible, however, that this announcement has come too late, feeling against the Canadian Northern in this matter being very strong.