

MONEY AND MAGNATES

POOL OPERATIONS IN MARKET

ONE of the strongest indications that the Canadian stock markets are not very far from the top level is that most of the "pools" that have been operating in different stocks have now been dissolved. These "pools" have easily been one of the most important factors in the recent activity and the big advance the Montreal stock market has enjoyed and their operations were as a rule rather deceiving to the public.

The reason why so many pools were operating was that there were a number of deals that the insiders wanted to pull off and it was in their interests to show that there was a good demand for the stocks of their companies.

For instance there was what was called the "Textile pool," the members of which looked after both Dominion Textile preferred and common stocks with a view of inducing the London crowd to exercise the option they had secured on \$2,000,000 of the \$5,000,000 of the Textile common stock. The option was for certain amounts of the stock at prices ranging between \$60 and \$70 a share and in the end the insiders in order to make the \$70 option look attractive had to get the stock quite a little above that price. At the same time that this deal was on the company had quite a little difficulty settling different strikes and every little while the threatened trouble among the hands would cause quite a little decline in the stock. Finally Textile common after holding for a long time around \$65, was boosted to \$75 and the news came out that London had practically agreed to take up its last option at \$70. The pool had effected its work and when it withdrew its support from the market the stock went off quite quickly.

Then again certain brokerage houses had too large a quantity of certain stocks and they formed little pools in order to facilitate the marketing of it, figuring that the public would come in just as soon as it was noticed that the stock was getting fairly active. Among such pools might be mentioned the "Richelieu pool," the "Montreal Power pool" and the "Illinois Traction preferred pool." Of course as much as possible brokers do not want the public to get on to the fact that there is a pool operating in a stock and try to get their customers to believe that there is a strong public demand for the stock they are interested in putting to a higher level.

The operations of these pools were of course greatly facilitated by the cheap money that has prevailed for some little time past. They are usually organised with an understanding that all profits will be divided pro rata among the members of the pool, while sometimes the pools are simply formed with a view of creating a better demand for some certain issue. In the latter case there is seldom any profit to divide, the brokers simply carrying it out with a view of securing more business later on.

With these pools out of the road there will not be any longer the same endeavour made to put stocks on a higher level, and left to themselves it would not be surprising if quite a few gradually sold off to quite a lower price.

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INTERESTING SITUATION BETWEEN STEEL AND COAL.

TO those acquainted with the "inside" doings, the final negotiations between the Dominion Iron and Steel Company and the Dominion Coal Company have now reached a most interesting point.

The Steel Company has submitted claims for some \$1,300,000 of damages in addition to the \$2,500,000 already paid over by the Coal Company, and the experts employed by the Coal Company have reported that it will take them well on to the end of June before they will be ready to make a report on the claims of the Steel Company.

Now it so happens that by June 30th, by its contract the Steel Company has to agree to a readjustment of the price it must pay the Coal Company for its large supplies of coal. Even the difference of a few cents a ton will make quite a big difference in the amount that must be paid at the end of the year.

It is just this situation that will make the final negotiations very interesting because just in the same proportion that the Steel Company holds out for damages, in like proportion will the Coal Company very likely advance its price for coal for the next two years, and, on the other hand, just in proportion to the amount the Steel Company will agree to waive of the damages, in like proportion will the Coal Company agree to keep down the price of coal. The two big concerns are so allied that it seems almost impossible for one to get the complete upper hand of the other and it would rather seem that a give-and-take policy must be followed in all negotiations between the two concerns.

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HOW QUICKLY CREDIT CAN IMPROVE.

THE Canadian Pacific Railway affords a striking instance of the very great extent to which the credit of a company can improve in twenty odd years. At the present time the credit of the company ranks as high, if not even higher, than any other railroad in the world, and yet less than twenty years ago a leading Montreal firm that had sold the C. P. R. considerable material received payment for it in the form of notes. These notes he placed along with other paper in one of the leading banks but what was his surprise when the manager stepped out and told him they could not think of discounting the C. P. R. paper as they had found that it had little or no value. Now C. P. R. can even sell its four per cent. debenture stock at a premium above par.

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CANADIANS UNDERWRITING BOND ISSUES

A STRIKING indication of how fast Canadian financial institutions are growing was afforded by the announcement that the new issue of Consolidated Bonds made by the Dominion Iron and Steel Company had been underwritten in Montreal and Toronto.

This was an entirely new condition of affairs, as the big Canadian corporations, in the past, had always found it absolutely necessary to go to London to effect a bond issue of any proportions, as the Canadian institutions did not, as a rule, have enough capital available to handle any large block of bonds.

In the case of the Consolidated Bond issue of the Dominion Iron and Steel, financiers, who are rather closely connected with the Bank of Montreal and Bank of Commerce, felt that they could underwrite the whole issue and later on, when the Iron and Steel Company was in a stronger position than it is just at present, they would be able to dispose of these bonds at an advance of quite a few points in the London market.

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