

# WESTERN CITY RENEWS TREASURY BILLS IN LONDON

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## LONDON SITUATION NONE TOO BRIGHT

### Number of Short-Term Bills To Be Redeemed—Bank of England Position

(Central News letter to *The Monetary Times*.)

London, November 5.—London is now past the turn of the month, and monetary conditions have slackened somewhat, following moderate disbursements, but a general feeling exists that the respite of easier loan rates may not be a long one, and that November will be a difficult period in Lombard Street. The market must wait and see whether this view is merely the outcome of the prevailing spirit of caution, which recurrently develops into pessimism, or not. The money market has commenced loan repayments to the Bank of England. When these repayments are completed, it will still have to redeem a number of short bills, which are held by the central institution, and which mature from time to time as the month advances. Another £3,000,000 Treasury bills have been offered, and will be paid for shortly, thus further trenching upon market supplies of capital. It is still hoped that the ultimate effect of the previous Treasury bill issue and of that which has just been made, will not be to lock up funds in the Treasury for any length of time, since government short borrowing has presumably only been to increase balances against current expenses, but in this connection it must be noted that while government balances with the Bank of England are rather in excess of those banked at this time in 1911, they showed in last week's bank return a decrease of over three millions in comparison with last year's figures. This suggests a probability that the Treasury may be conservative in its payments for some time to come.

### Calls on New Capital Issues.

Calls on new capital issues, already made, will be heavy during the month, being considerably in excess of those for the corresponding month a year ago. Meanwhile the flow of new capital flotations has been resumed. The further emission of Canadian Northern Railway land bonds amounting to £1,500,000 is the largest operation just now before the money market, but there are others, which have either just been made or are about to appear, and which total approximately another million. Meanwhile the new capital, which was created in such heavy volume last month—the total emissions representing £21,087,000 against £14,620,000 in October, 1912—has not been nearly all digested yet. Stock Exchange speculative operations are fortunately at a minimum, and there are, therefore, few calls upon the money market in that connection, but, on the whole, there seems to be little likelihood of sustained monetary ease in the near future, quite apart from disturbing external influences, such as Mexico.

### Stock Markets Disappointing.

One leading market authority says: "The stock markets remain disappointing. They decline to be comforted. Neither peace in the Balkans nor prospects of cheaper money has cheered them. There seems to be something constitutionally wrong with them, and on certain days they look as if a crisis were approaching—a crisis of over-consumption. The days of over-production are gone. What we are suffering from is the rapid destruction of goods—by war and by extravagance, national and individual. Debts are thereby created faster than new capital accumulates, and the result is that never-ending depreciation in existing securities, which puzzles and disconcerts the investor and keeps him out of the markets. When will it come to an end? Nobody can tell, only that a fall in the value of money would turn the current. Meanwhile, the depreciation leads to losses and failures with their corollaries, forced sales. Thereby further depreciation is caused—a chain without end, resulting in quotations utterly at variance with intrinsic merits or legitimate prospects."

### Bank of England Position.

This is a re-statement from the market viewpoint of the note which Lord Milner sounded a few weeks ago, when he expressed the view that demands on money were such all over the world as to render any prolonged return to ease for many years to come a matter of improbability. There are some, however, who dissent from this view as exaggerated, and who believe that if the trade reaction becomes more pronounced funds set free from industrial purposes will have to be placed for at any rate temporary employment in the security markets. A favorable feature at the time of writing

is the intimation that the Bank of England will probably secure most of this week's parcel of South African gold in the bullion market. If no foreign demand subsequently develops and the central institution is able to put most of the £800,000, represented by this week's Cape offering, into its vaults, there will undoubtedly develop a much more comfortable feeling with regard to the bank rate outlook.

Canadian securities have been spasmodically weak on the Stock Exchange with other things. There has been persistent selling of Canadian Pacifics. Some of these sales emanated from Berlin, where last week three small brokers failed in connection with the settlement, while two bankers in a larger way had to be assisted. But there has also been some selling from Montreal, which gave rise to a renewal of disturbing rumors. Grand Trunk Railway stocks have been heavy, mainly owing to the keen disappointment felt at the net decrease of £8,350 in October net earnings.

## GRAND TRUNK EARNINGS AFFECT MARKET

(Central News letter to *The Monetary Times*.)

London, November 8.—A very gloomy impression has been made by the publication of the Grand Trunk Railway's revenue statement for September. The market has been anticipating an increase in net earnings from £7,000 to £10,000, and thought that in placing the probable expansion at that figure they were acting conservatively. The fact, however, that the net earnings for the month were £8,350, despite the fact that there was one more working day this year, compared with the corresponding month in 1912, has plunged the market for Grand Trunk stocks into depression. The result seems to emphasize the pessimistic tenor of the chairman's remarks at the recent half-yearly meeting. Mr. Smithers on that occasion emphasized the poverty of the company, resulting from the higher wages and the demand for quicker and more luxurious travel. The impression made on some of the best-informed of his hearers was that he was anxious to make out a strong case for the higher rates, which he suggested ought to be allowed, and that, therefore, the speech was to a large extent for Canadian consumption. This reflection did something to modify the heaviness which followed in Grand Trunk issues, but the September statement has now come along and driven home all the "bear" points in the speech with unpleasant force.

## WESTERN CITY RENEWED BILLS

\*London, November 8.—The example of the Winnipeg municipality in repaying short-term notes maturing November 17th is not being followed by another leading western municipality, whose bills are maturing the same date and were renewed yesterday.

## BRITISH EXHIBITION TRAIN

†London, November 8.—As already announced, it is proposed that an exhibition train of British manufactures should travel through Canada next year. Up to date, the general suggestion is that there should be eight exhibition cars and sixteen salesmen. It is suggested that it would be better that the large cities in the United Kingdom should each hire a car than that each special trade should have a conveyance of its own. It is recommended that exhibits be in such a form as will enable them to be constantly changed, and, further, in order to ensure freshness of display, alternate exhibits are desirable.

The exhibition train will stay in a town at least two days, and in the more important centres a week or longer. This will give ample time for all articles to be shown in each town. A firm, therefore, may have two independent sets of exhibits to be shown alternately, or they may appear turn and turn about with another firm, thus halving the expense. Practically everything that can be shown in a shop window or carried by a traveller, can be exhibited. Makers of heavy machinery can show models, and, of course, photographs.

Of the £30,000 necessary, the Canadian Pacific Railway charges will come to £15,000.

†Canadian Associated Press cable.

\*Montreal Star cable.