Points for Investors

THE continued money stringency, with the advance of the Bank of England's rate to six per cent., continues to repress the prices of stocks universally, although the Montreal Exchange shows quite remarkable activity under the circumstances.

THE STREET RAILS ANOMALY

Last week, I had occasion to refer to the anomalously high prices of street railway stocks. There has been a craze for this class of security on the part of the speculative rather than the investment public, both in the United States and Canada, with the result that street railway stocks are higher priced than steam railroad stocks. The wealth of money that has been made out of street railways is the incentive. On the basis, however, that most of these stocks are now placed, their prices are too high for the careful investor. Street rails are operating on franchises that are attended with insecurity even when perpetual. They are subject to the vagaries of municipal restrictions and their property has even the prospect of municipal confiscation in front of it. They are, moreover, dependent on local conditions. All these are dangers which a railroad stock is not called upon to face. These are some of the anomalies we notice.

Metropolitan Street Railway.—Capital $40,000,000, pays seven per cent., is 193.

Delaware, Lackawana & Western.—Capital $26,200,000, seven per cent., is only 88¾.

Third Avenue Railway, New York, pays five per cent., is 152.

Cleveland, Cincinnati, Chicago, St. Louis preferred, pays five per cent., is 106.

Toronto Street Railway, pays four per cent., is 109.

Canadian Pacific Railway, pays four per cent., is 95.

TORONTO RAILWAY'S POSITION

I pointed out last week the position of the Toronto Street Railway as an investment. The franchise has 22 years more to run. Owing to the growth of the city, the street railway company has every prospect of making gradually increasing earnings every year. This year the increase in gross earnings will be about $114,000, and their net earnings should show an increase of about $60,000, or one per cent. on the capital of $6,000,000. It seems hardly probable that an increased dividend should be in order on such a showing, but, even so, the present price has anticipated an advance of one per cent. per annum. There is, however, a prospect of a gradually increasing dividend, finally reaching perhaps 10 or 12 per cent. in 20 years' time. Then comes the time of reckoning on the expiration of the franchise. The city will either assume control or, if the company has safeguarded its position, it will continue, however, on such restrictions as to reduce the stock to a dividend basis of five per cent. or less.

Montreal Street Railway is not in the same position. Its franchise is safe and continual. Its increases in earnings are more marked than in Toronto, but its expenses of operation are greater, and for its fiscal year ending September 30, while its gross earnings increase was $188,000, its net increase was only $40,000. Therefore, the stock at 313, paying 10 per cent., has also discounted further increases for at least two years.

CARIBOO HYDRAULIC.

An investor has inquired in regard to the Cariboo Hydraulic mine, the property which started out equipped with a splendid board of directors and heralded as possessing equally splendid prospects. This year has been another disappointment. In round figures the mine will have produced $90,000 worth of bullion at an expense of $120,000, leaving a deficit of $30,000. Last year it produced $105,000 at a cost of $107,000. It had then a balance on the wrong side of $120,000, so that it will go into next year about $150,000 to the bad. The directors, in spite of all misfortunes, have not lost faith in the property and this year's poor showing is due, they say, to the unexpected appearance of a barren zone. The only comfort the shareholders have is the knowledge that the property is in able hands, and whatever is done will be done with integrity and discretion. The $5-shares shares, even at 85c., can hardly be called an advisable investment.

THE DOMINION BANK

I spoke in this column last week of the Dominion Bank as the best investment of the bank list under present conditions. This premise would appear to be borne out by the activity shown in the stock on the Toronto Exchange during the past week. It sold up to 273½, advancing from 270. The bank's operations have increased to such an extent that an increase in capital must be made in the near future. Under the Bank Act this new capital is allotted to the then shareholders at a premium not exceeding the percentage which the reserve fund bears to paid-up capital. Dominion Bank capital is $1,500,000, its reserve an equal amount, consequently shareholders will be enabled to secure the new stock at 200 per $100. The bank is paying 12 per cent. at present. Its annual meeting is next April, before which time some highly satisfactory developments may be looked for.

C.P.R. AFFAIRS

Canadian Pacific showed a slight weakness early this week, due to the stock depression in London and New York. This year there will be a gain in net earnings of close on to $1,750,000, as compared with $172,000 in 1898. This money, as Sir William Van Horne says, belongs to the shareholders. Last year there was a surplus of $1,050,000 after payment of all fixed preference charges and a 4 per cent. dividend on common stock. This year the land sales have been slightly better, so that there should be almost a $3,000,000 surplus this year. It looks as if when February comes around that this stock should be well over par.

THE ELECTRIC STOCKS

Royal Electric stock on reaching 188 naturally met with a slight reaction after so sudden a rise. There are many reasons assigned for the movement in this stock. The company will undoubtedly be able to show a splendid statement next May, and, while an increased dividend can hardly be then expected, still, with the business advancing so steadily, larger returns may be looked for later on. It would be well, however, for intending investors to wait until the stock has settled down after its present flurry and possibly more definite information can be given in regard to its future policy.

The electric stock which, however, presents the best industrial investment at present is the Canadian General Electric, listed on the Toronto Stock Exchange only. The directors of this company meet on December 12 to declare an increased dividend, so I am authoritatively inclined to believe. The present eight per cent. dividend will be enlarged to ten per cent., payable quarterly, and, after paying this better return, there will also be a large balance carried forward. The company at present does about 80 per cent. of the total electrical manufacturing business of the Dominion. Another good feature of the company is that its $300,000 of six per cent. preference stock is redeemable in two years' time at 105, a price which will mean a great benefit to the common shareholders, who will be enabled either to enlarge their holdings at an advantage, or the stock will be redeemed out of a surplus fund, and all the net revenue left available for the holders of common stock. The possibilities of the electric manufacturing business are indicated by the fact that the American General Electric Company has done $20,000,000 business during the current year.

COAL AND GAS.

Dominion Coal, common, with the development projects that are in view and with the undoubted richness of the property considered, is one of the investments likely to give large returns in the future.

There has been some activity in Montreal Gas. Last year, this company did not show a progressive statement, and, although it paid its 10 per cent. dividend without difficulty, its net revenue was less than its dividends and bond interest. This year, I understand, a much more favorable statement will be shown at the end of the company's year in February.

A HINT TO THE PRESS.

Why do not the daily papers of Montreal print the transactions on the Toronto Stock Exchange? There are many securities which have their home in Ontario, and in which Toronto sets the pace just as Montreal does in others. The Montreal dailies print religiously the comparatively unimportant sales of the Toronto Mining Exchange, but leave the regular list of the Toronto Stock Exchange severely alone.

FAIRFAX.

MR. A. J. WHIMBEY was recently honored by his numerous friends in Montreal and St. Lambert, on the occasion of his removal to Toronto, to manage the business there of Simpson, Hall, Miller & Company, silversmiths. Mr. Whimbey was three times mayor of St. Lambert, and the hospitality of himself and Mrs. Whimbey in entertaining visitors to that town was such as to win for them hundreds of devoted friends. A complimentary address was presented to Mr. Whimbey, accompanied by a magnificent present of diamond jewelry for his esteemed consort.