

Our London Letter.

MONETARY CONTRASTS, THIS YEAR AND LAST.

Why the Bank Rate was Raised—British Investments Abroad—New Issues—Canadian Pacifics—Bank Absorptions—Insurance News—Special Correspondence of THE CHRONICLE for the Week Ending October 9.

The rise in the Bank of England's discount rate to 3 p.c. came somewhat unexpectedly, many authorities anticipating before the event that the operation would be postponed another week. But now the prospects are for an advance to 4 per cent. and later, 5. (Which forecast has already been fulfilled—Editor). The Bank Return, made it thoroughly evident that the authorities were fully justified in the action taken. During the week reserve had been lowered by £2,340,300 to £23,635,800 owing to a decline in the stocks of coin and bullion and an expansion of the note circulation, the ratio of reserve to liabilities being as a result no better than 45.2 p.c. At this time last year the reserve was over two millions higher, and we were not anticipating such heavy demands from abroad as will probably have to be met this year. Owing to the continued Russian demand, the Bank has been unable to secure any gold in the open market for some weeks, and foreign shipments continue heavy. Thanks to good crops, Egypt has already taken more gold from us during the present season than in the whole of last autumn, and it is anticipated that considerably further amounts will be required. Continued exports to South America are also a probability, while the uncertainty surrounding the New York position suggests further caution.

British Investor and Foreign Investments.

Stock Exchange business has turned quiet again. One or two markets where there has lately been much activity are beginning to get restive and cautious people, also, are concerned as to what may be the outcome of the wild manipulation in New York. The political situation, while still in as tangled and uncertain a condition as before, has probably very little to do with the dulness of business now, the market having become thoroughly acclimatised to the uncertainty.

New Issues.

Several interesting prospectuses have seen the light the week. The Tasmanian Government is making an issue of 3½ p.c. stock at 98. Two million of New York Telephone 4½ p.c. bonds at 95½ were snapped up very quickly, and now stand at several points' premium, though shrewd observers express a mild surprise that they could not have been subscribed in New York—sending them over here rather gives the Wall Street show away. The Bank of Montreal is now making an important issue of 2½ million dollars first and refunding mortgage 4 p.c. gold bonds of the Wisconsin central railway, the price of issue being £198 per \$1,000 bond, and a further Canadian railway issue is also spoken of.

Canadian Pacific and Land Shares.

Sir Thomas Shaughnessy's optimism regarding the Canadian Pacific's future, backed as it is by substantial traffic returns, is fully shared here. Following the announcement at the meeting of \$30,000,000 new stock at \$125, dealings in "rights" have been actively engaged in at 9¾ to 10¼. The shares have been sold both here and in Berlin by people who apparently see some advantage in holding the new shares and on the week the price is 2½ down at 109¾. From a quarter intimately associated with the Canadian Pacific we now have the assurance that last week's news of the sale of a million acres of the company's land near Calgary is incorrect. Hudson Bays have receded a point, but Southern Albertas continue active, closing at 33s on rumours of an enormous land sale to take place six months hence.

Joint Stock Births and Deaths.

The annual report of the comptroller of the companies department of the Board of Trade just issued contains some interesting figures. The number of companies registered in 1908 was 5,024 their nominal capital being 104½ millions. This is a decided slump in comparison with 1907 when 5,265 companies were registered with a nominal capital of 138 millions. It is satisfactory to note that the last Companies' Act has succeeded in making a material reduction in the number of companies issued without a prospectus, the ratio of companies without this document applying to the Stock Exchange for a settlement being in the second half of the year reduced to 15 p.c. whereas five or six years ago it was over 50 p.c. Companies liquidated during the year numbered 2,120, an increase of 400 on 1907, the total capital involved being 62 millions. Of the 126 companies wound up by compulsion, it is interesting to note, 19 were motor car companies, stranded high and dry and now broken up after the boom period of a year or two ago.

Bank Amalgamations.

Since the big deal of the London and County and London and Westminster banks was negotiated, the city has been full of gossip concerning other banking mergers. These came to a head last week in the definite statement that the Union of London, and Smith's Bank, of which Sir Felix Schuster is chairman, is about to amalgamate with Barclay & Co., a well known and widely spreading firm which has absorbed within the last few years a large number of private and country banks. This statement was promptly contradicted, but it seems probable that affairs in our banking world will not long be allowed to remain as they are, and that in the early future we shall have news of further centralisation. The suggestion is made that some of our smaller joint-stock banks may now find it politic to join forces, recent amalgamations having affected them unfavourably.

Insurance Notes.

Two well-known companies, the British Legal Life and the United Provident, are to join forces. The latter will be merged in the Legal Life, which, established in 1863, has its headquarters in Glasgow. Its funds are nearly £250,000, the last