

Our London Letter.

CONTINUED HIGH STANDING OF CANADIAN CREDIT.

Success of Ontario £820,000 Issue—Capital Demands upon London Market—Budget Prospects—Irish Land Finance—Vitality of Annuitants—Special Correspondence of THE CHRONICLE.

With the passing of the Balkan war cloud the London markets assumed a cheerful aspect to which they had been strangers many weeks. Prices all round, from Consols to West Africans, became uniformly higher and stock brokers were happy in being able to report a gradual broadening out of business in the investment sections. Increase in the speculative demand from the public came more slowly. As has been previously mentioned in these letters, the British public has burnt its fingers so frequently of late years in speculation, that it is not very much inclined in these days to try its luck in this direction. The protracted nature of the Balkan negotiations gave ample scope for the building up of a large bear position and it was the rush to cover on the part of the ursine fraternity which accounted to some extent for the recent sharp rises in prices. Indeed, with the Budget looming ahead it would be somewhat surprising if anything in the nature of a general boom accrues in the near future. On the contrary it will be better for all concerned if a merely healthy condition of business is continued, a firm tone being insured by the plentifulness of money. Anticipations of an early reduction of the Bank of England rate to the absolute minimum of 2 per cent. are being indulged in, but it is questionable whether it would not be better for financial interests generally if the $2\frac{1}{2}$ per cent. rate is retained in order to place our gold reserves upon a really substantial basis. As things are at present, indeed, our banks have an extremely good opportunity of showing that they really mean business about gold reserves. At the same time, the low rate of interest being paid upon deposits (one per cent.) should ensure the transference of substantial sums to Stock Exchange securities of the gilt edged variety. One of the features of the current week has been a run upon the partly paid scrips of recent new issues of a high class character, and, in consequence, these now stand at substantial premiums, amounting in the case of the recent Dominion loan to as much as 2%. This is highly satisfactory, and combined with the fact that the Province of Ontario has been able to make an issue of £820,000 4 p.c. registered stock at 102, is a fresh proof, if any in these days is needed, of the high standing of Canadian credit.

New Security Issues.

The Ontario prospectus made its appearance in company with three others, the advance guard of a host of expected new issues. The pace at which new capital is being raised on the London market at the present time is certainly very remarkable. According to The Economist which had records on the subject extending over a long period of years, the amount raised during the quarter which has just closed was £64,000,000, £19,000,000 more than in the corresponding period of last year, and an

amount which has been exceeded in only four quarters during the many years over which The Economist's records run. Of these 64 millions only $4\frac{3}{4}$ millions were retained in the United Kingdom; nearly 30 millions going to various quarters of the Empire, and a little less amount to foreign countries. Canada, it is interesting to notice, has taken £9,400,000; and Australia about 4 millions while no less than £21,800,000 has gone to South America.

Irish Land Finance.

At any other time than the present the re-introduction of Mr. Birrell's Irish Land Bill would have occupied a large space of public attention, but amid the alarms and excursions which have accompanied the debates upon the naval estimates, the subject has become less prominent for the time being than its great importance deserves. The question is an extremely complicated one, but the primary point of importance is that the whole scheme is now estimated to cost well over 180 millions, instead of the one hundred millions originally and optimistically foreshadowed by Mr. Wyndham, when secretary for Ireland in the last administration. The deadlock arising from the depreciation in the value of Irish land stock has already been explained in these letters; and it is necessary only now to recall that owing to the depreciation in values of gilt edged securities generally it has only been possible to make issues of the existing $2\frac{3}{4}$ per cent. stock at a substantial discount. The latest issue in July last was, in fact, made at no better a price than $89\frac{1}{2}$ per cent., and as at the present time the price is only $87\frac{3}{8}$, after having been as low as $85\frac{5}{8}$, investors have had no material benefits to compensate for the sentimental unpopularity which attaches to the stock. Mr. Birrell's chief financial proposal under the new bill is the creation of 3 per cent. stock, in order that issues may be made in the neighbourhood of par. For a long time past the necessity for making further issues of this stock, rumours regarding the imminence of which are always afloat in Lombard Street, has been one of the contributory causes to the weakness of British Government stocks generally. The new issues will, of course, be spread over a long term of years, and it is hoped that many landlords will take payments for their estates in scrip instead of cash; nevertheless, it is clear that for a long time to come British credit will be under the shadow of Irish land finance.

Canadian Issues Strong.

Canadian issues have fully shared in the recovered strength of London markets. Canadian Pacifics, aided by the delivery revenue return, have been very strong, moving up ten points in less than a fortnight. Grand Trunks have also benefited by the favourable working statement, the first for many months, and there has been an all round improvement in its securities, without any rise of the runaway description. While the improvement in the outlook is fully appreciated the opinion is expressed in some quarters here that the Grand Trunk's subsidiary undertakings are doing little or nothing to justify their existence. The satisfactory return of land sales by the Hudson's Bay Company is recognized as a clue to a steady improvement in the