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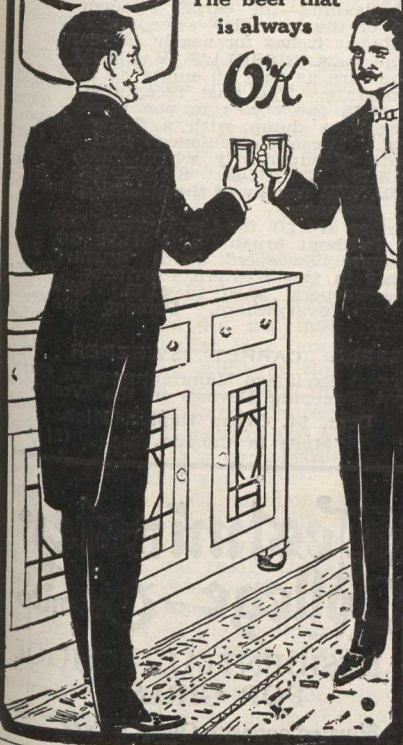
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# MONEY AND MAGNATES



## A Chat About "War Babies."

WITH the interest in the stock market situation in Canada so intense that attention to Canadian industrials, particularly of the war order kind, has been aroused in Wall Street, it might be well for Canadians to stand back a little and get a proper perspective of the situation. Financiers in this country are urging caution in respect to the stock market, and advisedly. Canada has often been accused of playing second fiddle to the United States, and while this may be entirely true, there is no doubt that we have profited by the mistakes of our big neighbour and governed our own actions accordingly. And yet a little study of the technical situation should prove, to our own satisfaction, that the attitude of investors and speculators in Canada towards our national securities is not only tinged but deeply dyed with conservatism.

Taking the market values of the securities of seven of the largest Canadian companies now working on munition orders, July, 1914, prices worked out at a decline of nearly 30 per cent. from the high quotations of 1913. A comparison of these same stock prices, taking the market values in July, 1914, and the quotations of the present day, shows an increase of over 56 per cent. The actual cash increase in the valuation of the seven securities, taking present market values of the shares, amounts to something over \$13,000,000.

The latest available figures from Ottawa show that Canada has received something like \$200,000,000 in war orders. Of this last amount, \$188,000,000 was for actual munitions, such as shells, shrapnel and otherwise, cartridges, cordite, lyddite and fuses, all of which are manufactured by the seven firms above mentioned. These concerns represent easily the largest of those engaged in munition manufacture in Canada, and it is safe to assume that out of the \$188,000,000 at least \$150,000,000 may be divided among them, the balance being distributed among the dozens of infinitely smaller companies engaged in the same work.

And now we come to percentage of profit. This has been quoted at anywhere from 20 per cent. to 75 per cent., depending on the class of work. Being most conservative, however, and taking only 10 per cent. as a profit out of the \$150,000,000 worth of war orders which are being handled by the Canadian concerns in question, we find we still have a balance of \$2,000,000 over and above the increase in market values of these securities.

The Canadian Courier's idea in working out this analysis is by no means to encourage speculation, but to disprove, once and for all, the statement that we are not conservative and that the securities of Canadian "war babies" are selling far above their actual value. There are many things to consider, and the first of these is the duration of the war. The second might be given as the likelihood that the British Government will soon reduce the ratio of profit on war orders—the present high prices being offered as an inducement to industrial concerns to buy the necessary equipment for the manufacture of munitions and to help pay the initial costs. But in the meantime it is safe to assume that war orders are at least providing as much in the way of profit as the business of normal times, and that the big plants engaged on them are working to full capacity.

## The White-Taylor Loan

M. R. GIVENS, of the Kingston "Standard," has been collecting New York opinions of Canada's forty-five million dollar loan. Mr. Hamilton, editor of the Wall Street Journal, writes: "The talk of floating the loan at four and a half per cent. is childish. Anybody who knows the cost of underwriting could tell these critics that Canada would be worse off with a failure at four and a half per cent. than with success at five per cent." Mr. Siebert, of the "New York Commercial" says: "The Canadian Government must be considered as having been fortunate in the terms it obtained for the new \$45,000,000 loan." Other opinions are to the same effect.

Of course, the New York experts could not be expected to say that they or their confreres, J. P. Morgan & Co., overcharged the Canadian Government. Naturally they are interested in justifying what happened. Nevertheless the opinions are interesting and Mr. Givens has done his party a service in collecting and publishing them. If they do not settle the argument, they at least illuminate it.

## Notes

A. E. Ames & Co., Toronto, are offering Ontario Government bonds to yield five per cent. and City of Toronto bonds to yield \$5.05 per cent.

Canadian Steamship lines are reported to have twenty per cent. of their boats on the ocean, which thus reduces their need for business in the Great Lakes and the St. Lawrence. When navigation closes in the Lakes, more of the boats will be put into the ocean service.

A report was going around last week that the Ames-Holden Company of Montreal had an order for two million pairs of boots from the French Government. This is an exaggeration. However, this company has an order from the Canadian Government which is larger than any one would care to state at present.

The City of Toronto is calling for tenders, to close September 9, for four million four and a half per cent. debentures. Most of them mature in 1925. Interest accrues from July 1. The price should be somewhere around 91.

Montreal bank clearings showed an increase last week of 18 per cent. over the same week a year ago. Last year the stock markets were closed. Nearly all the eastern cities, except Toronto, showed improvement.

Hon. Mr. White has announced that the banks may deposit grain certificates with the Dominion Government and get currency. This will help to sober down the rush of wheat out of the country.

In normal times flour could be shipped in carload lots from Toronto to Great Britain for 30 cents a barrel. Now it costs about \$1.19 because of loss in exchange, war insurance and increased freight rates.

Canadian boats on the Great Lakes are capable of taking a million bushels of grain a day out of Fort William and Port Arthur. Between September 1 and December 1 they can thus take only 90,000,000 bushels of the western crop, which is estimated at over 500,000,000 bushels of all kinds of grain. Much of the western barley is made into malt at Calgary and Winnipeg and shipped east in that form. A bushel of barley makes about thirty pounds of malt.

A New York firm says Steel of Canada, Hamilton, earned at the rate of 21 per cent. per year in its common stock in June. Perhaps it did. In any case, somebody in New York bought the stock rather freely last week.

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