

BRAZILIAN STOCK LISTED AT MONTREAL

MONTREAL'S BOARD OF TRADE

Listing is for the Entire Amount—Terms of Exchange—Reported Earnings

Mr. R. W. Reford on Export of Power—Transportation and St. Lawrence Insurance Rates

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During the past week considerable interest was aroused around here by the listing of Brazilian Traction Light and Power on the Montreal Exchange. Heretofore, the stock was being dealt with on the unlisted department, and while there is really no essential difference so far as the trading facilities are concerned, the absence on the ticker, of quotations from the unlisted department and the lack of the official recognition are generally considered drawbacks to the best trading interests of a stock. The listing was of \$104,500,000 of the stock, being the entire amount issued.

Brazilian Traction Light and Power came into existence during somewhat stormy times, so far as the stock markets were concerned. It was some time ago that the terms upon which the Rio de Janeiro Tramway Light and Power, the Sao Paulo Tramway Light and Power and the Sao Paulo Electric stocks might be exchanged for the shares of the Brazilian Traction, were announced. Later these terms were altered somewhat, the proposal to issue preference shares being abandoned and Sao Paulo Tramway receiving in all \$2,500,000 more in the holding concern than at first proposed.

At an Inopportune Time.

This and the slowness with which the exchange of shares took place, to say nothing of the period of tight money and European war threats which were then entered, had the effect of depressing the Brazilian shares when they came on the market. From a little above par they fell to not far above eighty but have now recovered to around par once more.

The three companies taken in are all doing business in Brazil. Two of them, namely, Sao Paulo Tramway and Rio de Janeiro Tramway, have been in business for some years past, Sao being the elder. It possesses the franchise for the various public utility services for the city of Sao Paulo while Rio stands in a similar relationship to the city of Rio De Janeiro.

At the time of the merger, Rio was paying a dividend at the rate of 5 per cent. per annum, while Sao Paulo Tramway paid a dividend at the rate of 10 per cent. per annum. Sao Paulo Electric paid no dividend at all, being only in the construction stage. However, it was claimed that the outlook for the latter company was in every way encouraging. Taking the results of the two going concerns, it was claimed that these would be able to show earnings of 6 per cent. per annum on the capitalization of Brazilian as at first proposed.

Have Shown Large Increases.

During the time the stock of Brazilian was declining, it was stated freely that the earnings actually were sufficiently large to justify the payment of a dividend at the rate of 7 per cent. and that such would be done if necessary to bring the stock to a proper price level. Subsequently, the earnings reported for Brazilian from week to week have shown large increases so that the future of the stock would appear to be quite encouraging.

The basis of exchange was 1 3/5 shares of Brazilian for each share of Rio, 2 3/4 Brazilian for each share of Sao Paulo Tramway and one share Brazilian for each share of Sao Paulo Electric. The exchange worked out as follows:—

	Former capital.	New capital.
Rio de Janeiro	\$45,000,000	\$72,000,000
Sao Paulo Tramway	10,000,000	27,500,000
Sao Paulo Electric	5,000,000	5,000,000
Unissued		15,500,000
Total	\$60,000,000	\$120,000,000

A branch of the Royal Bank of Canada has been opened at Limoilon, Que.

The officers of Kentville, N.S., board of trade for the ensuing year are:—President, Mr. E. B. Newcombe; vice-president, Mr. T. P. Calkin; secretary-treasurer, Mr. W. E. Porter; council, Hon. J. P. Chipman, Messrs. W. B. Moore, M.D., A. E. Calkin, W. P. Shaffner, Prof. W. S. Blair, H. G. Harris, R. S. Eaton, and William Yould; auditors, Messrs. T. A. Lydiard, and T. Weaver.

There is a movement on foot to form a fire investigation bureau in Montreal to assist the fire commissioners in their work. While it is not thought that any "arson trust" exists here, such as that which has become famous in New York, the fire underwriters are of the opinion that many of the fires that occur in this city should be closely investigated.

The annual meeting of the Montreal Board of Trade brought out some remarks by the retiring president, Mr. Robt. W. Reford, on a point of much economic interest and importance. He referred to the selling to industries on the other side of the international boundary line of power generated in Canada. He questioned whether it was wise to permit the export of power developed near Montreal as the growth of the city depended to such an extent upon cheap power. He also regretted the failure of the provincial government to appoint a hydro-electric commission for the purpose of fixing electric power rates. He asked the members of the board to consider whether the manufacturers were not paying too much for power by generating it by steam when a great heritage in water power lay at the very doors. He said that notwithstanding all the water power at the doors of the city the companies which had acquired the powers had been selling the power out at a price apparently governed by the cost of power when generated by coal.

Promoters and Illegitimate Profits.

Mr. Reford also referred to the high cost of living, saying that one of the factors was the permission enjoyed by the public utility companies to issue as much capital as they saw fit or as they had prospective power to pay dividends upon at the rate of five or six per cent. All this was increasing the cost of living. Cheap electrical power, cheap transportation and other public utility services would place the manufacturers in a better position to compete and to pay higher wages. After all the capitalizing and re-capitalizing had taken place, the stock eventually found its way into the hands of shareholders who would be the sufferers when the power to charge high rates was curbed. Meantime, the promoters were left to enjoy their illegitimate profits without any interference whatever.

Mr. Thomas Harling discussed the question of transportation, partly in view of the coming opening of the Panama Canal. Although the crop of the Northwest was now ten times as great as it was in 1890 and the facilities of the port had been improved, the amount of grain passing through the port was not much larger. The freight carrying capacity of the ships visiting port was not greatly larger although the passenger capacity was.

St. Lawrence Insurance Rates.

Mr. Harding placed much of the responsibility for this state of affairs on the high rates of insurance on vessels coming to the St. Lawrence, saying that over \$3,000,000 per annum was being paid in insurance by shippers from St. Lawrence ports, and yet the loss had never reached 50 per cent. of this amount. Montreal paid three times as much insurance on cargoes as was paid by United States ports. He declared it was impossible for the St. Lawrence to secure its fair share of the carrying trade with such a handicap against it.

A motion was then adopted in which the incoming council was requested to memorialized the Dominion government with a view to meeting the situation as respects the excess insurance rates and also to continue the improvements to the ship channel. Also, the council was asked to communicate with other boards of trade in the Dominion with the object of securing such united action as may be necessary in the matter.

DOMINION BANK ISSUES MORE STOCK

Shareholders of the Dominion Bank receive valuable privileges by the issue of \$1,000,000 new stock at 200, which was announced at the annual meeting of that institution. The new stock will be issued to shareholders of record February 15 in the proportion of one new share for every five now held. As the stock which is now selling in the market at around 240 bears interest at the rate of 14 per cent., the yield on the new stock subscribed for at 200 will be 7 per cent. This issue is part of the \$5,000,000 new stock authorized three years ago, which made total authorized capital \$10,000,000. The bank's total paid-up capital will now be increased from \$5,000,000 to \$6,000,000.

The directors were increased from nine to eleven, the new members appointed being Mr. E. W. Hamber, of Vancouver, and Mr. H. W. Hutchinson, of Winnipeg. The appointment of these directors is in view of the bank's increasing business in the West.