

FINANCIAL GOSSIP

It is stated that over 90 per cent. of the issue in London by the National Drug & Chemical Company of £200,000 6 p.c. first preference accumulative shares of £1 each at 105 has been subscribed by the public.

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At the end of June, £1,500,000 of province of Alberta bills fell due, and in order to provide for their maturity fresh bills in replacement thereof were offered in the London market. The new bills are for six months, and are due on December 30, 1913. The new bills were placed on the basis of 5 3/4 per cent. per annum.

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Net profits of the Northern Crown Bank for the half-year ending May 31, after making the usual deductions and provision for bad and doubtful debts, were \$112,000. The balance carried forward to the credit of profit and loss account was \$211,854. Current loans and discounts amount to \$13,454,558.

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Announcement is made of a proposal aiming at a complete reorganization of the Canadian Coal & Coke Co., Ltd., and its subsidiary companies. Meetings of the bondholders of all the companies concerned have been called for July 18 and 19, when the terms of the proposal for reorganization will be submitted.

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In brief, it is proposed to create an issue of \$4,000,000 seven per cent. cumulative preference stock of the holding company which will be offered par for par in exchange for bonds both of the Canadian Coal & Coke Company and of the subsidiary companies now in the hands of the public. All bonds still remaining in the treasury of the holding company, both its own and those of subsidiary companies, will be cancelled. The reorganization proposal is the culmination of a series of difficulties experienced by the various subsidiary companies.

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C.P.R.'s May statement shows gross earnings of \$11,904,979 and net earnings of \$3,504,030, the latter being a decrease of 4.8 per cent. from the net earnings of the corresponding month of 1912. For eleven months gross earnings are \$127,721,269 against \$112,008,114, an increase of \$15,713,125 and net earnings, \$42,618,119 against \$39,451,640, an increase of \$3,166,479.

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The London City and Midland Bank of London, England, has lately acquired two English provincial institutions, the Sheffield and Hallamshire Bank and the Lincoln and Lindsay Bank. Both the absorbed institutions are nearly eighty years old. "The success of the City and Midland in this double transaction," says the London *Economist*, "will probably increase the keenness of the London banks to secure control of the few remaining independent provincial banks. The more important of these, however, have steadfastly declined the advances made to them from time to time."

There has been no over-expansion in Canada. Building trades returns show no recession in operations, and bank clearings in the West continue high. So long as we continue to receive immigrants at the record rate now prevailing, Canada's business must continue to expand. Two years from now I expect to see expansion in an even more accelerated volume. —Sir Thomas Shaughnessy.

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American railroad and industrial corporations announced \$180,441,000 new securities in June, a decrease of \$118,881,700 as compared with the same month a year ago. New financing since January 1 totaled \$1,127,353,900. This is \$379,792,500 less than in 1912. The railroads announced \$638,881,100 securities, a decrease of \$152,160,700. Industrial corporations issued \$488,472,800, a decrease of \$227,631,800.

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Montreal bank clearings in June showed a decrease for the first time in thirty months. They were \$242,716,771 against \$245,227,009 in 1912. The half year's clearings were \$1,395,741,933 against \$1,288,341,492 in 1912. Toronto's June clearings were \$175,102,536 against \$192,814,905. Six months' clearings were \$1,081,151,975 against \$1,050,259,947 in 1912.

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At the annual meeting of the Hudson Bay Company in London, Lord Strathcona spoke of the establishment of a loan and mortgage business. It is proposed to assist farmers in approved applications by converting their sale agreements into loan agreements. It is felt that by relieving the farmer of the necessity of meeting instalments year by year, he will be able to put his earnings into buildings and stock, and follow mixed farming rather than be so dependent as at present on wheat growing.

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Both the Dominion Iron & Steel Company and the Dominion Coal Company broke several records in June. For the Coal Company, the month's output was 394,386 tons, 3,000 tons better than the output of June, 1912. The output for the last six days broke all previous records by 2,000 tons, and on the 27th the daily record was broken with a hoist of 18,130 tons. The Steel Company broke records at the open hearth and rail mill, but exact figures are not available yet. All other departments are well up, and shipping figures may show a new record. For the first six months of 1913, the output of the Coal Company was 2,294,069 tons, an increase of about 170,000 over the corresponding period of 1912.

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In times of trade activity, investors are full of confidence, and readily invest their funds in industrial securities yielding high interest returns and promising extra profits, but which are dependent for their security on the success of individual business organizations. As soon, however, as it becomes apparent that trade is likely to decline, investors tend to go to the opposite extreme. They refuse to consider even the best industrial securities, and turn their attention to Government and the highest grade of municipal bonds. This tendency is accentuated by the high interest rates afforded by securities of this class which are now yielding more favourable interest returns to investors than prevailed even during the period of depression in 1907.—Wood Gundy & Co.