

UNDERWRITERS WILL NOT TAKE MORE ISSUES YET

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INVESTORS' HESITATION UNDERSTOOD BY EXPERT FINANCIERS

Canadian Loans Left With Underwriters are Being Digested—Stock Exchange Settlement

(Central News letter to *The Monetary Times*).

London, October 15th.—Trade throughout the United Kingdom remains the reverse of brisk, but capital, which is being set free from commercial purposes, is for the moment merely finding its way into deposit accounts and not flowing into the investment markets. This is a circumstance, which naturally causes impatience on the Stock Exchange, where members are conscious that there are plenty of bargains about and are at a loss to understand the attitude of the investing public. Perhaps, however, the public is really actuated by dictates of the soundest commonsense. Investors, not without good reasons, are not sure that prices have reached their lowest levels yet. Moreover they can secure $3\frac{1}{2}$ per cent. for their spare balances by putting them on deposit with the banks and discount houses. So they are conscious that there is no hurry to rush in to purchase securities on markets of doubtful stability for the sake of earning an extra $\frac{1}{2}$ per cent. or so per annum over a short period. If in addition to these considerations the possibility of a further rise in the Bank rate—which is being discussed and which, if it occur, will not only react adversely on the Stock Exchange, but will probably increase the allowance, made by bankers on deposits—be also taken into account, the present hesitation of the public to come forward as buyers, can be both understood and approved by the best judges in the financial district.

When Tide Turns.

The same considerations, which explain the position investors have taken in relation to the security markets, of course hold good in regard to their attitude towards new capital offerings. Since the beginning of the month loan offerings by Canada alone, in this centre, have aggregated £5,361,900, and of this amount 64 per cent. or about £3,437,000, has been left with the underwriters. Some of the biggest brokers, who were not particularly confident of the chances of these large emissions on the present money market and who, consequently, failed to urge participation in the first instance, are now more inclined to draw attention to the cheapness of the new Dominion scrip, standing at $\frac{3}{4}$ discount and the Alberta scrip, standing at $3\frac{1}{4}$ discount, but even now they are not particularly emphatic, and the mere existence of present discounts on quotations demonstrates that their caution has been justified. Nevertheless, balances are undoubtedly accumulating both in London and Paris, and in the latter centre, indeed, funds on deposit with the big credit institutions are estimated to total £200,000,000. When the tide turns, therefore, the buying will probably come with a rush, but whether it will be before the end of the year, or at any rate before the big French national loan and some of the Balkan loan operations have been completed, it is difficult to say.

How New Zealand Fared.

The settlement this week on the Stock Exchange has been got through without failure, but not without some difficulty. It was matter for congratulation that the speculative account for a rise was so small in markets generally, for the few "bulls" that did exist had some big differences to pay, particularly in the American railway department and among various Brazilian securities, where heavy declines were recorded during the past fortnightly account. One or two smaller members are known to have received assistance, but no important embarrassments came to light, and it now seems improbable that any defaults will occur. Brazilian securities at the time of writing have taken a moderate turn for the better and are 1 to 3 points over the lowest. This has helped sentiment elsewhere, while the discounts on the various Canadian loans have also begun to dwindle, indicating that the big blocks left with the underwriters are gradually being digested. The partial failure of several Canadian loan operations has been followed by an even worse fiasco in the case of a £3,000,000 4 per cent. New Zealand loan, of which as much as 92 per

cent. has been left with the underwriters. Although this means further sales by underwriters of existing gilt-edged stocks, the Consol market has received the news quite cheerfully, believing that the result will have the effect of checking new capital operations more effectively than ever. The labor situation in South Africa is reported to be anything but settled, but the Transvaal gold output for September was on the whole favorable. The total of gold recovered was 706,186 ozs., valued at £2,999,686. This was a decrease of 21,910 ozs., or £93,068, compared with August, but the daily average production was higher, being 23,540 ozs. for September, against 23,487 ozs. for August. There are satisfactory proofs also that the native labor situation is becoming more normal again, and the seasonable decrease of natives last month showed signs of being checked.

Canadian Financing Methods.

The appointment of a receiver is announced for the British Columbian Fisheries Company, which had a total cash capital of about £121,000. The undertaking is a comparatively new one, but it is not controlled by Canadian interests, the chairman being Sir George Doughty, M.P. The receivership has been at the instance of the debentureholders, for whom Sir George Doughty is one of the trustees, and a very disagreeable impression has been created by the fact that in January, when this debenture issue of £40,000 was arranged and a shareholders' meeting held, no mention was made that the company was in serious straits. There is an agitation afoot for a Board of Trade inquiry, and in this connection it may be recorded that the article in a recent number of *The Monetary Times*, calling for fresh methods in financing Canadian ventures has been largely reproduced here and is heartily endorsed.

CANADIAN MARKET STRONGER YESTERDAY.

(Central News cable to *The Monetary Times*).

London, October 24th.—The general tone of the markets during the past week has been much healthier, and new capital is making a welcome appearance. There are indications that the long attack of financial indigestion is passing off notwithstanding the fact that 48 per cent. of the £2,300,000 St. Petersburg loan remained unsubscribed this week. There are no further big issues immediately pending although China is sounding the quintuple financial group respecting a new loan amounting to £20,000,000.

The tone of the money market is distinctly more confident. Treasury bills amounting to £3,500,000 will be paid for tomorrow, and it is expected that the proceeds will be quickly redisbursed.

The stronger complexion of this week's bank return affords additional evidence of the general improvement which is being manifested.

The stock market is somewhat reactionary after the rebound, but the undertone is good in spite of the critical state of affairs in Mexico, and the fears that the government's land campaign outlined by Chancellor of the Exchequer last night will participate a rush of estate sales and drive much capital abroad.

Canadian industrials are stronger, dealers in Canadian Pacifics being particularly optimistic.

Consols became easier to-day pending the publication of the Bank of England weekly statement.

Home rails sagged and Americans weakened on a drive by the bears encouraged by the decline in the New York market.

Pressure against Mexican railway company issues was resumed this morning and foreigners worked lower. Other sections with the exception of rubbers moved sluggishly with a downward tendency. Rio Tintos shaded $\frac{3}{8}$ to 77 $\frac{3}{8}$.

STEAMSHIP DEBENTURE ISSUE

*London, October 21.—Arrangements for the debenture issue of Canada Steamship Lines, Limited, are progressing favorably.

*Montreal Star cable.