

FINANCIAL AND COMMERCIAL NEWS AND COMMENT

SOUND INDUSTRIAL BASIS OF
NOVA SCOTIA STEEL AND COAL
COMPANY'S GROWTH HAS BEEN STEADY FROM WAYSIDE
FORGE TO ONE OF CANADA'S MOST IMPORTANT INDUSTRIAL
ENTERPRISES.

Company's Growth has been Steady from Wayside Forge to One of Canada's Most Important Industrial Enterprises.

"The Nova Scotia Steel & Coal Company has been the most consistent dividend earner and payer of all the Canadian iron and steel concerns," says McCuig Bros. & Co., members of the Montreal Stock Exchange, in an article dealing with the growth and development of the company. Reviewing its growth they say:

Scotia, however, has not been a consistent market favorite. Every now and again it comes into the limelight and for a period the Stock Exchange confines almost its entire attention to Scotia. The explanation of this is doubtless found in the origin and growth of the Scotia Company. Although Scotia has western representation on its board, it may be said to be purely a Nova Scotia concern, whereas many of the other companies situated both east and west, have their head offices in the financial centres and are largely administered therefrom. This no doubt is largely responsible for greater attention being paid the stocks of the other companies in the stock market.

Growth Gradual and Steady.

Secondary as may be Scotia's position from the standpoint of consistent market interest, it is, as already intimated, by no means secondary in the matter of progressiveness and profitability. The plant as a whole was not all planned and laid out in advance and the business looked after later. The entire development from the beginning was influenced in much the same way as the recent development in connection with the Eastern Car Company, namely, there was a demand for cars; the company had certain products which could be sold to much better advantage as cars; therefore, the formation of the car company. Because of this gradual adding of shop to shop and plant to plant, the Scotia Company has made few mistakes. The great portion of its expenditures on ore and coal territory or on plants has been justified from the start and the returns have been most remunerative.

Along with Canada, the Company naturally has had its dark days, both from a financial and industrial standpoint. For many years, the policy followed was that of conservatism in the matter of earnings for the purpose of carrying out betterments. In the working out of this policy the shareholders frequently went without dividends, though earnings on their own account might amply have justified dividends. By this means Scotia strengthened its position.

Company on Sound Industrial Basis.

The claim has frequently been made that there is no steel in Scotia, and figures have often been put forward which fully support this claim. Until a year ago Scotia, together with other iron and steel concerns in Canada received the benefits of the bounties which were paid for a term of 10 or 12 years, beginning back around 1896. Scotia's share of these bounties was never a large one, as compared with some of the other companies, and when eventually the bounties were discontinued, the annual statement hardly reflected the loss. During a considerable period, while receiving these bounties, Scotia paid no dividends whatever, yet had been able to pay dividends since the bounties were discontinued. All this goes to show the effort of the directors and management has been to put the Company upon a sound industrial basis.

It is believed that during the present year Scotia will reflect the results of the far-sighted policy and careful management of many years past. A recent statement given in such detail as to be regarded as official, showed that during the first half of the present year the output of the Company was larger than ever before, comparing with the output for the first half of 1912 as follows:

	1912	1913
Pig iron	24,930	40,043
Ingots	33,598	28,355
Finished material	31,899	33,625
Axles	22,733	27,520
Spigot iron	248,450	271,911
Coke made	39,630	53,253
Coal shipped	322,716	327,211

The Company has just completed a new 50-ton open-hearth furnace at Sydney Mines, while at New Glasgow a new bolt and rivet plant has just been put into operation. This latter plant will take care of the requirements of the Eastern Car Company so far as rivets and bolts are concerned of which they will be large users. It is important to mention that the orders on the books of the Company will keep the finished steel department operating until toward the end of November, while the orders for coal and ore assure full operation until 1914. Furthermore, the assurance is given that on the 31st of next December the Company will report the best year in its history, both with respect to output and profits.

Keep Pace with Expansion of Industry.

The expansion in the business of the Company has kept pace with the rapid expansion in industrial matters throughout the length and breadth of Canada. There is no reason to believe that this expansion will receive any severe setback for many years to come. The past six months, however, is a trying period both because Canada has been tight throughout Europe and America, so that the sources of Canada's borrowings have been greatly interfered with. Canada will continue to be a borrowing country for many years to come and the inflow of capital will continue to assure the expansion, which together with large works of construction, has become the feature of this country during the past decade. Under the circumstances, there is little question that Scotia will participate largely in the advantages. The following is a comparison of

the earnings of the Company for the four past years:

Earnings—1909, \$907,947; 1910, \$1,140,504; 1911, \$1,019,592; 1912, \$1,000,610.
Earnings paid—1909, \$60,000; 1910, \$370,000; 1911, \$400,000; 1912, \$360,000.
Trans. for depreciation Res.—1909, \$77,669; 1910, \$79,371; 1911, \$96,124; 1912, \$92,196.
Improvements written off—1909, \$32,173; 1911, \$73,889; 1912, \$61,009.
Fire Insurance fund—1909, \$7,329; 1910, \$6,334; 1911, \$10,576; 1912, \$10,032.
Balances carried forward—1909, \$336,807; 1910, \$500,602; 1911, \$508,544; 1912, \$462,600.

In the statement of assets and liabilities at the end of 1912, the cost of the Company's properties is placed at \$15,670,813, while current assets are \$2,650,263.

Capital liabilities consisted of the following:

Preferred shares \$ p. c.	\$1,030,000
Ordinary shares now \$ p. c.	\$3,000,000
Bonds outstanding, \$ p. c.	\$3,948,509
Debtenture stock, \$ p. c.	\$1,000,000
Other items of interest are:	
Current liabilities	\$2,286,417
General Reserve	750,000
Reserve for Depreciation	1,029,270
Fire Insurance Fund	72,222
Surplus, P. and I.	452,600

In addition to the above, the Company has a sinking fund of \$55,338.00. Last year the iron and steel trade, generally, reported a condition of affairs which was far from satisfactory, and Scotia, along with the other companies, showed some falling off in profits, which, as already stated, is expected will be more than made up during the present year.

It will also be observed that the profits of Scotia were yet larger back in 1910-11. These large earnings are more apparent than real. The high figures are the result of the method commonly followed during the bounty period of treating bounties as profits and so reporting them. It is no longer possible to state just how much of these so-called profits were bounties, but a quarter of a million dollars would probably be a reasonable estimate. This must be taken into consideration when making comparisons, and goes to show that the real earnings were higher in 1912 than in 1910, even though the latter was an off year.

Dividend Record.

Although the Company is now in a better position than it ever was before it is interesting to observe that while the stock is now selling at a little better than 75, it sold as high as 118-1/2 back in 1902, although the low price of that year was 44. During that year (1902), the directors made a stock issue of \$1,030,000, of an issue of \$1,010,000 of stock, at par, to shareholders. The directors themselves subscribed at this figure and the shareholders long recalled this when the shares were selling away below the issue price—as for instance, in 1907, when they struck 45. The dividend was passed shortly thereafter and was not renewed until 1909, when it was again renewed at 1 per cent per quarter. In addition to this, however, the shareholders were given a bonus of 20 per cent common stock. Afterwards, as will be seen by the table which appears later, the dividend was increased to 5 per cent once.

The properties which altogether make up the Nova Scotia Steel and Coal Co. are as follows:

	1872	1889
The Nova Scotia Forge Co.	1872	1889
Nova Scotia Steel Co.	1882	1889
New Glasgow Iron, Coal & Ry. Co.	1891	1895
Wabana Iron Properties	1893	—
General Mining Ass'n	1829	1900

In addition to this, as already remarked, the Eastern Car Company was organized as a subsidiary for the manufacture of steel railway cars. All the common stock belongs to the Nova Scotia Steel & Coal Co., which also guaranteed the bonds. Securities of the car company are as follows:

	Authorized.	Issued.
Bonds, \$ p. c.	\$1,000,000	\$1,000,000
Preferred stock	1,000,000	750,000
Common stock	1,000,000	800,000

The following is a statement of the high and low price of the stock, the dividends and the net profits of the Scotia Company:

	High	Low	Net Dividend
1901..	118 1/2	44	\$68,938.4
1902..	113 1/2	68	\$69,935.1-2
1903..	113 1/2	68	\$59,397.6
1904..	82	50	\$61,337.3
1905..	69 1/2	51 1/4	\$59,908.0
1906..	74 1/2	59 1/2	\$60,281.0
1907..	79	45	\$44,741.6
1908..	62	41 7/8	\$74,701.1-1-2
1909..	87 1/2	51 1/2	\$97,948.1
1910..	91 1/8	68 1/8	\$140,504.4-1-2
1911..	102	85 1/2	\$109,392.6
1912..	97 3/4	81 5/8	\$100,061.6
1913..	78	70	—

The position of the Company has been greatly improved during the past year by the gradual rounding out of the various plants, and the company should continue to derive still greater benefits from these extensions. It has been announced that the subsidiary company, the Eastern Car Company, has now started operations, and as it will obtain all its iron and steel supplies from the parent company, the benefits of the association will be more apparent.

NEW YORK COTTON RANGE.

	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July
High	12.88	13.01	12.77	12.96	12.96	12.88	12.92	12.82	12.91	12.96	12.95
Low	85	85	85	85	85	85	85	85	85	85	85

WEEKLY LETTER
ON MONTREAL
CLOSING STOCK
MARKET

(F. B. MCCURDY & CO.)

Montreal, Sept. 12.—The Montreal market during the past week has given evidence of being in a stronger position than for many months past and interests who watched the technical position very closely are satisfied that the turn has come on the local market. There is a complete change of conditions on the floor and brokers now receiving orders for practically every stock on the list do not feel that they can wait in the hope of getting the order filled at lower prices than might be prevailing at the time. On this account they are forced to go right to the market and in most cases the floating supply of stock is so small that it is sufficient to bring about a material gain. Naturally the advance in many issues has not gone so far that there will be profit taking from time to time but the opinion seems to be that new business that will develop will more than offset what tendency traders might have to take profits. More interest is being taken in the market.

Ottawa Power and Laurentide are again holding close together on the advance the same way as they did on their recent decline. Laurentide went from 157 1/2 to 167 1/2 during the week and Ottawa Power from 163 to 167. To a great extent the losses sustained in both these stocks were due to the same kind of a development and under the market conditions that prevailed this development had been a greater effect than any of the others had figured. This occurred in connection with the valuable rights which were given in connection with both stocks. These rights, however, meant additional financing for shareholders and between the time the issues were announced and that at which they went into effect the change in the market situation was such that many shareholders found it difficult to take up their rights. On this account there was considerable selling of them and the more the rights declined the more the stock had to decline in sympathy. Here the local interests are more largely identified with the present movement in this issue than they have been with any other similar movement for some years past. For the past couple of years it has been the operations of some specialists in C. P. R. in Wall St. that have been doing the sharp advances. Latterly New York has been devoting less attention to this security but on the other hand Canadian investors have been steady buyers. More recently some very prominent Montreal interests are said to have regarded the position of the stock as offering opportunities for a quick turn as also for steady enhancement in value.

There was a good market for Montreal Power stock and rights, the stock advancing to 222 and the rights ruling around 10 1/2 to 10 3/4. This stock has always been closely held and investors who have wanted it this week have been compelled to bid up. Even at the high price of the week there was not a great deal of stock offered.

R. and O. which was selling around 108 at the end of last week advanced to 111 1/2. It is understood that interests behind the Canada Transportation Lines are completing their plans and it is now hoped that all arrangements will be made in time to enable the issue of the preferred stock of Canada Transportation Lines in London as early in October as possible. The common stock was prominent in the first half of the week the common selling as high as 35 1/2 and the preferred at 33 to 33 1/2. Towards the end of the week interest subsided and the common was selling at 34. The preferred remained steady. The business of the Canada Cement Company is a very satisfactory condition at present and this may have given rise to the report that a dividend on the common was probable within two years. A director of the company, however, issued a denial that such a thing had even been considered.

Dominion Steel Corporation was up to 49 1/2 after the announcement that dividends for the quarter ending September 29th had been declared by the directors. Towards the end of the week interest in the stock fell off somewhat, the price declining to 48. It was stated that as soon as the situation in London permits the corporation will likely do some additional financing.

The cotton issues were prominent during the week. Dominion Textile sold up to 86 1/2. The Canadian Cotton industry appears to be in a very satisfactory condition and it is understood that all the mills of the Dominion Textile Company are working at practically full capacity.

F. B. MCCURDY & CO.

LAIDLAW & CO'S
CLOSING STOCK
LETTER

(J. C. MACKINTOSH & CO.)

New York, Sept. 12.—The pronounced strength which developed in today's stock market was somewhat surprising even to the staunchest optimists of the financial outlook. It had been the opinion of unbiased observers for some time that the market was in a position to respond to any favorable news, but a survey of the prospect did not suggest that there were to be any particular stimulating developments for the near future, nor was there anything in today's news budget to account for the substantial buying movement which appeared in a number of leading stocks during the session. It looked very much as if this unexpected demand for stocks had caught professional bears flatfooted, for much of the day's strength could be traced directly to short covering. There was no denying, however, that some important interests were back of the upward movement in such stocks as U. P., S. P. and Steel, and many brokers suddenly remembered that their liabilities in these principal stocks had been reduced to a surprising extent over the past few months. At the end of the session it looked more than that stocks had passed into strong hands and that large interests were favoring an advance. The general inference was that these interests were reassured both as to the future of the money market and of business of the country under the new tariff schedules and while it might be premature to predict a bull market it seems entirely probable that the market has started upon a definite upward trend. The fact that today's advances were accompanied by the bull market rendered the market's firm undertone all the more impressive.

LAIDLAW & CO.

DOW JONES CO'S
SUMMARY OF
NEWS

(J. C. MACKINTOSH & CO.)

New York, Sept. 12.—President Wilson modifies terms to Mexico and will probably recognize any election held in region under federal government's control providing Huerta is not a candidate.

Opponents of proposed \$67,500,000 New Haven bond issue will be heard today at Board of Trade.

David Lamar arrested in Washington for impersonating Federal official.

Twenty active railroads declined 15 per cent.

Americans in London irregular, five-eighths up to seven-eighths off.

DOW JONES & CO.

"I was speaking with your father last night," said the young man.

"Oh, my father answered the sweet young thing, lowering her eyes. 'What were you talking about?'"

"About the likelihood of a war with Mexico. Your father said if there was a war he hoped it would be short."

"Oh, yes; I know papa is very much opposed to long engagements,"—Yonkers Statesman.

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F. B. MCCURDY & CO.

NOON LETTER ON UPWARD TENDENCY SHOWN
IN MARKET YESTERDAY

(F. B. MCCURDY & CO.)

New York, Sept. 12.—The opening was moderately active and strong and before long the Harrimans assumed the leadership in the advance. On aggressive buying both Southern Pacific and Union Pacific rose sharply, and the buying appeared to be more significant from the fact that it has become more aggressive since the meeting of the Union Pacific directors yesterday, at which it was announced that nothing but routine business was transacted. The street is becoming persuaded that something in the nature of an extra dividend in Union Pacific will materialize in the near future. The strength of the Harrimans spread to the general list, and all the leading issues advanced. There was considerable short covering but also a good deal of buying for long account, and the supply of stocks was quite scanty until the higher levels were reached. The market has now paused, but reactions from the highest are confined to small fractions and the undertone remains decidedly strong.

Sales to noon, \$45,000. Bonds, \$768,000. E. & C. RANDOLPH.

PRODUCE PRICES
IN CANADIAN
CENTRES

Montreal, Sept. 12.—CORN—American No 2 yellow, 55 and 56. OATS—Canadian Western No 2, 40-1-2 and 41; No 3, 39 3/4; extra No 1 feed, 40 and 40 1/2.

FLOUR—Manitoba spring wheat patents, firsts, \$5.60; seconds, \$5.10; strong bakers, \$4.90; winter patents, choice, \$5.25 and \$5.50; straight rollers, \$5.00 and \$5.10; straight rollers, bags, 2.50 and 2.40.

MILLFEEDS—Bran 22, shorts 24, middlings 27, Moultrie 28 and 22.

HAY—No 2 per ton car lots, \$12.00 and \$13.00.

POTATOES—70 and 80 cents.

BREAK WHISKY'S GRIP
ON YOUR LOVED ONES

Drunkards tell you with tears of sincerity that they do not want to drink. The craving coming from the inflamed membranes of the stomach drives them to it.

Alcure will soothe the trembling nerves and remove the craving that is ruining your home and stealing your otherwise kind husband or father from you. It costs only \$1.00 per box and if it does not cure or benefit after a trial, the money will be refunded.

Alcure No. 1 is tasteless and can be given secretly in tea, coffee or food. Alcure No. 2 is taken voluntarily by those willing to help themselves.

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IN MARKET YESTERDAY

(F. B. MCCURDY & CO.)

New York, Sept. 12.—Union Pacific whose performances has kept the stock market on edge for several days, outstripped its recent movements today by rising over five points. The price came within a shade of 160, showing a gain of 10 1-2 points since rumors of a cash distribution to stockholders gained currency and the upturn began. Although the advance in this stock much exceeded the average movement, the market in general made a striking showing of strength. There were numerous gains of 2 to 3 points among the best rated shares in the list.

The day's advance was rendered more impressive by the fact that there was no bullish news on which to base it. The rise apparently was due to the inherent strength of the market in its present position. Traders said that the steady accumulation of stocks, much of it buying by small investors had been going on for some time, reducing the floating supply. Bears who sold on recent developments which were construed unfavorably had built a considerable short interest. With the market thus in a

stagnant technical position, it required nothing more than the impulse supplied by the buoyant rise in Union Pacific to start the whole list upward. Bears fought the advance in vain, and there was no weakening throughout the day, save for an unimportant recession, due to realising in the last half hour.

Although no authoritative information was available concerning the rumors of a cash bonus on Union Pacific, these reports were talked of still more confidently in the street, and were made the basis of further rises in the stock. The coppers, whose recent advance is with the strength of the metal market, has been interrupted in the last few days, resumed their upward movement. Canadian Pacific, benefited by glowing reports of the Dominion's crops, which was exceptionally strong.

Forecasts of tomorrow's bank statement were conflicting; they indicated that the week's movement of currency had not been important in net results, and that either a small gain or a small loss would be shown. Bonds showed an improving tendency. Total sales, par value, \$1,935,000. United States bonds were unchanged on call.

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