

Points for Investors

IN looking forward to the conditions of 1900, there were many who say that it would be too much to expect that the business prosperity should witness an uplift equal to that of 1899. Now that the first quarter of the new year is past, however, there is every indication that 1900 will be even a greater year than 1899. The export and import trade is on the increase, the principal railway carriers show great advances for the first quarter. Street railway lines report largely augmented earnings, bank deposits are greater, bank clearances, except in Montreal, are on the increase, while the decreases are due to less speculation in stocks, which is in itself a healthy sign.

MORE WHEAT IN 1900.

The grain treasure palaces of the country in the Northwest promise even greater results this year than last. The acreage under grain cultivation is 15 per cent. larger, owing to the fact that the progressive farmers of Manitoba and the West spent their surplus last year in buying adjoining lands and sowing more wheat. These farmers, in many cases, held on to their wheat waiting for higher prices. The war has not increased the price of wheat as might have been expected, but it is safe to say that when the war is determined there will be an outburst of capital at the large centres and an improvement in prices all along the line. It looks as if the last year of the nineteenth century were going to be a great one for Canada.

THE UNITED STATES GOLD STANDARD.

In the United States the Presidential election will hamper business somewhat, but there will be no such prostration as was witnessed in 1896. The new gold standard law has removed the danger of a silver standard, and the new currency provisions will, in a large measure, relieve the money situation which has always been uncertain and inelastic. It is interesting to read the opinions of some American journals which predicate too great an inflation of currency. It is true the small bank system is in danger in this respect, but the danger is pretty well secured by the collateral Government bonds, and it is to be hoped that The Associated Bank Statement's weekly bogie will be a thing of the past.

THE MINING DEPRECIATION.

The last Canadian bank statement shows a decrease during the month of February of \$1,600,000, due to the War Eagle and Centre Star troubles. The depreciation in these stocks has been far reaching in its effects, but the fact that there has been so little trouble following in the train is an indication of the financial health of the country. We need not expect to hear anything very definite from either of these properties for many months.

STREET RAILWAY STOCKS.

The Third Avenue Railway fiasco continues to call attention to the inflation of street railway stocks. I pointed out this condition months before the collapse, in a comparison between the absurdly high prices of tramway stocks as compared with railroad shares. In this connection, the report of Mr. Howard C. Forbes, an American engineer, on the result he is able to deduce from a study and analysis of 34 New England electric railways should be of interest to those who are inclined to this class of stock in Canada. He says: "The price at which any security sells on the market gives little indication of its value as a sound investment." He says that for repairs there should be annually allowed four cents per car mile, and when repairs are less the difference is a debt owing to the sinking fund. These 34 electric roads owe to their sinking funds over \$7,000,000. Their fair value is only

\$14,332,000, but their stock quotations show that they are bought and sold far in excess of this fair value, while their actual fair value, after allowing for all indebtedness, is only \$1,394,000. This statement is alarming. Of course, the market value is something quite distinct from the fair value, depending, as it does, on dividends earned or expected in the future. The franchise, if permanent, might make up a large part of the difference between the fair value and the market value; but when the franchise is an expiring privilege, it is clear that there must be a second sinking fund to recoup, when expiration is reached, that part of the capital which would otherwise be unprovided for after the debts are paid. And whether the company were wound up or not, it would not be solvent, if, after paying its debts, it had not enough to return its capital to the shareholders.

People who are going to buy Canadian street car stocks for investment would do well to think over this report.

THE MONTREAL OIL COMPANY.

United States Consul Dickson, at Gaspé Basin, does not think very highly of the Canadian Petroleum Company's prospects which he says has commenced business on a large scale in Montreal. In his official report he states that, while there has been a large outlay of money, there are no more signs of oil than there were five years ago. The consul says that while oil has been found in all but one of 33 wells, it seems soon to be exhausted, and adds that experts tell him that "the sand and gravel are not suited to oil, and the dip of the rock is altogether wrong."

LONDON ELECTRIC.

The London Electric Company stock has had quite a rise during the past fortnight. The capital stock is only \$306,380, on which, for the year ending November 30, net profits were \$23,205, or 7.57 per cent. There are rumors of increased capital, but in any case this security is good for 130.

FAIRFAX.

MINING SHARES.

THE market is active, and at the close to-day prices were very strong. The feature of the week has been the phenomenal rise of Virtue, from .94 to 1.17. What this is on no one seems to know for certain. Several rumors are current, one to the effect that a New York syndicate is about to take up a big block of stock, and another that there is a big buying order from Toronto. Those supposed to be on the inside, when questioned as to what is the cause, uniformly replied that there is plenty of good news, but it cannot be given out. Payne and Republic are neglected, while War Eagle is quietly working up on small transactions, and Centre Star is following in its wake. Montreal and London is in more demand and but little stock is offering. Among the low-priced stocks there has been a good deal of trading in Deer Trail, with the result that the price is about one point lower. No one appears to have any reliable information about this stock. Some large blocks have been offered in the last few days, which, rumor says, come from Western Ontario. The public apparently has no confidence in the statements issued regarding this company; for, on their showing, the stock is easily worth double its present value. Among the unlisted stocks Okanagan and Montreal Oregon are the only two in which there has been any trading worth mentioning: the cause of the decline in the former is due to the report recently issued, which states that the company is practically insolvent, and unless the shareholders come to its assistance it must go into liquidation. It is proposed to reorganize and assess for 2c. per share, which will create a treasury fund of nearly \$20,000. Montreal and Oregon has sprung to activity very suddenly. The stock has been offered for weeks past in the neighborhood of 20 without finding a buyer, but to-day quite a boom started and it sold freely at 30 and 31. The reports telegraphed from the mine are very satisfactory, and it is expected it will be soon on a shipping basis, with dividends not far off.

From the present appearance of the market it certainly looks as if there would be a continued upward movement, and as we approach the summer it will become more pronounced.

Montreal, April 4.

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