

The Chronicle

Banking, Insurance and Finance

ESTABLISHED 1881.

PUBLISHED EVERY FRIDAY.

F. WILSON-SMITH,
Proprietor.

ARTHUR H. ROWLAND,
Editor.

Office:

406-408 LAKE OF THE WOODS BUILDING,
10 ST. JOHN STREET, MONTREAL.

Annual Subscription, \$3.00. Single Copy, 10 cents.

MONTREAL, FRIDAY, OCTOBER 9, 1914.

INDEX TO PRINCIPAL CONTENTS

	PAGE
Fire Rates and Conflagration Hazard.....	1389
Towards Re-opening.....	1391
Lake of the Woods Milling Company.....	1393
Group Insurance and Fraternal.....	1395
Probable Increase in Moral Hazard.....	1397
Credits and Life Insurance.....	1397
Changes in Life Contracts.....	1399
New Adjustment Firm.....	1403
Revision of Investment Ideas.....	1405
Suretyship, a Ten Talent Business.....	1407
September Fire Loss.....	1409
Canadian Fire Record.....	1409
Bank and Traffic Returns.....	1411

TOWARDS RE-OPENING.

There are some indications of the re-opening of the Montreal and Toronto stock exchanges in the near future for trading on a limited or restricted basis. Conferences have been held by important interests representative of the two centres; and those who have followed the course of developments are hopeful of seeing quotations re-established for a few of the leading stocks listed in New York as well as in Montreal and Toronto. It is said that some buying orders in these stocks have been sent to New York and there is a natural disposition on the part of our financiers to keep such business at home as much as possible. Canadian Pacific, Twin City, Mackay common and preferred, and a few others are suggested for limited trading—no transactions to be at prices below a certain level. In New York at first there was prohibition of transactions below the level of prices prevailing on July 30th, the last day on which the Stock Exchange was open; but latterly the rules have been modified and in certain instances trading at prices below the level of July 30th, is allowed. This concession is reasonable—for there are stocks on the Wall Street list in case of which dividends have been discontinued since the beginning of the war and it would be foolish to refuse to recognize the change of circumstances.

CANADIAN PROBLEMS.

The same applies to Canadian stocks. We have seen a number of our industrial companies pass their dividends—in a few cases dividends which had been regularly paid for years were discontinued or reduced. No one would think of buying these stocks unless prices were put down; and to hold prices arbitrarily at the old levels for an indefinite time would simply deprive holders of the stocks of all opportunity of selling. The present state of affairs, with no quotations whatever, is becoming increasingly embarrassing. Some parties for whom brokers hold large lines of stocks do not know whether they are solvent or bankrupt. Perhaps some of the stockbroking houses are in the same position. Then, in case of some of their loans or liability accounts, the bankers do not know whether the security is adequate or not. Of course if a man is virtually bankrupt he may be content to go along in ignorance of the fact; but as a rule his creditors suffer loss through indefinite postponement of the revelation as to the real state of affairs.

NO PROSPECT OF FREE TRADING.

Apparently there is no immediate prospect of resumption of free trading in securities. London and New York will have to take the lead in regard to that. Some progress has been made; but there are difficult problems yet to be solved before the exchanges will be ready to reopen on the ordinary basis. Until trading is free and unrestricted it will not be advisable to rely on the published quotations too implicitly.

MUNICIPAL BOND MARKET.

The issue of 5 per cent. bonds by Province of Ontario is now being offered to investors at par. Five per cent. is an attractive yield on bonds of this class and it will be interesting to know what response is given by investors. It is understood that a number of municipalities are in urgent need of funds for meeting obligations arising out of construction work contracted prior to August. The bond houses are not at all active in tendering for new issues—bank loans are not easily obtainable and the demand from investors is not by any means keen. There is a marked disposition on the part of the dealers to aid the municipalities to keep down the interest rates on new issues. Some of the municipal officers were becoming rather panic-stricken over the money situation and would pay interest rates considerably above the level recently prevailing; but according to reports the dealers deprecated efforts to secure funds through offering fancy rates of interest.

FLOTATIONS BETTER THAN BANK LOANS.

While it is advisable to take all necessary steps to prevent demoralization in the municipal bond market, the policy should not be carried to extremes. So far as the municipalities in general are concerned their best policy is to expend their funds economically