

Our London Letter.

THE MARKETS AND THE BUDGET.

Upward Trend not Checked by it—Movement in Latin-Americans—German Interest in G.T.R.—Fire Underwriting in 1908—Special Correspondence of THE CHRONICLE.

There is at least one class of financial interests who are grateful to Mr. Lloyd-George for his Budget—the underwriters of Lloyds. Rarely within recent years have they been able to make such a haul. For days prior to the appearance of the Budget, speculators and business men who would have been hard hit by new indirect taxation were paying such rates as these: 45 guineas against extra taxation on tea, 30 guineas against the re-imposition of the sugar and coal duties, 25 guineas against a tax on golf links (!), 15 guineas against one on precious stones. True, premium payers "got home" in the case of motor cars, but as the rate was as high as 75 guineas per cent. very little business was transacted.

The Budget and the Stock Exchange.

Aside from the bugbear of capital being driven abroad—a real if exaggerated danger—there are directions in which the Budget is looked upon as positively favourable to Stock Exchange interests. For one thing there is the fact that bucket shops are no longer to be exempt from stamp duties, but on their business transactions will be compelled to pay the same duties as members of the Stock Exchange. This is an agreeable reminder that the Government have got their eye upon these gentry.

Another favourable feature is that Consols are at length free from the enervating influence of the talk during recent months about a new navy loan. The Chancellor was emphatic upon this point; there is to be no loan for that purpose. The raid upon the Sinking Fund, also, is not so large as had been expected; the quidnuncs placed it at five millions while it is actually only three. In this matter of Stock Exchange criticism of the Budget, of course, a large allowance must be made for sentiment.

Sentiment in the city is "agin the Government," and to some extent naturally reflects upon prices. Surveying the Budget as a whole, however, there do not appear any proposals which are likely directly to restrict business. Possibly if the suggestion of sending capital abroad is acted upon to any extent, business will be ultimately affected, but, meantime, it does not seem that the Budget will exercise more than a temporary and sentimental influence.

A Sharp Rise in Values.

It may, perhaps, be counted something of a phenomenon that the very eve of the Budget saw a universal rise in every department of the Stock Exchange. The favourable foreign political news and the tone of the continental bourses were, of course, largely responsible for the movement, but at the bottom of the cheeriness, which has marked the London Exchange all the week, is the continued favourable outlook for cheap money. "Money will tell" is an old Stock Exchange adage, the truth of which has been exemplified very markedly of late. The Bankers' Magazine list of 387 representative securities shows a rise in values of no less than

101 millions in the period from March 20, to April 20, an all round appreciation of 2¾ p.c. This is the sharpest and most general rise in values which has been recorded for years past, while the satisfactory trend of business is indicated by the heavy settlement which has been brought to a close this week. Recent new issues, too, have gone extremely well. The Indian Railway loan was subscribed twice over; an issue by the City of Osaka (Japan) of three million 5 p.c. bonds at 97 was subscribed within a few hours; while the Anglo-Persian oil issue, announced recently, was subscribed fourteen times over. There are suggestions that we are on the eve of an oil boom. Reports recently issued show that existing companies have lately been doing exceedingly well and it is understood that we shall soon have flotations of this kind from South Africa and Mexico among other quarters.

The Latin-American group of power companies have been under the stimulating influence this week of rumours regarding the acquisition of a controlling interest by the Mexican Government in the Mexican Trams and Light and Power Companies. For the present, however, the matter has been set at rest by a cable from the Mexican Minister of Finance to a London financial journal denying any such arrangement. Grand Trunks, also, have generally advanced, satisfaction being expressed with the traffic return. Brokers report, by the way, a very large option business in Grand Trunks just now on German account, and our Teutonic cousins have also been buying Canadian Pacifics very largely of late.

A Boom of the Moment.

The boom of the moment is in roller skating companies. Prospectuses of rinks are tumbling out at the rate of half a dozen a week; and, in these days, no provincial town, however insignificant, is complete without one. Some of the results announced by companies who have been working during the past winter are certainly astonishing. A rink at Dublin paid dividends of 10.5 p.c. as the result of being open seven weeks. Another at Manchester took £600 a week during the winter and cost only £80 a week to run. Dividends of 50 and 60 p.c. are almost as plentiful as leaves in Vallambrosa, but whether they will come another winter remains to be seen. Probably not. Fashion in amusements is a poor thing to rely on as a financial prop.

Insurance Items.

A sign of the times in the insurance world is the registration by the actuary and assistant actuary of a well-known old mutual life office of a company with the same distinctive title having powers to undertake practically all classes of insurance except life. Societies, restricting themselves to life business only, are known to have suffered very considerably of late years in competition with the offices who do a "stores" business, and there are expectations that the example now set will be followed by other offices in the near future.

An echo of the Russo-Japanese war has come to Lloyds this week in the shape of the announcement that the Russian Government have decided to pay up £100,000 as indemnity for the sinking of a Danish steamer in the China sea in June, 1905, on the allegation that she was carrying contraband. This is good news for underwriters who had paid