

# The Chronicle

## Banking, Insurance and Finance

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a result of confidence in the future of the undertaking and a recognition of the fact that at recent low levels the stock has been selling way down below its value.

The local stock markets have been undergoing what is euphemistically termed a "healthy reaction." The pace of stocks at the beginning of last week was obviously too hot to last, and one or two developments in stocks which had been favorite subjects of "bull tips" lately were the occasion rather than the cause of a decided setback. It seems likely enough, however, that the present movement is only a temporary setback, and that it will be followed in due course by another forward movement in the recent speculative leaders, particularly the paper stocks. No one supposes that the present prosperity of the paper companies is likely to last for ever, but even the most conservative of observers have to admit that their outlook for a couple of years or so is rosy to a degree. The general body of speculators in any event remains thoroughly convinced of the possibility of much higher prices for these stocks and is acting accordingly. To some extent also there is evidence that those in the inner circle of the paper business are following the policy which is calculated to encourage speculative enthusiasm, of making hay while the sun shines, by means of recapitalisation and liberal dividends and bonuses. This remark does not apply to all the companies which are now following a conservative policy which have the best chance of continuing prosperous in the days which must eventually arrive, when prosperity is not secured so easily.

In the United States, financial observers are paying attention to possibilities of the outcome in a financial and industrial sense, of the congestion of

the railways and the menace of a deficient coal supply as a result of the freight jam. Results of this are already seen in a curtailment of manufacturing activities in some quarters, while there is distinct evidence that more men are looking for jobs, and that jobs are less plentiful. No wholesale and immediate reduction in wages is expected, of course, by anyone familiar with the strongly organized position of labour, but in many industries there has already been noted a disposition to turn out a better day's work for the wages given. In an ordinary year a large grain supply, such as is anticipated for the fall, has often been the incentive of rising prices on the stock market and for increased activity in general trade. That outlook is now qualified, however, in the opinion of some observers, by the slow movement of farm products over the railroads and by the strain imposed upon the banks by the necessity of carrying these products until they can be turned into cash.

### Banks as Advisers to Investors

The buyer of sound securities, not only receives his interest, and dividends, but he continues to save, and his example encourages others. There is a call for wise and experienced selection of securities and for their sale to small buyers all over Canada. Honest guidance of investment and stimulation of the practice of thrift and saving by opening to every one, who is interested, a participation in favorable opportunities is not only an aid to the individual but a public service of high character.

The best medium for wise investment assistance is probably the banker, both as to saving, and as to applying funds to practical use. The best protection to the investor, is not found in the law, but is seen in the co-operative choice of investment securities, the local saver or capitalist being guided and assisted by his banker.

It has long been known to careful observers of the situation that such aid on the part of the local banker was the best advertisement the latter could put out and that instead of reducing his custom or deposits it tended to increase them.

Hardly was the war over when the process of throwing over the accumulated Victory Bonds began. No one to-day knows how many of the holders are still left, but it is clear that they are far fewer than at the time of the armistice. It is also true that the bond buyers who were developed during the war are not likely, as things are going, in more than a small percentage of cases to continue to be such. Instead, in all countries there has set in a period of extravagance and at the same time of investment in doubtful speculative securities.