

The Monetary Times

Trade Review and Insurance Chronicle

Vol. 44—No. 19.

Toronto, Canada, May 7th, 1910.

Ten Cents

The Monetary Times OF CANADA

PUBLISHED EVERY SATURDAY BY THE MONETARY TIMES
PRINTING COMPANY OF CANADA, LTD.

Editor—Fred W. Field.
Business Manager—James J. Salmond.
Advertising Manager—A. E. Jennings.

The Monetary Times was established in 1867, the year of Confederation. It absorbed in 1869, The Intercolonial Journal of Commerce, of Montreal; in 1870, The Trade Review, of Montreal; and The Toronto Journal of Commerce.

Terms of Subscription, payable in advance:

Canada and Great Britain.		United States and other Countries.	
One Year	\$3.00	One Year	\$3.00
Six Months	1.75	Six Months	2.00
Three Months	1.00	Three Months	1.25

ADVERTISING RATES ON APPLICATION.

HEAD OFFICE: Corner Church and Court Streets, Toronto.

Telephone Main 7404, or Main 7405, branch exchange connecting all departments.

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London Office: 225 Outer Temple Strand. T. R. Clougher, Business and Editorial Representative. Telephone 527 Central.

All mailed papers are sent direct to Friday evening trains. Subscribers who receive them late will confer a favor by reporting to the circulation department.

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CANADA'S BORROWING IN LONDON.

The London market has become picky. Several reasons contribute to the effect. London is suffering from financial indigestion. During the first three months of 1910 it has swallowed new capital applications amounting to almost one hundred millions sterling, compared with sixty-four millions in the corresponding period of the previous year and forty-five millions in the first quarter of 1908. Rubber has been the chief diet lately. These companies' capitalization figures for January, February and March show a gain over those of the same months two years ago of £5,921,400, or 3,560 per cent. Five hundred and six rubber companies have been put on the market since January.

Those figures, interesting in themselves, have some significance for Canada. Up to date, our public borrowings in London this year total £16,388,661, almost half the aggregate borrowed by Canada in London during the whole of last year. But the uninterrupted procession of successes has come to a halt. The Manitoba loan of one million sterling left the underwriters, so says a cable message, with eighty-eight per cent. The sponsors of the Western Canada Land Company's flotation of £300,000 took 26 per cent., leaving with the underwriters the remaining 84 per cent. The Winnipeg City and other issues have also met with only moderate success. While Manitoba, for instance, has obtained the money required, its loan has not been absorbed by investors. When this happens with a dozen various issues, it means that brokers and underwriters have large blocks of securities on hand with which to feed what is apparently proving just now an overfed investment public.

The situation there seems closely akin to that in the United States, where about \$600,000,000 of new securities

PRINCIPAL CONTENTS OF THIS ISSUE.

Editorial:

Canada's Borrowing in London	1909
Money in Western Canada	1910
Workmen's Compensation in Quebec	1910
Alberta Railway Bondholders	1911
Business and the Oath	1911

Finance and Economics:

Combines Bill	1913
For the Young Business Man	1915
Proposed Dry Dock	1916
Bank Capital	1944

Stock Exchanges:

Notes of Markets	1934
------------------	------

Bonds and Municipal Credit:

Bonds of Four Nations	1922
Municipal Growth	1924

Commerce and Transportation:

Railroad Activity	1914
Canadian Trade Possibilities	1914
Loss of Wire Rod Bounties	1929
Annapolis Valley Apple Notes	1931

Insurance:

Fire, Death and Losses	1930
Manitoba's Fire Losses	1930
Railway Insurance	1931
Insurance Bill Passed	1946

Special Article:

Review of Month	1926
-----------------	------

have been authorized during the first three months of the current year. A considerable portion of these consisted of bonds, the demand for which has declined perceptibly. The reason ascribed is that investors insist upon having better returns than the majority of bonds afford. In London a plethora of bond and stock offerings have been made. When the yield was low, the investor was inclined to eschew it. If the borrower catered to the situation by issuing bonds with a comparatively high return, the rubber boom overwhelmed his efforts. Securities, therefore, such as those of Manitoba province and Winnipeg City, are at present being floated in the conservative section of the market, which is apparently well supplied with high-class issues paying a moderate rate of interest. Other flotations, catering more to the speculative element, find themselves in a market choked with new rubber issues. An important Canadian issue in connection with the iron and steel trade is anticipated, and The Monetary Times understands that arrangements for a large number of new Canadian flotations are being made. The question may well be asked by bankers, brokers, underwriters and others interested whether or not the present is a good time to market Canada's securities overseas. Public rebuffs in the shape of large amounts left with underwriters do not affect the actual financing results. They will harm Canadian credit generally. Continual announcements that trifling percentages of this and that issue have been taken by the public will hurt Canada's credit. On the other hand, a waiting attitude will cause little inconvenience, will allow the market to digest its heavy supply of capital applications and to recover from the ill effects which the speculative craze in rubber will undoubtedly bring. Canada cannot afford to have its securities juggled in a badly disturbed market.