

FINANCE AND INSURANCE

MANY are hoping that the bottom has been reached in the decline of values in the stock market. But it is even more difficult to determine where the bottom is than to fathom the deepest part of the ocean. However, values have reached a basis that strengthens the position of those who believe that bed rock has been touched. It is held by some that the recent failures in New York have tended to clear the atmosphere. Identified with one of the insolvent firms was one of the most expert market manipulators and the biggest single operator in the Street. Presumably, therefore, a great deal of the recent selling has been for the account of this operator and of the house with which he was associated—for with them a line of 100,000 shares would be as nothing. Whether or not all the "lame ducks" are removed remains to be seen.

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THE New York Times, in a recent article on the situation on Wall street, says that it is a matter of no great moment that a few plungers and stock gamblers who, in the course of the transactions by which great combinations were organized, came into the possession of large quantities of common stock in payment for properties already abundantly paid for by bonds or preferred stock, should be compelled to throw the common stuff upon the market for what it will fetch. But when this process goes on day after day, with no evidence that the bottom will ever be reached, and when stocks which are not mere "water," but represent solid value and demonstrated earning power, also go down with a run, and when the market is so shaken that the owner of securities who should be in need of money could not sell them save at a dreadful loss, there is manifestly some danger that disaster and failures may result. Financial disasters and failures, even when they occur through Wall street gambling, are not good things for the country. It is this aspect of the matter which makes the present proceedings in Wall street disquieting.

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FIVE railroads in the United States have, so far as known, this year, borrowed money to the extent of \$86,500,000 in the aggregate. These railroads are: Lake Shore, Pennsylvania, Rock Island, Burlington, and Union Pacific. At the beginning of the new year the president of the New York Central railway expressed the opinion that one reason why the railroads of the country, during the year then to come, should be able to continue to earn fixed charges and dividends and to lay by a penny or two for a rainy day, was that the capitalization of the roads had been brought down to rock bottom by the reorganizations which followed the period of depression through which the country had then only just passed. Commenting upon the action of the railways in borrowing the money, The New York Times says: "To-day, after bond issues have followed bond issues, stock increases have come upon stock increases, capitalizations have for the moment, apparently reached, if not passed, the maximum,

which, in the opinion of many people, is conformable with a fairly healthy condition of the financial markets, and the railroads which a few years ago, on a rock-bottom basis, saw no difficulties ahead, find it necessary to resort to the issue of notes in enormous quantities to finance either purchases of new lines, perhaps at still exaggerated valuations, or to make improvements which, in some cases, are probably imperative. In the private affairs of men it is not generally considered conduct worthy of approval if a man, already heavily in debt, assumes still greater liabilities for the sake of purchasing articles which he has been able to get along without, and there is no reason why different judgment should be rendered on corporations."

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OLD age is not always accompanied by decrepitude, particularly in commercial and financial institutions. One proof of this is The Royal Exchange Assurance, a fire insurance company. It is in its 183rd year, but is still expanding its business and earning good profits. The increase in business last year was £61,293. Its last dividend, which was recently paid, was 14 per cent., while the total funds of the company increased from £4,853,173 to £4,924,182.

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A PROMINENT stock and grain firm in New York a few days ago issued a bulletin in regard to the stock market. It so well coincides with our own views that we reprint an extract from it. "While we see nothing in the general situation at the moment to warrant turning over to the bull side with the expectation of any general improvement or the development of an outburst of any real bull speculation, we realize that prices have had a big decline, and liquidation has been very extensive, (particularly among the big interests and pools, who have been the worst sufferers by the break,) and that the technical speculative position of the market is so much better as a consequence of this extensive liquidation and the creation of a fresh large short interest, that a good rally may now occur at any time. In other words, the technical speculative position is such at the moment that the chances are we will now have more of a two-sided market and that it will prove a good trading one to those who are satisfied with scalping operations for moderate profits."

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