Stock Exchanges and Investments

STOCK MARKETS QUIET.

Disposition to Panic Not Maintained—Several New Issues.

During the uneasiness noticeable in most of the stock markets many brokers were heard to express sentiments much tinctured with despondency regarding the effect of the death of King Edward not only upon the financial situation, but upon the future of the Empire. It is pleasing to note that Sir Edward Clouston, general manager of the Bank of Montreal, who has just returned to Canada after an absence of several weeks in the financial centre of the Empire, sees no reason to apprehend any serious financial difficulty.

The pessimistic tone which developed, particularly a week ago, is of historic antecedents. It prevailed when Queen Victoria died and King Edward came to the throne. It prevailed when the Emperor Frederick of Germany died and the present Emperor William came to the throne. It prevailed again when the latter "dropped his pilot" and Bismarck went into retirement. It prevails when an election hangs in the balance and when Pierpont Morgan or John D. Rockefeller, or any of the world's financiers, is thought to be losing his clutch on life. It is a part of the modern credit system, with its dealings in margins and heavy capitalization of the earnings of the future. The world is desirous of making progress. In its hurry to get across the river it is compelled to travel on thin ice. Hence, all events which may influence the balance of the system are heralded abroad and pessimism is the result.

The Toronto market has had little good news to inject into the local exchange the life it seems to need badly. Trading has been light and featureless.

Crown Reserve in Good Condition.

"On the authority of Mr. Samuel W. Cohen, our general manager, who is conceded to be one of the leading, as well as one of the most conservative, engineers in the Cobalt district, the Crown Reserve Mine has now actually blocked out, or in sight, sufficient ore to pay our full expenses, Government royalty, and dividend with bonus, equal to 60 per cent. per annum, for many years to come." The above is a statement made by Col. Carson, president of the Crown Reserve, in a recent report on the condition of the mine.

Col. Carson adds: "There is nothing in the numerous merger schemes which are being so freely discussed, and should any proposition be put before the board of directors which they think of sufficient importance to be considered, it will be put before the shareholders at a general meeting, before any definite action is taken in regard to it." This report should be reassuring to the shareholders of this company, in view of the many articles which are being written derogatory to the Crown Reserve property.

Rules for Small Investments.

Mr. Alfred Neymarek, for more than forty years editor of a prominent French paper devoted to investments, and who is described as "the oldest and most popular counsellor of the French small investor," recently drew up four rules for the distribution of investments:

"1. Divide your risks by varying the securities you choose. If you are to invest 20,000 francs, best place them, for example, in ten different securities. This will oblige you to watch more closely over the cashing of your coupons, the drawing of prizes (common in French municipal and other loans), and the price-current of your securities. Nowadays, more than ever, we should avoid putting all our eggs in one basket.

"2. Make your investments according to your social position. A person who has to live on the savings of long years of work ought to be more prudent than a property-holder who has other sources of revenue. So a retired business man ought to be more prudent than a man whose business is still bringing in to him new resources. This really means a general principle. Think of the risk you run in your investment, and not of the possible gain. Can you run the risk and what would happen if your investment should turn out a loss? Certain property-holders may wisely invest in securities which ought never to be touched by persons without other resources.

How to Buy.

"3. Buy securities that are negotiated currently, so that you can sell them easily or borrow on them at the banks.

"4. Practise Rule 1 by keeping a certain order in your purchases, for example, in the following proportions: 40 per cent. of your investments might be in Government bonds and railway stocks and bonds; 40 per cent. in industrial stocks and bonds, insurance stocks, coal, and securities with a prize drawing; 20 per cent. in foreign public funds and various stocks and bonds."

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Monetary Times Office,
Montreal, May 12.

In the death of King Edward the stock markets were visited during the past week with the first specific incident of an apparently unexpected nature which contained all the elements to provoke a panic. That the markets of the world passed through the test without developing dangerous weaknesses is reassuring. This is more especially the case in view of the fact that for some weeks past there have been evidences of distrust, particularly in the United States, which many considered precursory of a more or less continuous decline. It has been claimed that the continuous break, which was the feature of the New York stock market during the latter half of April, was entirely illogical, and now that the death of the King has taken place, it is thought that this condition was the result of the financiers having been apprised of the King's critical state of health in advance. Many think that the subsequent recovery in the markets is what might have been looked for under the circumstances. These claims are all probably wide of the mark.

No evidence has been offered which would be sufficient to alter the theory advanced previously in these columns that the New York break was in every way logical and not dependent upon the news spoken of above. It has been known among financiers for some time past that Mr. J. Pierpont Morgan and his associates had been unsuccessful in disposing of certain large bond issues, and it was felt that this underlying condition would affect the issues which come after bonds.

Bad Crop News.

In addition to this, unfavorable news was received from the crop centres, and faith in the immediate resumption of the industrial activity of the country was shaken by the downward trend of prices for iron.

The support given to the United States situation through the sale of $100,000,000 bonds by Mr. Morgan, and the improved feeling resulting therefrom, may carry the market through until the next crops. At the same time it is hard to see how there can be any extensive or continuous bull movement with prices around their present levels.

Prices in Montreal held up well in face of the news of the week. On Friday all stocks ran down. Subsequent recovery was most noticeable in Canadian Pacific Railway, regarding which many bullish views have recently been expressed. "Soo" also showed a good recovery at 138 to 139. Montreal Street and Quebec Railway were among the weak items of the list, while Toronto Railway has shown little power of recovery.

New Gas Stock Offered.

The Blaugas Company of Canada this week made an issue of $500,000 of its 7 per cent. cumulative preference shares, through the National Trust Company. Inasmuch as $367,500 of the issue had already been firmly taken, only $132,500 was available for the public. The price at which the issue was made was par, purchasers receiving a bonus of 50 per cent. common stock with each share of preference. These preference shares are exchangeable for a similar number of common shares at any time within three years, at the option of the holders. The company has no bond issue, and will start business with its real estate, plant, patents and other assets clear of all liabilities besides which it will have a working capital of about $200,000 in cash. The company's Montreal factory, which was completed early this year, is now in operation. The annual profits from this factory alone are estimated at $200,000 per annum, the dividend upon the present issue of preferred shares requiring but $35,000. The directors are: Messrs. Mortimer B. Davis, R. C. Smith, K.C., J. A. Jacobs, Andrew A. Allan, F. C. Fairbanks, H. Markland Molson, all of Montreal; Hugo Lieber, of New York, and G. H. Balfour, of Quebec.

The capitalization is as follows: preference shares, authorized, $500,000; issued, $500,000; common shares, authorized, $3,000,000; issued, $2,000,000.