

LONDON LETTER.

London, England, 17th August, 1905.

FINANCE.

British bankers, if they are attacked by competition in one direction are not slow in replying along either that or another. The increased interest taken by some English banks in the matter of foreign exchange has been so advantageous to our shipping interest that foreign banks are coming rapidly to the conclusion that a most lucrative part of their business is being captured from them.

They are, therefore, radically reducing their charges for remitting funds from foreign parts. The reductions run from 20 per cent. to 50 per cent. off of what were previously the irreducible minimums. It is recognized that there is a good deal more attaching to their foreign exchange business than appears on the surface.

Once a merchant or owner comes into contact with a foreign bank, doing his foreign exchange business in a more convenient and cheaper manner than has hitherto been the case, there is always the danger that he will give this bank other classes of business to which more profit is attached. English banks working locally, therefore, will have to once more set to work if they do not want foreign institutions to carry the war too far.

An interesting feature of the law of debentures has been the chief point of interest to talk about in the city this week. A company had issued a first series of mortgage debentures. Some of these were issued to secure temporary loans which were subsequently paid off. The debentures were, therefore, handed back to the issuing company together with a transfer in blank except as to the lenders name executed by the lender. Of these paid-up debentures some were afterwards delivered to new lenders accompanied by the transfers relating to them, with the blanks duly filled in, and others were deposited as security with people who had made advances, but without the transfers.

The legal question was as to whether the holders of debentures which had been paid off were entitled to rank *pari passu* with the other holders of the series. No one disputed that a company could, like any other borrower, arrange for the transfer of a security given by it from one creditor to another. But the transaction would have to take place between the old and the substituted creditors direct. But here the company had paid off the debentures out of its own money, with the result that the mortgage debt and the security were in law extinguished.

Lord Justice Cozens-Hardy declared that debentures when redeemed must be considered as dead and gone, and incapable of transfer, whether the holders would be entitled to any charge at all against the company's assets was extremely doubtful, and certainly they would not rank *pari passu*.

INSURANCE.

Another step in the direction of the Westminster-Alliance amalgamation has been taken in the registration of the Westminster Fire Office on August 10. The old society is reincorporated under the Companies Act of 1862 to 1900, as an unlimited company without a capital divided into shares. The old society was originally instituted by an arrangement dated June 1, 1717, and effected by a deed of settlement executed in 1805. The directors are chosen from amongst the members, and are mainly gentlemen connected with the legal profession.

It is not, altogether an easy matter to absorb legally these old-timer mutuals, as the Commercial Union and others have found. But absorbed they will be, and their policy-holders will certainly have no reason to complain of the terms offered to them and their officers.

Just when other troubles were not apparent at the

moment a heavy prospective loss is perceived for Lloyds. The "Crusader," like so many of the knightly gentlemen from whom it takes its name, has found itself on the rocks, while on the voyage home from Java, the vessel stuck fast on Garfur Reef with a valuable cargo of sugar. Few things more perishable than such a cargo cannot well be imagined.

In this case the cargo is put down as \$400,000 and the hull at \$200,000. The whole insurance is placed in London, and as it is well distributed between Lloyds and the marine companies the loss will affect the whole of the city marine underwriters. If there is no salvage, and it does not appear that there can be much, the loss will be one of the worst of the year.

STOCK EXCHANGE NOTES.

Wednesday, p.m., August 30, 1905.

The conclusion of peace between Russia and Japan removes the only depressing feature from the stock market situation. Of course manipulators and market-wise traders may from time to time discover obstacles to a continued upward movement, but a general survey of financial conditions show a brightening outlook. It is probable that the conclusion of peace will mean further borrowing by the late combatants. Should these monetary demands coincide with the drain for crop-moving purposes, it may tend to reduce the supplies of money available for stock market requirements for the time being. At the moment this is the leading restriction in the way of a further advance in prices. Special causes will continue to affect special stocks, but in the main the market gives every reason for confidence. The continued advance in C.P.R. made it a feature of the market, although the volume of trading is limited when compared with the gain in price. Unfortunately the great advance found this market comparatively bare of stock. Detroit Railway was the most active security this week, the rest of the trading being limited. The steadiness displayed by Detroit in face of heavy sales confirms the belief in a higher level for the security within a reasonable period. On its merits as an earning property, it certainly seems low in price.

The rates for call money in Montreal remain unchanged at 4½ with supplies ample. In New York rates continue low and call money to-day was loaned at 2 per cent., while the rate in London was 1¼.

The quotations for money at continental points are as follows:—

	Market.	Bank.
Paris.....	1½	3
Berlin.....	2½	3
Amster am.....	2 3-16	2½
Brussels.....	2½	3
Venice.....	2½	3½

C.P.R. sold up to 165 here this week and touched 165½ in New York, the closing quotation being 164½ bid, a net gain of 3½ points for the week, and 1,224 shares were dealt in. The earnings for the third week of August show an increase of \$59,000.

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The Grand Trunk Railway Company's earnings for the third week of August show an increase of \$47,011. The stock quotations as compared with a week ago are as follows:—

	A week ago.	To-day
First Preference.....	112½	113½
Second Preference.....	101½	103½
Third Preference.....	55½	59½

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Montreal Street Railway remains firm around 226 and during the week 252 shares changed hands. The closing bid was 226½, a fractional decline from the quotation