

CHICAGO MARKET.

MARKET OPENS STRONG.

WHEAT LOSES 1/2 CENT ON THE DAY.

CORN AND PROVISIONS ABOUT STEADY.

Chicago Oct 15.

The first sales were the best all along the line. The cables were steady to strong following quotations of yesterday from this side. For some time to come there will be very little in the wheat market, which should be sold on all advances for small turns. December opened at 65^{3/8} and closed at 64^{1/2}. May ranged between 66^{3/8} and 65^{1/4}.

Corn was a shade easier and Provisions closed at yesterday's prices.

CHICAGO.

Weather—40 Cloudy West.	
Curb Wheat Dec.	64 3/4
CARS RECEIVED—	
Winter wheat	70
Spring	622
Corn	2,518
Oats	330
Rye	36
Barley	11
STOCK YARDS—HOGS.	
Est'd rec'ts	17,000
Offic'l yest.	25,963
Shipped	4,334
Left over	2,518
Est. to-morrow	34,000
Rec'ts for to-day	17,000
Shipped	4,000
Market active and firm, fully 5c. higher.	
Light mxd	\$3 55 to \$3 90
Mxd pack'g	3 55 to 3 95
Heavy shpg	3 40 to 3 95
Rough	3 40 to 3 55
Receipts of Pork	3 bbls.
Shipments	584 lbs.
Receipts Lard	122,239
Shipments	2,018,221 lbs.
Receipts Cut Meats	159,336 "
Shipments	2,271,175 "

NEW YORK.

RANGE FROM OCT. 8TH TO 14TH INCLUSIVE.

	HIGH.	LOW.	CLOSE.
Sugar	114 1/4	108 3/4	110 3/4
Tobacco	127 1/4	63	64 1/4
Brooklyn R. Transit	67	63	64
Chicago B. & Q.	115 1/4	113 1/4	114 1/4
" Mil. & St. P.	108 1/4	106 1/4	107 1/4
" R. I. & Pac.	102	100	101 1/4
" & Northwest.	131 1/4	129	131 1/4
Consolidated Gas	172	168 1/4	171 1/4
General Electric	80 1/4	79	79
Manhattan con.	95 3/4	92	94 1/4
Met. Street Ry. Co	165	161	162 1/4
N. Y. Central	115 1/4	114 1/4	115 1/4
Northern Pacific.	41 3/4	38 1/4	40 1/4
" Pfd.	76 1/4	74 1/4	75 1/4
Omaha	79 1/4	77 1/4	79 1/4
Peoples Gas	104 1/4	102 1/4	103 1/4
Tenn. Coal & Iron	27	26 1/4	26
Union Pacific.	33 3/4	31 1/4	32 1/4
" Pfd.	65 1/4	64	65 1/4
U. S. Rubber Pfd.	103 1/4	99	101
U. S. Rubber.	39 1/4	36 1/4	39
U. S. Leather Pfd.	65	63	64

MONTREAL STOCK MARKET.

(Continued from page 1.)

SALES.

Canadian Pacific—275 sold at 82^{1/4}, 25 at 83, 25 at 83^{1/4}, 225 at 83, 25 at 83^{1/2}, 80 at 83^{1/4}, 50 at 83^{3/8}, 100 at 83^{1/2}, 450 at 83^{3/8}.

War Eagle—1500 sold at 284, 1500 at 283.

Street—25 at 181.

Stable Ry.—25 at 275 1/2.

Merchants Bank.—10 at 147 1/2.

Montreal Cotton.—30 at 152.

Dom. Cotton.—50 at 99.

Royal Electric.—30 at 157.

Toronto St. Ry.—100 at 103 3/8, 50 at 103 1/2, 25 at 103 1/8, 10 at 103.

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INVESTMENTS.

A few years ago Bank shares were largely speculated in and bought and sold on margin in the same as any other stock. Bonds, debentures and mortgages were then looked upon as the safe retreat for investment money. During the past ten years there has been a complete change in the channels for investment. Banks and Insurance companies have absorbed all the bonds and debentures offered, so that savings had either to be placed in Banks at interest or invested in Bank shares or shares of other corporations, with the result that but little of this kind of investment is obtainable and now possess a market value that is in many cases entirely out of proportion to the intrinsic worth of the properties, and the risks entailed in their possession.

A strong effort was made by the Government, when they extended the charters of the Banks until 1901, to compel Banks to appoint auditors whose duty it would be to examine into the business of Banks. A united protest on the part of Bankers caused the clause to be rescinded. It is a question whether the Government's action in the matter was wise. The impossibility of making a thorough investigation of large Banks by outsiders must be admitted, but this question should be thoroughly gone into and some means devised for the prevention of a repetition of some past robberies. Had an auditor experienced in Banking been allowed entrance into the Peoples Bank would it have been possible to have passed off bonds of hundreds of thousands as specie; and would not hundreds of thousands of dollars been saved to innocent investors and depositors in this Bank, had the current rumors of the street been followed up and investigated by even a moderately posted independent inspector? This miserable sink of corruption always reported "debts overdue and not yet settled" as very small. This was generally the only truth contained in their statements. Their renewals and "never to become due" bonds were never overdue.

Another case where an independent audit would have been of benefit, to shareholders at least, was in the Ontario Bank. In the annual report of 1890 the President, Sir W. P. Howland, was made to say, amongst other things, "that for losses ascertained and anticipated" they would appropriate \$250,000. That for fear this would not meet everything they would cut off another \$75,000, hoping, however, this would be found more than ample.

The President later on at the meeting states: "we have made a full estimate of any loss which in our judgment can possibly accrue and have made full provision therefor." The President further states: "the Bank is now in a position where any profits that arise can be appropriated to the stockholders or to the reinstatement of the reserves fund," etc., etc.

In answer to the Rev. Mr. Starr, the then General Manager, Mr. Holland endorsed and emphasizes all that the President said "you are justified in concluding that the Bank's statement as it stands to-day, so far as the valuation of a live business can be made, can be relied upon, and that its business is in a sound and healthy condition and its assets clear of all bad and doubtful items, according to the best judgment the directors and I can give them."

In answer to Mr. Harty, who asked for some further explanations, Mr. Howland gracefully retires behind the fortress,—so often used by G. M's and Presidents who wish to avoid unpleasant questions,—I do not think it is in the interests of the Bank, etc., etc. To give the information would be a pleasure, etc.; but!!!

The real facts and standing of the Bank were, however, more correctly given a few months later, when, in addition to the \$250,000 which was "sufficient," and the \$75,000 which was to make "doubly sure," this institution had to write off a further sum of \$500,000 of capital and nearly

the whole of its \$250,000 of rest and was then only able to declare annual dividends of 5 per cent. per annum on the reduced capital.

From the foregoing statements it is evident that the calculations and opinions of the best informed are not to be too closely relied on, and Banks running under full sail should be closely watched.

Rests and reserves are good in their way, but should be considered more in proportion to the business done by the Bank than the percentage they bear to their capital.

In 1880 current loans and discounts of the chartered Banks were 105 millions, in 1889 they had run up to 150 millions, to-day they are 218 millions. In 1880 the paid up capital of the chartered Banks was about 60 millions, to-day they are about 62 millions. In view of these facts it is no wonder that earnings should be large. The point to be considered by investors is, whether rests and reserves are in proportion to the immense volume of business current.

The dangers attached to the holding of Bank shares are numerous, as many know to their cost. Such institutions as the Mechanics the Exchange and the Central were not half such dangerous rocks as some others float to them—the first and third especially—a large amount of discredit was always attached.

The institutions which caused the most widespread suffering were the Metropolitan, Consolidated and Federal Banks. On the directorate of these institutions were men whose names inspired confidence and who in their own business were eminently successful. An examination of the standing of these institutions according to their statements, issued shortly before their collapse, and endorsed by some of the leading business men in the community, who were on their boards of directions, gave no warning of the squalls to come. Perhaps the most disgraceful mismanagement was in the case of the consolidated whose methods in many ways closely resembled those pursued later on by the Peoples Bank.

The president in this instance was regarded as the most experienced financier of his day, on the board were men of real integrity and very successful in their own business the cashier was regarded by bankers as a veritable Solon in his line, yet the unfortunateshareholder on the winding up of the Bank lost more than three quarters of his investment.

Assets of Banks will always be weighed in a different balance by different authorities. No new cashier ever accepts the valuation of his predecessor but on assuming charge always pares assets down largely.

In paying current prices for Bank shares the investor in nine cases out of ten is giving full value, and in most cases their scarcity alone accounts for the heavy premiums.

For purposes of comparison the quotations of ten years ago are of interest, the high and low for 1888 of the principal Banks are as follows:—

	Now.
Bank of Montreal.....	230 1/4 206 1/4 245
Merchants B. of C.....	140 121 1/2 181
Can. Bk. of Commerce	122 109 1/2 144
Molsons.....	160 135 200
Bank of Toronto.....	212 180 240
Ontario Bank.....	122 110 110
Eastern Townships....	119 113 150
Quebec.....	117 110 125

During the period under review the miscellaneous list has also experienced heavy appreciation in values, Montreal Telegraph which was then looked askance at, as an investment, has since been almost entirely taken off the Street by investors. Dominion Telegraph has shared the same experience. Montreal Street Railway which was then capitalized at \$600,000 has now a capitalization of \$5,000,000 and is selling at 278 it was then selling nearly one hundred points lower.

Canadian Pacific was in the fifties, it now sells in the eighties. The Cottons, with the exception of Dominion, which has since largely increased its capital, were selling at from

thirty to seventy per cent. discount. Richelieu sold as low as 37 1/2. Montreal Gas alone claims the distinction of ruling at a lower price; its range for 1888 being 183 1/2 to 216 1/2.

At a comparatively recent date several new enterprises have been launched on the street, and the very favorable manner in which they have been received must have caused much gratification to the promoters. Toronto Ry. which was originally issued at 10c on the dollar is above par. Halifax Tramway issued at 15c sells at 130. St. John Electric road largely issued at 15, is now 145. Dominion Coal issued at various prices, commands 25 for the common and 110 for the preferred. Heat & Light, exact particulars of capitalization not known to us, sold within a short time up in the fifties.

That most of these corporations have been successful, even beyond the hopes of the promoters in many instances, proves that Canada is a great field for pluck and enterprise.

The Electric roads have created for themselves an amount of traffic which yields large dividends on par and warrants their present high quotations, as their earnings are constantly increasing and their operating expenses continually being lowered.

As the risks of bad debts are entirely absent with this class of business, the shares have become favorites with investors who are willing to purchase them on a basis of a small return on capital, as the prospects of larger division of profits in the future are considered good.

The range of prices in 1888 for miscellaneous shares and their present quotations follow:

	High	Low	Now
Mont. Tel. in 1888....	96 1/4	55 1/2	175
Dom. Telegraph.....	90	90	130
Montreal Gas.....	216 1/2	193 1/2	187
Richelieu.....	57	37 1/2	100
Montreal St. Ry.....	223	181 1/2	278
Canadian Pacific.....	62 1/2	51 1/2	83 1/2
Bell Telephone.....	100	90	173
Montreal Cotton Co. 93		69	158
Hoch. Cot. (now Dom)	127 1/2	102 1/2	98
Merchants M'f'g Co. 70		50	142 1/2

The public have doubtless heard a good deal about the "Subsidized Press." It has been, and is still the practice of the press to accept the statements given out by the directors and the management of public companies in their entirety as being correct in their findings without any attempt at analysis or criticism. In fact, the accounts of the annual meetings of quite a number of our public institutions are written by interested parties, who carefreely eliminate anything of a disagreeable nature which may have transpired at such meetings, and allow to be printed only such a record as will reflect credit on the directors and management. Of course these statements in the majority of instances are paid for at so much per line, and are quite a source of revenue to the papers who publish them,—hence the term "subsidized press."

Now we wish it to be distinctly understood that the EXCHANGE NEWS is published not in the interest of the officials of public companies, who wish to dazzle the eyes of the shareholders by *couleur de roses* statements, but in the interest of investors whose hard-earned dollars they handle; and we propose to give as occasion may arise a free and independent criticism of the financial statements of the institutions in which the money of the public is invested.

We have been informed that interested brokers have in some instances resented our criticism of the annual statements published by "The Royal Electric," and have stated that our apparently hostile criticism was published because advertising which we applied for was refused. This statement is absolutely false. When their annual statement was published, in our notice of same we stated there were weak points in it. At that time we did not wish to criticise the statement without giving the management an opportunity of explaining certain points, but the explanation not throwing any light on the matter, we went ahead with our criticism on the basis of their own figures. We have been told that our criticism has had the effect of sending the stock up. With that we have nothing to do, and we care not whether the price of the stock goes up or down. Facts are stubborn things. Are our figures correct? If they are, not, show us in what particular. We are open to correction. If they are, the market value of the stock to-day or to-morrow cannot alter that fact.