Farmers' Telephone Company.—The company, which operates in Carleton County, N.B., is making application to the provincial Public Utilities Commission for increased rates. The company asks for an increase in residential rates from $14 to $20, and on store and office telephones from $18 to $30. The company's revenue in 1919 was $9,000, which amount did not cover expenses.

Toronto and Niagara Power Company.—The company has advised its power users of another increase in rates. The average cost of current under the new rates is 2.6 cents per k.w.h. This average compares with 2.2 cents in 1918 and 1.6 cents in 1917. The reason for the increase is given as increased labor charges, cost of materials, taxes, etc.

"HEDGING" GRAIN FACILITATES MARKETING

(Continued from page 49)

It might also be stated that the public, farmers, professional men, etc., also deal in "futures." Grain exchanges, however, do not approve of the public participating, because in so far as this class is concerned it is nearing the gambling stage. They do not understand market conditions, etc., and as a general rule have a blind faith in some information they have received from a so-called friend. The public should not participate in the "futures" market. The grain trade of western Canada has reached the point now where reputable firms will not handle accounts of this nature; they never do any good, but more often than not breed distrust.

The producer himself sometimes takes advantage of the hedging market, and he has a perfect right to do so. We will say, for instance, that a farmer has 5,000 bushels of wheat, and thereby ties up his entire liquid capital. Some farmers, who understand the hedging process, sell their wheat when it is thrashed instead of holding it, and then turn round and buy wheat on the May option. This means they have only possibly 25% of their capital invested in the option and 75% of capital is available from the sale of wheat. If the market advances the farmer will make money just the same as if he had held his own wheat. If the price goes down he will lose just the same as if he held his wheat. The one advantage he has, however, is that the grain has been marketed and he has had the use of at least 75% of the value thereof, and the other 25% is held by the broker as a margin on the May wheat.

Less Capital Necessary

To the student it is quite apparent that the privilege of hedging prevents a monopoly and also reduces to a minimum the marketing cost. It will be seen that if hedging was not permitted large financial concerns would only be able to co-operate They would be the only concerns that would have sufficient funds to carry large quantities of grain. The small companies would not be able to do this, because so much money would be needed to carry grain.

If any one has studied the marketing system of the grain trade and investigated the cost thereof, it is quite apparent that the margin the producer pays for the marketing of his grain is very nominal. I very much doubt whether there is any other commodity in the world that is handled on so close a margin as grain. The grain trade of western Canada is satisfied with a small profit on account of the huge volume and on account of hedging facilities that are provided for them. Banks have always been able to finance the movement of the western crop, but even a bank would not lend money to a person, firm or corporation for the purchase of grain at country points, if hedging facilities were not available. Hedging is the bank's insurance.

Manitoba's potato crop this year will be 3,700,000 bushels, the Manitoba Agricultural Department announced on October 8, after the conclusion of an estimate based on reports from all sections of the province. This is short by more than 1,500,000 bushels of an average yield.

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CORPORATION SECURITIES MARKET

(Continued from page 46)

notified when and where the bonds will formally receive the guarantee, which, it is felt, should materially enhance their value.

The Oak Tire and Rubber Co., Ltd., is offering through a local brokerage house $250,000 8 per cent. participating preference stock at $100 per share, and carrying with it a common stock bonus. The proceeds of this issue will provide for extension to the company's present factory sufficient to practically double their present production.

Payment of Abitibi Debentures

As a result of arbitration, the decision has been made that the $1,000,000 Abitibi Power and Paper Co. 7 per cent. convertible debentures redeemed by the company at 110 and interest on April 1st last, are payable in New York funds.

In accordance with the decision, it is understood that the Montreal Trust Co. forwarded cheques on November 3rd to all debenture holders registered as of April 1st, 1920, for the amount of the premium on New York funds, as at that date, together with interest from April 1st to November 3rd, the date of payment. At the time the Abitibi Co. redeemed the debentures there was a divergence of legal opinion as to whether the company should redeem them, paying for them 110 and accrued interest in Canadian funds, or the same amount in United States funds, which were then at a premium. Royal Securities Corporation, the original underwriters of the issue, negotiated an arrangement on behalf of their clients with the Abitibi Company whereby the legal point involved was submitted for arbitration to Eugene Lafleur, K.C., of Montreal. A decision has now been given with the results indicated.