# Our London Letter.

## PROFIT TAKING IN LONDON MARKETS.

**But Activity Continues—Home Railway Stagnation—Gambling in Rubber—Recent and Forthcoming Canadian Issues—Insurance Topics—Special Correspondence of THE CHRONICLE.**

After last week's outburst of furious trading in Kaffirs and Rhodesians, London markets have been taking things a little more quietly during the last few days. This is to the no small satisfaction of over-worked clerks, who during the last settlement, in many offices put in several days' work beginning at nine one morning and finishing at five the next. London brokers offices' have in these days comparatively small staffs owing to the forced economies of a long period of lean years, so that the present rush of business, welcome as it is from the monetary point of view, puts some strain on physical capacity. As was to be expected after the meteoric rise in various South African specialties, there has been a good deal of profit taking and not in this section only, but also among recent new issues, where handsome premiums had accumulated. Business, of course, continues to be on an extensive scale and the end of the week sees prices again generally inclined upward. Markets are expectant. Their attitude towards the future is crystallized in the three words used by so ultra conservative and cautious a journal as the Statist as a headline to an article discussing market prospects in the immediate future: "The Coming Boom."

### Stagnation in British Railways.

It is curious to notice that amid all the present bustle and excitement there is one department which remains also entirely stagnant, British railways. The conditions of the industry are well shown by the just published official Railway Returns for 1908, from which two facts may be quoted. In the last two years only 165 miles have been added to the lines in the three kingdoms, and much of this, of course, is represented by widenings, which add little or nothing to earnings, and are only useful in extending operating facilities; while the average income last year from railway stock was only a shade over 3½ p.c. These facts show the distinctly unhealthy condition of the industry; and it will require all the energy of which railway men are capable to put the lines upon a more satisfactory financial footing. Apparently they can expect very little help from Parliament.

### A London Gamble.

One of London's present day gambles is rubber shares. For a long time business of this kind was restricted to the Mincing Lane produce market, but recently the House Committee have admitted a considerable number of these shares to quotation and a vast volume of business, chiefly of a speculative character has been transacted in them, with the price of "fine hard Para"—the index finger of the industry—well over five shillings a pound and very firm there is every excuse for a boom since the Middle East plantation companies, of which some scores have been floated in London during the last year or two can produce at a shilling a pound or thereabouts. The shares of many companies, which have not yet begun to produce at all and will not do so for a year or two stand at premiums of two to three hundred per cent., while the one company which has paid 55 per cent. for two years in succession has now climbed to the dizzy height of a thousand per cent. premium with apparently every prospect of going still higher.

### The Week's New Issues.

With new issues the week has been a very busy one. Western Australia, inspired doubtless by the success of the Victorian loan a week or two ago, has unexpectedly appeared with an issue of 3½ p.c. stock at 96½, one and a half millions being required for reproductive works. Another gilt-edged issue is that by the gold coast colony, whose million of 4 year 3½ p.c. convertible bonds at 99 were subscribed in a few hours. Of the four Canadian issues, the most important is by the City of Ottawa, which has already quoted in London £120,000 4½ p.c. 20 year debentures standing at 102, and redeemable at par in 1913. The present issue is of £156,900 4 p.c. debentures at 103. The Canadian Mineral Rubber Company has invited subscriptions at 98 p.c. for £170,000 of 6 p.c. first mortgage debenture stock, while the British Columbia Fruit Lands has made a successful emission of 100,000 £1 shares. The prospectus of the Dominion Mica Corporation, also from British Columbia, inviting subscriptions for £15,000 "7 p.c. and profit sharing first mortgage debenture stock" has had to run the gauntlet of a good deal of criticism on account of alleged mis-statements in the prospectus. Profit sharing debentures are not very common over here.

### The Light and Power Companies.

One of the London weeklies, which for some reason or other, has in its financial article been always bitterly hostile to the Latin-American group of power companies, and was very effectively dealt with by Mr. R. M. Horne Payne some time back, as was chronicled in this column, has thought fit this week to renew the attack by reproducing a series of cuttings from obscure South American journals complaining of the companies' methods of business and making sweeping allegations regarding their finances and the terms of their concessions. The article has not had the slightest effect upon markets. The British investor has done too well out of the securities of these companies ao pay much attention to journalism of this sort.

With reference to the recent denial by the Mexican Finance Minister to a London daily newspaper that his government are taking over the Mexican Tramways Company, I understand that the policy of the Mexican Government is to secure a controlling interest and that to that end, purchases of shares have lately been made in London on their behalf.

### Investments in Canada.

The issue of highly satisfactory reports by the Trust & Loan Company of Canada has called forth some highly appreciative references to the development of Canadian affairs. Attention in this connection is particularly drawn to the fact that more ample employment is being found for the resources of Canadian banks, and the steady