Our London Letter.

FLOTATION OF DOMINION'S LOAN.

Approval of Canada's Catering to the Small Investor—Interest in Improved Canadian Traffics—Movements in Latin-Americans—Bad Half-Year for British Banks—General Insurance Growth—Special Correspondence of THE CHRONICLE.

The most important event of the week in the London market, from the point of view of things Canadian, has been the issue on the first day of the new half-year, of the Dominion's loan of 6 1-2 millions at 3 1-2 per cent. A small premium has already been established upon the issue and general satisfaction is expressed that Mr. Fielding and the Bank of Montreal are again catering for the small investor by issuing bonds of as low a denomination as £10. Persistent cultivation of the masses here will in the long run yield Canada very good results. As the period during which conversion applications can be made extends over another nine days it will be some time before we hear authoratively whether the new loan has been a success, but seeing that the "new money" required is only just over two millions, and even this amount is not for the Government itself, there can be little doubt of final success even though some portion be temporarily left with the underwriters. Some of the critics would have been better pleased had the £4,295,776 outstanding 4 per cent. reduced bonds and stock been paid off instead of being converted. They have apparently overlooked Mr. Fielding's recent declaration in favour of a policy of sinking funds.

The May revenue statements of the two principal Canadian railroads were considered highly satisfactory. That the Grand Trunk, (which by the way celebrated Dominion Day by opening its new London office designed by Sir Aston Webb, R.A., and decorated by Frank Branging, A.R.A.) was much above market expectations, optimistic as these had been. As luck would have it, however, the statements came out at a moment when the market had no good opinion of itself, and so the really excellent figures found no reflection in market prices. The payment by the Grand Trunk for the first six months of 1909 of the dividends on the first and second preference stocks is now held to be assured.

The Tale of a Tram Conductor.

The quotations for Canadian Government stocks were litle affected by the new loan, the 3 1-2 1909-34 stock being marked down a point on the appearance of the prospectus, but other quotations remaining unaltered. The South American traction stocks have recovered after their recent heavy slump, the improvement being assisted by an official statement issued by Dr. F. S. Pearson describing the hydraulic development of the company, and the damage done by the recent accident at Necaxa and assuring the shareholders of the Mexican Light and Power Company that the business is in a sound and flourishing condition. Apparently our Belgian friends have been interesting themselves in these Latin-American developments of Canadian enterprise "not wisely but too well" as is illustrated by the story of a recent incident in a Brussels tramcar.

Two passengers were discussing the prospects of one of these stocks, and agreed that owing to the market position there must be a slump, when the conductor leaned forward and remarked in a confidential tone, "Monsieur is mistaken; the stock will go up; I myself am interested." Recent events, doubtless, have made that tram conductor more interested, but in a different way.

A Big Strike Averted.

After a dull and unenterprising opening of the week the London markets generally are closing it with a cheerful tone. For once in a way British railways have acted as the bell-wether, their firmness on Thursday morning following the peaceful settlement —literally at the eleventh hour—of the South Wales coal dispute, having imparted (with the aid of the weather) an improved tone all round. This settling of the dispute arising from the coming into operation of the Miners' Eight Hours Act in an amicable way means a big load off our minds, as a strike of miners almost national in its proportions had been considered inevitable, and we have too vivid recollections of what a similar dispute entailed in 1893 to be other than wholesomely fearful of a similar labour war. There are still, of course, outstanding disputes with the miners, both in the Midlands and Scotland, but, happily, these are capable of arrangement. At some collieries in the Midlands, indeed, miners refused to start work on the 1st July only because of the discontinuance by the owners of a time-honoured custom which ordains that every miner shall be given a quart of beer per diem! In Scotland there is a serious wages question at issue, but there are many resources available for its settlement.

Easy Money.

The publication of this week's bank return sets at rest speculation as to the amount borrowed by the market from the "Old Lady" to help it over the half-year. The amount is just over 13 millions and the fact that this sum has gone to swell "other deposits" in the return shows that these large borrowings were required only for window dressing and dividend preparation purposes. The market, of course, will repay this amount, large as it appears, very easily and it seems likely now that money will be plentiful with us for some time to come.

Banks' Bad Half-Year.

The advance guard of banking dividends for the half-year just ended fulfils anticipations of poor results. The London and Westminster has reduced its rate from 13 per cent. to 12 per cent., and carries forward a much reduced amount and the London and South Western, although the dividend and carry-forward are the same, has cut other allowances. The two important discount companies which have declared their dividends appear to have done better, the dividends and carry-forward of the last half-year being repeated, while in the case of the National Discount Company appropriations have been increased. The "profit margin" of the past half-year was only 13s 11d as compared with 17s 3d for the first-half of 1908; the average rate for three months' bills having declined from £2, 16s, 6d to £1, 18s 2d and the average deposit rate from £1, 19s, 3d to £1, 4s, 3d. The average rate for day-to-day money was a trifle under £2 per cent., compared with £2, 15s per cent. in the corresponding period of last year; and the average for Stock Exchange loans £3 per cent., against £3, 15s per cent.