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Three Months on 'Change

WHERE are the ardent bulls of three months ago? Where? They are now possibly ruminating upon the sad fact that the beginning of the last quarter—the first day of April—All Fools' day, in fact—prices were run up with astonishing vigour. Twenty preferred stocks showed on the last day of March an average price of 100.38. On April 1 this was raised to 102.30, but this outburst was short lived. In two or three days the average price of these twenty preferred stocks was down to 99.88, and instead of encouraging a bull market, that week registered an actual decline in these index stocks amounting to 60.

The experiences of that week practically cover the history of the whole period since April 1. The market for Canadian securities has been backing and filling, with those in charge of it keeping one eye on the money market and the other on the crops and never being sure enough of either to decide upon any definite market policy. Left to themselves, stocks have pretty well followed the trend of the world's markets, except in cases where special circumstances within our own country have determined their course. These favourable developments in certain industrial enterprises have caused the securities representing them to withstand the current which early in the year set in towards lower levels. As will be seen, a comparison of prices now and as they were three months ago is not altogether a record of declines.

The prices at the beginning of each quarter for this year are as follows:

	Jan. 2.	April 1.	July 1.
C. P. R.	264⅞	238	215½
Winnipeg Electric	218	209¾	190
Toronto Rails	138½	138½	136
Can. Gen. Elect. Com.	115½	115	106⅞
Twin City	105	106	103
F. N. Burt, pfd.	104⅜	102	91
Brazilian	94½	98⅛	85¼
Maple Leaf Milling, pfd.	97¾	98	93
Mackay	84	83⅞	77
Dominion Canners	84½	79	67
Can. Loco. Com.	60	60	45
Dominion Steel	58¼	53	46¼

Certainly the most spectacular episode that the historian of the stock market for the past three months has to record concerns the vagaries of Canadian Pacific Railway shares. It is not exaggeration to say that the entire financial world watched with interest the dramatic halting of this stock's triumphant advance to the three hundred mark predicted for it. The real right-about-face performed by C. P. R. occurred, of course, a year ago, when it touched the high point of its history at 282⅞. At the beginning of April last it registered a new low point for the then recognized bear market by selling at 232. Many Canadian investors regarded this as the bottom, but the German situation, which is now admittedly the root of the collapse in C. P. R. market values, did not mend, and the stock continued to reflect the Balkan war disappointment. The present range of C. P. R., between 210 and 220, appears to indicate the market position of the stock for some little time to come. While C. P. R. stock, from the very fact that it is seventy dollars below its top figure, is attractive to investors, the traffic earnings of the company, which were formerly its best advertisement, although very good in themselves, no longer provide sensational increases.

There is reason for referring at length to the market course of Canadian Pacific Railway, for in its way it epitomizes the entire Canadian market. It is the index Canadian security and it is seldom, especially recently, that C. P. R. has a bad day without the remainder of the Canadian list exhibiting its sympathy. Other Canadian stocks do not follow in orderly procession the course of C. P. R., but the influences which affect the premier security are common to them all, and the chief of these influences during the past quarter has been the tightness of money. The commercial business of the country has first call on its capital, and bankers have had to squeeze borrowers on call loans unmercifully to obtain funds for their commercial clients. Added to this, the tremendous volume of new securities which have been distributed throughout Ontario particularly during the past five years

R. M. HORNE-PAYNE,
Who has Spent Much of his Life Securing Funds for Canadian Enterprises. He is Prominent in B. C. Electric and Canadian Northern. Resides at The Hermitage, Brentwood, Near London.

has made serious inroads on the savings of the people.

The distribution of new industrial stocks has, however, had one effect beneficial to securities in general in that it has created a great army of new investors, and these, scattered through the smaller towns of the country, have proved the bulwark of the market during the past six months. There is no record of the amount of stock taken in small lots from the Toronto and Montreal stock exchanges by this class of buying, but brokers say that it has been very large and that in spite of the

A UNIQUE PAIR.
On the left J. R. Booth, Ottawa's Grand Old Man, Lumberman and Papermaker; and on the right James J. Hill, the Greatest Railway Man on the Continent. This snapshot was taken during Mr. Hill's recent visit to Ottawa on his way to the Labrador Coast for his annual Outing.

conditions existing there are at the present time no great masses of stock other than the newer industrials which were undigested before the slump came, overhanging the market.

With two or three notable exceptions the condition of the Canadian stock market is sounder technically than would appear. The earnings and savings of the smaller investor have not as yet been impaired, and they have been able to take their stocks off the market. There has been some forced liquidation and there will probably be more as the tension in the money market becomes more acute. It can hardly be expected that there will be any sustained improvement until not only have the crops been harvested, but a large proportion of them has been marketed.

Aspects of the Bond Market

THERE is this essential change in sentiment as it affects the bond market, between three months ago and now. At the beginning of April, after almost a full half year of money stringency, opinions as to the outlook clashed. The bond seller and the bond buyer—but more particularly the bond seller—were ready to be convinced that the bottom had been reached and that henceforth the trend would be upward—although among financial authorities there was no unanimity of view.

A quarter of the financial year, in passing, has wrought a revolution in feeling and has unified it, and we find in place of widely-varying views a common attitude of country-wide caution. There has been no upsetting catastrophe, no demoralization of confidence, and no accession of optimism to drive prices either way. Because nothing has happened to either materially impair or improve the situation, forebodings as to the future are more general and more pessimistic than ever. Canada's position in the bond market has been pretty well advertised recently as the result of the rather acid reference to our municipal securities by Mr. Horne-Payne. Leaving the discussion of that serio-comic controversy aside, a scrutiny of what we have already done this year in the way of borrowing abroad will help to place the London position at the present moment in the right perspective. Although our foreign bankers have grown cold and distant lately, and our money supplies have been rudely shut off, it is to be remarked that in addition to the enormous financing that we have done in the past five years in Great Britain, this year has provided no mean record of borrowings. Our issues in London amounted to $100,000,000 up to the first of July. This does not mean that we received $100,000,000, although most of the current statistics which pour out from the technical press at this season have apparently intended to give that impression. When a loan is underwritten the money is sure, but a number of the issues mentioned as representing our borrowings were not underwritten and were meagrely subscribed. While the estimate of $100,000,000 may exaggerate the amount actually raised by security flotations in London this year, it is probably actually less than we obtained by this means and from private investments. Throgmorten Street may be choked with our government, corporation and municipal securities, which the British public won't buy, but it must be remembered that in the past the British public has given us better treatment than any young country in history ever received, and in spite of all the critics, when it has the money to spare again, it will continue to pay a higher price for Canadian bonds than the corresponding securities of any country. The national, municipal, and individual tendency to extravagance cannot be disguised, and we are notoriously careless borrowers, but it cannot be argued that there is not ample and unquestionable security behind all our liabilities.

While London is bound to remain the source of our main financing supplies, the last three months has produced an interesting change in our other foreign banking relations. This concerns corporate borrowing in New York. For years we obtained no money whatever from the United States except that which came in the form of private investments, usually by American companies establishing plants or new industries here. The attractive level to which the urgent necessities of our municipal and corporate borrowers have depressed our securities has now, however, caught the attention of the American money markets, and the past three months