

Cobalt mining shares have been showing increased activity latterly and some of the better class securities have registered fair advances. The wild-cat ventures and over-capitalized concerns have been pretty much placed in their proper position as regards prices and the shares now selling at respectable prices have something to show in the way of solid assets.

MONTREAL STREET RAILWAY AND MONTREAL LIGHT, HEAT & POWER AMALGAMATION.

The following circular has been issued:

Montreal, September 27th, 1910.

To the Shareholders of the Montreal Street Railway Company:

Your directors in conjunction with the directors of the Montreal Light, Heat & Power Company, have ascertained by careful, disinterested investigation, the relative value of the two companies as being two hundred and fifty dollars (\$250.00) per share for the Montreal Street Railway Company and one hundred and ninety dollars (\$190.00) per share for the Montreal Light, Heat & Power Company.

The boards of both companies are of opinion that the interests of their shareholders will be best served by as intimate as possible a union between them and your board, after conferring with the board of the Montreal Light, Heat & Power Company, is of opinion that this can be best done by means of a holding company which would exchange its securities for the shares of the two companies on the basis above mentioned.

The following is a statement of the net income, available for dividends, according to published statements, of the two companies for the past three years:—

	M.S.R.	M.L.H. & P. Co.	Total Combined Net Income.
1907..	\$1,040,357.81	\$1,647,466.84	\$2,687,824.65
1908..	1,136,411.32	1,745,847.66	2,882,258.98
1909..	1,229,676.51	1,911,500.90	3,140,877.41

Assuming that all the shares in the two companies were transferred to the holding company, upon the basis as outlined, this would imply a capitalization for the holding company of \$57,300,000. Applying the total net income, as above, to this capitalization, would give the following:

	NET INCOME PER CENT. CAPITAL.
1907..	4.69
1908..	5.03
1909..	5.48

N.B.—The current fiscal years of each company will show that the rate of increase in the net income has been fully maintained, notwithstanding the liberal reductions in gas and electric rates granted from time to time over the past three years by the Montreal Light, Heat & Power Company; and with contemplated economies to be effected by the suggested closer union of the two companies, a further increase in the combined net income can be expected.

An expression will be asked from the shareholders at the next general meeting, and if this recommendation of your directors receive the requisite support, they will in conjunction with the directors of the Montreal Light, Heat & Power Company

promptly take such steps as may be necessary to carry the plan into effect.

To make such an arrangement effective, the holders of at least fifty-one per cent. of the stock of both companies would have to co-operate.

If you approve of the foregoing recommendation of your directors, please sign and return the enclosed proxy.

By order of the board,

PATRICK DUBE,
Secretary.

It is alleged that the Canadian Power people, not to be outdone, have purchased a few large blocks of Montreal Power. As to whether this is correct or not we do not know. In last week's CHRONICLE we gave a little table showing what the proposed increased capitalization would mean so far as dividends are concerned, taking the present dividends of seven per cent. paid by the Light, Heat & Power on a capitalization of \$17,000,000 and ten per cent. paid by the Montreal Street Railway for some years on a capitalization of \$10,000,000. It may, of course, be possible to increase the dividends, but under existing conditions, it would mean a lesser amount being laid aside for the contingencies which arise in connection with these services.

Assuming a four per cent. basis the Light, Heat & Power would be worth 175 while Montreal Street paying ten per cent. would be worth 250. Assuming five per cent. yield as the basis, Power would be worth 140 and Street 200. Of course, there are the prospective higher profits to be taken into consideration, but looking at it from a purely business and investment standpoint, as matters exist to-day, the yield does not seem to us at the suggested price to be a reasonable one.

WHERE IMPORTS EXCEED EXPORTS.

A year ago, in its issue of October 1, 1909, THE CHRONICLE discussed at length the question of the excess of imports over exports in Canadian trade. It was then shown that since the fiscal year 1868 in only seven years has there been in the trade of the Dominion an excess of total exports over total imports, including coin and bullion; and this figure, it may be remarked, remains unaltered, since in the fiscal year, 1909-10, which terminated in March last, there was an excess of upwards of \$20,000,000 in imports, including coin and bullion, over exports, including foreign merchandise and coin and bullion. It was further pointed out a year ago that this "adverse trade balance," as it was at one time the fashion to call it, need not give any cause for anxiety. "The safe extent of such excess," we then said, "is to be measured with respect to the reasonable prospect for profitable returns upon investment of the British and foreign capital involved. In the case of so rapidly growing a country, the margin of imports over exports chiefly represents a lending or investing of outside funds. When a railroad or industrial company sells securities abroad, in the long run its resultant funds find their way into Canada largely in the form of