

by the Messrs. Speyer, and the subsequent decision of the principals, Speyer & Co. to identify themselves with the Dominion Steel Co. financing, constitutes a certificate of character more convincing and important than the company has ever before enjoyed the use of.

Our London Letter.

MONETARY CALM LOOKED FOR DURING JULY.

Prices of Consols and British Railway Securities Affected by Flow of British Capital Abroad—Canadian Securities in Favour—Canadian Bank of Commerce Shares Advance—Protest Against the Budget—Special Correspondence of THE CHRONICLE.

The Bank of England has again been called upon this week to supply funds to the market, mid-July bills having been discounted at the official minimum, and a fair-sized loan for a week secured at 3 per cent. This supply has really been obtained in view of next week's needs, and the shortage which is a constant corollary of the end of a half-year. For the time being, there is plenty of money available for market purposes; the successful efforts which have been made to freeze out weak speculators in the South African markets naturally helping in this direction. Lombard Street is now looking forward to the third quarter of the year, and is busily engaged in discussing prospects. In London the months of July and August are commonly a period of calm in monetary affairs, and there seems to be a general impression abroad that once the half-year has been turned, we shall enjoy again a period of very easy money. The inflation of the paper currency in the United States is, however, causing anticipations in some quarters of unpleasant possibilities later on, and the hope is expressed that the summer period of ease will be utilized here for the building up of a strong position, so that we shall not be landed with an unpleasant period of monetary stringency at the end of the year.

A Sequel to Wild Plunging.

The London Stock Exchange this week has in the main been passing through one of those periods of relative depression, which follow times of wild speculation. In South Africans there has been further liquidation, due to the express determination of those in control to weed out the weak speculator by a stringent refusal of carry-over facilities. That there has, during the recent excitement, been some very wild plunging indeed on the part of professionals is very evident, and it is aptly illustrated by a story, circulated this week of a needy individual, who a few weeks ago "stuck" a fellow-member of the House, for the wherewithal to pay his subscription. A few days back, repayment of the loan was proffered and the lender, surprised at seeing his money back so quickly, courteously expressed the hope that the repayment would not put a strain upon the borrower's resources. "Oh, that's all right," replied the needy one, "I'm a bull of ten thousand Chartered."

It would seem probable that the continued rapid flow of British capital abroad is at length beginning to exert a very marked influence upon the prices of

British giltedged securities. It is certainly a fact that prices are now below the level of twelve months and even of six months ago. For the weakness of consols there are, of course, special reasons, which do not need re-capitulation, but it is more difficult to account for the falling off in such fine old fashioned things as British railway debentures and industrial issues. Possibly, the British investor's craving for a larger income than is given by these securities, is the root cause. Colonial Government securities have, generally speaking, during the last twelve months, had only a nominal set back and, exceptionally, Canadian securities show an improvement—an index to the degree of favour with which Dominion securities are here regarded at the present time.

Grand Trunks and a Canadian Board.

The question of a Canadian Board for the Grand Trunk has again been brought to the front. Mr. Frank W. Morse, the late general manager of the G. T. P. on his sailing for Canada, gave an interview in which he strongly advocated the taking of this step, in view of the successful career of the Canadian Pacific and of the United States railways, which, while built largely by British capital have always been administered locally. Mr. Morse expressed the opinion that the new Trans-Continental line would be a great success; and added that a Canadian Board would accelerate that success. This plea has been reinforced by an article of terrific proportions—it is four columns long—in the financial supplement of the "Times." The writer of this article suggests that owing to the absence of a Canadian board, the Grand Trunk has, in the past, lost many strategic opportunities; and that the establishment of such a direction would be followed by the listing of Grand Trunk securities upon Canadian exchanges and the taking of an interest in them by Canadian investors. He suggests also that from the Imperial point of view such an appointment would be desirable, as a step towards placing the Empire on a business footing.

Canadian Bank of Commerce shares have lately shown an improving tendency, their present price being almost equal to the highest figure they have touched in the last three years. It is currently reported that British investors are increasing their interest in this Bank, in the expectation doubtless of larger dividend in due course.

The publication of the Hudson's Bay report has aroused comment of a very sober kind. It is generally held that current quotations represent a closer valuation of the company's prospects than either the giddy height of 129 1-2 which they reached in 1906 or the depth of 19 1-2 recorded in 1901. Expectations regarding the immediate future are chastened by the knowledge that the full effect of the shrinkage in the sale of land has not yet been experienced, although the establishment of the value of the company's lands in Western Canada is a decided off set to this "bear" point.

A Revolution in Bank Dividends.

Something like a revolution in miniature is looming up in connection with the declaration of dividends by British banks; up to the present it has been the invariable practise for banks to declare their dividends free of income tax; now, at least, one big bank has decided to alter its practice and it is believed that other institutions will follow this