

Our London Letter.

MONETARY PROSPECTS SOMEWHAT OBSCURE.

Continental and other Demand for Gold—London's Continued Purchasing of Foreign Bonds—Crop Prospects favourably affect Canadian Securities—Municipal Insurance—Special Correspondence of THE CHRONICLE for the week ending August 28th.

London's monetary prospects are somewhat obscure owing to the Continental demand for gold. With Egypt, South America, and, as some authorities suggest, New York, drawing the metal away from London in the near future, it is clear that the Bank could well manage with a further addition to its present stock of gold. For the moment, of course, the Bank is in a strong position, and there is also plenty of credit in the market. The "other deposits" in the week's Bank Return stand at a very high figure, foreshadowing low rates, but, as suggested, the future depends upon the Bank's ability to obtain coming supplies of the metal in order to meet autumnal demands.

Continued Buying of Foreign Bonds.

This week's settlement has been safely negotiated, there being thereby a revelation of the fact that London has not taken a very active share in the recent display of Yankee fireworks. The most active investment market has again been that for foreign bonds, the appetite of the investor in this direction apparently being stimulated the more it is fed. According to brokers' reports a good deal of the buying has been on continental account, but there is no doubt, as indicated in this letter last week, that the British investor is committing himself very heavily in this direction at the present time.

Canadian Topics.

While business has not been on a large scale in the Canadian section, prices generally have been moving steadily upwards. Grand Trunks have been uniformly good, owing to the better earnings and, also, because of bear re-purchases following the excellent crop news which has come to hand. Municipal issues by Quebec, Toronto and Winnipeg are a point up on the week, and Hudson Bays have been improving on the anticipations of a new railway in the country's territory.

The report of the Lake Superior Corporation, whose 5 per cent. first mortgage gold bonds issued in London in April last are now quoted at about 88 per cent., has been very favourably received. It is generally held that the Corporation has done well in a year of depression and that with an improvement in trade, net profits are likely to expand very rapidly. The suggestion has, however, been made that it would be better were the corporation managed in Canada wholly.

Discussing Canadian matters this week, Mr. Charles Duguid, the well-known financial writer, expresses the opinion that with a record crop in sight, the Dominion seems about to enter the most prosperous period in its history. "Probably, he says, "none of our overseas dominions is in more need or more worthy of fresh capital than Canada.... Canada has emerged from the depression strengthened and steadied, and, it is believed, stands to-day on the eve of another great expansion.

An Active Silver Market.

The silver market, after a period of inertia, has been remarkably active and the tone good, the metal showing a gain of 38 on the week. As Messrs. Samuel Montagu and Company remark in their circular it is the old story of bears covering. There is, however, also a big demand from China, some continental demand, and, also, a restriction of supplies from your side of the Atlantic. A long view, however, does not conduce to optimism in the silver market. Although the monsoon is better, the present position is very similar to that ruling at this time last year, when stocks steadily mounted until the end of October and then, to use again the graphic language of Messrs. Samuel Montagu's circular, the crushing effect began to tell and silver fell helplessly a penny in price.

Municipal Insurance.

The Municipal Mutual Insurance, Limited, has just been holding its half-yearly meeting at Bradford in Yorkshire. This company, formed in 1903, in the not very salubrious neighbourhood of Storditch in the east end of London, is a concern formed for the purpose of covering fire risks of municipal and similar authorities. The idea was to get cheaper rates for this class of property "without the aid of shareholders' capital and profit-making companies." Up to the present 220 public bodies have supported the company by affecting their assurances with it. The premiums of the past half year amounted to just over £5,810, and the reserve capital is between £8,000 and £9,000, but the company makes a great point that it re-assures with nine of the principal British offices, whose combined capitals are £4,670,000. On behalf of the company, also, it is contended that the ratio of the fire funds to the nett premium income is considerably more than in the case of some of the large offices.

Apropos of a recent note regarding insurance for aeronauts, a Glasgow company has now entered the field with a sickness and accident policy. £7 10s. a quarter will secure to the aviator £250 in case of death; £250 for loss of limbs or both eyes; £125 for the loss of hand or foot or one eye; £5 a week during disablement or illness, the former being limited to 26 weeks.

A New Old-age Pension.

Sir William Bull, M.P., not being pleased with our present scheme of old age pensions, has devised a scheme of contributory annuities starting at the age of 55. In his parliamentary bill, it is proposed that contributions shall be made by the annuitants, by the employers of workmen and by rating authorities or the State. At the age of 55 every annuitant shall be deemed to have at his credit £30, in addition to his contributions and interest thereupon and any special grants which may have been made to those who have passed examinations in elementary or technical education or who produced evidence of assiduity or military or naval efficiency, and to married people, whose children attained the age of five. It is an interesting scheme, based apparently upon a conception of national efficiency but it is doubtful if it has much chance of passing into law.

METRO.

London, 28th August, 1909.

CUBA RAILROAD COMPANY'S earnings for July were \$162,429 gross and \$49,017 net, the latter showing being some \$14,446 less than that of July, 1908.