

# The Chronicle

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**BULLS, BEARS AND OTHERS.** THOSE who see as through an opera glass brightly, are again looking for rapid stock market advances. Others who stick to smoked spectacles are watching for sharp declines. Meanwhile the careful investor is directing his own eyes as best he may towards the longer outlook.

His is the nose that is most apt "to point due North," as the squire of Crochet Castle said. With mere speculators, "one nose points always East, and another always West, though each is ready to swear that it points due North."

It is midway between the East's rising and the West's sinking, that old Sol indicates the true North. And somewhere between bull optimism and bear pessimism the investor generally takes his via media.

At present the "bull rampant" is overlooking the fact that a period of marked industrial activity does not usually bring spectacular rises in stock prices. Such violent movements generally forerun rather than follow trade expansion—since the coming of the latter lessens the supply of money available for any orgy of speculation.

On the other hand, the "bear regardant" who already fears gross over-discounting of coming business prosperity, is apt to close his eyes to the fact that continued trade revival means larger earnings for well-managed undertakings, and gradual market strengthening of their securities.

**BUSINESS VALOR AND DISCRETION.** RAILROAD-building and steel-making are closely related "signs industrial." In Canada the former is progressing at unprecedented rate, and the latter is preparing, by extension of plants, to keep pace with it. And at the same time the general business of the country has entered upon a period of expansion.

Certainly the outlook is bright. It seems early yet to talk of over-activity, but the danger has always to be guarded against of letting unsound projects smuggle themselves in among those that are sound. In some respects coming prosperity will put Canada to a test that must affect its whole future in the estimation of the world's investors.

A British visitor to Montreal this week (Mr. George Paish, of the London Statist) reminds Canadians that a country which is importing large amounts of capital is bound to go ahead; but that the day of repayment must not be lost sight of, in making present disposition of borrowings. He estimates that this country is adding about £1,500,000 a year to its interest obligations, and he gives the good advice that new undertakings should be such as to stand the closest scrutiny of British investors.

**BANKING FUNDS HELD ABROAD.** AT the beginning of October, Canadian bank holdings of specie and legals were some \$100,000 less than a month before. During September, a year ago, they increased \$3,500,000—marking a continuance of the gold inflow that was an autumn feature of 1908. Of late months gold imports have been comparatively unimportant. True, October has already brought three or four shipments, two of them for as much as \$500,000—and others may occur in the normal course of exchange operations. But any wholesale bringing over of actual metal is unlikely at present, owing to the ample margin already on hand over and above current demands. At the end of September, vault holdings of cash and legals were \$8,500,000 greater than a year ago.

One \$500,000 shipment referred to, resulted from an important transaction in transfer exchange by way of New York, due to flotation of Canadian securities in London. To have offered all at once on the Canadian market the large amount of exchange involved, would have meant a fall in price to below 5-64 discount on New York. And, as it happened, the funds were wanted somewhat promptly by the corporation interested. Accordingly it was arranged to ship actual gold, at a cost approximately of 5-64 per cent.

While such transactions are likely enough to occur from time to time, any general inflow of gold is scarcely anticipated in the near future, even although Canada has now an unprecedented command over gold abroad.