

Correspondence.

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LONDON LETTER.

FINANCE.

London, Eng., January 5, 1905.

A successful "bear" attack has pulled down the price of Hudson Bays from the record figure of 53½ to 81½. It was the falling off in the recent land sales of the company which gave the ursine fraternity their opportunity. Nine months of the Bay financial year came to an end with the finish of December, and the land sales for that period amounted to \$540,000, against \$1,440,000 for the corresponding period of 1903, and \$2,015,000 for 1902. But the figures for 1902 and 1903 are known to have been abnormally swollen by special purchases on behalf of American syndicates—the land so being now in process of settlement.

On the other hand, bulls of the shares over here are basing new hopes upon the recent discoveries of valuable oil beds, and also upon the development in the Northwest, which will result from the Trunk Pacific scheme. The renewed and increasing popularity of furs in connection with women's apparel, must be good for such a great fur trading corporation. Altogether, the bull view here is that the pure dividend should not be less than \$13.25, and that it might run to \$15. In the meantime, as I have said, the bears have it all their own way.

Markets generally, are experiencing a spasm of dulness—probably resulting from the fact that jobbers who laid in too much stock for the new year, expecting a bigger public demand than actually matured, have been compelled to lighten their books considerable. The result is somewhat lower prices, and a further check to public purchases. This is only temporary, however, and the fall of Port Arthur, indicating (as it may very fairly be said to do) a nearer end to the war is quite enough to inspire holders. Money is easy, and the position of affairs on the Continent causes no anxiety.

The Russian loan issued at 95, and bearing interest at the rate of 4 1-2 per cent., will probably cost the Russian Government something nearer 5 per cent. The contracting syndicate takes the loan over at just under 93. The total needs of Russia obviously exceeds the proceeds of the present issue, there being an ever-widening gap in the St. Petersburg treasury. The present loan being floated under German auspices, probably meant that the French investor is being held in reserve, as the next recipient of Russian blessings. As I have occasionally mentioned, the price of Russian bonds has been kept up mainly by the steady support of Paris; that support is now weakening. The steady decline which could not be arrested, has lowered the price of the 4 per cent. bonds from 98 a year ago, to 90½ to-day. What is there to prevent the decline continuing?

Japanese 4 per cent. bonds have had some very depressed times, but, after all, they are to-day 78, against 76 a year ago. There is still a big and obvious difference between the credit of the two empires—as between, the value the international market rests upon this credit. That difference is as conspicuous as the wide margin be-

tween 78 and 90½ can make it. But this does not prevent the lower-priced security from appreciating on the whole, whilst the higher-priced one retrogresses. A curious result of the war would be the quoting of the securities of two combatant powers, at the same price eventually. Heavy borrowings by Nippon, will, we must presume, be offset in their influence on market prices, by the equally heavy calls on the public purse made by Russia.

In the meantime, the following table of comparative yields provides some peculiar contrasts:

	Yield p. c.
Consols.....	2½
National War Loan (same guarantee as Consols).....	3½
Canadian 3 p. c. (highest priced British Colonial Stock).....	3½
Cape 3 p. c. (lowest priced British Colonial Stock).....	3½
United States Fours.....	4½
Russian Fours.....	5½
Argentine 1884 loan (much favoured in London).....	5½
Japanese Fours.....	5½
Uruguay 3½ p. c.....	5½

INSURANCE.

If the present year produces a crop of new forms of insurance policies as luxurious as was that raised in 1904, the modern insurer will soon be treated more than kindly. The last development of the year in the way of new offers, was the spreading tendency in the direction first laid down definitely by the National Mutual, in the particular form of a policy under which interest at the rate of 3 per cent. is received annually by the policyholders upon all premiums paid. The Popular, a life company only established last year, also makes a special feature of this, whilst several other offices provide it when they are asked for it.

The further progress of the Hand-in-Hand amalgamation with the Commercial Union, waits upon the passing of the necessary measure through the House of Commons. In certain quarters a disposition has manifested itself to egg on the Hand-in-Hand policyholders to revolt against the scheme which has been laid down for them. The magnificence of the offers made by the Commercial Union, however, is culling all the ground from under the malcontents. An eminent actuary of high standing, who has been consulted on their behalf—Mr. C. D. Higham, a past president of the Institute of Actuaries, and Actuary and Secretary of the famous old non-commission paying mutual office, the London Life Association—recommends the policyholders to accept.

He points out that the two most important points to which attention must be directed in a transaction of this kind, are safety and surplus. This safety must be increased by the release of the Hand-in-Hand assets, from any liability from fire insurance, and from all provision for the expenses of management, and by the guarantee of a powerful company with an immensely strong financial position. Generally, without it being necessary for me to recapitulate all Mr. Higham's points, it may be taken that he finds that substantial justice is being done to the contracting parties.

The directors of the Hand-in-Hand will continue to act as a branch board of the Commercial Union, at the present offices. Four of their number will become members of the Commercial Union at once, whilst the others will follow as vacancies occur. In other directions a liberal, very liberal, pensioning-off, or retiring allowance scheme will be put into operation. Amongst the gains to the Commercial Union, is that it will be able to date its connections back to 1666.