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THE GENERAL FINANCIAL SITUATION

With regard to the activity which has developed during the past week upon the local Stock Exchange, it should be borne in mind that the increase in transactions is very largely the result of manipulation by insiders of one or two special stocks. The activity is not in fact the consequence of any easing-up of the local money situation, which is authentically reported to be as tight as ever—in fact there has been some further calling of brokers loans during the week. Of the stocks which have been specially prominent during the last few days, it is well known that the rise in Brompton, which has lately created a market sensation, has been engineered by insiders, originally apparently with the idea of securing more capital. The considerable earning power of the Company, which has recently been revealed, is said to have resulted in a modification of the original plans in this connection, and possibly something spectacular in the way of a re-organization will eventually be adumbrated. As regards Atlantic Sugar, this stock is of course, in the control of the same clique that ran the notorious boom in Ames-Holden common last year, though it must be said that their present operations have probably a considerably better basis in earning power than the earlier ones. In the recent wild rush after the spectacular paper stocks, a number of the old speculative favorites have been put into a neglected corner, and at current low levels would seem to afford attractive opportunities for a "long pull" to those who can finance their purchases. Brazilian, which in recent weeks has been depreciated to an altogether unreasonable extent, is a case in point; and while possibly the opportunity for appreciation is less marked, such former favorites as Montreal Power and Shawinigan Power would appear to offer some opportunities in this connection for conservative speculation. Neither are likely to rival the recent meteoric performances of the paper stocks; but to an even greater extent than Brazilian which is working into a remarkably strong position, they have an assured future.

In present day conditions, developments in the United States are of great interest to the economic student, as an index of the trend of affairs internationally as affecting Canada, and it is worth while paying careful attention to them. The preliminaries for the presidential election in the fall so far seems to have had very little influence upon the markets. It is to be expected that both of the two great political parties in the United States will elaborate in their programmes, at some length, theories how the cost of living may be reduced, and the credit structure drawn down in places. But meantime, it is pointed out, the United States will have gone some distance in meeting current problems under the direction of natural laws. There has been during the last few weeks a considerable re-adjustment of the prices of goods to a public opinion which began to discountenance purchases at extraordinarily high prices. In addition to the cut price retail sales, which gained great headway a fortnight ago, there is now in evidence four days a week operations at many textile mills in New England, and cancelled contracts in many lines of manufacturing. It is noted that while signs of hysteria among merchants are disappearing, nevertheless the tendency of prices continues downwards. Stocks of merchandise carried over the usual season of distribution are being centralized and disposed of in retail operations of unusual magnitude at lower than listed quotations. "The decline in wholesale prices has not followed that in retail lines," says the Federal Reserve Bank of New York in its June letter, "but domestic and foreign demands have lost the insistence of the past year and production is catching up." While the United States excess of exports is continuing heavy in contrast with pre-war years, the latest figures disclose a tendency which is not to be ignored. While it does not necessarily forecast a continuous decline of prices in the domestic markets, the peak of demand and consequently of prices has almost certainly been passed.

Bondholders of a number of small Western towns, which have got into financial difficulties, are taking steps to protect their interests, and last week a conference was held in Toronto with a view