

LONDON LETTER.

FINANCE.

London, Eng., June 22, 1905.

Scares are slowly abating, and we are settling down to steadiness and sobriety. The adverse influence of the Sultan of Morocco's refusal of the French proposals, was the last trouble, and although we are still uncertain about Germany's motives, we do not worry.

Peace in the Far East hovers in sight, probably only awaiting the outcome of a last great battle in Manchuria.

Business remains quiet, however, here, in Paris and in Berlin. Most weeks now the French banks are increasing the balances they are employing in London. Anything of a scare in the Gaelic capital would, of course, lead to withdrawals here, and our money market would be affected. There is not much chance of this, however, at the present time, and therefore the ground is laid for a general recovery. Usually, during the last year or so when everything has been prepared for a revival, there have matured instead, new depressing influences. This time we are hoping for a change.

Canadian investments still bulk largely amongst requests for capital published here. The City of Quebec is offering \$390,000 of 3 1/2 to consolidated registered stock at 93 1/2, the money being wanted to redeem the balance of £ p. c. debentures, maturing on July 1.

A successful issue was that of \$5,125,000 of consolidated first mortgage 4 p. c. gold bonds of the Canada Atlantic Railway Company. This is about one-third of a total issue guaranteed by the Grand Trunk both as to principal and interest. The line, of course, forms part of the Grand Trunk system, and is therefore always sure of support on this side in normal times.

There is a remarkable and persistent increase in the number of foreign banks which have opened branch offices in London. During the last ten years the number has trebled, and at the present time the following are all directly represented here:—Bank of Spain, Banque d'Athènes, Buitenslanque Bankvereniging, Comptoir National d'Escompte de Paris, Credit Lyonnais, Deutsche Bank, Guaranty Trust of New York, International Banking Corporation of New York, Oesterrichische Laenderbank, Russian Bank for Foreign Trade, Societe Generale de Credit Industriel et Commercial Societe Generale, Swiss Bankverein, and the Yokohama Specie Bank.

In none of the countries represented in the above list have any of our leading banks opened offices which in any way correspond to those operating in London. To some it may appear like absence of enterprise, but, of course, the real reason lies in the paramountcy and dominance of London's money market.

INSURANCE.

There is no doubt that the various house-purchase insurance companies here, even those of a more solid character than the majority, are riding to a fall. They are altogether a mushroom growth, and it is their youthfulness which has saved them so far. Their methods are simple, and their promises extravagant. To the small middle-class man, or the thrifty workman, is held out the alluring bait of a house owned by himself.

Rent in the United Kingdom, and especially in the urban districts, is a heavy incubus. So much is this so that overcrowding has resulted, which becomes amongst the poorer sections of society overwhelming alarming and deteriorating. To have a house of her own instead of having to "pig it" in a couple of rooms and share the wash-house and garden (!) is the sunshiny goal of an English working man's wife's life.

Along comes the house-purchase insurance companies

to bring the ideal within grasp. You subscribe weekly or monthly sums for five years, and are all the time insured for a sum equal to the value of the house you have vaguely in your mind's eye. At the end of the quinquennium you have the right to borrow from the company a sum sufficient to buy the house, the money so advanced being repaid over a number of years, say twenty. Earlier death of the insurant, of course, frees the house from all further liability.

As it would take the entire contributions of ten people to make up one loan at the end of five years, the utter inability of the companies to fulfil their promises in the end is manifest, more especially when it is remembered that a vast proportion of the income goes in commissions and expenses, 50 per cent. sometimes. Only by borrowing money, or by subscribers not exercising their right, or by lapses, have the companies pulled through so long. The tension is now very great.

STOCK EXCHANGE NOTES.

Wednesday, p.m. July 5, 1905.

The July holidays, Dominion Day here and Independence Day in the United States, broke into the trading this week, and as a result business has been limited. The tone prevailing, however, is confident and prices firm in tendency. Fears have been expressed in some quarters that the redistribution for July disbursements might tighten money rates, but this fear has not been realized and call money continues in ample supply at about same level as last week. The market here has been without noticeable features. Ogilvie Milling Company rights on the new Preferred stock were traded in to-day for the first time, the quotation prevailing being 7. The flurry in Lake of the Woods Common, noted last week on the declaration of the interim dividend, has subsided and the stock was not dealt in this week. The closing quotation was 97 X. D. bid which is equivalent to par. Detroit Railway continues firm at about last week's level, and C.P.R. is strong, though practically neglected in this week's trading. Twin City again improved in price and closed strong, while Havana Preferred had a decided advance during the week. The announcement of a further external loan of \$150,000,000 for Japan has not so far affected the money market, in fact the old loans have advanced in price in the open market since the semi-official announcement of further borrowing was made.

Call money in Montreal remains unchanged at 4½ per cent. for bank loans, while in New York the call rate to-day was 2½ per cent. and in London money is loaning on call at 1 per cent.

The quotations for money at continental points are as follows:—

	Market.	Bank.
Paris.....	1½	3
Berlin.....	1½	3
Amsterdam.....	2½	2½
Vienna.....	3	3½
Brussels... ..	2½	3

C. P. R. closed with 152½ bid as compared with 152¼ a week ago. The trading was small and only 140 shares changed hands during the week. The earnings for the last nine days of June show an increase of \$13,000, and for the year ending 30 June, 1905 the gross earnings were \$49,917,000, an increase of \$3,500,000 over last year.

The Grand Trunk Railway Company's earnings for the last nine days of June show a decrease of \$32,626. The stock quotations as compared with a week ago are as follows:—