

THE STOCK MARKET IN 1906.

The dominant factor in the financial history of the year just closed was the condition of the money market. A continuance of agricultural and industrial prosperity, and the consistent increase in the volume of immigration, were naturally reflected in the insistent demands for money to finance the expansion of commerce. Commercial enterprises of all kinds in Canada, and, in fact, throughout the world, have advanced in a steady growth during the last twelve months, and the close of the year shows no slackening in this healthy business movement. Commercial demands caused a stringency in money which towards the year end became acute, and while in Canada the stock markets felt the tightness in a practical cessation of supplies and were forced to a position of marking time in speculation, the United States stock markets suffered from exorbitant rates for the last few months of the year. The inadequate currency system of the United States was again brought forcibly to the front and many mechanical makeshift remedies were from time to time resorted to for relief. Measures looking to a permanent remedy are a necessity for our neighbours' financial well-being and will be brought before Congress during this coming year. The demand for a system that will meet the yearly crop moving requirements is not to be longer put over.

The Canadian financial year had a number of interesting developments and stock movements were irregular with wide fluctuations both upwards and downwards. The opening months of the year showed a favourable sky and an advancing and buoyant market was in train when checked by the disaster at San Francisco with its consequent destruction of actual wealth. The selling of securities by insurance companies followed and depressed an already shaken market. The history of the year since then has been a series of movements in special stocks or groups of stocks with a continual general pressure on the stock market through the condition of the money market.

The raising of the Bank of England rate to 6 p.c. in October was a danger signal and the heavy charges (from 10 p.c. to 12 p.c.) of the London Stock Exchange for carrying was a further warning to Wall Street and, although exchange rates made gold imports possible, high money rates continued in New York with no attempt at relief in this manner, lest worse might follow, and the Bank of England advance its rate to 7 p.c.

Transactions in the Canadian stock markets were large and show good increases in the volume of business over the previous year. The dispute

between the Dominion Coal Company and the Dominion Iron & Steel Company over the coal contract between the two companies had a decided and unfortunate effect on the market. A working agreement for two years has now removed this unnecessary disturbance from the financial marts pending an appeal to the courts on the merits of the controversy. The advance in Canadian Pacific was a feature of the year and the record price on this side of 201 was reached. While the highest price did not prevail at the close of 1906, the bulls talk confidently of a further upward turn in this New Year. The issue of \$2,000,000 of New Stock at a premium of 75 by the Montreal Street Railway Company was the signal for a rapid slump in the price of this favourite security, which from a high price of 284 declined to 212. While the financial wisdom of issuing the stock at a premium was not disputed, the shareholders had been accustomed to receive new issues at par, had traded in the stock on this basis, and in readjusting their ideas the decline was achieved.

Other unsettling factors in the stock market were the defeat of the proposal to extend the expiring franchise of the Detroit United Railways and the failure of the Ontario Bank through the speculation of its General Manager. This latter most distressing incident was minimised in its effects by the prompt action of the Bank of Montreal in assuming the assets and liabilities of the Ontario Bank under guarantee from the banks of Canada in general, and the payment of \$150,000 by the Bank of Montreal to the general funds of the Ontario Bank creditors for the good-will of the business it took over. The action of the Bank of Montreal quickly restored confidence and the result was a tribute to the Banking System of Canada.

The revival of interest in mining properties was a factor in the year's trading. The more prominent of the western mining properties again figured in the quotations and showed a tendency to advance, but the main feature was the Cobalt boom, led by the famous Nipissing Mine. The stock of this mine advanced from about \$5 to almost \$34, and as promptly receded to under \$12, when the Guggenheim firm permitted their option to lapse after making the first payment. The incident, whatever its explanation, checked trading in the mining market, but the undoubted richness of the Cobalt district is again commencing to be reflected in the gradual recovery of the prices, and renewed activity in trading in the stocks of the better known companies.

A comparison of the year's price ranges of the leading stocks listed on the Montreal Stock Exchange is given elsewhere in this issue.