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THE GENERAL FINANCIAL SITUATION.

The strength of the local investment markets continues to attract favourable comment. The investment demand for high-grade bonds, which has been so marked a feature of the Canadian financial situation since the advent of the armistice, has spread this week to favourite stocks like the Montreal Power and Shawinigan group, which have marked sharp advances on the local exchange. Purely investment buying of these securities is apparently being assisted to some extent by a plentiful supply of money at call from private sources, although the rate asked and obtained for it is high. The pause in commercial and industrial developments consequent upon the existing circumstances of uncertainty is, of course, responsible for this comparative plenty of call money. Funds are being temporarily used in this way which later on, it is to be hoped, will be called in to find a new use in industrial developments along new lines.

As regards this steady and large demand for high-grade investment securities, it may be remarked that there are to be seen in it, the results of the extraordinary industrial activity and prosperity which marked the war years in Canada. It is, we believe, even now not generally realized how great has been the material prosperity of practically every class of the community, particularly in the two years, 1917 and 1918. The profits then realized are now to some extent at least being taken out of the industries in which they were employed, which industries necessarily have no further use for them, and are being put away in high-grade securities, either permanently, or pending their use in new developments. Eventually, a certain proportion of the large profits made in recent years, will be wasted either in something approaching riotous living, or in foolish expenditures of one kind and another, but the net addition to the permanent wealth of the Dominion, as a result of the activities of the war years, cannot fail to reach very large figures.

Activity in several of the pulp and paper issues has coincided with reports of impending important developments in this industry by large American concerns, which are planning extensions in the province of Quebec. There is no doubt in the minds of those familiar with this industry

that Canada is destined to take an increasingly important, and eventually probably, premier position in this industry. The exhaustion of spruce areas in the United States, the growing cost of wood, and the higher manufacturing costs of American mills as compared with Canadian, all point in this direction. With American mills open to free competition in their own market from Canadian mills, the inevitable tendency will be to transfer American operations to Canada, when conditions are favourable. In this connection, also, as in many others, the extraordinarily favourable power conditions in the Province of Quebec are of vital significance, and undoubtedly will be a great factor in the further industrial development of the province.

The figures of the Dominion's foreign trade for the month of January may be considered surprisingly good. Exports, imports and the balance of trade in favour of Canada are all shown at the highest level ever reported in a January statement. Exports for the month totalled \$116,258,387, a gain of over \$20,000,000 in comparison with January 1918. But it is significant that the least gain proportionately is shown by manufactured exports which also are somewhat below the level they reached in January, 1917. Imports are shown as reaching \$73,749,397, against \$60,677,000 in January, 1918. The balance of trade for the month in favour of Canada is thus \$42,608,990, compared with \$35,538,000 a year ago, and \$26,783,000 in January, 1917. In this connection, it should be borne in mind that the mild weather of the present winter has probably had quite a distinct influence upon these figures. Transportation has been unhindered either by severely lower temperatures or by blizzards, and it is quite probable that had we experienced a severe month this year like that of January, 1918, that there would have been a difference running well into the millions in the figures now published. Apparently, a vast amount of freight, purchased and accumulated in Canada, under war conditions, has still to be moved forward to foreign destinations, and it seems that these war purchases are likely to be reflected in the trade statements for some months to come.

In connection with this matter, it is of interest

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