INVESTMENTS AND THE MARKET

News and Notes of Active Companies—Their Financing, Operations, Developments, Extensions, Dividends and Future Plans

Monetary Times Office,
Montreal, June 4.

The past week has been one of the most discouraging experienced in stock market circles since 1907. On Monday a slump took place which carried the market down many points from the low level which it had reached at the end of the previous week. It will be recalled that the previous Friday was Decoration Day in the United States and that Wall Street took a holiday and extended this to embrace also Saturday. Montreal took Saturday also as a holiday; and the following Tuesday, being the King's Birthday, the stock exchange was again closed. When Sunday is included, it would be seen that there have only been about three days during the week upon which all the exchanges were opened, so that business has been considerably cut into. Whether this had anything to do with the shake-up in the price of stocks or not is difficult to say.

The probabilities are rather that the decline was due entirely to world-wide money conditions.

Some brokers and financiers, doubtless with strong political leanings, take the attitude that the weakness in Canadian Pacific Railway, was due in large part to the action of the Senate in refusing the Borden Navy Bill. This view of the situation is untenable. Canadian Pacific Railway is not the only stock to show weakness.

At Higher Point than Some Others.

In fact, even at this low point on last Monday, it was selling at a higher price, when interest return is taken into consideration, than most of the other large international stocks on the list. The return from it was only somewhere about 4.8% when it was selling at its low point of 213½ to 214, and a great many first class stocks were available to pay all the way from 5% to 7%. Manifestly Canadian Pacific Railway is still selling at a very high price. The decline for the week, however, was very striking, being 20 points.

London recovered slightly after the low point, but predictions are still coming in to the effect that Canadian Pacific Railway will sell lower and that the decline is not likely to be permanently halted under about 200 and thereafter very little recovery may be looked for until the situation, with respect to money, improves, or the return to shareholders increases through dividends, rights, or by other means.

Montreal Power Was Disappointing.

Montreal Power was more disappointing than Canadian Pacific Railway however. The stock fell on Wednesday to an even lower price than on Monday, the low point of Monday being 206, and the low point of to-day being 203½. About the noon hour, the stock suddenly turned strong and went to 208½. This strength was undoubtedly due to the decision reached at the annual meeting to increase the capital stock of the company by $5,000,000, making a total authorized capital of $22,000,000, and to issue $1,700,000 of the new stock to shareholders at par.

The weakness of Montreal Power is explainable on much the same grounds as that in Canadian Pacific Railway, viz., that of the low interest return on the present cost. Comparisons have been instituted between Montreal Power and Ottawa Power recently. Ottawa Power was quoted around 177, yet rights have already been declared on Ottawa Power at the rate of 2 new shares for each 5 shares held. This would mean that the rights are worth $22. a share. Deducting this amount from the present selling price of the stock gives a price of $155. as the actual selling price of the stock, without the rights. The recent action of the directors makes it clear that Ottawa Power is now on a dividend basis of 10%. This would mean that Ottawa Power at the recent low price of 177 is actually giving a return of 6½% to the investor.

Whole List Was Down.

The whole list was down. Textile sold down to 77¾, Richelieu and Ontario to 101, Brazilian to 88¼, Canada Cement below 88, Canadian Cottons preferred to 75 and common 38, Dominion Steel Corporation broke to 43½, Laurentide to 200, Tram Power to 24, Ames-Holden preferred to 74 and the common to 14½. At these prices, Canadian Cottons preferred stock would be giving an interest return of very close to 8%, and Ames-Holden preferred one of very close to 9%. The financial statement of the latter company is not yet out, so that it cannot be stated for certain how well protected the preferred dividend is by the earnings of the year, although it is thought that the situation is all right. On the other hand, the Canadian Cottons statement recently published shows that not only was the preferred dividend amply earned, but that sufficient remained to pay a liberal dividend on the common stock, had the directors felt so disposed. The fact that they preferred to withhold the dividend on the common and to install further machinery, promises even greater earnings than ever against the preferred stock, so that the stock sold down to a ridiculously low figure.

The general impression is that price levels are not likely to go much lower and that an improvement may take place.

Hillcrest Collieries.—Shipments of the Hillcrest Collieries for the month of May totalled 26,700 tons. In May last year shipments were 14,500 tons, so in the month just closed the company registered an increase of a little more than 84 per cent.

Canada Iron Corporation.—One of the largest orders for cast-iron pipe received this year by the Canada Iron Corporation, of Fort William, is an order for 4,000 tons, received from the city of Regina, Sask., to be used for waterworks construction. The Canada Iron Corporation's plant has been running full blast, and they are carrying on their pay-roll 425 workmen.

Hamilton Gaslight Company.—The Hamilton Gaslight Company has elected a new board of directors and officers, following the purchase of the stock by Mr. John G. Gauld, K.C. The last payment was made last week, and at a meeting of the shareholders the formal steps were taken to put the company under new management. The new officers are: Mr. John G. Gauld, K.C., president; Mr. C. W. Knisely, Chicago, vice-president; directors, Messrs. J. W. Nesbitt, K.C., C. V. Laings, Thomas Croswaite, L. H. Gray, N. Moore. Mr. John Keillor, secretary.

Standard Ideal Company.—Standard Ideal Company, for the year ended December 31st, 1912, after allowing for sinking fund and depreciation, net earnings amounted to approximately twice the interest on the outstanding bonds.

Many improvements and additions have recently been made to the company's buildings and equipment.

The sinking fund will redeem the entire bond issue five years before maturity at not exceeding 110 per cent. and accrued interest.

For the first three months of the present year the sales of the company show a considerable increase over the corresponding period of last year.

Canadian Converters, Limited.—The result of the reorganization effected a year ago in Canadian Converters' Company, Limited, is shown in the seventh annual report.

The earnings for the year on the capital stock of $1,733,500 were at the rate of 5.06 per cent., whereas the surplus available a year ago for dividends was only equal to 2.91 per cent. Manufacturing profits of the subsidiary companies show an increase of $40,805, equal to 45 per cent., while the increase in net profits was at the rate of 73 per cent., the increase being $37,174.

Summarized, the profit and loss statement of the company gives the following figures, with the changes, as compared with 1911-1912, brought out in the second column:—

	1912-13.	Inc.
Profits	$130,485	$40,805
Bond interest	26,265	*900
Balance	$104,220	$41,705
Depreciation reserve	11,500	*460
Balance	$ 92.720	$42,174
Bad debts reserve	5,000	5,000
Balance	$ 87,720	$37,174
Dividends	69,340	69,340
Surplus	$ 18,380	*$32,166
Previous balance	141,770	50,546
Total balance	$160,150	$18.380

* Decrease.

One feature of the statement is a further reduction in the bond indebtedness of the company, and another the creation of a new reserve fund, $5,000 being set aside under the head of reserve for bad debts. The balance sheet shows an improvement in the working capital of the company, current assets being $523,745 in excess of current liabilities.

"The general outlook for business during the coming year is good," states the directors' report. Supplementing this, it may be stated that orders on hand are fully up to those at the same time a year ago. Prices are good, and there are several favorable features in the company's position with regard to new business, the full benefit of which were not felt in the year just closed.

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