STOCK EXCHANGES

STOCK MARKET OUTLOOK.

Cheap Money Favorable Influence—Europe a Disturber—Iron and Steel Revival—More Listing Advocated.

Judging by the opinions of men in close touch with conditions, the outlook for the Canadian stock markets is decidedly good. The Monetary Times, as is usual early each year, gives below the views of various gentlemen regarding the present and possible future of Canadian securities, together with some notes of conditions affecting them.

We are on the eve of a revival of business which will be reflected by a broad and active stock market. It is undoubtedly true that Canadian securities are on a sounder basis than most of the United States ones. The management of our companies is more conservative and less speculative in character; furthermore our laws are practical, have more stability, and are less exposed to factious attacks than they are over the border. As soon as the investing public awakens to the true state of things, Canadian securities will gradually be picked up and placed in strong boxes. This will naturally advance the price of same, which will be fully justified by their intrinsic value, their substantial and steady income, and the reduced floating supply of such. I look for a steady advance, especially in transportation and public utility values.—Rodolphe Forget, Montreal.

Stock Market Discounts the Future.

It looks as if money were going to be cheap and abundant all the summer. If this proves to be the case we consider the tendency will be towards higher prices in securities, although, no doubt, in many cases they are high and, in the case of the industrials, discount a considerable improvement in business. It is proverbial that the stock market always discounts the future whether going up or down. There is no doubt that general business is improving, though slowly in many lines. A good harvest is very important if this improvement is to continue, and, although the weather, until a week ago, was unpropitious, reports from the West are now optimistic.—Burnett & Co., Montreal.

Prices Not Too High.

I have always refrained from giving any forecast of the stock market. Like the weather one cannot tell many days in advance what will happen. At present we have a strong, broad market with apparently good buying. In all bull markets there are some stocks of doubtful merit which are moved up with the others, but generally I think the standard issues which are dealt in on our exchange are not too high at the present level of prices. Money is easy and can be obtained freely on good collateral, although this will probably tighten up as the summer advances. The Monetary Times can diagnose the situation so well, it hardly requires the opinion of others.—G. Tower Fergusson, Toronto.

Expect a Steady Improvement.

Our understanding is that notwithstanding the late spring, the acreage under seed is this year largely increased. Good crops will as usual be a great stimulus to the general business of the country and prosperity and general conditions should be reflected in the price of first-class securities. The policy pursued by the Canadian banks has resulted in large cash reserves and consequently the present condition of easy money is likely to continue until there is such a development in general business as to deplete the large amounts of money which are at present unemployed. During the process of general improvement in business and consequent absorption of the available money in the hands of the banks, the stock market should show a steady and continuous improvement. In the absence of any untoward accident, the confidence of the investing public should become fully established and tend to the maintenance of higher levels for investment securities for sometime to come.—Osborne & Francis, Toronto.

Should List More Securities.

We believe prices will rule higher, especially for lower priced securities and inactive preferred stocks. Call money will remain sufficiently cheap to hold speculative buying, while purchases for foreign account will keep the investment market reasonably firm. Large blocks of our best listed securities have gone to Europe.

Many excellent unlisted securities may be purchased to yield high income return. It will be to the advantage of all concerned to have some of these securities listed on the local exchange. In the case of well established industrial and traction companies it would afford an opportunity of broadening their market, thus making more liquid the investment of those chiefly interested, and would attract a large number of investors who desire listed securities but who now hesitate to purchase them even though they are aware of their intrinsic merit. There should also be a good opening for land companies. Investment in these appears attractive to foreign capitalists who believe in the certain increase of land values in this country, but wish to be relieved of the care in the selection of properties and in handling them.

Speculation in Foreign Investments.

It has been unfortunate that most of our speculative investments on the Toronto Exchange have been in securities of foreign countries. This has been due recently to the socialistic spirit exhibited by our local government and by some other governments in the Dominion. If the investment of capital in public utilities was as secure as a few years ago, there would be a splendid market for these securities here, as English investors particularly favor this form of investment. Owing to these conditions it is probable that foreign funds will find investment largely in our industrials, mines and lands.—F. H. Deacon & Co., Toronto.

Cheap Money and Stock Prices.

The stock and bond market passed through the period of depression of about two years ago, when stocks and bonds were liquidated to the greatest possible extent. As most of the bonds reached an outside investor, it left our present securities in small supply. Money has been accumulated during the past year and a half to two years by our banks and deposits have largely increased, causing money to be somewhat of a drug in the market and has reached an exceptionally low rate, a rate that has not obtained before in about fifteen years. This cheapness of money has caused, during the last year and a half to two years, a large advance in the value of bonds and stocks, from the low prices during the panic