

THE CENTRAL GUARDIAN

YOUR CALENDAR... MISSED—Until the old...

THE FARMERS GUIDE AND CALENDAR... THREE CHOICES.—A De-Luxe...

WEDDING—Your calendar... MISSED—Until the old...

HOKEY, HOKEY.—You will see the best game of the season...

WEDDING—Your calendar... MISSED—Until the old...

OF THY SPEECH BEWARE.—What was it that made the fire...

WEDDING—Your calendar... MISSED—Until the old...

DICKIESON-NICHOLSON.—A very quiet wedding took place...

WEDDING—Your calendar... MISSED—Until the old...

A LONG LIVED FAMILY.—Mr. Jacob Price, of Price Settlement...

WEDDING—Your calendar... MISSED—Until the old...

New Glasgow Notes.—Mr. George Brown and Rev. W. J. McLeod...

WEDDING—Your calendar... MISSED—Until the old...

The Rev. E. M. and Mrs. Aitkin have taken rooms with Mr. Blair...

WEDDING—Your calendar... MISSED—Until the old...

The many friends of Mr. Armas Moffatt will be glad to know...

WEDDING—Your calendar... MISSED—Until the old...

Two of New Glasgow's young men who were recent visitors...

WEDDING—Your calendar... MISSED—Until the old...

The Misses Ester and Evelyn Stevenson of Brookline N. Y. are...

WEDDING—Your calendar... MISSED—Until the old...

Our village blacksmith, Mr. Elbert Hill is very busy this winter.

WEDDING—Your calendar... MISSED—Until the old...

Mrs. (Dr.) Stevenson is able to be around again after an attack...

WEDDING—Your calendar... MISSED—Until the old...

Mr. & Mrs. Stewart Parkman are being congratulated on the arrival...

WEDDING—Your calendar... MISSED—Until the old...

Mr. Stirling Brown, student at Dalhousie spent his Christmas...

WEDDING—Your calendar... MISSED—Until the old...

Mr. Preston Campbell is doing splendid work in his new mill.

WEDDING—Your calendar... MISSED—Until the old...

Mr. Lorne Stevenson was a recent visitor to Mayfield.

WEDDING—Your calendar... MISSED—Until the old...

On Thursday evening the 14th inst. the containing Presbyterians...

WEDDING—Your calendar... MISSED—Until the old...

Mr. Daniel But is here very busy now attending to some...

WEDDING—Your calendar... MISSED—Until the old...

An old gentleman said to some girls who were talking very loud...

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IMMENSE PROFIT POSSIBILITIES IN HAMBURG 4 1/2% BONDS

In the year 1919 the City of Hamburg (Germany), floated a loan. This loan was known as the Hamburg 4 1/2% State Loan of 1919—Series B—the Bonds forming part of this loan are the securities which possess possibilities of earning profits up to 32,000% on the capital amount invested today.

Hamburg 4 1/2% Bonds represent a direct obligation of the City of Hamburg just as City of Montreal Bonds or City of Winnipeg Bonds represent a direct obligation of the City of Montreal or the City of Winnipeg; in Germany, City of Hamburg Bonds are legal investments for trust funds and savings bank; in short: the prime type of security.

Canadian Municipal or City Bonds are payable, that is, they are bought, sold and redeemed with Canadian Money; likewise German Municipal or City Bonds are payable in German Money i.e., marks. The Paper Mark, or what is known as such, having no value, it might be thought that the Bonds which are payable in that money or currency are also without value. It is not so, however, Hamburg 4 1/2% Bonds are not only worth hundreds of dollars in cold cash today, but they will be worth much more in the future.

We can best judge by comparison. Take for example: City of Toronto Bonds, a \$100 City of Toronto Bond today is worth \$100.00, perhaps more, in Canadian Money; Canadian Money consists of Notes issued by the Canadian Government; every \$1.00 Note is theoretically worth \$1.00 in Gold. Supposing, however, the Canadian Government was to print many millions of Dollar Bills without at the same time increasing the Gold Reserve; it is obvious that if there was no real demand for the new Currency Notes or Dollar Bills, there would be no means of securing the necessary Gold Reserve—what would happen? Simply this: those Notes or Bills which were already in circulation would lose some of their value since the newer Notes would share in the theoretical devaluation of what was in Reserve.

Inflation Defined.—The process of issuing Currency Notes without adding to Gold Reserve is known as Inflation, i.e., the Money becomes inflated. To return to our supposition: if this process of inflation were continued for very long, Canadians would soon lose all sense of the actual Gold Value of their Currency and it would be found necessary to measure its value with the value of some Currency that was sound, i.e., worth its Face Value in Gold. During the Great War such a currency was the United States Dollar.

If the inflation process should continue until 1 Canadian Dollar (\$1.00) was worth only 25 Cents (\$0.25) in American Money and conversely 1 American Dollar (\$1.00) could be worth 4 Canadian Dollars (\$4.00), it can thus be seen that a City of Toronto Bond of a Par or Face Value of \$1.00 could be bought for 25 American Dollars (\$25.00).

If we will further suppose that a period of a few years elapses between the date on which it would take 100 American Dollars (\$100.00) as well as 100 Canadian Dollars (\$100.00) to buy a \$100 City of Toronto Bond, and the date on which it required only 25 American Dollars (\$25.00), while it still required 100 Canadian Dollars (\$100.00) to purchase the same Bond we will have a good idea of the situation in German Municipal Bonds today.

When the City of Toronto calls its Bonds for Redemption, which we suppose the City will do at the end of the two-year period, it is obvious that if the bond holders are offered Canadian Dollars that are worth only one-quarter (1/4) of their Face Value in Gold when the Bonds were issued, a great injustice will be done them. Moreover, it is extremely unlikely that the bondholders would accept depreciated Paper Money in payment of their charges on the City of Toronto.

Situation in Germany.—That is just what happened in Germany after the Great War. Wealth invested in Government and Municipal securities was literally wiped almost out of existence by the Inflation of German Money. Our example of a City of Toronto Bond that supposedly loses three-quarters (3/4) of its Face Gold Value is almost farcical in comparison with the losses in Gold Values which took place in German Government and Municipal Bonds.

A classical indication of the extent of the Depreciation in Gold Values resultant upon the Inflation of German Money is furnished by the fact that 1000-Mark Bonds were never traded in alone: Bonds were dealt in that aggregated millions of Marks. A Bond transaction that involved \$238,000.00 would have attracted some attention before the War, yet in 1923, The Investment House of C. M. Cordasco & Company, sold many millions of Marks in German Government Bonds for a few tens of dollars—before the War the same transactions would have involved millions of Dollars.

The greatest example of Currency Inflation that the world has ever known, took

place in Germany during the years that followed the War. In fact, the Gold Value of the German Mark depreciated from January 1st, 1919, to November 29th, 1923, to such an extent that the Mark ceased to function as a Currency and it was necessary to introduce a new Currency.

New German Money.—The new monetary unit is known as the Reichsmark or more commonly the Mark (this sameness of name has led to endless confusion), and it has today a Gold Value of 23.8 cents as had the old Mark prior to the War.

At the beginning of 1919, 1,000,000 Marks in German Currency had an approximate Gold Value of \$122,000.00, just prior to the adoption of the new monetary unit in November, 1923, the Gold Value of 1,000,000 Marks in German Currency was an infinitesimal fraction of a Cent—in fact, the depreciation had been so great that German Marks were traded in trillions, one trillion (1,000,000,000,000) Marks having a Gold Value of about 24 Cents.

In spite of the tremendous decrease in the Gold Value of German Currency, German Government Bonds, State, Federal and Municipal issues retained considerable Gold Value in comparison. True enough, their Gold Value was ridiculous by comparison with normal Gold Values (German Government 5% Bonds worth \$238,000.00 before the Great War, could be bought for \$10.00 or less during the latter months of 1923), but nevertheless, the great faith of the bondholders that ultimately Gold Marks would be paid where Gold Marks had been received, kept prices up.

Prices of German Government Bonds reached their lowest levels at the height of the Inflation period. At that time (in the Fall of 1923), The Investment House of C. M. Cordasco & Company, strongly advised Canadian investors to buy selected German Government and Municipal Bonds.

The outlook at that time, however, was one of extreme gloom. All of Europe was in a chaotic condition. Inflation had been taking place in many countries. Confidence was at a low ebb. The problem of reparations was hanging fire over the heads of the German people. Many lost faith in the ultimate recovery of Europe to anything approaching pre-war conditions.

The Dawes-Young Plan.—Then came the Dawes-Young Plan and the Financial Commissions; uncertainties were removed. The road to future prosperity was laid open. Confidence returned. Hope sprang anew in the breasts of the German people. They agreed to shoulder the Reparations burden. The wheels of industry began to turn once more.

Reflecting the new confidence in the future German Government and Municipal Bonds made spectacular rises. Many issues jumped hundreds of dollars overnight. The table following illustrates graphically the extent of the first great rise, and gives at the same time an indication of the extent of the previous declines:

Table with columns: Bonds, All quotations per 1,000,000-Mark Unit, Fall of 1921, Fall of 1922, Fall of 1923. Rows include Berlin 4s, Bremen 4s, Coblenz 4s, Cologne 4s, Dresden 4s, Essen 4s, Frankfurt 4s, Leipzig 4 1/2s, Munich 4s, Stuttgart 4s, Gov't. War Loans 5s.

At what was believed to be the top of the first rise, The Investment House of C. M. Cordasco & Company advised its clients to sell their holdings of German Bonds and take their profits.

During the months that followed prices of German Government Bonds held steady around their recently reached levels. At that time the pressure of the Bondholders on the Government to have service resumed, i.e., payment of principal and interest (which had been temporarily suspended), on Federal, State and Municipal Bonds, began to be felt.

An election was only a few months off. Both political parties promised a careful consideration of the demands of the bondholders.

Revaluation Explained.—When Germany had accepted the terms of the Dawes Plan, there was no provision made for the redemption of her own Government, State and Municipal obligations—thousands upon thousands had lost their fortunes during the Inflation period; their Bonds had become well-nigh worthless. The recovery of German industry and finance from the date of the acceptance of the Dawes Plan was so rapid, however, that her nationals perceived that there would be a surplus remaining after the Annuity Payments prescribed by the Dawes Plan and the demand for compensation from the Government on account of losses sustained through the depreciation

in the Gold Value of Government securities became incessant.

This compensation was necessarily partial. The Government could not afford to resume service on the full Gold Value of German Bonds. The measure of compensation, accordingly, took the form of Revaluation Government Bonds were to be revalued, that is, an agreed upon Rate of Valuation would be made; this Rate would apply on the normal or original Gold Values of the various Bonds. To illustrate: 10% Revaluation of War Loan Bonds meant 10% of 1,000,000 Marks, each Mark worth 23.8 Cents or 10% of the total \$238,000.00 which would be \$23,800.00—in Germany, of course, the Revaluation was expressed in so many Gold Marks for so many Marks Par Value of Bonds.

The Election took place. The Nationalist Party which had promised 15% Revaluation to bondholders came into power. It must be understood that 15% Revaluation meant that the Government would pay Bondholders 15% of the Gold Value of their holdings. In the case of German Government 5% Bonds aggregating 1,000,000 Marks, mentioned heretofore, which were worth \$238,000.00 in 1914, 15% meant a Gold Value of 150,000 Gold Marks, or \$35,700.00.

The Revaluation Law.—A few months after the election a Revaluation Bill was submitted to the German Reichstag (Parliament). This Bill promised only 5% Revaluation and later the rate was still further reduced to 2 1/2%. On July 15th, the Bill was made a law and the first step in the way of honorable settlement of her national obligations was taken by Germany.

When it became known that only 2 1/2% of the Gold Value of German Government Bonds could be expected for the present, the market which had discounted (i.e., risen to or reflected) a much higher figure, fell sharply. The table below indicates the extent of the reaction:

Table with columns: Bonds, All quotations per 1,000,000-Mark Unit, Fall of 1924, Fall of 1925. Rows include Berlin 4s, Bremen 4s, Coblenz 4s, Cologne 4s, Dresden 4s, Essen 4s, Frankfurt 4s, Leipzig 4 1/2s, Munich 4s, Stuttgart 4s, Government War Loans 5s.

A secondary reaction followed and prices moved still lower. Just prior to and immediately after the Locarno Conference, however, a vigorous recovery set in and all issues are moving into higher ground.

During the course of the events depicted above Hamburg 4 1/2% Bonds of 1919 followed the course of the market. As the Loan was issued in 1919 when 1,000,000 Marks had a Gold Value of approximately \$122,000.00 City of Hamburg 4 1/2% Bonds aggregating (i.e., denominations making up) a Unit of 1,000,000 Marks had a Gold Value of approximately \$122,000.00. In the Fall of 1923, however, the aforementioned Unit had fallen to \$6.50, and at the time of the first rise, reached \$1,500.00. Today a 1,000,000 Marks Unit in Hamburg 4 1/2% Bonds may be bought for as small a sum as \$420.00.

The Revaluation Law compensating holders of Hamburg 4 1/2% Bonds to the extent of not less than 2 1/2% of the Gold Value of their holdings places an approximate Gold Value of \$3,050.00 on every 1,000,000 Marks Unit.

TABLE SHOWING PROFIT OPPORTUNITIES

in the purchase of City of Hamburg 4 1/2% Bonds of 1919

Table with columns: Par Value of Bonds, Present Price, Revalued Bonds at 2 1/2%, Revalued Gold Values at 5%. Rows include 100,000 Marks, 200,000 Marks, 300,000 Marks, 400,000 Marks, 500,000 Marks, 1,000,000 Marks, 2,000,000 Marks, 5,000,000 Marks.

Don't let today's opportunities be tomorrow's regrets. Send your order in now, and watch the Foreign Exchange Bulletin (sent, without charge, to our clients) for future developments.

THE INVESTMENT HOUSE OF C. M. CORDASCO & COMPANY FOREIGN EXCHANGE

FOREIGN MONEY FOREIGN BONDS MARCIL TRUST BUILDING—290 ST. JAMES STREET MONTREAL, CANADA

I enclose herewith { cash / accepted cheque / money order } for \$..... in full payment for the purchase from you of..... Marks of City of Hamburg 4 1/2% Bonds (State Loan of 1919 Series B) which you are to forward me by registered mail.

FLASHES FROM MT. STEWART Rev. W. Bruce Muir, pastor of St. Pigott, Savage Harbor, and Mr. James church, Charlottetown, as Goddell Douglas, Head of Hillsboro, was assisted by Rev. D. McVicar, Cardigan, who preached at the ordination. It is with deep regret that we lost the infant daughter of Mr. Stewart and surrounding service, of the elders who have been elected, namely, Mr. John E. Dr. and Mrs. A. B. Martin has accompanied her little daughter.

Mr. Daniel But is here very busy now attending to some repairs to repair and new ones to be visited his sister, Mrs. Howard build.

An old gentleman said to some girls who were talking very loud at the opera. "My dear young ladies, please talk a little louder, the music makes such a noise I can't hear half you say."