

**CUBAN INVESTMENTS: AN INTIMATE
STATEMENT OF INVESTMENT FACTS
EXISTING IN THE REPUBLIC, WITH
SOME COMPARISONS ON
SECURITIES IN THE UNITED STATES**

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Cuban Investments: An Intimate Statement of Investment Facts Existing in the Republic, with some Comparisons on Securities in the United States by Anonymous

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[Bankers' loan & securities co.,
New Orleans]

**An Intimate Statement of Investment
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CUBAN INVESTMENTS

THE investor of large or small amounts located in the United States today, occupies an eminent advantage over any period in the investment history of this country.

The securities of the world are today being absorbed in this country, as well as are the securities of our own country. As a matter of fact, a very small proportion of United States' investments is finding markets outside our home borders.

The reason for this is very evident when we stop to consider that higher rates of interest are procurable, owing to extraneous conditions brought about primarily by the war in Europe and the consequent elimination of physical values in European states.

The gold of the world, which represents the true credit value of the world, is being rapidly concentrated in the United States and on this basic value is being built up an immense balance of trade, which will remain unshaken for many years after the belligerents of Europe conclude to settle their differences and return to peace conditions.

During 1915, on account of the curtailment of imports, and the great increase of exports, as well as the stoppages of large expenditures by American travelers in Europe, there was the greatest trade balance in favor of this country that has ever been known in the history of our Commonwealth.

According to the Comptroller of the Currency, we had, at the close of 1915, \$2,312,000,000.00

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gold specie on reserve in this country. To one who appreciates the immense credit power made available by such a vast sum of the precious metal, the condition becomes enormous. It is almost impossible to calculate the amount of credit that can be built up on this sum of gold held in our vaults.

Since the report of January 31, 1915, this reserve has been constantly increasing, and the credit of the country increasing proportionately, with the result that today loans are far easier in all banks and the borrowers with established credit and proper securities find lower rates of interest and easier accommodations than have existed during the past twenty years.

The following table illustrates the gold specie reserve of this country for the past ten years:

1906.....	\$1,587,000,000
1907.....	1,605,000,000
1908.....	1,653,000,000
1909.....	1,638,000,000
1910.....	1,709,000,000
1911.....	1,797,000,000
1912.....	1,878,000,000
1913.....	1,924,000,000
1914.....	1,815,000,000
1915.....	2,312,000,000

Generally speaking there are three classes of investment securities available in the United States at this time. These may be named as follows:

1st. Investments based on securities created by reason of the European struggle and including war loans to belligerent governments, and industrial investments commonly known as "War Brides."

2nd. Investments in securities based on internal enterprises, the profits of which are predicated on an increase of business, either directly or indirectly made possible by internal conditions, or the natural prosperity of this country.

3rd. Investments with securities of a more conservative nature than either of the foregoing and in no way based upon the direct results of conditions existing in Europe, but more particularly on the permanent development of the United States and neighboring countries not at war.

WAR TIME INVESTMENTS

The investors of the United States, have, within the past two years, loaned to European Governments approximately \$2,500,000,000. These loans have been made on the basis of higher rates of interest than governments have ever paid for accommodation in this country. We will assume, for the sake of argument, that when the peace treaty will have been signed, there will be no repudiation of these loans and that the investors holding such securities will continue to receive their interest without question and their principal as it falls due. The great trouble, however, under such conditions, as set forth in the papers by one of the best informed financiers of this country, is that "the conditions apparent at times necessary for borrowing money are not the conditions at the time necessary for repaying the debt." In other words, there is just the possibility that when the vast amount of Foreign Government obligations come due, these governments will find themselves in a position where they will have to refund these loans in order to protect interest, without hope of repaying the principal.

As a result of apparent conditions, the investors of this country have arrived at that stage in investment in European collaterals, where they find themselves unwilling to absorb much more of such securities and must look to other fields for the making profitable of their money holdings.

U. S. INDUSTRIAL INVESTMENTS

With the opening of the New York Stock Exchange, after several months inactivity, by reason of the upheaval in Europe, a new era in industrial investment was begun for the United States' investor. The activity of this period will go down in the history of this country as perhaps the most intensive of any in our investment experience.

Primarily, the anticipatory profits made possible by large purchases of munitions and supplies, was the cause of this activity.

Secondly, the vast increase in credit, made possible by our holdings of gold, and,

Thirdly, the incident development, which automatically became necessary in order to supply the great manufacturing and transportation demands put upon us.

Investments in this character of securities must necessarily, to a certain degree, parallel the history that will be written on governmental loans described above and a study of the securities market, will plainly demonstrate that the activity in this class of investment is slowly but gradually waning, because the holder of such securities is beginning to realize that there must come a day of reckoning when paper profits will serve no definite purpose.

As an illustration of this point, let us take the railroad securities of the United States and in a terse way analyze the situation, which comparison should form a basis for fair judgment on other industrial securities at the present time.