

## Astounding Development Marks Trust Business

### Money Trust Leads the List

The enforcement of the trust law in Japan in 1924 has caused an entire change in the condition of trust business in this country. There was trust business carried on in a crude form for a long time in Japan but it was only the Great War that the business assumed its full public status as it is. The trust business in this country took advantage of the war boom and the Nichibei Shintaku Kaisha (Japan-American Trust Company) and the Kokusai Shintaku Kaishā International Trust Company) were organized. These were followed by several others.

The development of business after that year has been phenomenal. The remarkable growth is demonstrated in the following figures:

	Total Head
End of June, 1924 .. .. .	113,240,000
End of December, 1924... .. .	154,485,000
End of June, 1925 .. .. .	202,171,000
End of December, 1925 .. .. .	327,604,000
End of June, 1926 .. .. .	475,587,000
End of December, 1926... .. .	613,184,000
End of June, 1927 .. .. .	769,434,900
End of December, 1927... .. .	958,489,000

At the end of 1925 there were 33 trust companies in the trust society, 31 of them overshadowed by the Mitsui Trust and Kokusai Trust, which together accounted for almost half of the combined holdings. In 1926 the Mitsui family decided to form a trust company and the Kawasaki Bank opened one in Kyoto. The Konoike Bank in Osaka made a similar decision, as did the Kashima Bank of the same city. Several other small institutions were sanctioned. Toward the end of 1926, when the Bank of Japan reduced its rediscount rates, a battle between banks and trust companies resulted in an agreement by the latter to reduce their minimum guaranteed yield to 7.1 and 7 per cent.

According to an official report at the end of 1926, there were 42 trust companies with the total capitalization of ¥230,800,000. The business condition of some of the leading trust companies based on the business report made for the first half of 1927, follows: The Mitsui, in its 7th term, realized a net profit of ¥1,053,000 and declared a dividend of 8 per cent. Out of the total property held in trust valued at ¥250,000,000, the total cash held in trust amounted to ¥170,000,000, or 32 per cent of the combined property value, or 33.4 per cent of the total of cash, held in trust by all trust companies. The cash held in trust companies was the largest percentage, being ¥3,300,000 more than that estimated at the end of the second half of 1926.

The Yasuda reached its 5th term with the first half

of 1927. It had been reserving and using the profits and for the first time declared a dividend of 7 per cent. The net profit amounted to ¥565,000, or ¥118,000 more than the preceding term. The total of property held in trust was valued at ¥135,000,000 of which ¥105,000,000 was in cash.

The Sumitomo has been progressing at quite a favourable rate. At the end of the first half of 1927, it made a record increase of property held in trust—increase by ¥2,508,000, of which cash held in trust amounted to ¥2,400,000.

The Konoike, Kajima and other trust companies, although they started business quite recently, are showing satisfactory results, promising much for the future.

Development of last year were many. In March five minor trust companies of Kobe amalgamated as the Hyogo Daido Trust Corporation and the Mitsubishi Trust Company was organized in Tokyo. The Kawasaki Trust was opened in June. In July the Kyodo Trust Company, an offspring of the Thirty-Fourth Bank, Osaka, held its establishment meeting. The outstanding feature of the year in the trust company field was the greater activity of the trust companies in underwriting debenture and bond issues. In 1926 the Mitsui Trust Company began to do it alone. Later it was joined in syndicates by the Yasuda, Sumitomo, Konoike, Yasuda and Kajima trust companies, all of Osaka, took ¥10,000,000 issued of Kobe municipal bonds. Beginning in June, trust companies took increasingly large shares of the now issues placed on the market. As usual, Mitsui was in the lead. This movement reached a climax in November, when the Mitsui, Yasuda and Sumitomo trust companies underbid the Tokyo syndicate banks and took away a 5½ per cent ¥15,000,000 issue of Tokyo city.

Figures on the gains of trust companies accounts last year follow:

	Total	1927 Cash (000's. omitted)
February .. .. .	682,615	472,123
March... .. .	706,378	497,983
April .. .. .	717,659	509,319
May .. .. .	748,870	531,988
June .. .. .	769,434	553,514
July .. .. .	790,015	569,775
August .. .. .	824,439	597,960
September .. .. .	855,003	619,530
October .. .. .	885,984	647,754
November .. .. .	921,520	678,075
December .. .. .	958,489	709,987

## Japan's Bond Market

### General Securities Market Promises to Develop

The development of Japan's bond market comparatively is not conspicuous, due mainly to a poor distribution system. Most of the bonds and debentures are absorbed by banks, insurance and trust companies. It is estimated these take about 92 per cent of all securities placed on the market. Slow headway of the security market is due to the practical absence of a well-to-do middle class in Japan. But this class has been growing in recent years

but still is much smaller and poorer than in most of the countries of the Western world. Because of the fact that the general securities market is not developed, and short yields are comparatively high. Banks, trust companies and insurance interests cannot afford to hold debentures until maturity if maturity is too far away. Debenture initial yields since 1922 have ranged as follow: