

SELLING ORDERS DOMINATE MARKETS

ALTHOUGH minor recoveries have taken place in the stock market, the general tendency appears to be still downward. Call money rates, after going down to around normal, rose again this week to 12 per cent. The tone of the markets in Canada continues heavy, in sympathy with New York. McCuaig Bros. and Co., of Montreal, in their review for November, analyse recent developments as follows:—

"A marked change has come over the tone of the stock markets during the past three weeks. From an ultra bullish aspect they have taken on a dull and depressed one. This applies with greater force to Wall Street but what affects the New York market is bound to have its influence on the local exchange. The turn in a big bull market, such as has been going on for months past, is usually brought about by the refusal of the big bankers to further finance it. They know that after a long upward swing stocks are likely to be left in weak hands, bull pools having cashed in and left their stocks in the hands of the general public.

"At several stages of the advance in the United States the public was warned by the Federal Reserve Board that monetary conditions were such that a more conservative attitude was desirable, but these warnings were ignored. The public was in the temper to follow the professional bulls all the way and finally when rates for call money went to prohibitive levels the market at last realized that the bull movement had reached its limit. This turned the balance of trading from the buying to the selling side, liquidation being supplemented by professional operations for short account. With bull support withdrawn and bear traders hammering the market, prices melted away rapidly and margins were wiped out by the thousands. After three days of acute selling the market deluge was stayed only to be renewed a week later by a secondary wave of liquidation. Stocks may be cheap now but the public is timid about buying after such a break, and the professional element may be able to, and probably will, force prices below a fair level. Apart from the fact that stock prices had been advanced to unwarranted levels and that money was used as the weapon to correct this condition of affairs, the fundamental situation in the United States cannot be regarded as greatly changed, apart from the still unsettled labor situation, which still has threatening possibilities. It must be remembered, however, that all this trouble existed whilst prices were soaring.

"In Canada fundamental conditions are still as satisfactory as they were some months ago, if not more so, owing to the marked success of the Victory Loan, which puts the government in a position to help finance export trade where necessary, in addition to meeting its own obligations. Prices here have had a setback but most people are hopeful that when Wall Street gets through its process of readjustment the local situation will improve and better markets ensue. It is doubtful whether the resumption of the bull movement on anything like the former scale should be expected for some time, but it is likely that there will be excellent trading opportunities in various stocks so that the market will be by no means bereft of interest."

CANADIAN MUNICIPAL CREDIT

THOUSANDS of holders of Canadian municipal bonds, in Canada, the United States and Great Britain, are watching with keen interest a number of municipalities which are seeking to have the burden of their capital charges made easier. Some Alberta municipalities, which have made application to the board established under the act passed at the last session of the provincial legislature, are claiming special attention at present, but these are not the only ones which are in difficulty. Prince Albert, Sask., has already in force an arrangement with the city's bondholders, whereby the interest burden is lightened for some years to come, after which it will be correspondingly heavier.

The financial record of Canadian municipalities has been excellent and until a few years ago it could be truth-

fully said that no Canadian municipality had defaulted on its obligations. The present experience is therefore a new one, and it is important that a sound policy for repairing municipal finances should be worked out. Efforts are continually being made both by municipalities and by bondholders, to have the provinces come to the rescue where necessary, and Hon. A. G. MacKay, minister of municipal affairs in the Alberta government, has taken the commendable stand that while the province may appropriately help make an adjustment, it will not make good debts incurred by municipalities. A province creates municipalities, and enacts the legislation under which they transact business, but it is not responsible for their obligations any more than for those of companies incorporated under its companies' act. Purchasers of municipal securities are presumed to be familiar with this legislation, and to use their influence to see that any changes are along sound lines.

EMPLOYMENT CONDITIONS IN CANADA

REPORTS for the week ending November 22nd were received from 4,634 firms, of which firms 2,215 were in Ontario, 898 in Quebec, 464 in the maritime provinces, 697 in the prairie provinces, and 360 in British Columbia. These firms reported 680,197 persons on pay-roll as compared with 676,256 during the preceding week, an increase of 3,941 persons, or .6 per cent. A slight reduction, however, was anticipated for the week ending November 29th. During the week ending November 15th reports from 4,742 firms with 677,669 persons on pay-roll showed that they had increased their staffs by 5,377 persons, or .8 per cent., and anticipated a decrease of 1,040 persons, or .2 per cent., during the week ending November 22nd. The anticipated decrease did not take place, but on the other hand, an actual increase took place as shown by the return for that week.

The plus industries—those that registered net increases in the number of persons employed—with their respective percentage increases, were: Commercial and mercantile, 1.4 per cent.; lumbering, 1.6 per cent.; chemicals, .4 per cent.; leather and leather goods, .7 per cent.; metals, .9 per cent.; pulp, paper and printing, .2 per cent.; textiles, 1.2 per cent.; vehicles, 2.3 per cent., and quarrying and mining, .1 per cent. The most substantial increases were those registered in textiles, metals, commercial and mercantile, lumbering and vehicles, the tendencies of these groups having, with the exception of the vehicle group, been strong during preceding weeks. The increase in the vehicle group does not reflect conditions accurately, being due to some extent to irregularity in returns, the increase having been spread more largely over the past three weeks. With the exception of the vehicle group, all plus industries expected further increases during the week ending November 29th.

The minus industries—those that registered net decreases in the number of persons employed—with their respective percentage decreases, were: Building and construction, 1.6 per cent.; clay, glass and stone products, .2 per cent.; food, drink and tobacco, .1 per cent.; railway construction, .2 per cent.; railway operation, .7 per cent.; miscellaneous, .1 per cent., and woodworking, a nominal decrease only. With the exception of railway operation and building construction, the decreases were not marked. Food, drink, tobacco and railway construction groups anticipated further decreases during the week ending November 29th, while the other groups anticipated increases.

The "accepted" stamp upon a certified cheque cannot be regarded as final proof of its value, as several recent experiences have shown. Frauds perpetrated on bond dealers in Toronto and Montreal were all accomplished by stamping with a stolen rubber stamp; on November 7th, marked cheques were presented to the Bank of Commerce, Moncton, N.B., drawn on the Banque Provinciale, St. John, to a total of \$12,500. Before cashing them, however, the manager telephoned to St. John, discovered that the cheques were worthless, and the culprit was arrested.