

ever, were, that before the arrangement was made the heaviest selling pressure was over and the final proof that sentiment played no part in the subsequent rise, was the fact it was unnecessary to import gold from United States while New York funds were at a discount.

From November 8th, the date the market again touched par, the chart shows a succession of steady rises, varied by occasional reactions, until April 8th, on which date a new high of 2 per cent. is reached.

Technical and sentimental reasons, due to the efforts of the Canadian government to float loans in the United States, caused between May 1st, and May 8th, a sharp break from  $1\frac{3}{4}$  to  $\frac{3}{4}$  premium. Sentiment, however, is again short lived, as inside of another week the rate was 1 $\frac{1}{2}$  premium.

After sustaining a further reaction to 1 per cent., the rate steadily climbs, with small reactions, to its new high record of 2  $\frac{15}{32}$  premium on the 27th June, from which date it has reacted to, and hovered around  $1\frac{7}{8}$  to 2 per cent. premium.

#### Relief Measures.

Temporary relief may be obtained this fall by grain shipments, provided they are financed by British or American credits, but permanent rectification of the present undesirable conditions can be had from either, or all of the following:—

1st.—Liquidation of Canada's unfavorable United States trade balance, through the placing of American war orders, and curtailment of unnecessary imports.

2nd.—Securing by Canada of American loans, which at present appears improbable, in view of the present financial burdens of the United States, whose own exchanges with the neutrals needs stabilizing. Our currency is even set at a lesser discount than Great Britain's in the United States.

3rd.—The liquidation, or discounting in the United States of British treasury bills at present held by us in payment of our exports.

4th.—Export of gold which at present is undesirable.

#### Effect of Allied Victories.

It is evident that the foreign exchanges have now commenced to show the effect of the allied successes. Heretofore, except for a weakening of the Central Powers exchanges on the neutrals, no great response to allied successes can be observed, but on August 10th, Sterling Cable touched 477 $\frac{1}{2}$  in New York, and the neutral exchanges in New York have all shown heavy depreciation; while the Central Powers exchanges on the neutrals have shown great depreciation, all of which are undoubtedly due to the opinion of expert international bankers that the tide has definitely turned in favor of the Allies.

