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C. N. R.'S EARNING POWER.

The Canadian Northern resolutions as presented to the House of Commons a few days ago, have continued to engage the attention of financial circles in Montreal and Toronto during the past week. Naturally there is much discussion as to the probable outcome of the large additional guarantees by the Government. Assuming that the Dominion's guarantee is placed on $45,000,000 new C. N. R. bonds, it is probable that considerable immediate benefit will be experienced by Canada through improvement of the financial situation. Through the clearing up of construction loans and contractors' accounts, no doubt a large amount of bank advances which had been dragging along, will be liquidated—and on realization of proceeds of the bond issues a substantial further improvement will be effected in the position of the banks as regards immediately available assets. Then the expenditure of the remainder of the proceeds in advancing the construction work towards completion, should have some tendency to brighten up general trade in the localities or districts in which the disbursements are made.

THE ROAD'S EARNING POWER.

However the vital question as regards Canadian Northern finance is that relating to the ability of the road when completed to earn the interest charges on the huge amount of bonds, debentures, etc., outstanding. To do that the system will probably have to earn from $15,000,000 to $16,000,000 per year over and above operating expenses—that is, after the system is completed and the full amount of capitalized cost is drawing its annual interest. When it is remembered that the net earnings for the fiscal year ended June 30th, 1913, were $7,023,867, it will be understood that a considerable increase or development must occur before there can be any certainty that the earnings of the system will do all that they are expected to do. At present the outlook for railway earnings in the Dominion is somewhat obscure. It is not known exactly how long the declining tendency will be in evidence. The earnings of all the railways will be largely influenced by the course of trade in general.

NEW YORK FUNDS AGAIN AT PREMIUM.

For a week at the end of April New York funds were quoted here at a discount; but this week again a premium is quoted showing apparently that the movement of funds in this direction was merely temporary. Local rates for call loans are unchanged at 5½ to 6 p.c. as heretofore. So far the expected sharp reductions in rates have not materialized.

AN IMPORTANT FACTOR.

With reference to the exchange rates quoted for New York funds it is to be noted that sterling exchange in New York is ruling at a high level—at or near the gold export point. This fact is of some importance to the Canadian banks and to their customers, the produce exporters, who will have a considerable amount of sterling exchange to sell as a result of the shipments of grain and other produce on the opening of ocean navigation at Montreal. Owing to the high rates for sterling at New York and the premium on New York funds here, these exporters are doubtless getting very satisfactory rates of exchange for such bills on Europe as they have to dispose of.

EUROPEAN SITUATION.

There has been continued strong competition for the new gold offered in the London market. Russia in particular has been bidding strongly for the available supplies and has succeeded in getting a considerable amount in the past few weeks. This week most of the gold went to Paris. The shipments amounted to $3,750,000 and the price paid was 77s. 9⅞d., the highest since 1909. It is noteworthy that Paris has been actively enquiring for gold in the New York market also—the activity of the French bankers in this matter and the failure of a French