

COMMERCIAL.

The general aspect of trade shows little change from last week, except that as the harvest is now in active progress the confident feeling as to the future is strengthened, and the prospects of a large fall trade are becoming more and more certain.

A motion introduced to the House of Commons for the purpose of censuring the Government because of its policy in providing steamship service for the West Indies elicited an interesting statement from the Finance Minister. To provide such boats as are suitable at a short notice is seldom possible, stocks of such costly articles are not kept on hand, as one speaker seemed to imply, waiting for customers like bales of dry goods. It was urged that a great wrong had been done because the only defect of a certain offer was the *tonnage* of the steamers, as though the tonnage of a boat was a mere detail, instead of being the main essential feature. The Government fixed 1000 tons as the size needed. As this condition could not at once be met, the nearest to it was accepted temporarily in order to avoid the enterprise collapsing in its initial stage. Nothing could be more discreditable to Canada than for pecuniary objections to be raised against assistance being given by Parliament to further the expansion of our foreign trade. The development of a country needs a somewhat different policy to that which is required for managing a corner store in a village. If our Members of Parliament cannot rise above that level, they are miserably equipped for the large and grave responsibilities of a legislator. While we are haggling over personalities, and carping about business details, for the mere display of party animosity, the United States is moving heaven and earth to seize markets as a monopoly for its people, in which we might do a very large trade, if we had their breadth of view, and statesmanlike enterprise. As the Finance Minister said: "Nothing was more apparent to him during his visit to the West Indies than that the advantage which the United States enjoyed over Canada in articles produced by both countries was due to the steady steamship connection between American and West Indian ports." In response to an assertion based on no facts, that the subsidising of steamers to the West Indies was to counteract the injury done by the protective policy, Mr. Konny made an effective reply. He said that trade between Canada and the West Indies had expanded during the past few years, which was a contradiction to the statement of the member for Yarmouth, that the National policy had acted detrimentally to that trade. He gave statistics showing the exports of farm produce from the United States to the West Indies, and pointed to the fact that in all these articles Canada was able to compete with the United States. What Canada lacked to further increase its trade with the West Indies was better communication between these points. Since the Government aided the steamship service between the Dominion and the West Indies the trade had materially increased. While on general principles we entertain grave doubts as to the wisdom of the policy of the general government lending monied assistance to a purely commercial enterprise, still, when we find a foreign nation—the United States—grasping at securing a monopoly of a trade, to a share of which we have a legitimate claim, we hold that this country is simply justified in expending a generous portion of its income in fostering and increasing that trade. The West Indian trade is of vital importance to Nova Scotia more than to any other portion of Canada, and any action on the part of the Dominion Government that affects that directly or indirectly, favorably or otherwise, reacts upon us at once.

At present all indications point to a continuance of the present easy money market, and to an absence of the stringency usual at this season of the year arising from the demand from the interior of this continent in order to move the crops. The reason for this unusual ease lies, undoubtedly, in the fact that trade and industry are very quiet both in the United States and Canada, and that the fever of speculation is conspicuously absent just now. But it must be remembered that the mere abundance of the harvest may at any moment wake up speculation not only in cereals but in general trade. The questions will then arise whether the present volume of circulation will be sufficient to meet commercial demands, or will it be necessary to draw on Europe for gold, thus involving a greater or less degree of stringency in the money market, and if so to what extent.

The German demand for gold is believed to be purely temporary, and therefore the only two countries which are liable to call for gold from England are the United States and Russia. The demand from the latter, it is now apparent, will be materially less than was anticipated a few weeks ago. The Russian Government must keep large balances to its credit at the financial centres of western Europe to meet the interest of its various loans and also for political purposes, and as the harvest in that empire has been a very poor one, the Minister of Finance is not in a position to manipulate his withdrawals as he chooses. Mr. Vischnegradsky will, therefore, be very careful not to disturb his balances, lest they should prove insufficient to meet any sudden demand. It follows that the United States is the only nation likely to draw on Europe for gold, and the question of the extent of the American demand becomes of paramount importance. What that will be cannot be determined for some weeks.

WEEKLY FINANCIAL REVIEW OF HENRY CLEWS & Co.—New York, August 29, 1889.—"The 'boom' in the Stock Market has now had four weeks of trial. The movement has steadily gained in strength and breadth; the 'bears' have retired from opposition to it and many of them have gone over to the other side; it has commanded the confidence of London, which from being a free seller has become an active buyer; it has extended from the share market to the long dormant bond market; the volume of business has risen to three fold what it had previously been; the other speculative cities have caught the infection from New York; an 'outside' interest has entered the market large enough to show that there is no lack of either means or disposition among the public to speculate or to invest when they

are satisfied with the situation; and prices have considerably advanced, while the advance has not been checked by realizations which have been made by large holders, but still continues.

These facts are sufficient evidence that at least the 'boom' is backed by a large measure of confidence; that it is more than a spurt engineered by a few large and needy holders of stocks, as at first suspected; and that there is a large body of influential opinion in Wall Street and out to the effect that the present situation of the country favors an era of national prosperity and consequently better prices for investment. Judging from present symptoms, there is a reasonable probability of the boom being supported and of an active and rising market being maintained through the fall season. Perhaps the only danger lies in the usual tendency of speculative movements to rush from one extreme to another and thereby quickly exhaust themselves. The spectacle of such an extraordinary harvest as the present one is naturally calculated to arouse a speculative enthusiasm which may carry prices up at railroad pace to an elevation far above what the occasion really warrants. Such movements are neither healthy nor, in the long run, really profitable. They end in explosion and reaction and entail heavy losses upon the over-sanguine class to whom the over doing is mainly due. The true course under the now existing conditions is to follow the improvements in the situation as they arise rather than to take them for granted in anticipation. Much of the financial force behind the present speculation centres in the hands of some half-dozen men of great wealth, whose policy it is to give encouragement and 'tally' to the mass of smaller sanguine operators and then sell out upon their dupes. A prudent operator will regularly take his profits, and not use them as new margin for increased purchases, so as to find himself finally among a mass of weak holders who are unable to sustain the market against strong men who want to break prices.

At the present moment there seems to be in certain potent quarters a desire to force and inflate the market and then get out of stocks. There are long-headed and influential operators who perceive that prices have already sufficiently advanced to satisfy all that is *certain and realised* in the situation. They are willing to pocket the advance that has come in sympathy with the harvested winter wheat; but they think it prudent to let the immature spring wheat, corn and cotton crops stand over for a future consideration, the drift of which can be much better judged when the contingencies of frost have passed. The sanguine holder of a few hundred shares, who takes every good thing hoped for as sure to happen, is the kind of aliment on which the more prudent and bigger fish fattens; and my word to these averaged-sized operators is that they keep a sharp look-out for the safety of their profits.

The money market affords, on the whole, an encouraging outlook. The reserves of the banks have at last begun to decline freely under the drain of money to the interior, and large as the surplus is, as compared with one or two years ago, yet it is necessary for the banks to depend upon being liberally reinforced with cash from some outside source. Some amount may be expected after September 1st from the redemption of U. S. 4½ per cents,—about 21 millions of which remain to be extended or redeemed; but what sum will be redeemed the event only can show. The main dependence of the banks must be upon the return of gold from Europe, which seems inevitable, the only open question being that of amount. Apart from the effects of the prospective extraordinary exports of wheat, it deserves notice that the national exports are showing a large increase—those for July being \$8,200,000 above the same month of 1890,—while the July imports fall \$11,200,000 below those of last year. The securities movement with London has, within the last few days, changed from one of return to that of export; and the rates for sterling exchange show a weakening tendency in sympathy. It may be a few weeks before specie imports set in, but the prospective movement is near enough to prevent, in conjunction with the treasury payments for redeemed 4½s, any important stringency in the local loan market."

Bradstreet's report of the week's failures:—

	Week Prev.		Weeks corresponding to			Failures for the year to date			
	Aug. 29.	week.	1890	1889	1888	1891	1890	1889	1888
United States.....	186	181	131	176	136	7915	6790	7693	6721
Canada.....	21	18	36	21	83	1204	1080	1076	1154

DRY GOODS.—There is little new to report in this branch, the situation being the same as last week. Prices continue unchanged, and remittances are still on the short side. The progress of the harvest is watched with much interest, and as the end approaches, confidence in a good fall business is strengthened. It seems now decided that most of the travellers will go over their grounds again, as it is believed that the certainty of a good harvest will render storekeepers less cautious and give some of the timid ones fresh courage to buy.

IRON, HARDWARE AND METALS.—No change has occurred in pig iron here since our last report, and the market remains as dull as ever. Cable advices quote makers' prices 6d. to 1s. lower than they were a week ago, but values here are still the same. Business has been very small. Bar iron continues identically the same with only a small jobbing business doing. Scrap shows no change, but the feeling is steady and the supply is not large. Tin plates show a somewhat steadier tendency, and prices are well maintained. There is no change to note in tinned and Canada plates, in both of which the feeling continues easy. Lead and copper continue unchanged with slight demand.

BREADSTUFFS.—The local flour market maintains a fairly steady tone, the demand being fair on the whole, and millers refuse to concede anything. In England wheat is firmer and held higher, and corn is steady. The French country markets are strong. At Chicago wheat and corn fluctuated within narrow limits, but may be practically quoted at the same figures as last week. The North-Western States and Manitoba frost is reported to have somewhat affected the unharvested crops, but the damage is not believed to have been