

bilities. At the same time it is conceded that if marked improvement were to occur unexpectedly in connection with the affairs of these places there would probably be seen a very sharp recovery on the stock exchanges.

THE MEXICAN DIFFICULTY.

Europe and America have both been gratified by the progress made by the mediators at Niagara Falls in the Mexico-United States dispute. According to press dispatches they have succeeded in composing the differences between the Huerta Government and the Americans. Apparently, Huerta has agreed to resign and a provisional government is to be appointed pending an election. All this looks well enough but everybody understands that it by no means assures peace and prosperity for Mexico. The doubtful point is found in Villa, Zapata, and other bandit chiefs. It is quite within the possibilities that they will not be satisfied with such arrangements as the Americans may make; and eventually the Americans may have to go in there and reduce the bandits to subjection.

NEW YORK POSITION.

Call loans in New York range from 1 7-8 to 2 p.c. Time money is quiet. Sixty-day loans are 2 1/2 p.c.; ninety days 2 1/2; and six months, 3 1/4 p.c.

Clearing house institutions in New York in their week-end statement, reported decrease of reserve strength. In case of banks and trust companies loans decreased \$3,800,000; cash fell \$4,350,000; and surplus reserve decreased \$1,971,000—falling to \$48,984,200. And in case of the banks alone the loans fell \$3,727,000; the cash fell \$5,500,000—the net result being a drop of \$3,281,000 in surplus.

RAILWAY TROUBLES.

The American market continues to be depressed by the financial troubles of particular railway systems. Some of the larger systems have had much trouble over the financing of maturing notes. Then of course the stubbornness of the Interstate Commerce Commission in the matter of railway rates is another stumbling block for the market. A powerful delegation representing the manufacturers and merchants of the middle west went to Washington and urged President Wilson to delay the anti-trust bills now before Congress until they could be studied carefully; but the President gave them little encouragement—he appears to be set in his course of forcing through further unsettling legislation.

We certainly anticipate that the productive power of Canada will show very great and rapid increase in the next few years, but of course a very large increase in production and in population is needed to provide the traffic required to pay the interest charges upon the capital expended upon the construction of the new railways built in the last few years.—London Statist.

DEMAND FOR SHORT TERM NOTES IN LONDON.

BRITISH BANKERS ARE BUYING DOMINION ISSUES INSTEAD OF CONSOLS—STEADY DEMAND FOR HIGHEST CLASS OF INVESTMENTS.

Formerly, to the typical British banker, investment meant Consols. For nearly twenty years Consols have meant depreciation; and at last, after that considerable period of instruction, the British investor is beginning to realize that it is not a law of nature or of man that he should have to sit by and twiddle his thumbs while his capital depreciates. So, says a London correspondent, he has begun cautiously, with the diffidence of a boy in his neighbor's orchard, to buy short-term securities instead of Consols and other irredeemable stocks; but he buys those only of the most armor-plated and copper-bottomed sort. Notes of the great British municipalities, those of the British dominions over seas, and, of course, Treasury bills, these he buys, and nothing less safe, with that part of his funds which is to appear in his balance sheet as "investments." Short-term notes, even of the highest standing, from this side do not go to that class of buyer but to the great banks. But as they buy up these highly safe and desirable securities, less of them are left for the next class of investor, which includes insurance companies, financial houses, and, in short, all professional capitalists. They are driven further afield for their short-term securities, and that is one reason why there is a good market for whatever desirable securities of the sort are sent from here.

A STEADY DEMAND.

Of course, the extent of the demand, as of any other for investment, depends upon the supply of spare capital. But a feature of the financial position in London of late has been the steady demand for the highest class of investment securities of all sorts, in spite of the apparent depression and paralysis of the markets for more adventurous stocks, and their falling prices. The moral of this is that the depression has not been due to any lack of funds, but rather to an extreme disinclination to take the least avoidable risk. This is born of the troubles of the times.

Even the Bank of England, it is believed, has been launching out this year into a more modern policy in investment. A greater part of its funds for investment, it is said, is being put in the highest class of "short-daters." To that is attributed otherwise inexplicable increases and decreases from week to week in the item of "Other Securities" in its return. It is of more than local importance, this development of its methods. It will give the Bank a new and useful weapon in its work of controlling the London money market, and the importance of this to other financial centres needs no emphasis. By buying notes with suitable dates of maturity, the Bank can increase the supply of funds at the disposal of the money market, and at the same time make sure that the supply will be decreased again when it is expedient that it should be.

The Northern Navigation Company's new steamer, the *Noronic*, began her sailings this week on the Grand Trunk route from Sarnia to Duluth via S. S. Marie, Port Arthur and Fort William. The *Noronic* is 385 feet in length, has a gross tonnage of 6,905, can carry 3,500 tons of cargo, and has luxurious accommodation for 558 first class and one hundred second class passengers.