The Canadian Monetary Times

AND INSURANCE CHRONICLE,

DEVOTED TO FINANCE, COMMERCE, INSURANCE, BANKS, RAILWAYS, NAVIGATION, MINES, INVESTMENT, PUBLIC COMPANIES, AND JOINT STOCK ENTERPRISE.

VOL. I, NO. 50. TORONTO, THURSDAY, JULY 30, 1868. SUBSCRIPTION, $2 A YEAR.

Financial.

SPECULATIONS AS TO THE PRICE OF GOLD.—Government securities are unusually fluctuating and unsettled. New doubts have been thrown around this class of investments by the announcement of the financial policy of the Democratic party and by indications that the majority in Congress are by no means unanimous in accepting what seems to be the obvious intent of the financial plank of the Chicago platform. The bondholders, as a rule, are reluctant to believe that Congress will ultimately either tax the bonds or attempt any compulsory method of reducing the interest on the debt, and therefore they still hold their securities with steadiness, although very sensitive to any movements unfavourable to their interests. It is not to be inferred from the fact of the late agitation of financial questions having had comparatively little effect in the way of depreciating bonds that the bondholders look with favour upon these schemes; they have not yet learned to view the matter in any other light than as so much bidding for support in the election, and hold their bonds firmly because they have confidence in the ultimate substantial honesty of Congress. The price of Governments has been advanced during late weeks, upon the extraordinary ease in money; and it is to be expected that, as the rate of interest advances in connection with the usual commercial demand for loans, there will be considerable realizing upon bonds and a reaction in prices.

There appears to be a very general impression that gold is likely to work up to a higher premium. Indications are not wanting that our foreign trade is approaching a crisis, the character and importance of which are but partially appreciated. Owing to the deficiency of our home production, we have, for the last five years, imported foreign products largely in excess of the ordinary means of payment, viz.: produce and the precious metals; and the resulting deficiency has been set off by the remittance of United States securities to the extent of $700,000,000, or say, one-third of our whole gold interest debt. Beyond the re-investment of a portion of the interest on these obligations, Europe may be said to have now almost suspended purchases of our bonds; nor is it likely, considering the immense sum of our obligations held abroad, that this demand will be hereafter renewed. The important fact, however, is that, while this means of settlement is failing us, we are not proportionately reducing our imports; and there is reason to fear that we may not resort to a prudent curtailment of our foreign purchases until compelled by the pressure of a crisis. From the latest official returns, it appears that the imports of the United States, for the first four months of the current year, were only $11,400,000 less than for the same period of last year; while the exports of products were $24,400,000 (gold value) less than then; the result being that, during these months, we have had to ship $9,300,000 more specie than last year. Again, the imports at New York, for last month, were only $500,000 below those of June, 1867, while the exports of produce and merchandise were $3,800,000 less than then, and the shipments of specie $5,100,000 more. It is owing to the fact that we are no longer able to bridge over the deficiency of our produce exports by the remittance of bonds that we have found it necessary to ship at New York, from January 1st to July 10th, $55,200,000 of specie, against $30,600,000 in the same period of 1867, and $18,300,000 in 1865.

It is very clear that, unless there be a speedy rectification of this uneven movement of our foreign trade, the supply of gold in the country must be depleted to an extent very serious indeed. And yet, where are the signs of any counteraction of this dangerous course of affairs? The remedy is the less likely to be promptly applied from the fact that the bulk of our importations consists of the more staple and essential products, while the receipts of those goods on which contraction is most easy have already been much reduced. The imports of dry goods, for instance, at this port, for the last six months, are only $37,800,000, or $9,000,000 less than for the same time of 1867, showing, in this class of imports, an important contraction. The obstacle to curtailment is that it has to be affected upon tea, coffee, sugar molasses, iron, raw materials, &c.,—a class of products in which consumption is usually reduced only under the pressure of an imperative necessity. In view of these considerations, it will be fortunate indeed if the fall season passes without a crisis more or less severe, growing out of the depletion of our supply of gold. The Secretary of the Treasury, in a recent communication to Senator Cattell, stated that after the immediate demands upon the Treasury, including the Alaska purchase, were met, there would remain but $57,000,000 of gold for future use; so that, in the event of a heavy export drain of specie, no relief may be expected from the Treasury. It is now late to avert the difficulties toward which we are thus tending The good crop prospects have made importers sanguine, and the orders given abroad for the fall trade will probably keep up the importations to near the standard of the corresponding season of last year. It is true that the cotton crop is likely to realize a handsome aggregate value; but, at the same time, it must be remembered that the supply of cotton in the United States has now fallen below 100,000 bales; so that much of the new crop will be required to recruit our exhausted stocks, while it is not unlikely that before the new crop comes into the market, we may have to import cotton from Liverpool. Upon the whole, then, it would seem that we are verging upon that crisis when the inflation and over-trading of the country are to be checked by the cessation of the European demand for our national obligations; and this change in the course of our foreign commerce can hardly fail to be attended with a serious and embarrassing drain upon our already reduced supply of gold. Together with this prospect must be coupled the unsettled feeling naturally growing out of a Presidential election involving unusually exciting issues. The open agitation in favour of declaring five-twenties payable in greenbacks, and of subjecting the interest on Government bonds to a heavy taxation, cannot but have an unfavorable effect upon the Government credit, which will naturally show itself in a higher gold premium. —*From Clews & Co.'s Circular.*

FINANCIAL PROSPECTS.—The aspect of our foreign trade begins to be viewed with uneasiness by the most prudent business men of the country. Nominally the balance of trade during the fiscal year ending July 1st has not been against us; indeed, the figures as made up by Mr. Delmar—of the now abolished Bureau of Statistics—for ten months of that year seem to show a slight balance in our favor, but these figures are undoubtedly deceptive, as the balance rolling up against us has only been kept out of sight by the remittance of bonds and specie, the first only deferring that much of the debt to be hereafter paid with interest, and the latter by a drain of specie from the coun-