

PUBLIC IS APATHETIC BUT PRICES ADVANCE

Buoyancy Becomes the Feature of Wall Street—Pools Favor Advance in Domestic

World Office, Saturday Evening, Jan. 4.

The impression conveyed thru these columns for several weeks now that the New York market would be advanced has been verified by the market movement of the past week. The upward movement has been highly manipulative and confined to a small number of stocks. The principal of which are Reading, Northern Pacific and Union Pacific. A reason, perhaps for this is that these three issues are controlled by the strongest financial interests and which have not become subservient to the general monetary stringency. An assistance to the rally has been provided by a short interest, which is larger than usual. It appears strange that the outside market should be short of a strong market and long of a strong market. The movements are necessarily dependent upon these positions and would not transpire otherwise.

In attempting to diagnose the present status of the market it might be found that matters detrimental to values predominated in the natural sequence, the absurdity of arriving at a conclusion becomes apparent. During the week railroad earnings for November have proved the most discouraging feature. The tremendous declines as recorded by the Atchafalaya and other roads leave no other inference than that dividends must be cut unless a change for the better is shortly to take place. The fact that the kind are sure precursors of short transactions at every trading centre, and it becomes, therefore, necessary for the supporters of the securities assumed to accept the offerings. If these interests are financially strong, and they usually are, an advance to bring about a covering movement is the natural sequence. Purchases by the public are certainly meagre and profit taking any advance is, therefore, easily taken care of.

It is essential that the large financial institutions be relieved of a portion of their holdings of securities. During the long period of liquidation a concentration of securities has resulted, and an attempt to equalize the holdings is now being made. It is impossible to effect this interchange while money rates are prohibitory, and the fusion of securities cannot be brought about until interest charges are more normal. The decline in the Bank of England rate to six per cent, followed by a modification of call loan rates at New York, but terms for loans are still too onerous to encourage any wide speculation. It is a announcement that the premium on currency has disappeared clears the way for a better exchange. The large outstanding clearing house certificates are a menace, but as confidence among depositors is restored the return of hoarded currency should provide a cancellation for most of this.

Compulsory retrenchment in commercial undertakings is making a deep impression on imports and at the same time working in the opposite direction in regard to exports. The balance of trade is becoming much more favorable and there is a prospect that the large gold imports of the last two months of the year will be able to be retained. This will serve to modify the strain on domestic money resources and admit of a gradual rehabilitation of a healthy financial situation. Providing the good railroads and industries have not been ruthlessly mismanaged there is room for further improvement in prices pending the incoming of another crop year. This year's bank statement brings the surplus reserves within reasonable distance of the legal requirements and the shortage should shortly be wiped out entirely.

The Toronto stock market continues to display its utter dependence on Wall-street for its financial conditions of weakness and strength at New York are not convincing, but immediately it is discerned that a strong movement has developed, local interests avail themselves of the opportunity to put more energy into their particular specialties. It was not until Friday that the domestic list showed any buoyant disposition. The almost rapid clearing from stagnation to moderate activity was not due to public operations, and it must therefore be traced to those who are endeavoring to make a market. The document has yet been held out to speculators and it is quite conceivable that when margins are established and the market is free to move under ordinary conditions prices will have arrived at a point where the chances for profits to buyers will be of the slightest character.

The news of the week has not been against the market, except in the case of the passage of the power bill at Toronto. The practical disruption of the allied electric interests by this and other probable events is not propitious for many of the local listed securities. As these interests are largely intermeshed with other sections of the market, the result is bound to prove a drag upon quotations and one not easily shaken off. The declaration of a large dividend on Northern Navigation has further improved the standing of this security and developed a scarcity of the stock at or near the current transactions. The weak note in the market is undoubtedly the South American traction. The fact that the block of new Sao Paulo stock had to be placed at London shows that the market here is surfeited.

The Sterling Bank of Canada

Head Office, 50 Yonge St., Toronto

This Bank is equipped to transact a General Banking Business in all its branches, and will, therefore, welcome Accounts of Firms, Corporations and Individuals, to whom it assures courteous treatment and every facility, consistent with prudent and conservative banking methods.

F. W. BROUGHALL, General Manager

Who Should Open Accounts With Us

- 1-The young man who wants to get ahead.
- 2-The laborer, mechanic, clerk, teacher—all those who receive wages or a salary, and whose thrift prompts them to save a little out of their income.
- 3-The capitalist, the professional man, the married woman who has a separate estate, or who keeps an individual account.
- 4-The business man who wishes to separate his private income from the surplus profit of his business from his general business capital.
- 5-The Corporation, public or private, that is accumulating a sinking fund, or any individual who is husbanding a balance to pay a debt, and who desires to have it grow.
- 6-Farmers and house and land owners who may be desirous of accumulating a fund with which to pay off a mortgage or other indebtedness, or improve their properties or add to their holdings.
- 7-The administrator or executor with funds to invest.
- 8-Parents on behalf of their children, to accumulate during their minority, and to teach them the habit of saving.
- 9-In short, all those who wish their deposits to draw interest and at the same time require assurances of absolute safety.

We shall give some reasons in future advertisements. Watch for them. Meantime, let us remind you that whether the deposits be large or small, they will all earn interest at

THREE AND ONE-HALF PER CENT.

per annum, compounded four times each year. And your money will be available when you want it.

Canada Permanent MORTGAGE CORPORATION

TORONTO STREET, TORONTO

There is a very evident desire among the large holders of Sao Paulo stock to put their stock among the public whenever the opportunity is presented. The general outlook is for some further improvement in prices, but appearances are not such as would convince one that speculation for a rise can be indulged in with impunity. Domestic securities of good repute offer more than reasonable investment opportunities and to an attempt to equalize the holdings is now being made. It is impossible to effect this interchange while money rates are prohibitory, and the fusion of securities cannot be brought about until interest charges are more normal.

On Wall Street, Ennis and Stoppard wired to J. L. Mitchell: The market during the week to Friday's close developed business of nearly two million shares, against about 1.4 million the previous week. Each day volumes increased. This was also true of individual stocks, such as Reading, Union Pacific, Southern Pacific and Smelters. There was a burst of activity in Sugar. Trading in Steel and Copper showed limited variation in volumes. London sold considerable stock on balance. Bad news, such as the Anaconda dividend reduction, Seaboard receivership, Collieries Bank failure, reduction in prices of iron, light rails, tin plate and sheets was ignored. Commercial failures were 365, against 288 the previous week. Copper, Silver and Sugar prices advanced, and of 13 important roads reporting for November, only four made net decreases, this being better than anticipated. Call money renewals averaged about 15 per cent, the previous week. Increased bank circulation, with receipt of foreign gold, added \$7,000,000 to monetary resources. For December increased bank circulation, plus output of the government, raised the aggregate to \$50,800,000. Our exports of wheat, corn, copper and cotton, totaled \$26,500,000, this steady state of our products abroad being always worth noting. The Canadian Pacific stock issue and the Prussian loan were items of significance in the near future. The disappearance of the currency premiums, re-entrance of banks into the time money market, and steady return to normal financial conditions, and the out country are salient factors. Bullish elements include the proposed currency reform measures now projected in congress, and possible repeal of some clauses of the Sherman anti-trust law.

There is improvement in general disposition toward railroads of the country. Union Pacific affairs and the segregation of coal lands will become live questions in the near future. Marshall, Spader & Co. to J. G. Beatty at the close of the market. Of the near future of the market the present promise is for strength and while the trading in certain stocks looks too highly speculative, it none the less constitutes good leadership and appears to be based on the fair promise of continued support in other directions. An extra dividend distribution by Northern Pacific directors will of doubtful policy at a time when the road is adding no largely to its capital obligations, will probably have a favorable effect on this group of shares. In the meantime, as before stated, the advance in copper metal and some moderate improvement in business activities is quite likely to stimulate the demand for securities.

It is only a question of how long. The basic class is the iron and steel at the bottom of the property pyramid—the farmers—are rich. The value of farmers' crops this year is seven billion four hundred million. This is \$12,000,000 more than last year. Mineral and metal products this year are worth over two billion of dollars—two hundred millions more than last year. Only 16 banks failed in the crisis and two of these have resumed. There were 100 bank failures in 1912. The material things—the one thing needed to re-establish prosperity is mental confidence. This must be restored, not the quick or slow growth of this one

crop, which in the United States has now only 13 per cent. of blast furnaces in operation. The fact that savings banks withdrawals and deposits are again about normal is also a very encouraging factor. A strong market, seems probable Monday, if nothing unfavorable occurs meanwhile.

Wall Street Pointers.

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IMPERIAL BANK

HEAD OFFICE—Wellington St. East, TORONTO

Capital authorized \$10,000,000
Capital paid up \$4,750,000
Reserve fund \$4,750,000

Corporation Wellington St. and Leader Lane.
Yonge and Queen Streets.
King and York Streets.
West Market and Front Streets.
King and Spadina Avenues.
Bloor and Lansdowne Avenues.

SAVINGS BANK DEPARTMENT

Interest allowed on deposits from date of deposit and credited quarterly. 15

London & Canada 100 100
London Loan 100 100
Ontario Loan 100 100
Real Estate 100 100
Toronto Mort. 100 100
Toronto Savings 100 100
Trust Co. 100 100
C. N. Railway 100 100
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New York, former deputy controller of the currency, in the trial of John R. Walsh, on charges of misappropriation of funds of the defunct Chicago National Bank.

BANKING LAWS DEAD LETTER.

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Money Markets.

Bank of England discount rate, 6 per cent. London open market rates, 4 to 4 1/2 per cent. Short bills, 5 to 5 1/2 per cent. New York call money, highest 10 per cent, lowest 6 per cent. Five day, 7 per cent. Call money at Toronto, 7 per cent.

Price of Silver.

Bar silver in London, 55 1/2 per oz. Bar silver in New York, 55 1/2 per oz. Mexican dollars, 49 1/2.

Foreign Exchange.

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D. & H. November net... \$18,000. D. & H. Central, Nov. 12... \$4,312. Twin City, Nov. net... \$509. C. P. R., 4th week Dec... \$54,000.

Toronto Stocks.

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Navigation.

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HEAD OFFICE, TORONTO ESTABLISHED 1867.

B. H. WALKER, President
ALEX. LAIRD, General Manager
A. E. IRELAND, Supt. of Branches

BRANCHES IN THE CITY OF TORONTO:

Main Office (21-25 King St. W.)
Queen and Balmora
Queen East (Cor. Grant St.)
Spadina and College
Yonge and College
Yonge and Queen (197 Yonge St.)
Parliament St. (Cor. Carlton)

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