FINANCE AND INSURANCE

THE sale by London of over 100,000 shares of stock on the New York market recently, when there was no balance to the account of New York bankers with foreign correspondents, had the effect of putting up the price of sterling to 1c. per lb. above the rate at which gold can be bought in at a profit. But this state of affairs cannot last long, as the commercial bills in connection with the cotton and grain industries will now begin to come in and will last well on into Spring. These bills will put a balance in the hands of the foreign correspondents that will lower the price of exchange by making it of no volume, and America can then, if necessary, reimport part of the gold which she exported during the early Summer.

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These commercial bills play a conspicuous part in the money markets of the world, and "documentary commercial acceptances" are papers of great influence on the possibilities of gold importation. Such acceptances are simply drafts drawn by the cotton or grain shippers in this country on the English or continental firms to which they have sold cotton or grain, or on banks upon which they have been authorized by these firms to draw. To these drafts are attached the bills of lading and perhaps a certificate of insurance and, in the case of grain, of inspection. When these drafts are drawn on a reputable firm or bank, the New York bankers readily buy them and discount them on the foreign market where the firm or bank is situated. These bills are usually 60 or 90 day bills and the discount at present in London amounts to about 3 per cent. Of course, the possibility of gold importation depends upon the amount of these commercial bills, and although at present exchange is too high to favor importation, the entry into the market of the cotton and grain bills is looked forward to as of sufficient volume to lower the rate of exchange more than the cent by which it now overtops profitable importation.

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Recently discussing the situation as far as the issues of new capital are concerned, Bradstreet's says that it must be admitted that all announcements that industrial or railroad corporations contemplate an increase of their share capital or funded debts or that they have borrowed money temporarily on their credit in the loan market are not only received unfavorably, but have a positively chilling effect on the financial situation. It can, of course, be readily understood that a corporation like The Consolidated Lake Superior Company should meet with but scanty encouragement in response to its management's appeal for subscriptions by the stockholders to an issue of $12,500,000 4 per cent bonds at 60 per cent. of their par value, even though it is plainly stated and is perfectly understood that failure to supply the $7,000,000 or more which it is hoped can be raised in this way means that the embarrassments of the company will be increased to an extent which would endanger the $26,000,000 of cash which has been invested in the enterprise through its stock. New industrial undertakings, or those like the Consolidated Lake Superior, which are in an incomplete state, and therefore need additional capital to place them in a position where they can prove their earning capacity, find, in fact, no favor whatever at present.

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Railway earnings continue to be of a most gratifying nature. The earnings in the United States and Canada during the first seven months of the year aggregated $449,355,044, an increase of 13.7 per cent. compared with the same period in 1902. It is significant that out of 35 enumerated railways on this continent, two of the Canadian railways stood second and third respectively in regard to increases in earnings during July, as compared with the same month last year. The Candian Pacific showed increased earnings of $750,000 and the Grand Trunk of $603,186.

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The officers of the International Association of Accident Underwriters elected recently are: President, Edward S. Lott, United States Casualty Co., New York; vice-presidents, Arthur L. Eastmure, vice-president Ontario Accident Insurance Company, Toronto; George S. Dana, Commercial Travellers' Mutual Accident Association of Utica, N.Y.; treasurer, A. E. Forrest, North American Accident Co., Chicago, Ill.; secretary T. Leonard McNeill, Massachusetts Mutual Accident Association, Boston, Mass. Executive Committee, W. B. Smith, Hartford, Conn.; W. H. Jones, Boston, Mass.; H. G. B. Alexander, Chicago, Ill.; F. E. Haley, Des Moines, Iowa; F. J. Moore, Philadelphia, Pa.; R. A. Kavanagh, Chicago, Ill.

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At the meeting of the directors of the Canadian Pacific Railway held in Montreal on August 10 it was decided to increase the common stock dividend from 2½ to 3 per cent. for the half year. The usual 2½ per cent. dividend on preferred stock was declared. The gross earnings for the fiscal year ending June 30 were $43,957,373; working expenses, $28,-120,527; net earnings, $15,836,845; other income, $1,286,-612; total net income, $17,123,658; less fixed charges, $7,-052,197; less amount applied against ocean steamships, $150,000. Net income available for dividends, $9,921,460.

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The demand for tornado insurance on Southern cotton mills continues, but the sizable mills cannot get sufficient indemnity in the few companies writing the business. Some underwriters get one per cent. for three years, others seventy-five cents, and there are rumors indicating a few policies at lower rates. In view of the inadequate supply some managers question the wisdom of those who write for seventy-five cents risks which readily pay one per cent. to other companies.

A FAVORABLE FORECAST.

IN spite of large purchases from Europe of securities by American investors and operators in recent years, the American excess of exports over imports of gold in August, September, October and November of last year amounted to £4,400,000. In the corresponding months of the previous year the amount of gold imported on balance reached four millions. This year, with America selling instead of buying securities, and with Europe buying instead of selling, with probable large shipments of cotton as soon as the new crop comes forward, and with heavy exports of general produce, it is quite possible, indeed probable, that the quantity of gold imported by the United States in the three months up to the end of November may be twice as great as last year—a sum which, added to the surplus cash balance of New York bankers, would enable them to meet the usual Autumn demand for cash amounting to some ten millions with ease and with a con-