

The Chronicle

Banking, Insurance & Finance.

ESTABLISHED JANUARY, 1881

R. WILSON-SMITH, Proprietor

PUBLISHED EVERY FRIDAY

Vol. XXIX. No 17.

MONTREAL, APRIL 23, 1909.

Single Copy - - 10c
Annual Subscription, \$2.00

FLUCTUATIONS IN SILVER.

REGARDING price-changes in silver it is always difficult "to anticipate"—as Mrs. Gamp once remarked in respect of certain occasions in which she was professionally interested—"You takes 'em as they come, and you takes 'em as they goes." The price of bar silver in London at the beginning of 1908 was about 25d, and in New York about 53 cents—little more than half the price of fifteen years before. It remained with moderate fluctuations nearly stationary for the first half of 1908; after which it declined until it reached in December the lowest level since 1903, namely 22d in London and 48 cents in New York. From this it has recovered somewhat—being now in the neighborhood of 24d in London and 52 cents in New York. Had the price of silver not fallen from the average 65 cent quotation of 1907, the Cobalt output of 1908 would have had a value of well on to \$12,000,000, instead of realizing somewhat under \$10,000,000. The present price, while showing recovery from the low-mark of last year, remains not far from its average. Even on this price-basis the value of the 1909 output is likely to be considerably over rather than under \$15,000,000; and a rise of five cents in the year's average price per ounce would mean an addition of over one and one-half million dollars. Little wonder, therefore, that those interested directly or indirectly in the prosperity of Cobalt watch silver market quotations somewhat closely.

REASONS FOR THE BREAK OF LAST YEAR.

UNDoubtedly the violent decline in the price of bar silver during 1908 was mainly brought about by inactive trade conditions. This affected silver by reducing the demand both for its use in the arts, and for eastern currency needs. There was a marked falling-off in western purchases of oriental products—such being largely in the nature of luxuries. One directly apparent occasion of the decline was the cessation of purchases by the Indian Government for coinage purposes. Instead of buying, as during the period from March 31, 1907, to March 31, 1908, silver to the amount of \$58,000,000, the purchases for India for the rest of the year were absolutely nil. At first glance this may seem to bear out the views of those who believe that governmental control can be made effective in fixing silver values.

There were at one time ardent bi-metallists who contended that it was the closing of the Indian mints in 1893 that brought the severe break in silver in that year; which break in turn—so they gravely asserted—was the chief cause of the financial and commercial crisis that then paralyzed the United States and seriously affected other countries. Merely to recall this "reductio ad absurdum" brings conviction that the falling prices of silver last year were an effect rather than a cause of economic disturbance. The Indian Government stopped coinage of silver because of lessened trade demands for currency—exports had fallen off, partly because of trade inactivity in Europe, but chiefly because of the crop failure of 1907.

RECOVERY AND CURRENT OUTLOOK.

AGGRAVATING the decline of silver last year, speculation was for a time rampant on the bear side in London. However, towards the year-end there came a covering of the short interest, and a beginning of distribution throughout India of idle reserve holdings there—crops being abundant and selling at good prices. The recent issue of India Council bills in London will naturally be followed by the coinage of a large amount of bullion. These factors, together with some quickening in China's trade, have already contributed to restore the silver market to a more healthy condition.

Another circumstance counted upon by those who predict further gradual recovery in the price-range, is that European and American requirements for the arts and for subsidiary coinage will increase with any general business quickening. In any event, the United States Government is committed altogether to 55,000,000 ounces for coinage for the Philippines. Also the German Government decided some months ago to begin coining subsidiary silver to supply the needs of the country, and has adopted a scheme, spread over five years, which will result in the consumption of from 6,000,000 to 8,000,000 ounces yearly. The Latin Union, too, are now considering the advisability of increasing the output of subsidiary coin, and something is likely to be done in this direction during the present year.

But, as against the prospect for any very marked gain by silver, it is to be remembered that increased prices would result in the working of lower grade mines and the increasing of available supplies.