

the effect that there is a steady improvement in general conditions. During the week some 3,500 coke ovens have been started up, and this is a pretty sure indication that the demand for Steel is increasing, though moderately, and as the warmer weather comes on this demand is more than likely to increase materially. Railroad earnings continue to show up handsomely, some of the reports being quite remarkable.

It will be recalled that some time ago, in these letters, we called attention to the fact that net earnings of the roads were likely not only to hold their own, but to increase, and particular attention was called to the Southern Pacific. This Company reports for November an increase in gross of \$449,000, and a decrease of operating expenses of \$323,000; making an increase of net earnings of \$772,000. This shows that the extraordinary expenditures, which have been going on for some time, have ceased, and from this, on the surplus, should show a steady increase, but when it will reach a point which will warrant the payment of dividends it is hard to say. Other large systems also make good showings, and it is an undisputed fact that most of the railroads in this country could run for at least two years, without having to make extraordinary outlays for repairs, that is, if the ordinary repairs which may be needed, are promptly made the roads could be kept in good condition, and while this would somewhat lessen the demand upon the Steel Companies the imperative requirements for annual replacement should keep the rail mills fairly busy. It has been generally believed that the railroads of this country were owned by only a few people, but the statistics show that the \$12,134,182,964 of capital of forty-three roads is held by 225,937 shareholders, and if to this is added the number of bondholders, it will be found that considerably over one million of people are interested in the railroads of this country, to say nothing of the vast army of employees who derive their whole support from them. So that it cannot be said that the roads are owned by any one class of people.

Cotton, during the week, has been through a variety of performances; early in the week it suffered several severe declines, but has rallied from each of them. It is a very remarkable fact that with all of the talk as to the short crop of this staple that the record shows that exports for December were the largest that were ever known having a money value of \$72,313,871. The total value of exports for twelve months ending December 31, for breadstuffs, cattle and hogs, provisions, cotton and mineral oils was \$840,998,950, or an increase over the preceding year of \$108,830,867.

As to what effect a war between Russia and Japan would have upon our export trade, it is hard to say; but it is quite certain to disorganize trade to those countries for some time to come, and would probably cause a cessation of gold shipments from London to this country, as both countries would be willing to pay more for the precious metal than we would. This question of war, and the expected decision in the Northern securities matter are the two most important questions hanging over the market at the present time, and there is little hope for any market advance until both are more determinable than they are at present, and it will be quite in order for the bears to make attacks from time to time. The short interest, however, is large, and it is quite within the range of possibilities that an effort will be made to force them to cover.

While showing a fair degree of strength, the market today, has been intensely dull with little or no news likely to have an effect upon it. It is essentially a traders' market, and likely to be for some time; one of the unfav-

ourable signs being that while the rates for money are down to 2 and 2½ per cent, there is very little demand for bonds, which would pay higher rates.

The market closes without feature.

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LONDON LETTER,

FINANCE.

New Year's Eve, 31st Dec., 1903.

Not many investors or speculators here will regard the passing of 1903 with regret. It will be more usually a case of speeding the parting guest. Prosperity failed to materialize in 1903, just as it had failed in the few preceding years, and what was already bad in the financial situation has been made worse. The "Bankers' Magazine" keeps a regular statement of the fluctuations in the market value of a selected and representative list of securities, covering Government, Colonial and Indian bonds, railway stock, and debentures, and industrial shares. This list, whose market value at the end of 1902 was \$15,415,000,000 was down to \$14,970,000,000 last week, a loss on the year of \$445,000,000.

Altogether, on the London Stock Exchange there are over three thousand different stock and share descriptions quoted, the nominal capital being over forty thousand million dollars! Applying to the whole lot the three per cent. depreciation, the total fall on market values comes to \$1,200,000,000 in round numbers.

But all eyes are turned on 1904, and there are not many people who do not expect to see rises replace falls and to welcome active markets and all that they portend. The angry little war clouds on the Far Eastern horizon are the only trouble, for the general view is that the nightmare of the Rand, the native labour difficulty, is bound for settlement. Every body has made up his mind that the Chinaman is the saviour of South Africa, and there's an end to it.

I have compiled the following table of fluctuations on the year of the leading Canadian securities quoted and dealt in here:—

	1902. Dec. 31.	1903. Dec. 31.	Fall or Rise.	1903. Hig'st.	Lowest.
Canadian Gov't Threes.....	101½	98½	— 3½	103½	98
Canadian Pacific.....	136½	123	— 13½	142½	120½
Grand Trunk Ordinary.....	14½	14½	— ½	20½	13½
“ 4 p.c. Guaranteed.....	102	100½	— 1½	106½	99½
“ Firsts.....	107½	111	+ 3½	115	107½
“ Seconds.....	94½	96½	+ 2½	103½	94
“ Thirds.....	44	43½	— ½	55½	42
Hudson's Bays.....	36½	38	+ 1½	43	33
Le Roi Mining.....	1½	¾	— ¾	1½	¾
Le Roi No. 2.....	1	1	1½	¾

Of course, these values are in English pounds, sterling.

INSURANCE.

Direct taxation always arouses a considerable amount of dislike, and the death duties now levied upon deceased estates under the Finance Act of 1894, are like the income tax, without any apologists amongst the people who have to bear them. When the burden can be shifted it is right joyfully.