

Commercial Summary.

The general trade situation, as reported to *Bradstreet's*, has not been improved during the past week. At Chicago dullness has been conspicuous and preparations are making for a quiet summer. The bank reserves are larger than ever and loan rates there were never lower than at present. At Cincinnati and St. Paul the dry goods markets are more active, owing to the summer season and other special influences. At the former city warm weather and concession by sellers of cotton and summer fabrics have stimulated sales, and in the northwest the demand for summer goods has resulted in increased sales. At St. Louis prices of dry goods have been revised and reductions made in several lines of cottons, but the movement has declined. No gain is expected by the trade until after harvesting. At Boston the movement of cotton from first hands is lighter and the outlook is unimproved. The late auction sales have settled prices on a lower level, which will, for the time being, have to be maintained. So far as the volume of general trade is concerned there has been no appreciable change from last week. Rates of freight by rail as well as by lake and canal have been inclined downward rather than otherwise, and there has been no settlement of the antagonism as to rates between Chicago and New York and between Chicago and St. Paul. There is much that is discouraging concerning the newly planted corn crop. The weather in the Mississippi valley has been unfavorable. Some of the corn will have to be replanted. In the northwest the weather has been excellent for the spring wheat. The corn acreage there is larger than last year. The wheat acreage is more likely to be larger than last year than otherwise. Its condition is good. The wheat market has declined conspicuously; No. 2 red closed at \$1.00 last night, against \$1.04 a week ago. Indian corn closed at 52c., against 55c. May 22. The war boom (in Asia) was, evidently, a disadvantage, it having unduly stimulated the quotations as well as the shipments on this side. There has been no further news respecting damage to the wheat crop. Cotton is lower, spots having weakened in sympathy with futures. Middling upland closed at 10.15-16c., against 11c. a week ago. Trade in grocery staples is quiet, with sugar firm at the advance. Dairy products are demoralized. Wool is quiet. Manufacturers are not buying, owing to the pressure of the new clips. The latter is causing some activity at the southwest. Iron and coal and petroleum are dull and unchanged in price. Provisions show no improvement. There were 161 failures in the United States during the past week, as compared with 184 in the preceding week, and with 148, 160 and 104 respectively in the corresponding weeks of 1884, 1883 and 1882. About 81 per cent. were those of small traders whose capital was less than \$5,000. Canada had 21 an increase of 5 — *Bradstreet's*.

Banking Review.

Since the publication of our last banking review, the statement of the Bank of Montreal has appeared, giving the results of the year's business. This has been received with a variety

of feelings and opinions. To some it was disappointing. It was known that the bank was doing an exceptionally large business, and it was to be presumed that the skill and ability with which this well-known institution is conducted would have enabled that business to have been carried on with a minimum amount of losses. Such being the case it was calculated that with the enormous advantage possessed by the bank in the shape of an exceptionally heavy rest (which, so far as the earning power is concerned, is equivalent to capital,) that profits of perhaps twelve to fourteen per cent. might have been looked for as a net result. Considerable speculation was indulged in on the strength of this, and the price of the stock felt the influence of the strong confidence expressed. When, therefore the statement of the bank showed that the net result of the year's working was only 11½ per cent. on the capital, a feeling of disappointment in the minds of sanguine people was inevitable. There was those, however, who had always entertained a more sober opinion, and who had considered that with the widely extended interests of the bank, embracing all parts of the country from Halifax to the extreme boundary of the Northwest Territory, it was impossible in such times as these for the bank to have escaped without a large measure of losses falling to its share. In spite of the most prudent management and every possible precaution, the customers of the most conservative bank will sometimes fail in business; and if they fail, it is a rare circumstance — though it does sometimes happen — for the bank to escape wholly without loss. Securities become depreciated, and secondary failures follow. Even where such securities have been created on an honest basis, and the transactions of a firm with its bankers have been perfectly square and above-board, depreciations in such times as these will inevitably ensue. But failures of customers often bring to light courses of improper dealing which have been carried on for long periods of time, but have been concealed by artifice and misrepresentation; and one of the most painful experiences of a banker is to find that such experiences transpire in the case of firms which have maintained, up to the time of their failure, the most honorable reputation. It is by cases of this kind that the heaviest losses of banks are made; and with such a widespread constituency as that of the Bank of Montreal it is impossible that it should have escaped them.

Up to the end of 1884 the percentage of failures in the Dominion generally had gone on steadily increasing, and the figures were assuming proportions that were really alarming. It did seem as if a period of general disaster, corresponding to the bad years of 1876-1880 were impending. Nearly every leading interest was deeply depressed — the manufacturing interest in all its branches more so, probably, than any other. Importing firms were making a decreasing average of bad debts, and it is no secret that the greater part of them have closed the year without profit, to say the least of it; in many cases they have closed the year with a heavy debit balance, and have to confess that capital has been lost during the twelve months.

After the close of the year 1884 and the turn of the new year, matters brightened up perceptibly. Failures have steadily decreased. The heavy masses of unsalable stocks of manufactured goods have been disposed of slaughtered in some cases; but disposed of at any rate. No considerable failures have transpired in this great and important branch of the industries of the country, and it does seem as if the cloud of trouble which at one time threatened to break in general disaster was passing away.

In spite of the losses which have been made during the past year, by bankers and merchants, there can be no doubt we have escaped a worse state of things, and in our judgment the escape has been largely due to the strong remonstrances made in various quarters, and notably by this journal, against the over-trading and other-wise expansion that were rapidly developing amongst us in 1882 and 1883.

There has, it is true, been as severe a revulsion in the Northwest as ever afflicted any community. The reaction that set in after the great boom was precisely a repetition of that which prevailed in Ontario after the year 1857 and in Montreal after 1875, but it was more severe than either of them, and probably more far-reaching in its effects. In fact, the full effect of it is not exhausted yet. There are numbers of persons in other parts of the Dominion than Manitoba who are struggling under heavy loads of obligation which will take them years to liquidate. But they are making constant progress towards liquidation and the time will come when this mass of indebtedness being entirely discharged, a new era of growth, development and prosperity will set in. Manitoba and the Northwest will then in all probability be as prosperous as Ontario is to day. It will take time to accomplish all this, and much patience will be needed on the part of those who have obligation due them in that province.

Money continues to be in full supply for all legitimate purposes. No mercantile house or manufacturing company that has good security to offer can complain of the lack of funds. It has been said for a long time past that banks were becoming more careful as to the security on which they lent money, and more discriminating as to the papers which they passed. We should judge, however, that there has been only too little ground for this opinion. It seems to us that the banks very readily pass securities and commercial paper which are neither good for the borrower to offer nor for banks to accept. It is a delusion to imagine that it is for the borrower's benefit to be able to get weak bills discounted, or obtain money on poor security; for these weak bills are only weak debts due to the borrower, and they contain the seeds of what will become in many instances bad debts and losses. The bank does no service to a customer in lending money on paper, the makers of which are not likely to pay; but the competition between banks for business, has of late years become so keen that almost any trader, no matter how weak his credit, could find some bank willing to take his account and to lend him money on the poorest description of paper, and sometimes on no paper at all. This state