

# The Chronicle



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### THE GENERAL FINANCIAL SITUATION

At this season of the year, crop prospects begin to assume importance. All accounts from the West agree that on the whole, the outlook for wheat is highly favourable, and with the high prices presently prevailing, the surplus available for export in the fall is likely to be such as to make an important impression upon exchange. "There have been the usual losses in certain districts, of which possibly the most important is the devastation of some 60,000 acres by wind around Lethbridge. But even allowing for these losses, a wheat crop of not less than 260,000,000 bushels is anticipated. Regarding prices it is pointed out by grain authorities that with no reserves from previous years in any of the surplus producing countries other than the United States and Canada, there are indications that prices will remain at a high level. It is not reasonable to expect large accumulations and a return to the full wheat loaf in Europe, at lower prices, until a surplus is accumulated. With transportation slow everywhere, and with Argentina and Australia virtually cleaned out of wheat of the present crop, there is no indication of supplies piling up faster than they can be cared for over the greater part of the world. In regard to the marketing of the United States crop, it is stated that while tight money ordinarily forces out the grain from the farmers at the beginning of the crop season, this condition is not expected to have the usual effect this year, as the scarcity of cars will prevent a glutting of the primary markets.

The increased activity on the local Stock Exchanges this week is due largely to an easing up of the money situation which has developed within the last few days. Money for Stock Exchange purposes has become available from private sources, and while it has been stated in the newspapers that the banks have not changed their policy of recent months in this connection, it is a fact that a

certain amount of bank money has been offered to the brokers. Much of the appearance of existing activity is due to a new development in the local market, that of close trading, by those who are in and out of the market, possibly several times a day, snatching a point or two profit on each trade. This kind of trading, while it helps to swell considerably the daily volume of business on the Exchanges, does not call for the locking up of funds to any extent, and its development has probably been stimulated by the tight money conditions prevailing during recent months.

In the early days of the current week, the paper stocks went ahead at a furious pace and with a big public willing to believe anything in regard to the companies' earnings, which are certainly enormous, it would not be at all surprising to see these stocks carried to even much higher levels than those now existing before the fall.

The announcement that the Ontario Government has decided to delay further financing of the Hydro-Electric projects until a thorough investigation has been made regarding their soundness marks a decidedly interesting development, both politically and financially. The Hydro-Electric projects have a multitude of powerful friends in Ontario, and the simple fact is that Premier Drury and his colleagues have shown considerable courage in taking the stand which they have taken. From the financial point of view, it may be said that the position of the Hydro-Electric has always been the subject of much controversy. New projects at present under way or contemplated, include not only immense new power developments which are estimated to cost \$45,000,000, and may easily, of course run into much more, but a number of radial railways, some of them in districts where it is contended, new railways are not an obvious necessity.

The fact that all the money used in the furtherance of Hydro-Electric plans is raised on the credit of the province of Ontario, is certainly a sufficient reason why the Ontario Government should know where it stands in this matter.