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THE MONEY MARKET

It is a serious outcome of the stringency which has been for so long prevalent in the financial markets that retailers have run short of funds to meet their obligations to wholesale houses. It is not a time of year when country dwellers are in receipt of very much ready money. Seeding time is not a harvesting time by any means. Urban people are likely to be short of funds this month also. Then the banks are not ready with accommodation at rates which make the acceptances of drafts especially profitable, and so it comes about that collections are very slow. It is hard on the merchant who commonly finds himself driven to the liquidation of assets—stocks, bonds, etc., at anything but profitable rates. The securities market suffers also. No relief is in sight just at present, and were it not for the universality of the complaint, we might sympathize with the impatient ones who complain that "there is not enough cash in Canada to go round!"

Owing to the trifling amount of Canadian debentures sold abroad this Spring, and in some slight degree also to the smaller exports from the country, due to the lighter harvest yield last autumn, the banks are constrained to draw upon their London balances by finance bills drawn locally or in New York. This will give some assistance here no doubt, as will also the new arrangement arrived at between our grain exporters and the British trade under which our men will draw 7-day bills on their shipments, instead of 60-day bills, as has been the rule derived from the times of sailing vessels. In a short time this shipping port ought to receive a considerable benefit from the new rule. It is surprising that the point has escaped the observation of the enterprising daily journalists.

Gold is apparently still cheap enough in New York to make it worth while for Paris to draw from thence. Altogether at least $10,000,000 has gone to France from Gotham lately, and it is likely more will be called for in order that Parisian banks may be ready for the demands to be made upon them when the Balkan war loans are offered, and the French Government offers its new bonds. New York finds the home demands for cash very light from mercantile houses. There are no funds for speculative investors, of course, but the $45,000,000 4 1-2 per cent city loan found a good deal of money awaiting it. The last debentures of the 4 1-4 per cent loan are selling at 3 1-8 off.

London has at last got the disposition of its share of a big Chinese loan in its hands. Sales were made at just under one per cent premium for a good part of the $37,500,000, and the condition of the buying market proved the truth of what we have all along maintained, viz., that European investors were awaiting the big foreign national loans which gave assurance of, comparatively speaking, permanent investments. It may be that the public over there has rather tired of smaller issues, which events have shown to be of varying value, and therefore difficult to dispose of at any profit, or indeed without loss. Dominion Steel had to make its new $2,500,000 loan at 6 per cent, though as a rule the big corporation is rather a favourite in London. We expect that until the Balkan loans have been floated, and the actual cash circulated it will be difficult to make any but very highly popular flotations in London. And the result will be stringent conditions in this market, provided our internal trade continues to maintain its present strong position.