

## FINANCIAL SITUATION IN NEW YORK

## Cause of Heavy Gold Shipment to Canada—United States Immigration Affects Price of Lands—Money in Little Demand.

(Staff Correspondence)

New York, June 3.

Prices of securities on the New York Stock Exchange this week again broke badly, declining prices being recorded in the speculative markets. Wheat was weak, and all grains lower, with provisions affected. Cotton also dropped. The price movement in the commodity markets should have been reflected in strength in stocks, but one of the peculiar features of the market during the week was its failure to respond to such encouraging developments. The list has looked as though advantage were being taken of whatever stimulus to sentiment was furnished by improving tendencies in fundamental conditions to liquidate securities. The bear party was again an aggressive one during the week, and the much advertised inaugural of a bull campaign gave them another chance to show their strength. At the opening, they sold five shares for every one that was bought for London account, in which the only apparent bull position was exposed.

## Cause of Decline in Wheat

The decline in wheat seemed to be not only a logical anticipation of a good crop report next week, but was a response to such a situation as indicated by the 23,000,000 bushels more of wheat, constituting the present European visible supply, in comparison with the total in sight at this time of last year. These are developments which point to a return of our foreign trade movement to normal conditions at some time in the future.

After a short season of dullness in the early part of the week the bear party started a movement, in which Reading fell five points, Southern Pacific and Union Pacific four points, United States Steel three points, St. Paul two and one-quarter points, Smelters about two points, and a great many other stocks one to one and one-half points. Activity was increased on the decline. The reasons given for the break were, absence of buying power, or effort to follow up the London advance, the injunction against an increase in railroad freight rates, the poor net returns for April of the Harriman lines, and Western liquidation growing out of congested bond securities.

A statement by President W. E. Cory, this week, that efforts were being made to list United States Steel common in Paris, combined with interviews in London with Mr. J. Pierpont Morgan, operated favorably on Steel stocks this week. The common has been relatively firmer than the preferred, or the 5 per cent. bonds, in which evidence of liquidation has lately appeared. The feeling that Steel common is permanently on a 5 per cent. dividend basis is strong.

## Heavy Gold Shipment to Canada

The movement of crops in Canada always calls for heavy gold shipments from New York to the Dominion early in the summer months, but on account of the early frost in the Northwest the farmers start their wheat to market earlier than is the case in United States. The first demands for this shipment do not come, as a rule, until about the end of June or July, but the fact that New York exchange at Montreal has dropped indicates an accumulation of New York funds in Canada and foreshadows a movement of gold across the border from this city. Already, the National Park Bank has shipped \$250,000, and the National Bank of Commerce \$200,000 of gold coin to Canada.

The explanation for this movement of gold at the present time touches upon a situation that has been engaging attention in the United States for a year or more past, and that is the steady exodus of labor across the border and the consequent flow of United States money into Canada. Reports received from the Northern States tell of farmers selling out and moving over into Canada, where they are taking up the new and fertile lands being opened up by the Dominion Government. Such a movement is naturally taking more money out of the United States.

## United States Investments in Canada

Although the Canadian banks have always had large balances out in loans in New York and other large cities in this country, there is still a large quantity of United States money being invested in Canada. It would seem that there is now more United States money invested in Canada than the Canadian banks have on deposit here. Most of this invested money is supplied by Boston and Philadelphia capitalists. New York capital is somewhat tardy in seeking investment in Canada. According to a recent compilation the Canadian banks have about \$200,000 on deposit in New York, while the United States capital invested in Canadian enterprises, according to The Monetary Times, is about \$226,800,000. Thus, it is not surprising that there should

be an increasing demand for United States gold to satisfy the accumulation of drafts that arise from this movement.

Although it is generally believed in Wall Street and New York financial circles that it was chiefly speculation and sharp stock exchange practices that bulled up Canadian Pacific half a dozen points in an apathetic market these past two weeks, the English holders of the stock are holding on. It is doubtful whether the owners of Canadian Pacific in England would be willing to credit the United States with any important part in making the present high value of the stock.

## Immigration Affects Land Prices

If so many of the best farmers in the United States had not moved across the border with their savings the Canadian Pacific's lands might not have advanced in three or four short years from an average sale value of \$5.00 or \$6.00 per acre to an average of \$25.00 an acre for the irrigated districts, and an average of \$15.00 for all sales. Canadian Pacific, in the midst of an ambitious programme of extension, is to-day independent of the exacting investment markets in Paris, in London, or in New York City. It is stated on good authority that of its \$50,000,000 or more treasury cash, probably half of it is on loan in Wall Street through the Bank of Montreal and the National City Bank. As for its current earnings, they are enough to enable the company to pay twice the present dividend rate of 7 per cent.

A man, who for many years has watched the steady and rapid development of the Canadian Pacific Railway Company, when interviewed by The Monetary Times this week, said that he was confident that the foreign stockholders will not only expect, but demand, a larger distribution of profits when the directors take action on the dividend question next August. He believes that either the declaration out of the earnings of the railroad proper will be increased, or that a higher rate will be declared out of the profits from land sales. It is understood that fully 80 per cent. of the common stock of the Canadian Pacific Railway Company is held in England and Europe. This interest points out that the foreign holders are in a position to make a substantial demand, but he believes that the directors are planning to declare a larger dividend irrespective of any requests or demands which may be made by the stockholders.

## Money Market is Quiet

Money is in demand among some New York business houses but there is little inquiry for it for speculative purposes. Many of the banks would lend their surpluses for four months at 4 per cent., but borrowers prefer facilities that will carry them into the new year. Although rates are low now, it is probable the customary requirements for moving the crops will entail decided firmness later in the season. The Treasury department is not in a position to come to the money market's rescue should occasion demand it. As for emergency currency, while a large amount of it has been duly engraved, no machinery has been devised in the way of forming banking associations to take advantage of the new law. Call money this week ruled steady. The range was from 3 to 3½ per cent. with the average ruling rate at 3¼ per cent. There was a dull position in time money, but the market was steady, as some institutions heretofore offering funds have dropped off. The best inquiry was for over the year at 4½ per cent., but only a limited supply was available at 4¼ per cent. There was a little inquiry for sixty days at 3½ per cent., and for six months at 4 per cent., but these maturities were firmly held at 3¼ to 4¼ per cent.

Bonds were steadily absorbed by Europeans this week but the home demand was quiet. New York investment houses are looking forward to the July 1st disbursements, in the hope that a fair proportion of them will be invested in bonds, which can be bought to yield returns that would not have been obtainable a year ago. Short term notes were unsteady this week. The supply of railroad issues is being enlarged, but new industrial offerings are rare.

The Royal Bank of Canada will shortly open a branch office of its own in London, England. The office will be at No. 2 Princess Street, opposite the Bank of England, this being the centre of the financial district of the city.

Recognizing the increase in shipping at the head of the Great Lakes, the Western Drydock and Shipbuilding Company now have under construction a \$1,250,000 drydock and shipbuilding plant. This will be capable of handling the largest boats at present on the lakes, and the keels for two 600-foot freighters are expected to be laid as soon as the plant is far enough advanced for same. This work will entail a large amount of machinery, as there will be a complete boiler shop, rolling and punching shops, pattern shop and foundry. It will employ at least 500 hands when in complete operation. Mr. James Whalen, of Port Arthur, is president, and there are large Cleveland interests of United States Shipbuilding Company in the organization.