

## COMMERCIAL.

The tone of general trade has been rather dull and quiet during the week, but indications are not wanting to the careful observer of a marked revival of business. Indeed this movement has already begun in some lines, notably in dry goods, and we look forward with confidence to seeing a large and profitable trade transacted in the coming season.

The *Montreal Trade Bulletin*, referring to the scarcity of money and the stringency of the money market, says:—"Advices from Ontario report that severe competition is going on between the banks for deposits, that although 4 per cent is the established rate, as high as 4½ per cent has been paid, and it is expected the rate will go to 5 per cent if the present keen competition continues. This of course means less profits for the banks, as it would be found very difficult to put the discount rate over 7 per cent, or in fact over 6 per cent to some customers. This fight for deposits is another evidence of the scarcity of money, although some of our bankers think it a mistake to lessen profits by advancing the deposit rate. Others, however, state that the demand is so great for government and municipal loans, that every dollar can be placed at remunerative rates, even if a little extra has to be paid for deposits. The difficulty in obtaining call loans has again played havoc with Canadian Pacific Stock, driving it down to 69½, and blasting the hopes of a large number of holders who had hoped to recover former losses before this. Among the greatest sufferers are the employees of the C. P. R., many of whom in Montreal, Toronto, Winnipeg, Brandon, and along the line to Vancouver, have been completely wiped out. There are also quite a number of Montreal merchants who have dropped considerable money on the stock, but who are still holding on in the hope of eventually making up for past losses."

The stringency of the money market appears to have been of a more widespread character than many have been disposed to admit, more especially in the United States. Secretary Windom, in a speech delivered by him about four weeks ago, made the following important statements:—"The money stringency is not a result of a contraction of the currency. There never has been a time in the history of the Government in an era of peace when so much money has been going out of the Treasury into the country. During the 19 months that I have been at the head of the department the amount of money in circulation has been increased over a hundred million, and during the five months of this fiscal year, the increase has been between \$75,000,000 and \$80,000,000. That is an enormous amount of money to put out, but its effect has been scarcely appreciable. It has become absorbed without apparently leaving any trace of its existence. Of course, when business is lively and brisk, as it has been recently in nearly all branches of business, it produces a scarcity of money, but the present condition of affairs cannot be accounted for on that ground. I think for the greater part of the hundred millions which have been expended by the Treasury in purchase of bonds you must look in the private tills and in the vaults of the Safe Deposit Companies, and until confidence is restored and those who are now hoarding money can be induced to let go of it, an enormous amount of money would be required to give adequate relief. What I may do in the future I cannot say, because I have not decided, but I do not propose to let the Treasury become bankrupt whoever else may become so while I am the head of the Department. There is in the Treasury at the present time enough money to pay out about six million dollars for bonds, offered in response of my call of Saturday, and a little more." It would appear from this that even the Treasury Department of the United States was not pleased over the exceptional intricacies of the then stringency, and if, as the Secretary alleges, the scarcity of funds was due to the locked-up money in private tills and the vaults of Safe Deposit Companies, it demonstrates clearly the general distrust existing in the public mind, and until this is dissipated, it will be vain to expect that these deposits for safe keeping will be released.

It appears from the weekly financial review by Messrs. Henry Claws & Co., New York, bearing date of the 3rd instant, that the extreme stringency of the money market in that city that has prevailed for the past two or three months has abated. We quote:—"Although the past week's business has been interrupted by the holidays, it has shown a distinct improvement in activity and confidence on the Stock Exchange. It has been in fact the only week since the middle of October that has shown any thing like the old-time feeling. The causes of this recovery have not been trivial, nor are they likely to prove entirely transient. The last bank statement showed an unexpected improvement in the bank reserves; the surplus over legal requirements being \$7,100,000, compared with \$3,400,000, for the same week of the last year, \$7,300,000 in 1888 and \$9,000,000 in 1887; which shows a fully normal condition of this important factor in the financial situation. These figures indicate that, at last, a reaction in the currency movement in favor of this city has fairly set in: and, judging from all precedents under like circumstances, the reflux is likely to continue until we have at this centre an actual plethora of money, with consequent low rates of interest. Another cause of the improvement is the important fact that about \$125,000,000 of interest and dividends is payable at the beginning of January. An unascertained but undoubtedly large portion of these payments is always devoted to reinvestment, which creates a special demand for bonds and the better class of stock at this season. Ordinarily, this demand is forestalled by speculative buying early in December; but this year that buying has not been forthcoming; and prices having consequently had no advance from this cause, and being exceptionally low, there is the more probability of a rise during the first half of January. Another cause of the better tone has arisen from the over-sold condition of the market and the unwillingness of the 'bears' to face the special demand from investors that may be reasonably expected during the next two weeks. There has also been a feeling that the present extraordinarily low prices, coupled with the easier condition of the money market, may induce a certain class of investors

to devote a portion of their January income from securities to the purchase of stocks, as a transient investment.

This immediate recovery in the tone of the market will probably prove to be the beginning of a more important later movement. The future ease in money is likely to be as decided as the past stringency has been. Under circumstances such as have recently occurred, the money market always quickly reacts from the one extreme to the other. Business becomes more or less restricted throughout the country, and prices of a wide range of properties decline; and as a volume of circulation is therefore needed, a surplus of money accumulates in the banks, which, in their desire to keep their funds employed, have to reduce their rate of interest. When such a state of the money market as this arises, and there exists at the same time a market valuation of stocks some thirty to forty per cent. below their normal value, an outburst of the speculative spirit becomes inevitable. It is an unfailling rule of experience that, when securities have touched the lowest possible point of depression, it is entirely safe to buy them for a rise, the only condition necessary to such an advance being an abundance of loanable funds, which, in the present case, is certainly assured. At present there are these factors in favor of recovery:—the weak spots among dealers have been eliminated from the market, which gives confidence to lenders of money; and the class of inflated stocks have had the element of 'water' squeezed out of them. Another very important consideration in favor of railroad stocks is that the great Southwestern systems may be depended upon to improve upon their past destructive cutting of rates; whilst the Granger States show a marked disposition to relax their interference with the management of the railroads; from all of which it is reasonable to expect an improvement in the net results of railroading from this time forward."

*Bradstreet's* report of the week's failures:—

	Week Jan. 2. week.	Prev. 1890	Weeks 1890	Weeks 1889	Weeks 1888	Failures for the year to date.
	1891	1890	1890	1889	1888	1891 1890 1889 1888
United States.....	303	306	237	286	293	
Canada.....	21	25	30	22	15	

**Dry Goods.**—That country dealers have pretty well broken into their winter supplies is evinced by the considerable increase in sorting up orders that have come in, and the improvement in remittances during the past week. There is nothing more conducive to the prosperity of the dry goods trade than a good old-fashioned winter. A number of lines of heavy wear that laid on the shelves unasked for all last winter, have been almost entirely worked off. Repeat orders for them have been sent in which could not be filled, as they were out of stock here. The week has been a favorable one to the city retail trade also, and taken altogether, the dry goods situation in general has developed decided improvement, which will doubtless give customers better heart in ordering their spring goods.

**IRON, HARDWARE AND METALS.**—The pig iron market has ruled very dull, and transactions were confined to a few small lots from store at unchanged prices. The warrant market keeps in an unsettled condition, the Glasgow public cable being down to 40s. 4d., while No. 3 Middlesboro is lower at 42s. Bar iron is quiet and easy. In tin plates coke, after receding to 16s. on the other side, have advanced to 17s., and prices here are steady. Canada plates are unchanged. The metal market is dull and values are easy. Little is doing in ingot tin and in copper, but prices are firmly held. Most of the furnaces in the United States have all the orders that they can fill, even by working "long hours," and the utmost capacity of nearly all of their foundries, rolling mills and other productive agencies of iron and steel goods will be fully taxed for some months to come.

**BREADSTUFFS.**—The flour market here has been quiet, but prices were firm, only a small jobbing trade transpired. In London wheat fell off considerably and operations were confined within narrow limits, the slackening of demand, was however, balanced to a great degree by the extreme severity of the weather, which had a hardening tendency on values. Beerbohm's cable reports wheat very firm and corn firm. Liverpool wheat on spot hardening; corn, spot, strong. Weather in England frosty. Mark Lane, English and foreign wheat firm. In Chicago wheat fluctuated some, but within narrow limits, and closing prices are practically the same that they were last week. In New York wheat dropped off 1½c. to 2c., and in St. Louis it declined ¾c. to 1½c.

**PROVISIONS.**—The local provision market has continued to rule dull, the volume of business transacted having been very small at unchanged prices. There has been no change in the Liverpool provision market. At Chicago pork was dull and declined 35c., while lard fell off 10c. The cattle market there was steady.

**BUTTER.**—The market maintains its firm tone, and holders appear to have the best of it whenever there is any dispute about prices. Choice table butter commands good prices, and there is a good, healthy movement in a local way. An English report says:—"Markets have been rather quiet in butter this week, buyers being busy in other departments, but rates have kept well up in view of small stocks and a remarkable absence of supplies from abroad, and quotations may be stated, as last week, with a slight rise in Italian and British rolls. American butters, which are extremely scarce owing to prices on the other side being above the basis, meet with a steady sale at from 78s to 96s, while Australasian butter which has come to market in quantity lately has gone off at variations between 100s and 116s per cwt, 116s being the rule, and lower quantities down to 94s. At Bristol, Canadian is quoted at 110s to 116s and States 95s to 105s.

**CHEESE.**—There has been no change to note in cheese in the local or any other Canadian markets during the past week. The holiday dullness continues, though there is a fair demand for under priced goods, which are, however, in limited supply. The Liverpool public cable remains steady at 50s, with sales of finest reported by private cable at 52s. at Liverpool, and 53s. at London. A London letter says:—"Trade has been a little better in English cheese, and stocks have been pulled down a great deal by purchasers