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THE MONEY MARKET

General conditions in the world's money markets go to confirm our opinion of last week that the immense, perhaps unprecedented volume of trade now being carried on is mainly responsible for the lack of accommodation funds at the bankers offices.

The ardent souls who expected a drop in discount rates as soon as peace was declared between Turkey and its enemies, are likely to have their patience greatly tried. That war's effect on discounts has still to be felt. It is when investors, eager to participate in foreign, national long term loans start selling off their securities, or withdrawing their funds from deposits that the worst pinch may be expected.

Much of the loaned money is earmarked for treasury notes and other accommodations by which the warring countries have been kept a-going, and will not benefit the market. No doubt, some of it will speedily flow into the regular channels of circulation in the South of Europe, which has been depleted of actual funds during the past six months. And some will go to satisfy regular bills drawn against the Governments and by so much at least the general situation will be relieved. But the actual loss of the war has to be satisfied, it will have to be remembered. So far as the international position is concerned we need not anticipate any very considerable relief for months to come.

Some checking of the flow of trade would undoubtedly cheapen money. It is an elementary axiom that cheap money accompanies bad times. Financial navigators who affect weather-wisdom are prophesying a slackening of trade in the States, as a result of the Tariff changes. Others declare that difficulties are likely to be in the wind for Canadian business. Quite a large number of financial men believe that the end of the present trade boom is at hand. Since the gravity argument,—that what has gone up is bound to come down—is the main article in their belief, we are not inclined to take their fears (or hopes) very seriously, though it would be foolish not to learn caution from them. Certainly there is good reason to regard with apprehension the continued rise in the cost of staples, accompanied by as steady an increase in the value of money.

Paris, which has the credit of financing the Balkan war, is still a source of anxiety to the financial world. She has certainly been collecting large quantities of gold, and is willing to lend it to consolidate war loans, and to strengthen armaments. Her rates will have to be high, and the Balkan and other South Eastern European people will find themselves burdened with serious interest charges for their rehabilitation expenses. France, Germany and Austria are about to issue heavy loans, and there will be much scraping together of money to get ready for them.

London has been finding a good deal of money for debenture issues, including Province of Alberta, £1,000,000, fours; Calgary Power, 18,500 shares, $100 each; Canadian General Electric Co., $1,900,000, common; Grand Trunk Pacific, £2,000,000, fours; Port Arthur, £415,700, fives; Prince Albert, £102,700, four and a halves; Riordan Pulp and Paper Co., 10,000, shares, $100 each, sevens, and $1,500,000, sixes; Province of Saskatchewan, £1,000,000, fours, as well as the Chinese and Brazil flotations.

The "spread" of all this money will do something towards relieving the present tension, but what will be of greatest importance is the fact disclosed that London can still find money for good investments. We do not worry much over the low quotations on the stock sheets, since liquidations are inevitable with money dear, and well paying investments offered on bargain counters.