

**THE DECLINE IN CONSOLS THIS YEAR COMPARED WITH THE RECORD OF PRICES SINCE 1778.**

The decline in the price of Consols this year by about seven points is a notable event. At the opening of this year they stood at 110 1-2, at which figure they stood with only fractional fluctuations up to May last. In June they fell to 108 1-2, in July to 107, in August to 106 1-4, since which month there has been a steady setting down, which, if the decline goes on at the same rate, will bring them to par before the close of the year. It will be seen by the table below that no such fall has taken place in any year since 1867, when they fell from 96 3/8 to 89 3/4, from which they soon rallied. Prior to 1867 the fluctuations were greater than they have been in the last thirty years, during which period the tendency has been upward, although, since 1888, the interest on these securities has been lower than ever before. The low price now quoted is all the more marked because last year they rose to 112 7/8, and in 1896 and 1897 to 113 7/8, so that they now stand about ten points lower than the average of the past three years. The market value of these securities has been enhanced in recent years by operations on behalf of the Government of a nature, and for purposes, which have introduced a new element into the causes which cause fluctuations in Consols. The heavy increases which have taken place in the deposits placed with the Government Savings' Banks have necessitated the use of Consols for investing those funds. This has been done on a large scale involving considerable loss, as money on which three per cent. interest was payable to depositors was used to buy Consols, which even if bought at par only yielded two and three quarters per cent., with a lower revenue proportionately to the price paid for them above par. At the price at which the Government bought Consols in the last four years, up to recently, they would only yield about 2.44 per cent. As the British Government is one of the chief buyers in the Consol market, and is not a seller, but keeps accumulating these securities, it is quite reasonable to conclude that, had Consols been left uninfluenced by these official purchases, they would have touched an even lower figure than the present quotation. As the various quotations of the price of Consols for a number of past years have never been published in Canada, we present the following table which will be found most interesting for reference, and as a study to those of our readers who care to speculate upon, or discover the why and wherefore of the more marked fluctuations which act as a financial barometer indicating the extent to which the money market is being influenced by the vents, the rumours and anticipations of the day. The decline this year is chiefly attributable to the prospect of war in the Transvaal. But it is quite a misapprehension to regard war in prospect or in progress as the chief factor in depressing Consols, as history shows that purely commercial events, such as excessive speculations, rash foreign loans, bad

harvests, depressed trade, any movement of gold that threatens to deplete the home supply below the standard of safety, have each in their turn, and more especially when in combination, had the effect of reducing the market value of these securities. The following table gives the highest and lowest prices of Consols from 1778 to 1899. In these years for which no quotations are given the prices were unchanged from the previous year, or the fluctuation was trifling.

Table showing the highest and lowest prices of Consols for each year, from 1778 to 1899:

Year.	Highest.	Lowest.	Year.	Highest.	Lowest.
1778	69%	63%	1847	93%	78%
1779	61	59	1848	90	80
1786	78	69%	1849	97%	88%
1791	88%	80%	1852	102	95%
1792	96	89	1854	95%	85%
1793	76%	72%	1857	94%	86%
1795	66%	62%	1858	98%	93%
1797	52	50%	1864	92	87
1798	50	49%	1865	91%	86%
1802	69%	67%	1866	90%	84%
1803	73	50%	1867	96%	89%
1804	59%	53%	1872	93%	91%
1805	62	57	1875	95%	91%
1806	64%	58%	1876	97%	93%
1808	69%	62%	1877	97%	93
1810	71	63%	1878	98	93%
1812	63	55%	1879	99%	94%
1813	67%	54%	1880	100%	97%
1815	72%	61%	1881	103	98%
1816	65%	53%	1882	102%	97
1817	84%	62	1885	103%	91%
1818	82	73	1888	103%	99%
1820	70%	65%	1889	99%	96
1821	78%	68%	1890	98%	93%
1822	83	75	1893	99%	97
1824	97	84%	1894	103%	98%
1826	84%	73%	1895	108%	103%
1829	94%	85%	1896	113%	105%
1831	84%	74%	1897	113%	110
1833	91	84	1898	112%	108%
1838	95%	96%	1899	111%	103
1844	101%	96%			

\* 3 per cent. to this year, afterwards 2 1/2 per cent. interest.

Those familiar with the history of the period covered by the above table will be able at once to pronounce what event it was, or movement, which caused the principal variations in the price of Consols. Take, for instance, the drop from 96 in 1792 to 76 1-4 in 1793, and then to 50 in 1798. In 1792 the commercial world was greatly disturbed by panic, which extended to the continent of Europe and to America, France too was entering upon a period of revolution, and in 1793 war broke out with England. For many years Consols fluctuated with the fortunes of war. The decline to 50 and 49 1-2 in 1798 brought Consols to the lowest point recorded for over a century. This was caused by alarms of invasion, by troubles in the north of England, and the drain on the Bank of England which caused a suspension of cash payments. The movements of Napoleon were responsible for other changes, until he was removed as a disturbing factor by the battle of Waterloo. The large fluctuations from 1822 to 1829 arose chiefly from a speculative mania and its collapse, and serious financial disturbances caused by excessive importations, which have repeatedly led to very grave monetary troubles, although, at the time, they were regarded as evidence of great prosperity. From the latter year to 1847