

England of the opinion that the Western Canadian provinces, or some of them, have guaranteed railway bonds too extensively.

NEW YORK POSITION.

Call loans in New York have been a little firmer at $1\frac{3}{4}$ to 2 p.c., most of the business being done at the higher level. Time loans also have been working in the direction of firmness. Sixty days, $2\frac{1}{2}$ to $2\frac{3}{4}$ p.c.; 90 days, $2\frac{3}{4}$; six months, $3\frac{1}{4}$.

The Saturday bank statement was somewhat mixed, in that the banks and trust companies combined showed a decrease of \$1,977,000 in surplus reserve whereas the banks alone reported a gain of \$3,588,000. In the latter case the surplus stands at \$39,770,000, and in the former, \$39,700,000.

A large loan expansion—\$22,700,000—was chiefly responsible for the decrease shown by all members.

STRONG DEMAND FOR STERLING EXCHANGE.

The bank position in New York has been affected to some extent by the strong demand for sterling exchange in the American market. Last week some large engagements of gold bars for export were made. It was then noted that the supply of bars had been exhausted and that exchange rates would have to rise $\frac{1}{8}$ further before it would be possible to take gold coin for shipment to Europe. This week the exchange market traversed the necessary distance, to make coin exports profitable; and on Tuesday a shipment of \$2,000,000 in American eagles was arranged for. Despatches state that the engagement of coin is the first since 1909. Exchange rates continue high and apparently the experts would not be surprised if further large exports of metal were to occur.

WHEAT MARKET FIRING UP.

It was scarcely to be expected that so phenomenal a crop of winter wheat as that now indicated for the United States could reach maturity without a crop-scare or two. Some of the experts are now reporting serious damage in the West and southwest as a result of ravages by Hessian fly. These reports appear to have had some effect in firming up the wheat market which recently displayed a tendency to decline under the news of the heavy crop; but the stock market has not allowed itself to be discouraged. Wall Street this week evinced more of a disposition to look at the favorable points in the situation; and under the influence of the improved sentiment the quotations for the representative stocks slowly advanced. The records show that on nearly every occasion in the past 25 years in which bumper crops were realized, the stock market quotations and business conditions were affected very favorably.

Mortgage loan money in the West is now readily obtainable on farm properties as well as on the best class of city property and while banking funds are still fully employed, there is no longer any stringency.
—Mr. Vere C. Brown.

THE MERCHANTS BANK OF CANADA.

A notable address was made by Mr. E. F. Hebden, general manager of the Merchants' Bank of Canada, at the annual meeting of shareholders held on Wednesday, which on account alike of the speaker's character, reputation and important position as the chief officer of one of the larger of the Canadian banking institutions is likely to attract widespread attention. Mr. Hebden graphically sketched the rapid transition which recently took place in Canadian affairs—a period of plethora and easy money with deposits raining in upon the banks changing to a time of scarcity with the prophet of blue-ruin abroad in the land. That remarkable transition has been succeeded by a calmer period, and Mr. Hebden believes that not only is Canada already on the highroad to better times and a renewal abroad of confidence in the Dominion, but also that the present position is full of promise. He assured the shareholders that their business is prosperous and that the heart of the country is sound, and uttered wise words, which unfortunately need frequent repetition, regarding the necessity for economy:—

"Extravagance and waste" he said, "may yet need their lessons that spending is not living but only the sure forerunner of evil days. I do not desire to moralize or preach, but sanity in expenditure in public and private life is the only sure and certain road to permanent success, and I believe errors in the past will be retrieved, for few remain that are not convinced that the pace that kills must be permanently abandoned before the brighter era dawns. Those brighter days, I believe, are even now knocking at our door. It will be opened the sooner if borrowers of all kinds are moderate in their demands. Excess in borrowing will be the one potent factor in keeping things as they are and deferring the day of easier money and generally better conditions."

These words are in keeping with what has been previously said by other leaders in Canadian finance, and the prominent and respected position occupied by Mr. Hebden, will give weight to the grave warning they contain.

THE BANK'S GOOD YEAR.

While owing to the change a year ago in the Bank's financial year, it is not possible to make direct comparisons of the results achieved by the Bank during the twelve months' ended April 30, with those of the prior twelve months, at the same time it is evident that the management of the Bank have guided their institution skilfully and successfully through a most difficult period, with results that should be entirely satisfactory to the shareholders. The net profits of the year amounted to \$1,218,694, showing the favorable rate of 9.13 p.c. on the average capital and rest, which with the premium on new stock, \$180,825 and balance brought forward from the previous financial period, \$401,014, makes a total available on profit and loss account of \$1,800,534. The profits are dealt with on a conservative basis. The 10 per cent. dividend absorbs only \$686,574, an allocation of \$400,000 is made to the reserve fund in