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THE CHANGE OF WEATHER

The Canadian markets this week again have been under the influence of the depression and unsettlement reigning in the great international markets, and also perhaps of an increased sensibility to the prospect that the trade of the Dominion is slowly declining. Another evidence of the reaction in trade was furnished this week with the publication of the customs collections for October. Receipts were roundly \$900,000 less than in October, 1912—the decrease following smaller decreases in September and August.

The international money and securities markets have been profoundly depressed. It is now apparent that the principal European countries are in for less prosperous times; and there are financial disturbances in several other directions—notably in Mexico, Brazil and India. So it is not surprising that outside holders of our securities should be disposed to sell—especially those securities which they

consider likely to be affected seriously by a trade depression.

THE CHANGE OF WEATHER.

Apart from the craziest optimists, nearly everybody must have kept in mind the possibility that our period of great prosperity would sooner or later merge into a less prosperous era. So far as the banks and other big financial institutions are concerned preparations for the change of weather have been under way for a year or more. And it must be said that they have handled the situation wisely and skilfully. It now appears that the action of the banks in curtailing credits and holding down their borrowers was exactly what was wanted to enable Canada to pass with credit through a readjustment more difficult in some respects than that of 1907. Owing to the general desire to liquidate stocks and other properties the demand for bank credits has not been keen. In spite of the comparatively high rates of discount quoted at home and abroad, the situation is gradually working towards easier money. In the meantime call loans at Montreal and Toronto are 6 to 6½ p.c.; and for lines of credit based on commercial paper the rates of discount range from 6 to 7 p.c.

EUROPEAN DEVELOPMENTS.

In London the Bank of England rate is maintained at 5 p.c. In the open market call money is quoted 3½ to 4 p.c.; short bills are 5 p.c.; and three months' bills, 5 p.c. At Paris the Bank of France quotes 4, and discounts in the private market are 3½. And at Berlin the Reichbank quotes 5½ as against 4½ quoted in the private market. London and Paris have been disturbed by the progress of the panic in Bombay and by the financial developments in Brazil. Also the markets were affected by the reported sending of an ultimatum to President Huerta, of Mexico, by the Washington Government. Apparently the position of the Wilson Administration as regards Mexico is stronger than has been generally believed. According to well informed observers recognition of the Carranza party by the United States and the granting of permission to them to purchase arms of the Americans would be followed almost immediately by the downfall of Huerta. If these representations are correct it may be presumed that the provisional president of Mexico will be forced to give way before the diplomatic pressure exerted from Washington; and there is at least reasonable ground for expecting that armed interference will not be necessary.

NEW YORK POSITION.

In New York the week has been broken by the election holiday on Tuesday. The decisive defeat of Tammany is of course a matter for congratulation; but it does not follow necessarily that all the high hopes of good government will now be realized. Tammany has been defeated before this on various