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GENERAL FINANCIAL SITUATION

The Street was somewhat surprised at the beginning of the week when cables were received in Montreal announcing that the underwriting arrangements were being made in London in connection with the issue of \$15,000,000 Canadian Northern Railway bonds guaranteed by the Dominion Government. It had been supposed that the arrangements for this loan would not be completed until Sir William Mackenzie's arrival in London. The guarantee of the Dominion was affixed only a few days ago, and apparently the procedure had been fixed in advance so that no time would be lost after the Finance Minister placed his endorsement on the securities.

The presumption is, of course, that the bonds now to be offered constitute part of the \$45,000,000 recently authorized by Parliament. They are to bear interest at 4 per cent. and the public is to be given the opportunity of taking them at 94. It is understood that the price at which they are underwritten is 93. The money therefore costs the railway company in the neighborhood of 4¾ per cent. Considering the circumstances now prevailing in London and the trade recession in Canada, the terms are not so bad. Dispatches from New

York state that a syndicate of American bankers, headed by Messrs. Wm. A. Read & Co., made an offer for the bonds, but that the terms were not as favorable as those obtainable in London and therefore the American offer was turned down.

Several lines of manufacturing in connection with the Canadian iron and steel industry have already benefited to a certain extent from the orders given by the C.N.R. in anticipation of the flotation of these Dominion-guaranteed bonds; and it is expected that in the course of a short time further orders from the same source will be forthcoming.

CROP PROSPECTS.

The crop reports now coming in from Western Canada are not quite so favorable as in the past couple of weeks. It appears that in some parts of Manitoba north of the C.P.R. line, and in various parts of Saskatchewan, the extremely hot, dry weather experienced early in July injured the prospects quite substantially. Some authorities now say that the Saskatchewan crop will be about 60 per cent. of a full crop; but others state that the estimates of loss are exaggerated and that the crop for the three provinces will amount to from 180,000,000 to 190,000,000 bushels. It is certain that in some important wheat-growing districts, Southern Manitoba being one of them, the prospects for a bumper crop are excellent.

CANADIAN SITUATION.

Money market conditions in Montreal and Toronto are unchanged—call loans being quoted at 5½ to 6 per cent. and commercial paper at 6 to 7 p.c. as in the recent past. The opinion on the street, however, is that money is working sensibly easier and that there is practically no danger of a rise in call rates during crop moving.

LONDON SITUATION.

Call money in London is quoted 1½ to 1¾ p.c. Short bills are 2 3-16 p.c.; and three months' bills, 2¼ p.c. Bank rate is unchanged at 3 p.c. Also the Bank of France and the German Imperial Bank have allowed their existing rates to stand unaltered—the former quoting 3½ and the latter 4. In the private market at Paris discounts are 2 11-16, and at the German centre they are 2 1-8. Paris this week secured most of the \$4,500,000 new gold offered in the London market.

All of the European monetary centres have been somewhat nervous during the week over the Austro-Servian political situation. Since the assassination of the Austrian heir-apparent in the Servian capital, the tension between the two powers has been increasing and when the hostility is so bitter there is always a possibility of an outbreak which might have serious consequences.

NEW YORK MARKET.

Call loans in New York are a little easier, the rates ranging from 2 to 2½ p.c., with most of the busi-