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## TRADE RECOVERY AND THE STOCK MARKETS.

Despite "disappointed selling" at mid-week, the price of United States Steel Common has still held at over 70. The announcement of the dividend's being increased from 2 per cent. to 3 per cent. per annum—instead of to the 4 per cent. rate predicted by many—was not allowed to cause a slump. Still, the strong support at hand was scarcely due to any demand by the general public for a stock which now yields scarcely one-half per cent. more than Bank of England shares at their present level. Nor was the quarterly report of the corporation such as to give rise to a roseate view of the near future. Steady improvement it indicated to be sure—but no booming trade. In fact, the earnings were considerably less than those prefigured during the stock's excited rise to 73, two weeks ago. While the gross earnings of $29,340,000 were $9,000,000 ahead of those for the June quarter of 1908, they fell below the showing of any other corresponding quarter since incorporation, except that for the "off" year of 1904. Net earnings monthly during the quarter compared as follows with the net earnings the same months for three years past.

| | 1909. | 1908. | 1907. |
|---|---|---|---|
| June | $11,516,109 | $7,482,797 | $14,846,035 |
| May | 9,661,228 | 6,021,279 | 16,056,832 |
| April | 8,163,244 | 6,761,680 | 14,600,838 |
| Total 3 months .. | $29,340,581 | $20,265,756 | $45,503,705 |

As to the 4,000,000 or more tons of unfilled orders, it is to be noted that this figure too—while evidencing recovery from depression—is considerably below all quarterly showings except those during after-panic periods.

The steel industry of the United States is usually credited with being a barometer of general trade conditions. Just now too, the market trend of its securities is somewhat typical of New York stock exchange conditions generally. A return of trade to about two-thirds of its pre-panic activity has been followed by a rise in stock exchange prices that makes the average of the market generally, not far below the toppling height of January, 1906.

This may be seen at a glance from the following trend of average prices for 25 representative stocks as computed by the Boston Evening Transcript.

| Year. | | Average Price of 25 Stocks. |
|---|---|---|
| 1906.... | High price | 114 (January 19) |
| 1907.... | Low price | 65 (November 21) |
| 1908.... | Price a year ago | 90 (August 10) |
| 1909.... | Present price | 108 (Mid-week) |

From which it will be seen that there has been a price advance of practically two-thirds above the low level after the panic. The average price of twenty-five representative stocks listed in Montreal has risen about one-half in the same interval. Of course, the price fall after the crisis was less violent here than New York—just as the price advance culminating early in 1906 was less excessive.

Professional trading and inside support are responsible in great measure for the present level of most of Wall Street's quotations. That Union Pacific should have touched 200 at mid-week is generally looked upon by the disinterested, as a "making good" by the interested of their widely heralded market predictions. But with all its fervour, bull campaigning has not as yet succeeded in interesting a wide public in Wall Street this year.

So far, the share volume of Wall Street's stock sales has been only about 15 per cent. greater than in the corresponding period of 1908. That Montreal's stock exchange business for the past half-year was over double the showing for the first six months of 1908, may be fairly taken as indicating a relatively broader interest and a more genuine investment demand for stocks on this side of the line. While anything in the nature of a runaway market would be most undesirable for Canada, there are good grounds for believing that Toronto and Montreal have not thus far over-discounted returning trade activity. As much can scarcely be said for New York, and in spite of strong backing interests, reaction is looked for by the more cautious among market observers there. Here, too, caution is advisable.

In some respects the situation resembles that at the begining-of-the-end of the 1905-06 Wall Street boom—though on that occasion the general public was speculating much more heavily.

On January 17th, 1906—two days before Wall Street prices reached their top notch—THE CHRONICLE remarked:

"The United States public is gradually awakening to the fact that the stocks they have been scrambling for in New York on dividend prospects and other rumors have now advanced to the danger level, and as a result many traders in that market have sold out their commitments and are turning their attention to the Canadian dividend-paying securities."

And American investors, at the present time, might easily do worse than make some intelligent choices from among stocks here. Certain it is that London, not a little suspicious of recent Wall Street tactics, has this year shown a new interest in Canadian securities of every class.