

Correspondence.

We do not hold ourselves responsible for views expressed by correspondents.

NEW YORK STOCK LETTER.

New York, January 20, 1904.

Nothing of material import has occurred during the week, to change the general condition of affairs, except the ratification by Congress of the Chinese Treaty. This action, it is asserted by some well-posted people, will indirectly have a bearing upon the trouble existing between Russia and Japan, and may make it possible to, in a measure, if not altogether, harmonize the difference which may exist between those nations. This would remove one of the two disquieting elements which has for some time been hanging over the market. The other unsettling question is that of the decision in the Northern Securities' case. While it is possible for this decision to be handed down within a few days, it is hardly probable. The Supreme Court is a very deliberate body and in a matter of this importance will want to investigate thoroughly every question which may come up regarding the matter before it. This will take time, and could hardly be done under three months and might take six. But whatever the decision may be, we hold that the matter has been so thoroughly discussed by operators and the public at large, and the arrangements of the parties in interest so carefully and perfectly made, that should the decision be against the company, the adverse effect upon the market would, except for the first shock, be very slight, while on the other hand should it be in favour of the company, the stimulating effect upon the market will be very great, especially as the market has already begun to harden and it would only need something like such a decision to start it off at a very good pace. During December there was much talk of the improvement that was to come with the turn of the year and not a few finding that such improvement was not immediate became discouraged and thought that it never would come. If such people will be a little patient—and there is no place in the world where patience is so much needed as in this market, we think that they will soon see all of the improvement and increased activity that they reasonably ask for in a Presidential year. Up to the present time the investment business has been very much restricted, but now it is beginning to show some improvement and should gradually broaden out, especially as the general market becomes stronger and higher and what is still more important confidence becomes greater in the better out-look of the country.

The report of the Department of Commerce and Labour of Exports and Imports for the calendar year makes a most remarkable and gratifying exhibit. The exports for December are the largest for any month in the year, while those for the entire twelve months exceed any total ever reached in the history of American trade. The aggregate is \$1,484,854,694. One of the remarkable features of this report is that in the nine months ending ninth September, excess of merchandise exports over imports fell \$10,678,000, under that of the same period of 1902, while, for the twelve months the excess over the figures of 1902, was \$97,825,000. One reason for the sudden change which is herein shown in undoubtedly the large export of cotton which occurred, and the high price obtained for the staple.

The much discussed question as to whether there would be a new issue of Rock Island Bonds has been definitely settled by the announcement, by the company of a new mortgage for \$163,000,000—thirty year four per cent.

bonds of which \$15,000,000 are to be sold immediately; \$82,025,000 are to be reserved for retiring taking up or acquiring at or before maturity various under-lying securities; \$13,500,000 are to provide funds to the amount of 75 per cent. of the purchase price of securities of other companies which may hereafter be acquired by the railway company and which are to be pledged as further security for the new issue, while either amounts under specific restrictions are to be issued from time to time during a series of years.

The declaration by the directors of the Erie Company of a dividend of 2 per cent., upon the first Preferred Stock dissolves the voting trust under which all of the stock has been held since the reorganization in 1896. In this voting trust and in the Board of Directors, the Morgan interest has prevailed and it is now an open question whether the dissolution of this trust will result in any change in the control of the property. If it is true that western interests in his property are as large as they were some time since stated to be, it would not be surprising if they were to be accorded a larger representation in the Board.

One of the effects of the high price for cotton is seen in the reports from commission houses that the cotton goods season thus far has been far from satisfactory, jobbing houses being unable to get the higher prices for goods which the increased cost of the staple makes necessary. Of course if there is a short crop of cotton the public will have to pay higher prices for the manufactured goods, but so far they are not disposed to do this and it is a question as to which side can hold out the longest. In the meantime the position of the manufacturer is by no means a pleasant one. The market has been strong all day although very quiet, and there appears to be a steady absorption of stocks particularly of the low priced issues.

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LONDON LETTER.

FINANCE.

London, January 7, 1904.

It is always easy to be wise after the event, but I think the London financial editors are quite justified in saying that they have persistently warned their readers against the dangers inherent in such over-capitalized concerns as the United States Steel Trust. The common stock, which two years ago was quoted here as high as 56½, is now down to a fraction over 10. Lots of our own combines, it is true, have made bad exhibitions of incapacity, but owing to the fact that England had no protective tariff they do not seem to have created such disastrous records as some of their American prototypes. One of the advantages of free trade, it is claimed, is the impossibility of putting up prices against the consumer and so creating an artificial, but short lived prosperity. I take no responsibility here and now for the economic doctrine underlying this statement, but simply pass it on as a current conception held here and frequently used in debating the question of industrial trusts.

The additional interest which has been taken of late in Grand Trunk by investors on this side and particularly in Scotland has set a good many people hard at work trying to forecast the results of the half year's trading ending with last December. Working on the published gross figures and making some reasonable estimates where the figures are unknown, the most conservative conclusion which is arrived at is that there will be at least \$1,860,000 available for dividends. As the half-year's distribution on the Guaranteed and the Firsts and Seconds would take \$1,265,000, there would be sufficient left to pay 1½ per cent. for the whole year on the Thirds, and to carry forward \$55,000. These Thirds, which were down to 9 in 1896, touched 55½ one time last year and even now when shares and stocks of all description are down to specially low depths, owing to the Far Eastern uncertainties, the market quotation is 42½.