of the country tributary to it, and of the Muskoka Railway Company.

It will be remembered that a draft lease had been provisionally sanctioned by the Canadian Board of the Northern and your committee before my departure for England.

The chief provisions of that lease were:—

1st. That it should be for a period of 21 years.

2nd. That the Muskoka line should be constructed upon a specified standard;

3rd. That the Tariff of the Northern should at all times apply by mileage rates to the Muskoka traffic, save and except that special provisions was made for cordwood;

4th. That the Northern should provide the necessary equipment in rolling stock;

5th. That the Northern should guarantee the Muskoka debentures to a limit of £1,500 per mile of railway;

6th. That in consideration of stocking and working the line, the gross receipts thereof should be divided between the two companies, as follows:—

1st five years, 70 per cent to Northern and 30 to Muskoka;

2nd five years, 65 per cent. to Northern and 25 to Muskoka;

Remainder of term, 60 per cent. to Northern and 40 per cent. to Muskoka;

And, finally,

That any new and additional works required on the Muskoka line to meet increase of traffic during the term should be provided by the Northern at 6 per cent. for the outlay.

These provisions were generally assented to and the draft lease approved by the London Board of the Northern, excepting only that it was deemed wiser in all the interests to provide for stone and iron bridges, and stone culverts throughout the works, a suggestion to which I readily assented on the increase of the guarantee to £1,800 sterling per mile, and a decrease of the proportion of gross earning to the Northern to the extent of 5 per cent. of the rates declared by the draft leases as above.

The negotiations were closed on the latter basis, and the arrangements between the two companies may now be regarded as complete; subject, of course, to final sanction of the proper authorities.

A memorandum of the Northern London Board has been received empodying these arrangements, and I am authorized to say that the Northern Company is prepared to execute an agreement for a lease on those terms when called upon.

I congratulate the Committee upon this settlement, which I regard as most satisfactory and encouraging; and I desire to express my warmest appreciation of the very liberal and friendly spirit in which our enterprise has been considered and assisted by the Directors of the Northern Company.

I have also to acknowledge the kindly assistance of the Mayor of Toronto, of whose presence in London I availed in aid of these adjustments.

I take this opportunity to inform you that the survey of the location from Barrie to Washago has been completed; that in a few days the quantities of the works will be ready for estimate in every detail; and that at least nine-tenths of the right of way has been conditionally secured, under sealed agreements, and at such very moderate rates as testify to the popularity and local value of our undertaking.

Inasmuch, however, as the immediate prosecution of the works, and all the financial arrangements provisionally concluded, are wholly dependent on the municipal bonuses, I submit for your consideration whether you should not promote the early perfection of all by-laws in aid of the work, in order that any open questions as to location should be at once absolutely determined, and the works commenced without further delay.

The law requires that the line should be commenced within the year, and I am advisel that all is now ready for such a commencement so soon as the by-laws referred to are finally passed.

Under all these circumstances, it would seem to be desirable to organize the Company on a permanent basis, in order to start the works of construction as soon as possble.

I am, Gentlemen, your obedt. servt.,

FRANK SMITH, President.

Commercial.

TORONTO MARKET.

Business generally during the past week has been rather less brisk than previously, although, especially in Dry Goods, a larger trade has been done; but it is expected that any slackness which may occur up to the end of September, will be more than made up during the Exhibition week, when a large number of buyers from all sections north, east, and west are expected to visit Toronto. Many who have already been here buying more or less largely, have signified their intention of being here and buying what they might then need, and all our merchants expect to be occupied to their utmost capacity, and to sell all the goods they can possibly handle. The weather has in the main been fine and seasonable, with some few showery days.

BOOTS AND SHOES.—The demand which has previously existed still continues unabated, and orders are being taken even faster than manufacturers are at the moment ready to file, and stocks are likely to be low for the rest of the season. Prices are firm, and, as leather is also very firm, are not likely to recede.

DRY GOODS.—A large number of buyers have been here during the past week, and have purchased heavily of staple and general goods. The business up to this date has been of an exceedingly satisfactory character, and the leading importing houses report sales so far to foot up considerably in excess of the corresponding period of last year.

DRUGS.—There has been less activity during the past week, which has been rather quiet than otherwise. Prices are entirely without alteration.

GROCERIES.—Trade has been decidedly dull, the principal business consisting of orders received by mail, there being an almost entire absence of buyers from the city. *Fish*—There is still a demand for Dry Cod, but receipts are somewhat more liberal, and it is now quoted at $5.50 to $5.62. Nothing doing in other kinds. *Fruit*—Not much doing. Good Currants are scarce and in demand, and would sell readily at quotations, but inferior are neglected. *Rice*—Not much doing, desirable samples being scarce, and and held at full figures. *Sugar*—The general trade is quiet, but some round lots of raws have been placed at about quotations. Latest advices from Cuba report markets there as steady on the basis of 9 to 9¼ reals for No. 12 Dutch Standard, with stocks probably being largely reduced by shipments this month in order to avoid the increased export duty on box and hogshead sugar which comes into force on the 1st of October. This duty is equivalent to an advance in Canada duty paid of from 20c. to 22c. per 100 lbs. according to quality. *Teas*—Very litle doing, with no special enquiry for any particular sorts. The trade sale of Messrs. Cramp, Torrances & Co., advertised for next week will probably attract a good deal of attention, and be well attended by the numerous buyers who will then be in the city.

HARDWARE.—There has been only a moderate business in heavy goods, but trade in general and shelf goods has again been active, many buyers having been here, purchasing pretty liberally. No change whatever in prices.

HIDES AND SKINS.—Receipts of domestic *Hides* though improving are still small, and entirely absorbed by the local demand. *Lambskins* and *Pelts* are in plentiful supply, but without change in price.

LEATHER.—Business has been quite brisk, all kinds of desirable stock having been in demand. *Harness* and *Russett* are scarce and wanted, there being a demand from Montreal and other points. There is as yet no change in quotations, but higher prices are looked for.

PAINTS AND OILS.—Have had no special demand, and prices are entirely without alteration.

PETROLEUM.—Business has been active, both for single barrels and for car loads, and considerable orders have been filled, prices remaining as previously quoted.

PRODUCE.—The market generally has been dull and quotations for wheat and flour are nominal, there being no recent transactions on which to base them. *Flour*—In the fore part of the week, holders were firm, on a basis of $5.25 for superfine, with a few sales reported at this figure. Later, buyers became less disposed to operate, and though the market was slightly easier, nothing has been done for several days. *Wheat*—Little or nothing doing. In the fore part of the week, 3,000 bush. choice Spring changed hands at $1.14 at Port Hope, and a sale of a car Treadwell, at $1.08; and a car of Fall at $1.13½ at Brampton was also reported. Since then, no sales have been made public. *Barley*—The market has been weak and declining all through, and with heavy receipts both by rail and from farmers, the price has given way to an extent almost panicky. This has been owing partly to the heavy decline in the Western and the absence of demand in the Oswego and other Eastern markets; and no improvement can be looked for here while the Chicago market keeps at its present figure, consequent on unusually large receipts from the West. The total receipts here for the week are estimated at about 150,000 bushels, one half of which were by waggons; and the prices paid from day to day ranged from 75c. to 80c. at the beginning of the week, down to 65c. to 70c. at the close. The opinion here seems to be pretty generally held, that Barley is cheap at present prices, but it would not be safe to speculate for a rise without some means of knowing what the surplus will be to come forward from the West. Should Canada have even one million bushels more than the United States maltsters' will require, the price must give way even still farther, unless, indeed, farmers are prepared to hold over till next season, which is not likely. *Oats*—Very limited business passing, holders asking 39c with 38c only bid, for car lots. *Peas*—Although sales have been small, holders are firm, and decline to accept anything under 70c f.o.b. *Rye*—Nominal and unchanged. *Hay*—$10 to $12 50. *Straw*—$7 to $8.

PROVISIONS.—The market has been quiet during the past week. *Butter* has been without special activity, except for choice dairy, which has been in demand, with sales at from 19 to 19½ for selected tubs. *Cheese* is unchanged and has only a moderate demand for local consumption. *Eggs* are unaltered in value, and very slow of sale. *Pork*, absence of stock prevents business. *Bacon and Hams* are still low in stock and in too limited supply to fill orders. *Lard* dull and unchanged.

SALT.—No *American* in market. *Goderich* wanted at quotations; stock unequal to requirements of trade, *Liverpool coarse* without change.

WOOL.—Is wanted, and dealers are paying 30c. for all marketable lots offering.

MONEY.—Sterling exchange, 60 days sight, or 75 days date, 109¼ to 109¾. gold drafts on New York ¼ prem.; Currency Drafts on New York or Greenbacks 87½ to 88¼; American silver, large 5 to 6; small 7 to 10 discount. Gold in New York in the early part of the week declined to 112⅞, but subsequently rallied to 114, at which it closed firm.

FREIGHTS.—There is no change to note in anyway. Very little grain or flour offering, and the business generally regarded as very unsatisfactory. We continue our rates of last week: Grain 2½c., greenbacks to Oswego, and 2c. gold to Kingston by sailing vessel; from Kingston to Montreal, by barge 4½c.. Steamer rates unchanged, with no particular pressure from shippers. We quote for flour, 15c. to Kingston; 17½c.