

# BROKERS SURPRISED AT MARGIN RESPONSE

Traders Have Surpassed all Expectations for Strengthening Their Accounts

## WAR PROSPECTS SOLE TOPIC

No Business Done in Any of the Brokerage Offices, But These are Thronged, as at No Other Time, By Anxious Enquirers.

Nothing was discussed on the Street to-day, aside from the terrible conflict that is now in prospect in Europe.

Ordinarily, when the Exchanges are closed, whether on account of holidays at home or abroad, the customer's rooms in the various brokerage offices are entirely deserted.

It seemed strange to-day, on the contrary, in wandering from one brokerage office to another, to find them, while filled with animated groups of traders, still doing no business.

The voice of the ticker was dead, and even the telegraph instruments gave forth sound only at protracted intervals (when they were called into requisition to transmit a brief item of news); while on the boards, usually adorned by innumerable figures setting forth the price fluctuations, the sheets remained entirely void of quotations.

### Looked Like a Curb Market.

Outside St. Francis Xavier street might have been the scene of a curb market, so numerous were the little groups of brokers and traders scattered about discussing the most recent developments.

The general opinion of Canadians, if one is to judge by the tenor of conversation, are not inclined to be bellicose; but neither are they disposed to shirk the responsibilities that may be thrust upon them by the general outbreak of warfare in Europe.

It has been accepted as an understood thing that the questions raised by the Balkan war of 1912 would have to be settled permanently sooner or later, but the expectation of most up to the last minute was that the sound judgment of the European people would lead them towards a peaceful settlement of an admittedly difficult problem.

Even now that the worst is known, however, there were no signs of panic in the Street. As has been the case in banking circles for several days, there was prevalent an atmosphere of great confidence. Perhaps the one bogot the other, but be that as it may, those who have monies invested in securities are disposed to await with philosophic resignation this resort to the arbitrament of war.

### Brokers Themselves Surprised.

That this is the case is in no way better exemplified than in the manner in which further calls for margins have been met. Some of the brokers admit that they were themselves surprised at the readiness displayed by the trading public at large to reinforce their accounts.

The committee of the Montreal Stock Exchange met this morning, but the gathering was purely formal in its nature. With practically all the markets of the world closed, there was no thought of opening here. No date has been set for a resumption of trading, that will depend entirely on future developments. Meetings will be held from time to time at the call of the chairman, Mr. Hartland MacDougall.

# ENGLISH AND FRENCH BANKERS WITHDREW FUNDS WHOLESALE

Prior to That Berlin Was Most Comfortably Situated of any of the Premier European Money Markets.

Berlin, July 31.—It was a foregone conclusion that Reischbank Bank would immediately follow the example of English and French central banks and advance its official rate of discount. The old rate of 4 per cent. was in force since February 5 of this year. The bank had raised its rate to 6 per cent. in November of 1912 on the outbreak of the Balkan war, and continued it till October, 1913, when it was reduced to 5 1/2 per cent., then to 5 per cent. on December 12, 1913, 4 1/2 per cent. on January 22 last and 4 per cent. on February 5 last.

Before the present war cloud spread over Europe Berlin was the most comfortably situated of any of the premier European money markets thanks to the Reichsbank bank's great accumulation of gold and the widespread contraction of trade activity in Germany. With the commencement of the crisis the market has been placed under a severe strain not only as a result of domestic factors such as runs on the banks and a propensity to hoard cash, but the French and English bankers have withdrawn their funds on a wholesale scale.

## SUSPENSION OF BANK ACT.

New York, July 31.—It is reported in private cables that the British Bank Act of 1844 will be suspended. No press despatches to this effect have been received. If the report is true, it means that the Bank of England will practically suspend specie payments, and that it will have authority to issue notes without the usual gold backing. Houses which have received this information interpret it as a notice to Germany that England is prepared to go to any extreme in event of war. Bank of England gets preliminary authorization from ministry for suspension of Bank Act, which must be subsequently confirmed by Act of Parliament.

## LARGEST SHIPMENT AFLOAT.

New York, July 31.—American liner St. Louis, which sailed for Europe this morning, carried the largest amount of gold ever taken from any port in the world for a single shipment. Total value of the cargo was \$11,025,000, or more than \$1,000,000 over the previous high record for a gold shipment.

## ONE CONCERN HANDLING BERLIN CABLES.

New York, July 31.—German Atlantic Cable Company stated this morning that it was the only concern handling cables for Berlin. Furthermore, no censorship has been ordered, and the business is accepted as usual.

# CONSOLS ARE NOW AT LOWEST POINT IN NINETY-THREE YEARS

Established at 69 1/2 in London. New Low Record Since 1821—Range for Forty Years.

The break in Consols to 69 1/2 is the lowest price since 1821. Here is the record for four decades:

Year.	Rate.	High.	Month.	Low.	Month.
1914.....	2 1/2%	77 1/2	Feb.	69 1/2	July
1913.....	2 1/2%	75	9-16	Jan.	71-1-16
1912.....	2 1/2%	79	7-32	Feb.	72 1/2
1911.....	2 1/2%	82	8-16	Apr.	76 1/2
1910.....	2 1/2%	83 1/2	Jan.	78 1/2	Dec.
1909.....	2 1/2%	86	Apr.	82	1-16
1908.....	2 1/2%	88 1/2	June	83-5-10	Dec.
1907.....	2 1/2%	87	9-16	Jan.	80 1/2
1906.....	2 1/2%	91 1/2	Apr.	85-9-16	Oct.
1905.....	2 1/2%	91	15-16	March	87 1/2
1904.....	2 1/2%	91 1/2	June	83 1/2	Nov.
1903.....	2 1/2%	93	13-16	Apr.	86 1/2
1902.....	2 1/2%	97 1/2	June	92 1/2	Sept.
1901.....	2 1/2%	97 1/2	Feb.	91 1/2	Dec.
1900.....	2 1/2%	103 1/2	June	96 1/2	July
1899.....	2 1/2%	111 1/2	Jan.	97 1/2	Dec.
1898.....	2 1/2%	113 1/2	Jan.	106 1/2	Oct.
1897.....	2 1/2%	113 1/2	May	110 1/2	Oct.
1896.....	2 1/2%	114	July	103 1/2	Jan.
1895.....	2 1/2%	108 1/2	Sept.	103 1/2	Jan.
1894.....	2 1/2%	102 1/2	Dec.	97 1/2	Jan.
1893.....	2 1/2%	98 1/2	June	95 1/2	Sept.
1892.....	2 1/2%	96 1/2	Dec.	93 1/2	Jan.
1891.....	2 1/2%	97 1/2	Jan.	94 1/2	June
1890.....	2 1/2%	98 1/2	May	93 1/2	Nov.
1889.....	2 1/2%	99 1/2	Jan.	96 1/2	Sept.
1888.....	2 1/2%	103 1/2	May	98 1/2	Dec.
1887.....	2 1/2%	103 1/2	Nov.	99 1/2	Feb.
1886.....	2 1/2%	102 1/2	Nov.	99 1/2	Jan.
1885.....	2 1/2%	101 1/2	May	94 1/2	Apr.
1884.....	2 1/2%	102 1/2	Apr.	98 1/2	Dec.
1883.....	2 1/2%	102 1/2	Feb.	99 1/2	July
1882.....	2 1/2%	102 1/2	May	99	Jan.
1881.....	2 1/2%	103	May	98 1/2	Jan.
1880.....	2 1/2%	100 1/2	Nov.	97 1/2	Sept.
1879.....	2 1/2%	99 1/2	Apr.	94 1/2	Jan.
1878.....	2 1/2%	98	June	93 1/2	Oct.
1877.....	2 1/2%	97 1/2	Nov.	93	May
1876.....	2 1/2%	97 1/2	July	93 1/2	Dec.
1875.....	2 1/2%	95 1/2	Nov.	91 1/2	Jan.

# BROOKLYN RAPID TRANSIT SURPLUS

Operating Results for the Year Ended June Gave an Increase of \$818,700

## EARNED 7.87 p.c. FOR STOCK

Amount Outstanding Now Reaches \$74,520,000 After Many Conversion of Bonds—Taxes Now Consume Half a Million Fractions a Day.

New York, July 31.—Commenting on the showing of the Brooklyn Rapid Transit Company for the year ended June 30, 1914, T. S. Williams, president, says: "The operating results for the year show a surplus of \$5,315,705 after paying \$553,827 of interest on refunding bonds which have now been converted into stock. With this interest saved the surplus earnings would have been equivalent to 7.87 per cent on the stock if the issued stock on July 1, 1914, after conversion, namely \$74,520,000, have been outstanding during the year."

"As shown in the last annual report, \$4,177,000 par value of the refunding 4 per cent bonds have been converted into stock prior to June 30, 1913. The conversion privilege expires on July 1, 1914, and the total number of bonds converted was \$29,619,000, leaving outstanding in the hands of the public \$34,500,000, and owned by the companies of the system \$18,714,000. The increase of stock by reason of this conversion of bonds was \$29,619,000, making the total capital stock on July 1, 1914, \$74,520,000."

The income account of the company compares as follows:

	1914	1913	1912	1911
Gross earn	\$25,558,250	\$24,152,288	\$22,226,551	\$21,986,543
Operat exp	13,994,553	12,834,456	12,612,059	12,166,367
Net earn	11,563,697	11,317,831	9,614,491	9,820,176
Other inc.	451,772	239,947	317,991	297,524
Total inc.	12,015,469	11,557,778	9,932,482	10,117,709
Chgs & tax	6,699,764	7,161,851	7,221,250	6,969,221
Surplus	5,315,705	4,395,928	2,711,232	3,059,944
Spl approp	5,315,705	4,395,928	2,711,232	3,059,944
Surp C I & B R R	506,626	.....	.....	.....
Misc items	30,563	7,484	20,037	.....
xxSettle suit	582,567	.....	.....	.....
xxSale	738,987	.....	.....	.....
Year's sur	7,174,538	4,054,411	3,371,259	3,059,944
Prev surp	7,904,607	5,863,813	5,427,395	4,781,035
Total sur	15,079,144	10,368,224	9,158,654	7,840,979
Adjust net	18,507	427,153	654,991	6170,894
Special res	1,500,000	50,000	1,000,000	.....
Dividends	3,661,048	2,440,770	2,239,851	2,242,690
Tot deduc	5,345,555	2,463,617	3,294,841	2,413,585
P & L surp	9,732,589	7,904,607	5,863,813	5,427,395
aCredit	.....	b Debit	.....	.....
xxSettlement suit of Brooklyn City Railroad	.....	.....	.....	.....
xxSale of easement South Brooklyn Railroad Co.	.....	.....	.....	.....

## SAILINGS DELAYED.

New York, July 31.—Among other German vessels of reserve list now under orders from the German Government are Hohenfeld, which has been ordered to remain at Savannah, Ga., until European situation clears. British steamer Twickenham, which sailed from Savannah yesterday, has been ordered by wireless to return to port.

Cunard line officials denied that the Aquitania has been drafted for war by the British Government. They assert that she had been sent to Portsmouth to be dry-docked and overhauled, and that she will sail from Liverpool on August 15, as scheduled, though there is a possibility that she may be drafted for transport purposes in the meanwhile.

## SHIP GOLD.

New York, July 31.—Kiddier Peabody & Company are shipping \$1,500,000 gold to London by the Oceanic.

# DETERMINED BY THE EXCHANGE MEMBERS

Second Time New York Trading Body Has Been Closed Over Panic Conditions

## BANKERS CONFERENCE HELD

There Was No Glory in Sacrificing our Customers, Was the Comment of a Governor of the Exchange in Telling of the Decision.

New York, July 31.—For the second time in its history, the Stock Exchange has been closed by the governors by reason of panic conditions.

Precedent was established in 1873 when the Board was closed for a ten-day period from September 20 to 30. To-day's action to close was determined by members themselves, declared W. C. Van Antwerp, a governor, they bringing pressure to bear on governing board. Meeting was not called until shortly before ten o'clock.

"Bankers' conference was being held in the Morgan offices at this time, but the Stock Exchange members stated that this session had no bearing upon the decision of the Exchange to close.

Every market in the world has now been closed with the exception of the Cotton Exchange. A canvass of some of the largest Stock Exchange houses revealed the fact that the banks have not been calling loans beyond the usual day to day procedure. Some of the smaller Exchange houses have been clearing their desks by having their customers sell out. One instance resulted in a \$13,000 balance from what was a \$140,000 account at the beginning of the week.

"There was no glory in sacrificing our customers," was the comment of a governor of the Exchange in telling of the decision to close indefinitely.

## FEW SELLING ORDERS.

New York, July 31.—Important foreign houses say comparatively few selling orders reached them from abroad prior to announcement that the Stock Exchange would not open.

There was, however, a great accumulation of selling orders from out of town by people whose margins had become seriously impaired, or who at the last moment had come to a recognition of the gravity of European situation.

Some of the foreign houses thought the liquidation of our stock by Europe had gone about as far as it is likely to go under any circumstances.

## MAY TRADE OVER COUNTER.

New York, July 31.—Contrary to first impression of many brokers, there is nothing to prohibit Stock Exchange houses from dealing in listed stocks over the counter during period of suspension of business on the exchange. The privilege in this matter is the same as that under which house have always done an over the counter business in listed bonds. So far, however, there has been little or no business done in that way, the houses being unwilling to see stocks sacrificed at the prevailing abnormally low level of prices.

## CLEARINGS IN JUNE

Total Montreal Clearings, July, 1914 ..	\$268,847,982
Total Montreal Clearings, June, 1914 ..	234,737,813
Increase over last month ..	24,110,169
Total Montreal Clearings, July, 1913 ..	243,647,783
Total Montreal Clearings, July, 1912 ..	262,504,524
Increase over July, 1913 ..	25,200,199

## HOME BANK DIVIDEND.

The Home Bank of Canada has just declared its regular dividend for the quarter ending August 31st, 1914, at the rate of 7 per cent. per annum, payable at the head office and branches on and after Tuesday the 1st of September, 1914. The transfer books will be closed from the 15th to the 31st of August, 1914, both days inclusive.

## CANADIAN BANK OF COMMERCE.

A branch of the Canadian Bank of Commerce has been opened at Page and Queenston streets, St. Catharines, under the supervision of the St. Catharines manager, and at Grimsby, Ont., under the management of Mr. G. L. Waugh.

## RATE ON GOLD ADVANCES

New York, July 31.—Marine Underwriters as a result of the continued heavy takings of gold for export to Europe, have advanced their rates to 1 per cent. It now costs \$10,000 to insure \$1,000,000, as compared with \$5,000 Wednesday and \$1,250 Tuesday.

Rates for insuring all commodities to be exported have also advanced to 2 1/2 to 5 per cent., according to class and destination. A very heavy business has been done in wheat at the highest rate.

By reason of the European situation underwriters have practically refused to quote rates for freight consigned in German vessels. In all these instances, new high record insurance rates prevail, according to marine underwriters.

Based on the new rate, for insuring gold exports, it cost \$82,000 to insure the \$8,200,000 engaged Thursday in New York.

## READY TO SUPPLY CURRENCY.

Washington, July 31.—Secretary of the Treasury McAdoo, announced to-day that the Government stands ready to send out half a billion dollars in currency if the amount be needed to meet emergencies created by the European war.

## RUSSIA INVADING AUSTRIA.

London, July 31.—It is reported that Russia is invading Austria.

New York, July 31.—The foreign exchange market is completely suspended. No rates are quoted though in some quarters demand sterling is nominally given at 5.20 and cable transfers at 6.00.

London, July 31.—Several joint stock banks in addition to the Bank of England, were heavily drawn upon to-day. They paid out partly in gold and partly in notes.

# TORO TO BANKERS ARE NOT MAKING CALLS ON BROKERS

Former: Except Those Who Have Many Clients on Short Side, Pleased at Prospect of Recess Until Tuesday.

(Special to The Journal of Commerce.)

Toronto, Ont., July 31.—The financial community will breathe easier for the week-end now that New York has determined to close.

It is felt here that the good New York houses which went down as a result of yesterday's storm were only sacrificed to the mistaken policy which made Wall Street the refuge of sellers of all markets of the world.

Keeping New York open was a great demonstration of the power and resources of the market in the international situation but the exhibition is given at a great cost and bankers expressed the opinion yesterday that it cannot continue.

The rates in Canadian Pacific Railway, Twin City and Mackay in New York yesterday caused fresh calls and response is possibly a little more tardy than were the earlier demands for margins this week; but the resources of speculators on the wrong side were already thoroughly tested and it was a good deal of a strain to meet the calls this morning.

Brokers, except those who have a large number of clients on the short side of the market, are pleased at the prospect of a recess until Tuesday.

Some comment has been caused upon the announcement of the governing committee of the New York Stock Exchange that deliveries be suspended until further notice. It is assumed that transactions occurring on Thursday are included in this.

The bankers are not making any calls on the brokers. One encouraging item of the situation is the slightly improved report of the Western grain crop and the attractive outlook for agricultural yield in Ontario.

## HOME BANK AT CALGARY.

So soon as a manager has been selected the Home Bank of Canada will open a branch at Calgary.

In recent years the Home Bank's business at that point has greatly increased. Hitherto, however, the business has been done from the Winnipeg office.

# MORGAN HOPES FOR PEACEFUL SOLUTION

Says Sober Second Thoughts of European People Should Prevail Over First Impulses.

## APPEAL TO AMERICAN HOLDERS

Properties Represented by United States Securities Will Not Suffer Greatly by a European War—Wholesale Waste of Capital is Involved.

New York, July 31.—J. P. Morgan issued the following statement: "Alarming as the news is from Europe, I am still hoping that there will not be a general war."

"While gravity of the present situation can hardly be exaggerated, there is still the opportunity for the sober second thought of people of Europe to prevail over their first impulses. If the delicate situation can be held in abeyance for a few days, I should expect a rising tide of protest from the people who are to pay for war with their blood and property."

"It is essentially a time for owners of American securities to keep their heads. Bear in mind that actual properties represented by American securities will not suffer greatly by a European war. During the past few days American people have been buying back American securities at low prices. Presumably they will pay for those securities with their wheat and other products at high prices."

"The situation of the American security market during the past two days has been a splendid illustration of the inherent soundness of financial conditions in this country."

"It is idle to say that America will not be hurt by the general European war. Wholesale waste of capital involved in such a catastrophe would result in a distribution of losses the world over, but the loss here would be infinitesimal, compared with losses to countries immediately involved. There is no doubt that the whole American people will co-operate to restore normal conditions throughout this country at the earliest possible moment."

## NO TROUBLE AT CLEARING HOUSE.

New York, July 31.—Chairman of Committee of Clearing House announces that all cheques for differences due the clearing house have been certified, and members have been notified to call for drafts at usual hour. The following statement was issued: "There was a meeting of Clearing House Committee this morning, in view of the closing of New York Stock Exchange, and its bearing upon the general situation."

"It was the opinion of the committee that the business and financial condition of New York and entire country was sound, but that the situation in Europe justified extreme prudence, and self-control on the part of the United States. That the closing of the exchange was wise precaution by reason of disposition of all of Europe to make it a market for whatever it wished to sell."

"That in this country there was no occasion for any serious interruption of regular course of business, financial or mercantile."