THE COTTON TRADE.

(*From the N. Y. Financial Chronicle.*)

THE recent advance in the price of raw cotton is due to very obvious causes. The long depression of the Manchester cotton trade appears to have begotten a violent reaction in manufacturing operations. For months the spinners had fruitlessly begged for orders, until the fall of cotton to 7½d. per pound appeared to lay the basis for a large and prosperous trade Merchants were, consequently, willing to make large contracts, and the spinners eagerly took orders gauranteeing them full employment for several weeks ahead. The contracts, however, had to be covered by corresponding purchases of raw material; and it is this very demand, at a time when stocks were small and shipments from India falling off, which has stimulated the rapid advance in price during the past few weeks. The recent purchases of the Lancashire spinners are, perhaps, unequalled in the history of the cotton trade From the beginning of the year to the close of February, the quantity taken for consumption at Liverpool and London averaged 68,950 bales per week; which is at the rate of 3,580,000 bales per annum, or over 1,000,000 bales in excess of the largest annual consumption in the history of the cotton trade, and is nearly double the rate at the same period of 1867. This extraordinary demand for covering advance contracts has very naturally nearly doubled the price of the staple within a few weeks; and considering that, in April of 1867, Orleans cotton ranged at 11½d., with much larger stocks than at present, it cannot be considered that the price now ruling, 12½d., is unreasonably high. The spinners have undoubtedly acted with much rashness and imprudence in making their contracts; and it would appear that they must have incurred losses which may hereafter produce great caution if not embarrassment The question arises, therefore whether, now that these contracts are mostly filled, there will be a reaction in the demand and a consequent falling off in the price, or are we to anticipate even higher rates.

This problem involves the question of the probable demand for goods and of the present and prospective supply of raw material Recent indications favor the probability of a gradual revival of the trade of England and of the Continental States. Trade is more active at Manchester; European orders for yarns and goods are increasing; and bankers appear disposed to encourage an extension of commercial operations. The apprehensions of a Spring war in Europe have subsided; and a movement has been started for securing a general disarmament of the great powers which gives some promise of success The upward movement in the rates of discount in the open market of London, the increased applications for discount at the Bank of England, and the reduction of 17,000,000 francs in the specie of the Bank of France within one week, very distinctly indicate an enlarged demand for trading operations. These facts confirm the impression that, at last, Europe is about to witness a reaction from the protracted depression of trade. To this extent, therefore, the probabilities are clearly in favor of a healthy demand for cotton manufactures. And yet this demand must necessarily be held in check somewhat by the increased price. We cannot anticipate that the consumption will be as free with cotton at 12d. to 13d. as it would be on the basis of 7d. to 8d. If the large purchases on the part of spinners during the past few weeks have been made to fill contracts for goods entered into while cotton was at the lower figures, is it not well for those dealing in this staple to consider whether new contracts to the same extent will now be put out at the higher rates. There certainly is a point in the upward scale of prices at which consumption will be checked, and even now in the United States the dry goods business has suffered greatly by the rise in the raw material, manufacturers notbeing able to dispose of their present stocks at prices which will enable them to replace them.

Next as to the present stocks and the prospective supply. The "visible" supplies at the latest mail dates may be thus presented, in comparison with those of last year at the same period:—

	1868. Bales.	1867. Bales.		Bales.
Stock at Liverpool	371,030	467,770	Dec.	96,770
" London	71,440	44,290	Inc.	27,150
" in America	33 ,317	534,677	Dec.	203,360
Surplus held by English spinners	135,000	....	Inc.	135,000
Afloat from America	140,000	215,000	Dec.	75,000
" India	169,900	257,860	Dec.	107,960
Total	1,208,687	1,529,597	Dec.	320,910

It thus appears that the stocks and supply *in transitu* were at these dates 320,910 bales less than at the same period last year. How far is this deficiency likely to be affected by the supplies yet remaining in the cotton regions? There is still some uncertainty as to the amount of this year's Southern crop. Perhaps a fair estimate would fix it at 2,300,0000 bales. Taking from this total 650 000 bales for domestic consumption, we should have a balance of 1,650,000 bales available for export. From Sept. 1, 1867, to latest dates, we have exported 1,280,000 bales; leaving on hand 370,000 bales of exportable surplus. This, we think, is all that England and the Continent can reasonably expect to get from the United States between now and September 1st, which would be an average of 17,600 bales per week, and in order, therefore, to keep up the consumption to 27,600 bales, which has been the average for first two months of the year, the stock of American cotton at Liverpool would be reduced to about 120,000 bales, without allowing anything for the Continent. Besides, should our total crop be less than the figures we give, our own consumption more, there would be a corresponding deduction to be made in the total we may have for export

As to the supply from other countries, the general estimates heretofore made have shown a probable decrease of about 100,000 bales. The receipts of Indian cotton at Liverpool for January and February were about 100,000 bales in excess of those for the same period of last year; but the quantity afloat at the close of February was 108,000 bales less. This decrease is stated to be merely temporary, being due to the fact that the Abyssinia Expedition is now giving employment to a large amount of the shipping at the India ports, thus, for the time, depriving the cotton trade of the means of transportation. But this difficulty appears to be passing away, and the rapid advance in price is having its natural effect, as seen in the largely increased shipments of the last two weeks. For instance, the shipments from Bombay for the first half of March were only 29,000 bales, but for the third week they reached 34,000 bales, and for the fourth week of March they amounted to 42,000 bales. It is evident, therefore, that if this rate of shipments continues, the influence of any expected deficiency in the American supply would be effectually neutralized.

To sum up, then, the position would seem to be this: stocks in England and America are light; there is but a small balance of the Southern crop remaining for export; the India crop has finally felt the influence of high prices, and is now beginning to come forward rapidly, and will, if the shipments are continued at the rate, go far to make up any deficiency in the supply. As to the demand, trade at Liverpool and on the Continent is improving, and yet prices may reach so high a point (we cannot undertake to say whether or not they have as yet) as to bring the consumption below the present rate But with fair prices for the raw material, the goods trade must partake of and share in any general improvement in business. We venture no prediction, but suggest that these facts should induce caution among dealers.

THE CREDIT SYSTEM.

(*From the Hamilton Spectator.*)

NO feature of the co-operative system, as it is becoming extensively adopted in England, commends itself so strongly to sound economists than the fact that it is a death blow to the credit system, and insists upon cash payments. We learn that a London firm having sent a letter to Mr. Gladstone, drawing attention to the co-operative movement, which they affirmed was causing some anxiety to the retail trade, and operating prejudicially to their interests, received an answer from the right honourable gentleman, in which he said:—

"I have the impression that there is a prevailing vice in the practice of retail traders which might be cured. I mean the system of long credits, and of allowing no discount for ready money payments. Long credits mean large loans by men of business out of their trading capital. These must be paid for at the rates usually current for trading capital. which are of course high. This system also aggravates the risk of bad debts, which form an additional charge to a good debtor, and it is connected with a general irregularity and uncertainty, which also must be paid for I do not doubt that we, the consumers, are much in fault; but I cannot help thinking that traders are in fault also, that something might be done by a vigorous effort and by a combination of traders in favor of ready money dealings, either absolutely or encouraged by discounts."

The statement of the Right Honourable gentleman is full of wisdom and might, with some qualification be extended to wholesale as well as retail dealers. Nothing has done so much harm in this country as the system of long credit; and it is a question whether the debtor or the creditor have suffered most from it. Both have deep interest in bringing about a healthier system of commercial transactions. And there is no subject connected with the commerce of the country that affords greater ground for congratulation, than the manifest waking up to a realization of this fact, which is taking place around us.

WHEAT AFLOAT FOR GREAT BRITAIN.

(*From the N. Y. Financial Chronicle.*)

ON the 1st of February, in the letter of our London correspondent, it was stated that the quantity of wheat afloat for Great Britain at the date of that letter was about two million quarters. In an editorial on the breadstuffs question, published in a subsequent issue of the *Chronicle*, we gave the same figures in estimating the present and prospective supply Since then we have received numerous letters questioning the accuracy of the statement, while several American circulars, interested in keeping up the price of wheat, have seen fit to assert that the quantity afloat did not exceed one fourth the total we gave. The continued repetition of these criticisms finally induced us, about two weeks since, to write to our correspondent, asking for the particulars of his estimate, and in reply we have received the following letter which our readers will see more than confirms the original assertion. We give this letter in full since the subject is one of universal interest, and yet, as it would seem, very little understood even by those supposed to be familiar with the movement of breadstuffs throughout the world.

26 THROGMORTON STREET,
LONDON, March 25, 1868

DEAR SIR,—I have referred to the returns from which I obtained the information respecting the supply of wheat afloat to Great Britain, and I find that at the period at which I wrote namely about the 11th of January, there were as many as 541 cargoes of wheat on passage from the south of Europe and from the United States, including California. It is calculated that cargoes from the south of Europe, that is to say, from Trieste, the Danube, and the Black Sea, average 3,000 quarters each, while from California the cargoes are very large and comprise about 5,000 qrs. We arrive, therefore, at this calculation:

	Quarters
470 cargoes from south of Europe—at 3,000 quarters each	1,410,000
71 cargoes from California and some other ports at 5,000 quarters each	355,000
Total	1,765,000

To that total has to be added many cargoes which are accidentally omitted in the returns that are published, while there are still wanting the cargoes from Australia, Chili and the north of Europe. In fact, it is very probable that if the quantity of wheat known to be afloat on the 11th of January could have been accurately ascertained, the total would have exceeded 2,000 000 quarters. I may here observe that I am not using the word quarters instead of cwts. The above figures refer to quarters of about 480 lbs., and not to cwt. of 112lbs.

The following is a list of vessels on passage to ports of call and to direct ports from the south of Europe and the United States and California on the 11th of January last:

	To ports of call.	To direct ports.
Taganrog	56	...
Marianopoli	14	...
Berdianski	50	...
Nicolaieff	33	...
Odessa	41	2
Ibail	26	..
Galatz	15	..
Kustendjie	31	..
Talma	52	3
Alexandria	38	...
Trieste	44	4
New York	..	2
San Francisco	16	54
Other ports	32	6
Passed Constantinople	32	6
Total	420	71

The above may be looked upon as a *minimum* list, because it is the least number of ships known to be afloat; the conclusion being that many more are on the water "Passed Constantinople" means that 22 vessels had passed that port, which had not been reported as having left a Danubian or Black Sea port.

I hope I have made the matter clear to you. Of course, the whole of that quantity, which would take about 3 months to come in, is not included in our import returns, because numerous cargoes have been purchased off the coast by continental buyers.

THE NEW YORK MONEY MARKET.

(*From the Daily Bulletin.*)

CONTRARY to the general expectation, the Money Market has experienced but little relief since the completion of the quarterly statement of the banks. For a few days after the statement day, there was a very perceptible easing of the market, the excessive rates were reduced, and no difficulty was experienced in borrowing at 7 per cent. in currency. Since then also our banks have been receiving currency from the West, where exchange rules in favor of New York, and from many country banks in the way of returning deposits temporarily withdrawn, in preparation for the quarterly statement. The Treasury, however, for reasons best known to its officials, have taken a course tending to neutralize everything helping to restore ease to the market. The Assistant-Treasurer has sold unusually large amounts of gold, without purchasing an equivalent amount of Seven-Thirties, and the result has been that all that the banks have gained from outside sources has been drawn into the Sub-Treasury, increasing its currency balance several millions. The banks are thus in little better position for lending than they were during the worst periods of the crisis of late weeks; 7 per cent. interest in gold is becoming quite common, and in some cases one-eight per cent. per day is being paid by respectable borrowers.

This disappointment has caused some anxiety among the banks as to borrowers upon stocks being able longer "to weather" the pressure and they have consequently shown great caution as to collaterals. Borrowers upon "fancy" stocks have been requested to substitute better collaterals, which they are not in all cases able to do; and the result has been that large amounts of stocks of that class have been thrown upon the market. First of all, Atlantic Mail was thus sacrificed, with the result of a fall of 60 per cent in the price. There came large forced sales upon express stocks, with a fall of 5 to 15 per cent.; and, following these, nearly the entire list declined 5 to 7½ per cent. Fortunately, the mercantile community are mostly in a comparatively easy position, and have not suffered severely from this condition of things; it is, however, found very difficult to sell even the first paper, except at very high rates of interest.

We are less disposed than some to impute improper motives to the officers of the Treasury Department, but it cannot be denied that this condition of things would not have existed had the Treasury shown more consideration for the convenience of the banks and those dependent upon their advances. Had the Department conducted its affairs with an express view to producing panic, it could not have chosen measures better adapted for that purpose than the steady absorption of currency which it has followed out for several days past. If the Treasury officials were in complicity with Wall Street operators, it could not have taken a course better suited to their interests. To say the least, there is in this management a lack of judgment and of consideration for the great financial interests of this city which deserves the severest condemnation.