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LIQUIDATION AND ITS RESULTS

Such liquidation as the Montreal and Toronto markets encountered this week makes decidedly for easier conditions. Although the heavy selling of Canadian Pacific—by Berlin, London, and New York—is blamed for bringing about the upset in local speculative circles, it is no secret that many important borrowers in this country had got themselves into an over-extended position, from which the only possible retreat lay through liquidation. There is no need for alarm or trepidation. The very banking policy which involved the bankers in great unpopularity with disappointed borrowers, short-sighted politicians, and journalistic near-economists will now perhaps be recognized as exactly what was needed. For at least eight months the banks have been endeavouring to repress or restrain their borrowing customers; and in spite of the fact that the item of current loans shows a substantial increase during this term, there is reason to believe that when the grain loans pertaining to the 1912 crop and the special loans to municipalities are cleared off or funded there will be seen a decided improvement in the banking position.

MERCANTILE INTERESTS.

At the same time it will perhaps evolve that the position of the mercantile and industrial interests is better than the bear operators in the market would have us believe. It is an undoubted fact that profits in the various important lines are still good; and orders still come forward satisfactorily. So far as the stock markets are concerned one of the most encouraging features is that the Canadian call loans of the banks are not unduly high—the total amount as at April 30th is no greater than last year at the same date. However, it is impossible to estimate or foretell the action of the markets. The position of the European monetary centres is not comfortable, and New York too has plenty of troubles. An unfavorable outside situation usually reacts upon affairs in Canada.

In the meantime call loans in Montreal and Toronto are quoted 6 to 6½ as heretofore and it is by no means easy to procure large loans on stock market collateral. It should be said that if there is a repetition of this week's experiences the demand for such loans will likely fall off materially

EUROPEAN DEVELOPMENTS.

For the $4,100,000 African gold offered this week in London, Continental competition developed, and the bulk of it went to Germany. The English bank rate is unchanged at 4½. In the open market at London the following quotations prevail: call money, 3¼ to 3½; short bills, 4⅛ to 4¼; and three months' bills, 4⅛ to 4¼ p.c. At Paris bank rate is 4 and private rate 3¾; and at Berlin the Reichsbank quotes 6 as against 5⅛ to 5½ in the private market.

European politics have not cut a very important figure in this week's markets. As mentioned above there has been financial pressure at Berlin which resulted in throwing on the market a considerable amount of Canadian Pacific as well as other stocks. The near approach of the June settlements is believed to be largely responsible for the liquidation at the German centre. And, so far as London is concerned, Canadian financiers returning from that Imperial centre describe the situation as most unsatisfactory.

CONGESTION OF NEW ISSUES.

Although there was considerable congestion in evidence at the end of 1912, the issue of new securities in London in 1913 has proceeded on a very large scale—the total has exceeded $500,000,000. As the New York *Evening Post* remarks, the market appears to be drifting steadily into that state where it will be impossible for borrowers to dispose of new securities except at large discounts. Cables received in New York this week stated that it has become utterly unpracticable for London underwriters to take the