

## THE BUSINESS PROSPECT.

THE commercial depression in all parts of the Province is mainly chargeable to four causes: The failure of the grain crop; the restricted timber trade; the excessive autumn importations; and the fear of disturbed relations with the United States. Other causes have doubtless contributed to the same result: such as the presence of a large amount of silver, a necessary contraction of the Banks, unfavorable weather in the autumn, &c.; but it is safe to say, that had the four conditions above enumerated been reversed, we should not have had much cause for complaint.

Let us see how our present and immediate future are affected by these causes. Seven months have elapsed since harvest;—in four of those months, probably one-fourth of the surplus grain of the country—principally barley—found a market; in the last three months, probably one-half has been brought out; so that up to the present period at least three-fourths of what the farmers have to sell has been sold. The money which has gone into the country for this produce has had a quick return. The pressure has induced rapid collections by retailers, and, for the most part, it has been applied in payment for the goods purchased last spring. Payments maturing in the autumn for these goods were very generally renewed, with small instalments, and the remittances which importers have received during the winter have largely gone to the liquidation of these deferred obligations. The purchases made by retailers during the autumn were generally light; and the payments, therefore, maturing during the present and succeeding month are less than for several previous years. Small as they are, however, it will not be surprising if the remittances should fall considerably short of the amount due; and wholesale merchants will, we fear, find it necessary to assist their customers liberally. The contraction of the Banks in all country towns will deprive retailers of the facilities which they have enjoyed heretofore, and will thus enhance the difficulties of the moment. But as this contraction is supposed to be caused by a change of policy toward the centralization of Bank capital in the cities, importers will have to finance for their friends. As long as there is no disposition on the part of the Banks to contract their loans, and as long as sterling exchange is plentiful, wholesale merchants will not have much difficulty; and if the retailers in the country will make a strong effort to reduce their indebtedness, we have no doubt the balance will be readily carried forward. Ten weeks hence, or before the middle of June, we may anticipate a very considerable circulation in the purchase of Wool, a staple which in the last year or two has assumed very large proportions. The demand from the United States, as well as for our local trade, is likely to be as large as heretofore; and the high prices and necessities of farmers will stimulate early deliveries. This will give ease, and go largely to reduce the renewals of March and April. An early and abundant harvest, of which there is now every indication, will completely restore the commercial equilibrium of the agricultural sections of the country.

So far as we have ascertained, the prospects for Timber in Britain are good. The low rate of interest for money is likely to stimulate a speculative if not a consumptive demand. The stocks in England are not excessive at any point, and prices there are and have been for some time steady. Whatever may be the condition of the market however, so long as it is not positively bad, the opening of navigation will witness a large movement in Timber. The stocks wintered over at Quebec and up the Ottawa, are said to be sufficient for an entire year's export, and the releasing of the large amount of capital thus locked up cannot fail to impart immediate ease. The present low rate of Sterling Exchange, if it continue, will be somewhat against shippers; but the necessities of the trade and a desire for an early realization of capital, cannot fail to make an early movement.

The great decline in gold in New York will have a most important influence on our timber and lumber interests. Very large stocks of Sawed Lumber were carried over the winter, not only up the Ottawa, on the Chaudière, but at almost every point in Canada West; up the River Trent; along the line of the Port Hope and Peterboro Railway; also along the Northern Railway, and portions of the Great Western Railway; and in a great many places on the Lake Erie shore. This lumber was prepared during last year for the American market, which however became almost completely closed to the Canadian shippers by the high price of gold. It was generally understood that, with

gold at above 180, there was no possibility of profit in Albany or New York; and when the rate during the summer ranged from 250 to 280, shipments entailed a positive loss. The consequence was, that the manufacture of an unusually heavy season was kept on hand, and yet remains to be sold. With a decline, therefore, in gold to the vicinity of 160, with small stocks of lumber in all the leading markets, and a good demand, there is every prospect that an early, large and profitable trade in lumber will follow the opening of navigation. The total exports of Lumber and Timber to the United States in 1863, were nearly four and a-half millions of dollars; and we believe it is not over-estimating the amount at present ready for that market at two and a-half millions of dollars, and it is probably a great deal more. This must be realized very soon, and, with the much larger amount ready for England, cannot fail to have a very important effect on the general condition of trade.

With respect to the third element in our present condition of hard times,—over-importation in the autumn—we have now nothing to fear. Importers generally have improved the severe lessons which the mistakes of last autumn taught them. The importations of the present season are very light,—lighter than many suppose. In Dry Goods, we are persuaded, the amount brought in will be less than one half of the importations of last spring, and in Groceries the falling off will be nearly as large. Thus a great step has already been taken toward restoring the balance of trade, and, notwithstanding there are pretty heavy stocks of some articles still in hand, we are persuaded the commercial obligations of this country to Britain by the 1st of June will not be larger, if as large, as they were at the same period last year or the year before. Another and not insignificant advantage from decreased importations is found in the small amount of money required for duties and charges, as compared with former years. The amount locked up in duties in the first half of 1864 was over \$3,000,000. It is safe to say that this year \$2,000,000 will exceed the amount, and the money market should be easier by the remaining million thus unemployed. We think therefore that the greatest evils of excessive importations are being remedied. The stocks in country stores are light; the purchases during the spring will be restricted to narrow limits. There is a strong disposition, nay absolute necessity, to economize on the part of the people. We confidently believe that next September will find the country in a much improved condition, and, if we have but a good harvest, in a fair way for prosperity.

As to our relations with the neighboring republic, there are many indications of a favorable change in the sentiment. The revocation of the passport regulations, the semi-official announcement that an increased armament on the lakes might be unnecessary, and the general tone of the press, implies a strong reaction from the hasty and ill-judged feeling against Canada which was apparent some time ago. It is even thought that could the matter be properly brought up again, the action of Congress on the Reciprocity Treaty could be reversed. At any rate, it seems not improbable that the unanimous expression of the Boards of Trade in all parts of the country, and the strong feeling against the abrogation of the Treaty, may induce President Lincoln to indefinitely postpone final action, and cause a revision rather than an abolition of the Treaty. Unless some untoward event occurs, there seems now nothing to cause uneasiness as to trouble between the two countries, and, at least for the present, certainly nothing to affect seriously any branch of commerce. Indeed the fact that any such fear has been contemplated, is likely to contribute considerably to our restoration to a better condition of trade, for it has necessitated the grant of at least two millions of dollars for defences,—one by the British, the other by the Canadian Parliament, the expenditure of which will do good to the country, at any rate for the present.

From the general survey, therefore, of the elements which constitute the present depressed condition of trade, we are disposed to think business prospects a great deal more encouraging than they have been for some time past.

We believe there may be a good deal of pressure during the next two months. The country roads will be almost impassable, farmers will be busily engaged in Spring seeding, and there will be no money moving. Not a few failures may take place, and extensions will no doubt be freely sought. But if current engagements can be carried over until June, when the money rea-

lized for wool and lumber will go into circulation, we think the worst will be past, and if we are vouchsafed a good harvest, we shall be once more set right financially.

## CHANGE.

THE law of change is incessantly at work in the commercial world. Change is the very essence of business, and all interests are afloat upon this ebbing and flowing tide.

To note these turns and take advantage of them is the part of the practical man of business. The English money market is more favorable than it has been for the last two years; discounts are freer, and money for every purpose can be had upon easier terms,—a pleasing consideration for Canada at the present time. The American war turned the attention of the British manufacturer to the East for that important staple Cotton. Its production had, in a great measure, to be created. Prices ran up, and capital and labor were diverted from their usual channels to the cotton-fields of India, Egypt, and China. But it was soon found that the article could not be had in exchange for manufactures, as had been the case with America; money had to be sent to the East instead of printed cottons and British merchandise. The drain of gold, amounting in 1862 to 21 millions, increased in 1864 to not less than 74 million pounds sterling for that single staple. Discount ran to 9 and 10 per cent., nevertheless manufacturing continued to progress, and the exports of the United Kingdom in 1864 reached a higher figure than ever before, and of manufactured cottons, to over a fifth of the whole value. This increase in exports continued till October; but from that period a marked change is observable, and a gradual falling off in British trade took place,—as may be seen by the following table,—continuing on, it is supposed, till the present time:

	EXPORTS.	
	1863.	1864.
July .....	£13,648,840	£14,394,884
August .....	14,068,814	16,274,269
September .....	14,542,862	14,687,942
October .....	15,082,332	12,871,491
November .....	12,768,323	12,065,218
December .....	14,354,400	12,095,437

A decrease of five millions sterling on the last three months of 1864.

This decline in trade is undoubtedly attributable to the increased quantity, as well as the prospective accumulation of cotton consequent upon the success of the Federal arms. 30,000 bales have already been shipped from Savannah, and there is a further probability of other points of trade being opened in the South.

The decline in the staple has caused a corresponding reduction in the value of, as well as the demand for, manufactured goods, hence British trade has suffered a contraction which will tell fearfully upon the year's business. And coincident with this effect, there has been a falling off in the demand for money, so much so that had it not been for the well-appointed machinery organized for the express purpose of lending money to foreign countries, discount at the Bank would have fallen considerably lower.

It is now a question whether the exportation of capital by the credit companies may not cause an unfavorable reaction upon the trade of England, by enabling other countries, which are now her customers, to manufacture for themselves, and ultimately dispute the field of commerce,—a contingency by no means unlikely to follow the exportation of money instead of goods.

But it is also interesting to note the current of money matters in New York. It is well known that the decline of gold is less attributable to the success of the Federal armies than to improved financing. Chase continued stocking the home market with the national bonds, and thereby inflated immensely the values of the country, gold with the rest; but his successor, happily, by negotiating the national credit in the European market, has caused a retrograde movement in gold and a consequent improvement in money matters. Germany holds 200 millions of 5-20 bonds, and England about 100 millions more; and there can be no question that with such a favorable money market as Europe now presents, this business will be increased, and a change will be brought about more favorable to the business relations of Canada and the United States, than has existed during the last four years.

## High Wines.

The Spring trade is beginning to move, and a moderate amount of business is being done. Manufacturers are particularly careful to whom they sell. We have no change to note in prices.