"This afternoon the members of the exchange committee called on representatives of all the leading banks and received every assurance of support and every expression of approval of their attitude in closing the exchange. The members of the exchange were themselves practically unanimous in favor of the action. Meanwhile everything is in good shape."

The proverbial biscuit goes this week to the Toronto man who said the stock market "is not demoralized."

Anyway, these troubles will give Canada a chance to get back to the land and do some real, hard, productive work, instead of speculative recreation.

WHAT THE GRAIN MARKETS THOUGHT

The view of the grain markets was that as Russia is one of the largest wheat-producing countries in the world, and in event of her becoming involved in a war with Austria on the southwest and Germany on the west, the prospects would be that her wheat shipments, either via the Mediterranean or the Baltic, would be discontinued altogether. Added to this was the fear that both harvest and shipping operations of all the continental countries concerned would be more or less retarded if not completely blockaded. Advances of from four to nine cents per bushel occurred in the market. Chicago July wheat closed on Tuesday 8½ cents higher than on Monday, and September options made a net gain of nine cents. In Winnipeg July wheat advanced 4½ cents and September 6½ cents per bushel.

SEVEN YEARS AGO

A delegation from the Montreal Stock Exchange interviewed on Tuesday afternoon officials of the leading banks who are naturally interested in the market break, owing to the large amounts which are out in call loans on Canadian securities. They found the bankers entirely in sympathy with the decision to close the exchange.

Back to October, 1907, we must go in Canada for a serious conference between bankers and stockbrokers, such as was held in Toronto and Montreal this week. The Montreal Stock Exchange called a meeting to consider the situation which then had become serious, several stocks having declined below their previous lowest level, and the panic being such that there was practically no support whatever. The committee decided to interview the banks and place the situation before them as a precautionary measure. The interview was satisfactory and it was stated that the banks were prepared to come to the relief of the market with a million dollars if necessary. On this particular October day stock prices had broken to very low figures, as the following list shows:—

	October, 1906.		October 25, 1907.	
Canadian Pacific Railway	173½	182¼	156	160
Montreal Street Railway	254	281	160	165
Toronto Street Railway	114	118¾	83	91
Detroit United	90	98½	30½	36
Toledo	30½	33	11	11½
"Scotia"	61¾	70	45	53
Dominion Iron, Common	26½	30	13	14
Dominion Iron, Preferred	76	78½	40	41
Montreal Power	95¼	99½	79	84⅞
Soo Railway	147	152½	68	69
Dominion Coal, Common	61	70	40	41
R. & O. Nav. Co.	80	88¼	52	53
Rio	38½	43	30½	32
MacKay, Common	71¾	73¾	42	43
MacKay, Preferred	69⅝	71¾	54	54
Iron Bonds	82	84	67	67
Rio Bonds	73¾	76¾	68	68

Canadian Pacific stock on the bad day this week broke 20 points, to about the same low point as in October, 1907.

It requires nerve to buy stocks in these times, but the principle is the same that points to the purchase of straw hats in winter.

SIZE OF CALL LOANS

The Canadian banks' interest in the stock markets is largely in the direction of call loans. In June, these loans in Canada totalled $67,401,484 and abroad, $137,120,167. Their division among the banks was as follows:—

	Call and short (not exceeding thirty days) loans in Canada on stocks, debentures and bonds.	Call and short (not exceeding thirty days) loans elsewhere than in Canada.
Bank of Montreal	....	$ 80,036,467
Quebec Bank	$ 3,405,535	....
Bank of Nova Scotia	6,640,195	7,176,022
Bank of British North America	2,965,064	8,857,131
Bank of Toronto	2,315,109	....
Molsons Bank	4,974,102	....
Banque Nationale	2,783,311	....
Merchants Bank of Canada	3,296,536	2,899,455
Banque Provinciale du Canada	1,631,707	....
Union Bank of Canada	3,590,595	4,914,038
Canadian Bank of Commerce	8,615,105	21,194,628
Royal Bank of Canada	7,615,305	10,381,985
Dominion Bank	5,260,469	1,660,441
Bank of Hamilton	1,346,654	....
Standard Bank of Canada	3,388,013	....
Banque d'Hochelaga	755,809	....
Bank of Ottawa	632,711	....
Imperial Bank of Canada	4,057,230	....
Metropolitan Bank	901,413	....
Home Bank of Canada	2,294,685	....
Northern Crown Bank	144,720	....
Sterling Bank of Canada	737,216	....
Bank of Vancouver	50,000	....
Weyburn Security Bank	....	....
Total	$67,401,484	$137,120,167

The Bank of Commerce has $8,615,105, the largest amount on call in Canada, while the Bank of Montreal has $80,036,467 on call elsewhere, mostly in New York and London.

BUYING STOCKS ON MARGIN

Stock brokers have been busy calling upon clients to furnish greater margins. Purchase of stocks on margin is a simple transaction but it is often dangerous. One of the chief reasons for closing the Canadian stock exchanges until further notice was to allow holders of stocks on margin an opportunity to protect their investments.

In the Alexander Hamilton Institute's volume, "Investment and Speculation," it is clearly and concisely described as follows:—

The purchase of stock on margin involves the payment of a relatively small amount of money by the broker's customer, and the furnishing of the greater proportion of the price of the security by the broker. Let us suppose that the customer desires to purchase an active security having a broad market which is selling at 100. He will advance $10 for each share which he desires to buy. There is a balance, however, of $90 which must be secured in order to provide the funds necessary for the purchase of the stock. This sum the broker stands ready to furnish. It may be the $10 of the $90 may be furnished by the broker out of his own capital; the balance of $80 will probably be borrowed from the bank, and the stock purchased, deposited as collateral for the loan,—that is to say, the broker makes the security which he buys furnish 4-5 of the funds necessary for the purchase. He furnishes 1-10 himself, while the customer in whose interest the transaction is made supplies the other tenth. The customer pays the ruling rate of interest upon the money which is borrowed. This interest is sufficient to cancel the charge of the bank for the loan of the money and renders the broker some profit upon the cash which he himself has invested in the stock. This is a typical margin transaction. If the market for the stock is very satisfactory and the fluctuations are small, and there are no disturbing conditions which are likely to cause a change in the price, it is sometimes possible for a customer to buy on an even smaller margin than 10 per cent. In the case of stocks which fluctuate widely or in an unsettled market the broker may on the other hand demand even heavier margins.