

# INCONVERTIBLE PAPER CURRENCY

## Deficit at End of November of Government, was \$34,180,383--The Purposes of Notes MIGHT ISSUE MORE BONDS

### Banks Took Little Advantage of Authorization to Borrow From Government on Pledge of Security--The Bank Statement--A Slow Retraction.

(By H. M. P. Eckhardt)

The Journal of Commerce has referred in recent issues to the danger of loss to Canada if the issues of Dominion notes, while irredeemable and not represented by gold, continue to expand as in the past three or four months. Early in August, as a war measure, the Government secured authority from Parliament for raising the partially covered issue of Dominion notes from \$20,000,000 to \$50,000,000. That is to say, the Finance Department subsequent to August was required to hold specie to the extent of 25 per cent. of the first \$50,000,000 of notes, and dollar for dollar in specie against all issues in excess of \$50,000,000--whereas prior to August the dollar for dollar requirement applied to all issues in excess of \$30,000,000. Authority was also taken, in August, for the Department to lend money to the banks in the form of Dominion notes on pledge of securities approved by the Minister.

Let us now take note of the extent to which the Government has availed itself of the specie reserve against Dominion notes and of issues of paper to finance its requirements. At the end of July the Dominion note circulation amounted to \$112,793,532; the specie reserve applicable to the notes was \$91,735,554. On the old basis of reserves the surplus specie amounted to \$1,441,751; and figuring on the new basis as authorized in August the surplus specie was \$16,441,751. The August report of the Department does not show a large increase of circulation. The total rose to \$114,866,864, the specie applicable to the notes dropping to \$89,133,510. The surplus specie (on the new basis) thus was \$1,766,646 on August 31st--the decrease for the month being nearly \$5,000,000.

In September there was a large increase in the amount of notes outstanding--the figure for the end of the month being \$137,505,224, an increase of roundly \$21,600,000. The specie reserve pertaining to the notes on September 30th was \$89,249,876--an increase of about \$120,000. The specie surplus of \$1,166,646 as at the end of August was converted into a deficit of \$9,755,448 by the end of September--the weakening of position of Dominion notes in this month being quite extensive.

At the end of October the Dominion note circulation had increased another \$12,000,000--to \$149,722,222--the specie reserve applying thereto increasing only \$105,000. The deficit of reserve increased to \$21,937,830--the fall for the month being practically the same as the increase in note issue.

A further rise of \$12,000,000 in note issue occurred in November--the aggregate at the month end being \$160,964,599--and the specie reserve there against fell slightly. The deficit at the end of the month was \$34,180,383. In the whole period of four months a specie surplus of \$16,441,751 was converted into a deficit of \$34,180,383, in other words, the Government financed itself to the extent of \$50,000,000 through weakening the position of the Dominion notes.

When considering the results that are likely to follow one should take carefully into account the purposes for which the extra issues of notes were made and the terms on which they were handed over to the recipients. On these points little or no specific information is available, and this lack of information adds to the difficulty of discussing the subject. The least objectionable form which an issue of convertible paper of this description could take would be that of advances to the banks at short date for crop moving purposes with the explicit understanding that the loans were to be repaid and the extraordinary issues of Dominion notes cancelled as soon as the crop financing was completed. There seems to be a general impression to the effect that the banks took advantage of the authorization to borrow from the Government on pledge of securities; but the monthly bank statements show no traces of loans of this description among the liabilities, amounting to anything like the figures above referred to. Such loans might possibly be reported under the heading, "Balance Due to Dominion Government." Since the end of July there has been an increase in the aggregate of these balances. Prior to that date the total ranged from \$6,900,000 to \$9,500,000, but they were as high as \$21,800,000 on October 31st, and fell to \$17,900,000 at the end of November. It is not to be expected that the banks would have large loans from the Government without showing them in some form in their monthly reports.

If the issue of Dominion notes were made for the purpose of paying contractors, making advances to railway companies, or for meeting the current expenses of the Government, the policy would seem to be open to serious objection. No doubt the Government would proceed to pay out the notes with the intention of floating bonds in London or New York after the end of the war and then restoring the currency to a sound basis; but it should be remembered that it is very likely there will be at the end of the war quite a number of states of more or less importance with currency systems very badly deranged, and the financial markets of the world will perhaps not be disposed to welcome or permit large bond issues for this purpose. There is thus a strong probability that the steps now taken in the direction of inflation of our legal tender currency will have to be retraced very slowly and painfully.

There are some experts who believe that it would be better policy to finance the present situation through issues of bonds, made in the home markets to a certain extent, if necessary. There is no doubt that if the matter were put squarely before the country and a fairly large issue made at a reasonably attractive rate of interest, investors, small and large, would respond patriotically. Under ordinary circumstances the banks would regret to see a big Dominion issue in the home market, because of the emasculating effect it would likely have on their deposits, but it would be better for them to give their unqualified support to a domestic loan and make liberal arrangements for lending to prospective subscribers thereto than to have their vaults choked with a steadily rising amount of legal tender paper money which is irredeemable and convertible into gold. The banks now have far more Dominion notes than they have occasion to use for domestic settlements, and they would be stronger if instead of these notes they had something which would be available for meeting Can-

# GREAT BRITAIN'S EXPORTS AND IMPORTS OF IRON AND STEEL

## For Eleven Months of 1914, Exports Show a Decrease From 1913. Imports Also Showed Decreases by Comparison. Values Also Declined.

Great Britain's iron and steel exports for the first 11 months of 1914 show a decrease both in tonnage and values from 1913, the decrease ante-dating the breaking out of hostilities. The total sent abroad to December 1, 1914, excluding iron ore and scrap, was 3,698,621 gross tons, against 4,570,627 tons in the first 11 months of 1913, a decrease of 872,006 tons. The falling off in values was £10,835,423, or from £50,208,580 to £39,373,157. In pig iron, including ferro-alloys, the decrease in exports was 201,696 tons, the total to December 1, 1914, being 748,986 tons, against 1,050,682 tons. Exports of ferro-manganese in November were about 9,000 gross tons, as compared with about 12,000 tons in November, 1913, the effect of the embargo in the second week of the month not being extensive. The exports of galvanized sheets were 644,261 tons, or 156,279 tons less than for the first 11 months of 1913.

Imports of iron and steel, excluding iron ore and scrap to December 1, 1914, were 1,557,243 gross tons, against 1,997,026 tons to December 1, 1913, a decrease of 439,783 tons. The values for these two periods were £10,367,622 and £13,764,919, respectively, a decrease in imports of £2,397,297, as compared with last year. Imports of iron ore in November were 353,767 gross tons, or about 20,000 tons in excess of November, 1913.

# BRITISH DELEGATES DID NOT CRAVE FOR RELEASE OF GOLD FROM AMERICA

Washington, January 9.--Denial of the report that the British Chancellor of the Exchequer sent Sir George Paish and Basil Blackett to Washington to plead for the immediate release of as much gold as could be spared was made in a joint statement issued by the Acting Secretary of the Treasury Newton and Governor Hamlin, of the Federal Reserve Board.

"Out attention has been called to the statement contained in a morning paper, and that the Chancellor of the Exchequer sent two representatives to Washington to plead for the immediate release of as much gold as could be spared," says the statement. "This statement is not true. In fact, nor was it ever authorized, or made by any officers or member of the Treasury Department, or of the Federal Reserve Board. The purpose of the visit of the representatives above referred to, was stated in a public announcement by the Secretary of the Treasury on October 10th as follows: "It is true that Sir George Paish and Mr. Basil Blackett, representing the British Treasury, are coming to America for the purpose of discussing the international exchange and gold problems. Their visit is the result of informal suggestions made by me through diplomatic channels to the Chancellor of the Exchequer in London, because it is believed that a discussion of certain phases of these problems on the ground here may be productive of beneficial results. This is simply another one of those instances where the government is using its good offices in every possible way to help the business situation."

# RICH DISCOVERY ON CROWN RESERVE UNEXPECTED RESERVES DEVELOPING

## Recent Discovery on Silver Leaf, Under Option for Five Years, is Also Developing Satisfactorily.

Cobalt, January 9.--A very rich vein has recently been discovered in the side of an old stope at the 150 ft. level of the Crown Reserve Mine.

It is at least two and a half inches wide, of the grade of ore that made the Carson vein of this property famous.

Unexpected reserves are also being developed in the sides of old stopes.

Stopes are being carried in 2000 ore to within a few feet of the surface of Kerr Lake which has been pumped dry.

The recent discovery on the Silver Leaf is also developing satisfactorily. In the vein which has now been sunk 15 feet below the 75-foot level the vein is slightly wider and stronger, and there are several feet of good mill rock on both sides of the vein.

The Silver Leaf is under option to the Crown Reserve for the next five years on a royalty basis.

# NAVAL STORE MARKET

New York, January 9.--Some circles were disappointed by the Savannah market showed a little easier tone, but the general tone was still steady. It was hoped that the activity of the representatives in Congress of Southern States would bring about some relaxation in the export embargo that has caused the present low prices. In the meantime there is some little improvement in the domestic demand and a fair business is being done with jobbers and manufacturers. Spot turpentine was reported at the basis of 45 1/2 cents with 46 quoted by some in the trade. The buying was largely in small lots, though some round sales are being consummated.

Tar was easier at the basis of \$6.00 for still burned and 50 cents more for retort. Pitch is still quoted at \$4.00.

Rosins are heavy with some shading possible on actual orders. Common to good strained is \$3.50.

The following were the prices of rosins in the yard: B. C. \$3.60; D. \$3.50; E. \$3.65; F. G. \$3.75; H. \$3.80; I. \$3.85; K. \$4.40; M. \$4.75; N. \$5.75; W. G. \$6.10; W. W. \$6.40.

Savannah, January 9.--Turpentine firm, 43 cents. Sales 297; receipts 175; shipments 189; stocks 35,769. Rosin firm. Sales 964; receipts 983; shipments 841; stocks 144,765. Quote, A. B. \$3.10; C. D. \$3.17 1/2; E. \$3.20; F. \$3.20 to \$3.30; G. \$3.25 to \$3.30; H. \$3.30; I. \$3.35; K. \$3.85; M. \$4.35; N. \$5.35; W. G. 5.65; W. W. \$5.75.

Liverpool, January 9.--Turpentine spirits, 26s. Rosin common 11s.

ada's obligations in London and New York. Virtually the whole of the increase in Dominion note issues has been taken and held by the banks; and any further increase of the issues must necessarily be also taken by them. To the extent that their funds are unnecessarily locked up in forced loans to Government, not bearing any interest, their ability to discount paper for commercial borrowers is curtailed. The abnormally large holdings of Dominion notes yielding no revenue also have a tendency to keep discount rates on commercial paper at a high level. This is apart altogether from the tendency of convertible paper has in the direction of artificially raising commodity prices and of severely penalizing importers and all who have occasion to remit to other countries.

# HALIFAX POWER MAY ISSUE \$1,500,000 BONDS

## Public Utilities Commission Will Only Allow Halifax That Amount at Present Time AWAIT VESTING OF LANDS

### \$650,000 Will be at Price Not Less Than 85 Per Cent. will Exchange Remaining \$1,000,000 With Holders of Bonds Outstanding.

(Special Staff Correspondence.)

Halifax, N.S., January 9.--The request for authority to issue \$1,500,000, made to the Public Utilities Commission by the Halifax Power Company is refused, but they are permitted to issue half the amount. The company's charter provides for bonds of \$1,500,000, but the commissioners will allow them to issue only such amount as is necessary for the present purpose of the undertaking and this is decided to be \$750,000. It is pointed out that part of the undertaking cannot be proceeded with till the governor-in-council vests certain lands in the company, the application for which has not yet been granted, because of the opposition of certain interests.

The commission admitted the propriety of the purpose for which the company ask authority to issue the bonds, but they questioned the amount. As respects this, it is stated that after consideration of the reports of the company's engineers they concluded that the company is not yet in a position to proceed fully and that half the requested amount of bond issue is all that in the meantime is necessary.

Of the \$750,000 approved it is provided \$650,000 shall be at a price not less than 85 per cent. and which, it is stated, has been arranged for under agreement between the company and the Scottish Securities Corporation. The remaining \$100,000 shall be exchanged with the holders of the outstanding bonds of the previous issue, which had no authorization from the board. It is ruled that the proceeds of the bond issue must be used only for the purpose as specified in the application, and must not exceed the amount named for such purpose. Any excess of proceeds beyond the amount necessary for each purpose must not be used for any other purpose without further application to the board. The company must report to the board, particulars of the sale of bonds and exchange, and at the end of each six months must report the disposition and use of the proceeds of such bonds.

The company's power house is to be on the North-east River, fifteen miles from Halifax, and the development will be 8,000 horse-power. They have the right to deliver power and light in Halifax, in this respect entering into competition with the Halifax Electric Tramway Company.

# EUROPE'S METHOD OF FINANCING THE WAR

(Continued from page 1.)

land on account of these notes. The remaining \$14,000,000 of the proceeds of the note issue has been invested by the Government in its own securities, but not in the war loan. If this \$14,000,000 is added to the total of British borrowings they would stand at \$488,000,000 in all.

The whole of the proceeds of the war loan is not yet in the hands of the Government, because it is paid in instalments. It will be spent, for the most part, on the purchase of supplies within the United Kingdom. For the financial year so far the British Government has spent £239,000,000 against £119,000,000 for the corresponding period of last year. The war is costing the United Kingdom, therefore, about £1,000,000 a day.

German Finances.

Germany is not really a creditor country like England, and its bankable resources are less than those of the latter. It is stated that the results so far achieved in Germany have been remarkable. On the outbreak of war, the war reserve, including £18,250,000 in gold, was immediately transferred to the Reichsbank. This made mobilization possible without unduly interfering with business. The Government also issued Treasury bills, but upon what terms is unknown. During August and September about £120,000,000 was so borrowed from the Reichsbank; but by November 23 this amount, owing to the many paid in on the war loan, had been reduced to £73,000,000.

It was in the middle of September that the German war loan was issued. There was issued £50,000,000 of 5 per cent. Exchequer bonds, redeemable in 1920. The total of the war loan authorized was £250,000,000, and in addition to these £50,000,000 of Exchequer bonds £150,000,000 of war loan proper, 5 per cent. bonds at 97 1/2, redeemable for ten years, was subscribed. The subscriptions were assisted by the operations of the war credit bureau, which enabled subscribers to obtain cash for otherwise unobtainable securities. But the bulk of this accommodation was only temporary, and the loan was a genuine success.

The savings banks and their depositors took £45,000,000, a source of income which was not touched in England. No less than 900,000 applications for the German war loan were for sums less than £100; while in Great Britain no such bids were possible. From the amount borrowed by the German Government during the first two months of the war, Germany's war expenditure must be £2,000,000 a day. The sums raised by the Government must now be exhausted. It is likely that Germany will depend for further financing upon the Reichsbank, and not upon an additional loan.

Now, the Reichsbank has suspended specie payments. It can issue notes up to three times the amount of gold and Treasury notes held. At present the Bank has a gold reserve of about \$500,000,000 and a note circulation of about \$1,000,000,000. It will thus be seen that the note circulation can be greatly extended.

The war credit bureau are issuing Treasury notes on securities deposited, and these notes find their way into the reserves of the Bank. On this legal tender money the Bank is issuing its own notes, and will continue to lend vast sums to the Government in this way. The Prussian Government has issued £75,000,000 in bonds, which will likely be deposited with the war credit bureau in exchange for Treasury notes. These notes in turn will become the basis upon which bank notes will be issued. Germany's bank notes currency stands in great danger of being inflated; and the policy that is being followed is bound to involve that country in most serious difficulties.

# AMERICAN FIELD CROPS MADE RECORD YIELDS--8.6 OVER 1913

## Loss of \$307,000,000 in Cotton Reduced Value of Leading Crops, as a Whole, Slightly Below 1913 High Record.

Referring to American field crops in 1914, Bradstreet's Review to-day says:

In agricultural lines the year's results were good, except for war's injury to cotton prices. Record yields of wheat, rye and cotton and next to record crops of oats, barley, potatoes, tobacco and hay were gathered. Cereal yields as a whole were 8.6 per cent larger than in 1913, and values of these crops were 12.8 per cent greater than ever before, but the loss of \$307,000,000, or 37 per cent, in cotton reduced the value of the leading crops as a whole slightly below the high record of 1913. Despite the fact that prices immediately following the outbreak of the war reached the highest level ever known, the sagging tendency of trade in 1914 brought the general level of the year's commodity prices as a whole 3.3 per cent below 1913 and 3 per cent below 1912. It was also slightly below the 1910 and 1907 yearly records, but above the levels of seventeen preceding years.

# AMERICAN BUSINESS SITUATION SHOWED BUT LITTLE CHANGE.

Boston, January 9.--The business situation showed no marked change during the past week, although sentiment continued hopeful and much better conditions are looked for as the year 1915 advances.

Money is getting easier, which has resulted in a very good demand for high-class securities. Evidence of this is shown in the quick sale of the \$15,000,000 notes of the Argentine Republic offered this week. Incidentally this loan is significant of the part the country may play in the world of finance as a direct result of the European war.

The country is laying the foundation for prosperous times on an absolutely sound basis. How long it will take business to return to normal proportions is an open guess, but, with stocks of goods and prices very low in most all lines, a healthy buying movement ought not to be long delayed.

In steel, the great barometer of trade, business continues much below normal, although even here there have of late been signs of improvement.

In the west business is naturally relatively better than in the east and south. With wheat at the highest prices in years, the farmers are feeling prosperous, and they are exercising their increased purchasing power, which gives a fillip to business in the west which is absent east and south. But advances from the south are more confident than for several weeks past. In the east, too, while there has not been much improvement in the volume of orders, the inquiry is better and arrival is shortly expected.

The big uncertain factor now, is the length of the European war. Any indication that peace was a near-by certainty would quickly break the ties which are hampering business, but, irrespective of this, the United States is expecting decidedly better things in the near future than it has seen for many months past.

# AUTO DEALERS TO HAVE MANY AND VARIED EXHIBITS AT SHOW

## Complete List to Date Has Been Issued by Association and Includes Cars, Trucks, Boats and Accessories.

The space sold in the Allan Line Steamship shed to exhibitors in the coming show has been exchanged for space in the Ford building on Laurier avenue. The amount of space available is practically the same but for accessibility, comfort and lighting the building is much superior.

A complete list of those who have purchased space in the show to date follows:--

Albion Motor Co., G. M. C. trucks and Albion trucks; Canadian Pneumatic Tool Co., little giant trucks; Cadillac Motors, Ltd., Cadillac cars; Canadian Cycle & Motor Co., bicycles, motor boat and auto accessories; Dury Sohey Co., De La Haye trucks and sweepers; Drednot Motor Co., Drednot trucks; Prigon & Baker, Winton Six and Chandler cars; Grothe & Co., Franklin cars; Gareau Motor Co., Kissell, Marmon, Keeton cars and trucks; R. F. Girwood, Reno cars and trucks; Gagnon & Co., Jeffrey cars and trucks; Gadbois, Ltd., Overland cars and trucks; Gordon Motor Co., Oldsmobile cars; Gutta Percha & Rubber Co., tires; Dunlop Tire Co., tires; Higgins and Lee, tires; Canadian Rubber Co., tires; Halley Motor Co., Halley trucks; P. A. D. Robert, Jackson cars and trucks; Jennings & Co., Jennings cars and trucks; Kelly Tire Co., tires.

Dominion Chain Co., Weed chains; Legare Gadbois Auto Co., Studbaker, Hudson cars, Gram and Stuart trucks; V. Levesque, Abbott Detroit and Westcott cars; John Millen & Son, auto and motor boat accessories; McColl Bros., Ltd., McLaughlin Carriage Co., McLaughlin cars and trucks; Oxford Motor Car Co., Oxford cars and trucks; Ouilmet & Co., Cole cars and Kelly trucks; Russell Motor Co., Russell cars; Spencer Motor Co., motor boats and engines; Stockwell Motor Co., Paige Detroit cars and Maxwell cars; Canadian Fairbank Co., motor boats and engines, Mack trucks, auto and motor boat accessories.

Ford Motor Co., Ford cars; Tate Electric Co., Tate cars and trucks; Westmont Motors, Simplex cars and Garford trucks; Walsley Motor Co., Walsley cars; White Motor Co., White cars and trucks; Hendee Mfg. Co., motor cycles and bicycles; Evinrude Motor Co., engines; S. F. Bowser & Co., oils and tanks; Cullen and Foster, tops and seat covers; Fisher Motor Co., Fisher cars; Sevigny and Lalonde, Moon cars and Crow cars.

Detroit Electric Co., Detroit Electric cars; Bartlett Motor Co., Bartlett cars; Perkins Campbell Co., tops and seat covers; Emery Poirier, motor boats and yachts; J. H. Mogenssen, motor boats and yachts; J. Reimann & Co., stock absorbers; Fox Chain Co., chains; H. and D. Company, stock absorbers; Percy McBride, motor cycles and bicycles; Auto Signal Co., auto signals; Yot & Co., accessories; Cochran & Co., accessories; Exporters Alliance, Pullman cars; Paulin and Panneton, Trovondnick tires; Regal Motor, Ltd., Regal cars.

# LOW LEVEL OF FOREIGN EXCHANGE ATTRACTING GOLD.

New York, January 9.--Prevailing low level of foreign exchange has had natural effect of attracting gold into this country. On Friday it was announced that two consignments of the metal amounting to \$860,000 arrived from Ottawa and were deposited in sub-treasury. These imports were presumably taken out of the stock accumulated in Canadian treasury for account of Bank of England as a result of heavy export movement from New York last summer and fall.

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### IN FACT ALL TODAY'S NEWS TODAY THESE COMBINE TO MAKE THE

# JOURNAL OF COMMERCE

## The Leading Business Man's Newspaper of Canada

MAIN 2662

# WHEAT BREAKS ALL RECORDS THIS WEEK

## May Option at 141 3-4 is Five Points Above the Top of 1909; Highest Since Teiler Deal

## SENSATIONAL ACTION

### Four Prices Have Advanced and Bread is Also to Jump Upward--Much Heavy Buying for Belgian Relief Committee.

The leading feature of the past week was the exceedingly urgent foreign and domestic demand for cash grain. The strength of the cash article compared with futures was considered the best evidence of a healthy supply and demand, and as well as a market situation. Millers as well as exporters showed increased anxiety over supplies with the result that prices for wheat have been bid up to the high levels since the famous Teiler deal.

The English buyers who held off expecting to reap wheat, together with reports of a still further increase in both Indian and Australian crops, were largely responsible for the highest in January in many years which sold at the highest in January in many years (two weeks ago). Friday it rose to 141 3/4, from 140 1/2 the high of 1909.

Recent heavy large increase in country offerings and demand has had a depressing effect on cash prices. Further, Argentine corn is now being laid Liverpool a few cents cheaper than American.

Demand for cash oats is increasing, especially in Chicago.

Over the larger portion of the winter wheat-growing territory reports show a generally healthy condition for this grain, the southern planters who have sown to winter wheat having been more optimistic as given to cotton are becoming more optimistic as the final results are also expected less trouble from weeds etc. than is first supposed.

Early in the week there was good buying for the account of Belgium. This was put through to a great extent by the Rockefeller Foundation and the Belgian Relief Committee of New York. Charters for wheat accommodation were made very extensively, although the scarcity of vessel room has made difficult the task of getting the space desired.

Yesterday, England came in as a heavy bidder for wheat futures in Chicago and was reported a buyer at the seaboard, of all the cash wheat available. Millers throughout the west have been prominent among bidders for wheat and in Kansas City were adding the equivalent of 2 cents premium over the Chicago May price for No. 2 hard winter delivered here. In this they were unsuccessful.

Minneapolis and northwestern millers yesterday took over 1,000,000 bushels in accepting deliveries. Chicago traders are said to be long on very little wheat, corn, or oats, with the exception of one or two strong operators who are bullish and long.

A few of the Chicago professionals have sold wheat short in the last few days, but are not trading heavily. Close observers of market conditions who have been right so far, look for an upturn in wheat with the re-appearance of foreign buying.

While the reports yesterday indicated a limited purchase by foreigners, Italy and France were in the market and one of the best posted exporters at the seaboard wired that a big business had been done. James Simpson, the New York coarse grain distributor, says that the east is lightly supplied with corn and oats, and the trade is picking up, there being the best demand in years for corn from poultry farmers, which is an important industry. Last year, when it was fed exclusively owing to low prices, but no corn is taking its place.

Wheat exports of wheat to Europe since August 1st are estimated at 160,000,000 bushels or 72,000,000 to the United Kingdom. Europe and ex-Europe countries since August 1st are 175,000,000 bushels or 40,000,000 bushels less than estimated requirements. Last year, exports were 251,000,000 bushels or 24,000,000 bushels more than estimated requirements.

# THE HOP MARKET

New York, January 9.--The coast markets were unchanged yesterday, with no new business reported. According to latest mail advices, 60 per cent. of the free hop acreage has been signed up in Sonoma County for the new hop growers' association, and this means that already the association bids fair to gain control of the hop market. This percentage represents about 2,000 acres of hops, which means that the association will control a big output next year.

Quotations below are between dealers in the New York market and an advance is usually obtained from States, 1914.

Prime, 15 to 20. 1913--Nominal. Old, olds 7 to 8. Pacific, 1914--Prime to choice 13 to 14; Medium to prime 10 to 12. 1912--8 to 10. Old, olds 7 to 8. Bohemian, 1914--26 to 41.

# INCREASING OPTIMISM IS REPORTED IN COTTON CIRCLES

New York, January 9.--Increasing optimism throughout the cotton trade is the feature of the week. Northern millers, who have for some time been the belief being that the staple at present prices is a years' supply. England, to say nothing of Germany and neutrals is still a source of aggravation. The completion of the cotton pool makes more harmonious understandings between the textile export and manufacturers in England.

A better feeling toward the government standard for cotton which by many were thought to be too high, lower ocean freight rates, plenty of ship room for the chaotic condition which prevailed a short time ago generally in cotton circles.

Great Britain threatens to seize steamship Dacia if she trades with enemy.