000; and as loans contracted $5,200,000, there was a decrease of $3,471,000 in surplus reserves—the aggregate falling from $42,311,200 to $38,839,250. The banks alone reported cash loss of $6,670,000, loan contraction of $5,940,000, and decrease of $3,452,000 in surplus.

GOLD MOVEMENTS.

At the close of last week following heavy shipments of gold to Paris, foreign exchanges declined sharply and some observers thought the decline marked the end of the export movement, for the time. But inasmuch as the Treasury brought some $25,000,000 gold from Denver to New York, much of it being in bars, it is probable that the drop in exchange was partly due to the fact that bars were again available. At any rate the outward movement was resumed on Monday this week, a shipment of $1,500,000 in bars being arranged for. There is much discussion as to what dimensions the outgo will reach. As the above quotations show, interest rates in New York have not been materially affected as yet by the loss of gold. While Paris needs the metal and New York retains its attitude of indifference, the movement is likely to continue. The New York Evening Post points out that as a rule so large an export movement is not a favorable development; but there may be peculiar points about this movement, consideration of which might make it appear as not indicating the existence of very unhealthy conditions.

MARKETS AND THE COURTS.

The securities market in New York was greatly cheered at the beginning of the week on announcement of the Supreme Court's decision in the oil lands suit. Title to $700,000,000 worth of oil lands was in dispute, much of the whole being in possession of the Southern Pacific Co. There was a clause in the patents making the land revert to the Government if found to contain minerals. This particular suit was brought against the Southern Pacific by Edmund Burke of California. The Court's decision was that the patents were irregular but that they could not be attacked by other claimants; and that the right of the Government itself to attack them expired in 1900 or 1901.

This decision had an important psychological effect on the market. It has been taken as indicating that, after all, the courts offer a fair defense against governmental aggression. Southern Pacific stock advanced 3½ points on the day the decision was announced. Next day, Tuesday, the market was reactionary as a result of the Supreme Court's decision in the inter-mountain rate case, which went against the railways.

Mr. J. A. Wilson, formerly provincial manager for Manitoba for the Prudential of Winnipeg, has recently been appointed inspector of agencies for the Canada Life for the prairie provinces.

MUNICIPAL BOND OUTLOOK.

"Up to the last year trade was exceedingly active and the ordinary channels of commerce furnished profitable employment for available funds," say Wood, Gundy & Co. in their June review of the bond market. "Money was therefore in great demand, and as a result, prices of municipal debentures made new low records. Now, however, these conditions are exactly reversed. Trade conditions are so poor that manufacturing and commercial interests are retrenching, and an increasing amount of money, ordinarily called for by expanding trade, is beginning to find its way into the ultra conservative type of investment, such as municipal debentures.

"The inevitable result of this will be that securities which are yet considerably below price levels of three years ago, will respond to the conditions of more plentiful money, and will increase considerably in value in the near future.

"Slackening trade is only one cause among many for the upward tendency of municipal bond prices. It is an undoubted fact that they are now very much below their intrinsic value, and are bound, therefore, to appreciate in price as financial conditions become more normal. The present offers exceptional opportunities for investment in municipal debentures (which are considered next to Government bonds, as far as safety is concerned) at prices which afford high interest returns, as well as the likelihood of a profit through increase in value."

ANOTHER BREAKDOWN AT THE PUMPING STATION.

No. 5 pump at the low level pumping station of the Montreal city water department, broke its main engine crank shaft last Saturday. This pump has a capacity of 12 million gallons daily, and its stoppage means that the capacity of the city's pumping plant is reduced about 54 million gallons daily, about the amount of the daily consumption. The broken part has to be replaced by a duplicate from Manchester, England, which has been cabled for. Meantime, an electric motor is to be installed temporarily, which will allow about three quarters of the capacity of the pump to be obtained. Arrangements are also being made for a temporary supply to a part of the city by the Montreal Water & Power Company.

This fresh accident merely goes to confirm the position taken by the insurance companies in regard to Montreal's water supply. It should be clear to business men that they are not alarmists, but that they are merely seeking ways and means of putting the city's water supply on a satisfactory basis. Were another accident now to take place, the position would undoubtedly be serious, and it would seem that business men would be merely protecting their own interests by backing up the underwriters.

The London and Lancashire Indemnity Company of America is in process of organization, to take the place of the London and Lancashire Guarantee and Accident in the United States. It is to have a capital of $750,000 and surplus of $375,000, and expects to be ready for business by August 1.