

business of the two institutions will be merged at an early date under the name of the latter.

Stockholders of the Mercantile National Bank this week received notice from the Morse-Heinze committee calling a meeting for the purpose of considering the wisdom of the bank going into liquidation, with a view to the paying off of depositors and the distribution of its assets among its shareholders.

**Security and  
Money Market  
Developments  
in New York.**

During last week it became definitely known that the Secretary of the Treasury had decided to issue only \$40,000,000 of the proposed \$150,000,000 Government emergency securities. This, with continued improvement in the New York banking position, was looked upon as a reassuring sign of returning monetary stability. Bank credits appreciably increased, and the currency premium again fell, after the issuance of the expected call for national bank returns by the Comptroller of the Currency. The Saturday statement of the New York clearing house banks showed the marked contraction of \$6,779,075 in the deficit in surplus reserves, leaving the reserves still \$46,210,350 below the legal requirements. The lessening of the deficit was made on lines that indicated real improvement; there being a loan reduction of \$11,600,000 and a cash gain of \$4,600,000.

Last week's Stock Exchange movement, which by many was credited largely to professional manipulation, recalls the course of events after crises in previous years. The New York Evening Post refers to the extravagant length to which interpretation of such an advance went in 1893. "The objective point, so to speak, was the repeal of the mischievous Silver Purchase Law. With that achieved, the stock market touched the climax of its 'boom'; it then began to reflect, through dullness or declining prices, the after-effects of panic on the country; and this reaction, with the reaction in trade and industry which followed it, gave a handle to the inflationist anti-Administration congressmen, in their speeches of the next twelve months."

On Saturday afternoon, however, an abrupt decline ensued on the report from Pittsburg of an industrial failure. Monday continued the general downward tendency of prices, though nothing of particular importance developed during the day. The currency premium disappointingly remained at 1 p.c., and nearly \$3,000,000 further gold was engaged from abroad. Call money reached 20 p.c.—a restraining stock market influence. Unfavourable reports from Germany and Chile were other news matters of the day.

Tuesday brought continued market declines, emphasized by a rise in call money to 25 p.c. The latter circumstance was looked upon as indicating that banking institutions were restricting loans with a view to hastening the upbuilding of their reserve positions—especially as a call upon state banks and trust companies is looked for, from the state banking department. The Government's report on the cotton crop had been awaited with special interest in view of the fact that in the scramble for European gold, this year's natural products have been practically pledged in advance. The conservative estimate of 11,678,000 bales may mean

(judging from previous years) an actual yield of nearly 12,500,000—a considerably greater amount than generally anticipated.

The continued market weakness of Wednesday's opening, seemed to bear out the supposition that, owing to banking recovery being slower than anticipated, there had been some relaxing of effort by the energetic interests which set out last week to advance prices and hold them over the end of the year. The impression gains that the manipulation began too soon to attain its purpose. The afternoon showed slow recovery from the morning declines, helped somewhat by easier call money, which, while 20 p.c. was the ruling rate, eased greatly at the close.

Combined with the delay in **London's Markets.** resumption of cash payments, the New York stock market advances of last week were considered scarcely trustworthy by many London observers. Still, the market was favourably affected.

Monday's Stock Exchange prices showed a lowering. American railway bonds, however, were in demand for continental investors. The buying of £400,000 bar gold for New York and the arranging of the Canadian loan of £1,500,000 were the day's money market features.

Tuesday brought stock market depression, partly in sympathy with Wall Street, and partly on advices from Germany and Chili. Money went slightly higher during the day.

There were further stock declines on Wednesday. High money rates and continued currency premium in New York were considered as evidencing delay in revival there. Consols declined  $\frac{1}{8}$  to  $82\frac{1}{2}$  for money and  $82\frac{3}{4}$  for account, but closed with a recovery of 1-16 at  $82\frac{1}{2}$  for money and  $82\frac{13}{16}$  for account. Canadian Pacific declined  $\frac{3}{8}$  to  $152\frac{1}{2}$ , Grand Trunk closed  $\frac{1}{8}$  lower at  $18\frac{3}{4}$ .

The Stock Exchange settlement shows a slight increase in the speculative position in all departments except Americans. In this section indications are that New York has been absorbing shares. Contangoes on American shares at the settlement opened at  $6\frac{1}{2}$  p.c., but closed about 5, with an even lower rate in places.

Yesterday's Bank of England statement showed a further substantial gain in reserves, the increase being £1,765,000. This brings the ratio to liabilities up to 46.95 compared with 44.02 last week. The Bank rate remains at 7 p.c.

Sir Wilfrid Laurier appears to **The All-Red Route.** be damning the All-Red Route with faint encouragement. He told Mr. Monk that no proposal had been received in connection with the line, that there was nobody in England specially accredited by the Canadian Government in that connection, no tenders have been asked, and no estimates made. In other words the Premier has not yet commenced to regard the proposition seriously. As has been pointed out by Sir Thomas Shaughnessy, it is quite possible to deliver the mails a few hours earlier by spending a lot of money for that purpose. Whether the game is worth the candle is another question. From a straight business point of view the Blacksod Bay route is an impossibility.