

FINANCIAL CONDITIONS AND PROSPECTS.

THE EXISTING SITUATION REVIEWED; FAVOURABLE TRADE RETURNS, RAILWAY RECEIPTS LARGE, FOREIGN TRADE OF CANADA EXCEEDS ANY PRECEDENT, COAL MINERS STRIKE A DISTURBING FEATURE, RUSSIAN AND FRENCH LOAN ANTICIPATED, NEW YORK STOCK EXCHANGE BUSINESS; RESULT OF ALGERICAS CONFERENCE GRATIFYING, OUTLOOK ON THE WHOLE VERY HOPEFUL.

The prosperity prevailing in mercantile and manufacturing circles is a financial factor of the utmost importance. Financial conditions cannot be satisfactory unless the general trade of the country is active, unless produce and manufactures are moving forward on a considerable scale to a foreign market, unless production is going on in mills and factories to keep the employes and machinery well employed, unless the income of the country is being spent freely yet with a margin for contingent needs.

The manipulation of money, however lively, is no indication of financial soundness. There must be a process of reproduction going on, commensurate at least with consumption, and a mutually profitable exchange of commodities and of services, in order to create satisfactory financial conditions.

These main bases of financial prosperity are now in existence.

Very striking evidence of the activity of trade is afforded by statement of the Canadian Pacific Railway for the period from July 1, 1905, to February 28, 1906. In those 8 months the net profits of the railway were \$14,660,376, which exceeds the profits in the same 8 months, 1904-1905, by \$4,790,780, showing an increase of 33 per cent. Further evidence of trade activity is furnished by the fact that the total foreign trade of Canada for year ending 31st December, 1905, was \$495,010,028, a figure exceeding the highest on record by \$16,435,000, and more by \$39,250,000 than in previous year. Consider too that in January and February last, the deposits in the Canadian banks increased to the extent of over 11 millions of dollars, and last year they were enlarged by close upon 60 millions. From such data the conclusion is inevitable that, the general financial conditions in Canada are such as to justify sanguine anticipations for the immediate future and a continuance of prosperity for a long period. Turning to outside conditions there is a disturbing element in the strike of coal miners. The best authorities, however, in the United States do not anticipate that, if the strike becomes general, it will continue for a long period. The proprietors have been accumulating enormous stocks and consumers are being advised, to refrain from storing an unnecessary quantity now as the chances are that the supply and prices will be quite normal before the summer is over.

The settlement reported to have been arrived at

by the Algericas Conference, if confirmed, will have a reassuring effect in monetary circles.

Russia is again spoken of as likely to need a loan of a considerable amount. This, however, does not harmonize with the facts that gold from Russia has been recently received by the Bank of England, and Bank of France, and same been shipped to New York. It is, however, suggested that this gold movement is intended to pave the way for a large new Russian loan. In view of this which would make a considerable demand on the bank's resources caution is advised as its position at end of March was not strong as is evident from the following comparisons with the same date 1904 and 1905:

| | March 28, 1905. | March 29, 1906. | March 26, 1904. |
|---|--------------------|--------------------|--------------------|
| Circulation..... | £28,498,025 | £27,900,460 | £24,975,563 |
| Public deposits..... | 19,254,820 | 18,274,061 | 15,400,504 |
| Other deposits..... | 43,619,549 | 42,559,302 | 40,319,994 |
| Government securities .. | 16,114,822 | 15,589,185 | 19,225,820 |
| Other securities..... | 36,754,268 | 33,413,020 | 31,345,189 |
| Total reserve..... | 2,402,278 | 2,013,454 | 23,533,807 |
| Coin and bullion..... | 38,459,218 | 39,753,914 | 34,038,852 |
| Proportion of reserve to liabilities..... | 45.12 p.c. | 49½ p.c. | 42½ p.c. |

The bank rate, however, was reduced yesterday to 3½ p.c.

The weekly report of the Bank of France to end of March, shows a heavy gain in gold of \$4,235,000, reflecting receipts from Russia. Loans, however, gained \$17,895,000. The weekly statement in detail shows the following changes:

| | France. |
|------------------------|-----------------|
| Treasury deposits..... | Inc. 9,225,000 |
| General deposits..... | Inc. 65,125,000 |
| Gold on hand..... | Inc. 21,175,000 |
| Silver on hand..... | Inc. 100,000 |
| Bills discount..... | Inc. 89,475,000 |
| Advances..... | Dec. 11,275,000 |

The business on the New York Stock Exchange has been quite limited in comparison with last year, but in 1905, at this season there was a very lively bull movement going on which sent the business up to large figures.

In the first quarter 1905 and 1906, the sales of listed stocks on the New York Stock Exchange were as follows:

| | 1906. | 1905. |
|------------------|------------|------------|
| January..... | 29,992,699 | 17,918,750 |
| February..... | 15,949,990 | 22,343,615 |
| March..... | 13,413,859 | 23,808,469 |
| Total sales..... | 59,356,548 | 64,070,834 |

The decrease as compared with 1905 is 4,714,286.

There is, however, a universal feeling that a more active time is approaching, though it may be delayed and may not develop as favourably as is hoped if the coal miners' strike becomes so serious as to interfere with business.

A strike in the anthracite mines would have a mischievous effect by diverting money from the ordinary channels of retail trade, as buying and storing coal would be conducted on a very large scale by householders.

Although serious enough this would not be the worst effect of a strike, if it extended to the soft