

## MONEY TO BE DEAR

## Wall Street So Interprets the Bank Statement.

## MORE BIG BORROWINGS ABROAD

## Stocks Continue to Have Little Movement—Southern Pacific Advances on Report of Large Bond Issue.

NEW YORK, Aug. 16.—Today's bank statement reinforced the admission of yesterday's 6 per cent call money rate to the narrow money market. In spite of the relief afforded by extensive transfer of loans to foreign lenders through the medium of the exchange market, the large local requirements have resulted in increasing the average of bank loans to the extent of \$4,633,000. The stock market was dull, and professional throughout. There is no loan market on Saturday, and the practical effect of the bank statement on the money market must await the opening Monday. It is clear that higher money rates are indicated. There was a continuance of the aggressive bull movement in the Toledo, St. Louis & Western stocks, but they reacted sharply with the generally heavy tone developed after the bank statement. St. Louis & Western preferred was rushed up to 1/4 over last night just before the close. Southern Pacific and the Western stocks generally were slow to profit-making. The reported intention of the Southern Pacific directors to ask authority to issue \$10,000,000 of bonds to improve the property is given as an explanation of the stock strength in the stock. The market closed very heavy.

**Review of the Week.**  
The country's brilliant crop prospects, and the danger of a stringency in the money market this fall, have been the dominating influences in the money market this week. The week opened with the latter influence decidedly in the ascendant. The bank statement, published last Saturday, while the stock exchange was not in session, indicated a considerable increase in the surplus reserve of the banks, already at an unusually low figure, that a disquieted sentiment made itself evident in the money market. The maximum interest rate, which had not exceeded 3 per cent for call loans, ran up to 4 per cent, and the majority of call loans have been placed at that rate during the week. The appearance of the Agricultural Department's crop report, and the expert estimates based on its figures, turned the tide of sentiment toward the bull side. There was some later relief from apprehension over the money situation wrought by the abundant supply of foreign exchange bills indicating new borrowings of foreign capital in the money market.

Rumors of important new railroad combinations were renewed and the operations of powerful speculative pools were the market some animation. The appearance of the market had been somewhat spotty, however, and the exigencies of the money market have had no great effect on the market. The Government seems to warrant the belief that the grain harvest of the country will pass the previous maximum. The foreign requirements for grain are not so great, and a prospect of all the business to be done will have a very abundant surplus to send abroad. Railroad authorities from all parts of the country report a very large increase in the volume of freight traffic, and a prospect of all the business to be done will have a very abundant surplus to send abroad.

**Big Demand for Iron and Steel On.**  
The extraordinary demand for iron and steel continues in excess of the domestic capacity, and imports have to be made to meet requirements. The American strike, the only seriously unfavorable feature of the situation, is a factor in restricting the output of iron. Preparations for increased domestic production will do away with the necessity of imports of iron before long. Jobbers' reports a strong inquiry for Fall business.

Bank clearings throughout the country are very large, and all other signs agree in the promise of unvarying activity in trade and industry for the coming season. High money rates, however, and the stringencies are the natural signs of profitable use for money in all sorts of ways. There is no restriction of credits or doubts of the soundness of the conditions to account for the high interest rates which money commands. But in the case of securities, which may be held at artificial levels by means of borrowed money, the danger of a credit withdrawal of funds from the market would leave the stock market without sufficient support for prices and would tend to collapse. Exports to the United States at a steady interest rate at not exceeding 6 per cent in mercantile affairs is possible, while money rates on the stock exchange for the purpose of holding securities on margins are not so high. The panic figures, it is clear, that demands upon the money market this fall will be unusually large. At the same time the apprehensions of foreign lenders are known to be extraordinarily large.

**Renewal of Foreign Borrowing.**  
Syndicate borrowings abroad early in the year may be presumed to have been predicated upon the maintenance of our favorable trade balance at last year's level. Instead of this, however, the merchandise exports over imports for the seven months of the calendar year is \$18,325,851 less than last year. There has, in consequence, been a considerable renewal of foreign borrowing to later maturities. But while the trade balance in our favor has been materially down, it still remains in excess of the substantial figure of \$19,455,761 in the seven months last past, and is subsequently added to with every passing month. The prospect for the export demand for the coming crop indicates that the increase in our trade balance will be largely accelerated. The growing certainty of this has led to the large additional borrowings abroad which have led to the sharp decline in the foreign exchange market during the latter part of the week, has checked the outward movement of gold, and aroused the hope that a source of sufficient supply would be found for meeting the coming requirements of the West for money and credits during the crop season.

The beginning of this interior demand for money has been expected, and of disturbance of the money market by the Government's fiscal operations are not altogether allayed, although the continuing deficit in the revenue has been up to the point where the money market from requirements on that score. The enumeration of the influences which have been made to subvert speculation would not be complete without including the selling for home of J. P. Morgan, upon whose return many important projects are supposed to await, and the prospective return of J. B. Keene, whose speculative leadership in the practical operations in the market is sometimes a factor in animated dealings.

A few speculative bond issues have comprised the features in that department. 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