

FINANCIAL AND COMMERCIAL

MONDAY, May 23.

There were two important developments to-day in the financial situation, one of these a further sharp decline in the grain market and the other a series of movements in the price of sterling exchange here and in Paris which, although they seemed puzzling on their face, were yet in no way of illogical character. Paris bankers have, as is well known, recently bought a large quantity of American securities and in the ordinary course of events would remit to this country money in payment therefor. But the balance of trade is still running heavily against this country and the American debt is chiefly to London. Although we have sent to London over \$30,000,000 of gold in recent weeks in partial settlement of these obligations yet the English market is still asking for funds, this being the result of the sharp if temporary unsettlement of financial conditions there owing to the collection of the English income taxes now in progress. As a result the call money rate in London is now decidedly higher than it is either in New York or in Paris and will doubtless continue so until the income tax collection is over. The natural consequence of this would be a resumption of gold exports to London from this side, and indeed the sterling market here has recovered a great portion of its recent break. But instead of sending gold to London our bankers are asking Paris financial houses to send to Great Britain the money they owe to us. This clearly explains the extreme rise in sterling in Paris to-day and also the further advance in the price of sterling here. But it is still not believed that the situation has assumed such a phase as will necessitate actual gold exports from this side. Moreover, as has before been stated, the existing state of affairs is undoubtedly temporary. The break in grain to-day was primarily due to the continued prevalence of favorable weather over most of the Western agricultural section, and early estimates of the size of the season's spring and winter wheat crops have been considerably enlarged. In addition to this peculiar speculative conditions are now exerting a direct if irregular and confusing influence upon the price of the wheat options. A great battle is in progress there between the speculators for the rise and the speculators for the fall in these options and an interesting story thereof was told in the news columns of THE SUN of to-day. One operator whose courage and financial resources are alike great is bringing wheat at large cost from out of town places to meet his maturing contracts for the delivery of grain in Chicago. It is currently said that he is paying a price therefore which will leave him little if any profit upon his deal, even if indeed he escapes without heavy loss; but the operators in turn to whom he is delivering this wheat will, as is supposed, have on their hands what is known in the grain trade as a "corse," that is to say will have a quantity of wheat given them which they cannot sell to actual consumers at current quotations. The general unsettlement caused by this was undoubtedly aided to to-day by the discovery in Albany of forged & false receipts for grain, involving a scandal somewhat similar to that which recently broke out in the case of cotton. No doubt this increased the weakness of the grain market and in an indirect sense contributed to the heaviness shown by the stock market proper.

The decline in the stock market was generally expected to-day by most of the older and more experienced observers of Wall Street affairs principally because there is no question but that the present market is narrow and because prices have in the last two or three days enjoyed a considerable rise. Profit-taking sales under such circumstances were bound to set in sooner or later and to exercise their customary effect upon values. Therefore to-day, although events in the sterling exchange and grain markets were at least not unfavorable, a decline in security prices went on for what may be called technical reasons. It must be confessed, however, that the news of the day, outside of the two favorable features that have been mentioned, was not of decidedly encouraging tenor, or at any rate was of such a sort that taken in connection with the pressure of sales for purposes of realization pure and simple exercised a more depressing effect than it ordinarily would. The admission that the Chicago and Alton Railroad had sold short term notes on a 5 per cent. basis, a statement that the Pennsylvania Railroad Company had sold equipment trust notes at a price which it was rumored, netted the buyers a 1% per cent. return; the Baltimore and Ohio's earnings statement for April showing an increase of \$1,183,000 in gross and of \$156,000 in net; the announcement of a receivership for the Chicago City Railways Company, and finally a rumor from Washington to the effect that President Taft had told the leaders in the Senate to make any compromise they chose on the railway bill, even to the extent of accepting the Cummings amendment as regards the power of the Interstate Commerce Commission to fix rates, were not of altogether helpful nature. It was said that the receivership in Chicago was the result of a friendly action taken to conserve the interests of the Chicago Railways Company in view of a decision recently rendered by the State courts there to the effect that the Chicago Railways Company was liable for interest on the 1% per cent. bonds of the Consolidated Traction Company. But many people in the financial district took this as meaning that the affairs of these concerns, which it had been supposed were lifted out of chaos two years ago, were once more entangled. As regards the Washington rumor as to President Taft's policy on the railway bill further and more official details will necessarily be awaited with interest.

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	Acknowledged	Accepted	Refused
1909-1118	15000	14000	9700
1909-1119	15000	14000	9700
When issued	2000	1000	900
1909-1120	11000	8500	9100
Ack T & S P	10000	8000	10000
1909-1121	10000	8000	10000
Interboro Met	9000	8000	W 1st
2000	9000	8000	col cast iron
2000	28000	8000	8000
1910-1122	10000	7000	9700
Inter Panzer	5000	2000	7200
1909-1123	15000	10000	10000
Kan City S	1000	1000	7300
1909-1124	10000	8000	10000
No 1 1st	10000	8000	10000
1909-1125	15000	10000	10000
Kan City S	1000	1000	7300
1909-1126	10000	8000	10000
1909-1127	10000	8000	10000
1909-1128	10000	8000	10000
Central G	6000	10000	9400
1909-1129	10000	8000	10000
Col Lease to Kans	5000	10000	7120
1909-1130	10000	8000	10000
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1909-1131	10000	8000	10000
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1909-1185	10000	8000	10000
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